

## Windermere Research & Hospital Private Limited

March 06, 2024

| Facilities                | Amount (₹ crore) | Rating <sup>1</sup>                      | Rating Action  |
|---------------------------|------------------|--|--|
| Long-term bank facilities | 34.00            | CARE B+; Stable; ISSUER NOT COOPERATING* | Revised from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category |

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Windermere Research & Hospital Private Limited (WRHPL) to monitor the rating vide e-mail communications dated January 08, 2024, and February 19, 2024, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, WRHPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on WRHPL's bank facilities will now be denoted as **CARE B+; Stable; ISSUER NOT COOPERATING\***

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.**

The rating assigned to the bank facilities of WRHPL have been revised on account of lack of information on the current status of the project which was being implemented by the company for setting up the hospital bed which is critical for assessing the credit profile of the company. The rating continue to be constrained by its project implementation and stabilization risk, capital intensive and human resource intensive nature of business, high vulnerability to treatment related risk and operation risk, fragmented nature of the healthcare industry and stringent regulatory framework for the healthcare sector in India. However, the aforesaid constraints are partially offset by its qualified and experienced management and locational advantage.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of the key rating drivers:

At the time of last rating on January 11, 2023, the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies)

#### Key weaknesses

##### Project implementation and stabilization risk in the project

The hospital will have a built-up area of about 1,03,519 sq. ft. with 90 beds at an estimated cost of Rs.54 crore to be funded in the debt-equity ratio of 1.70:1. The project is expected to be completed by September 2023. The company has already acquired land of 62,000 sq. ft. for the aforesaid project. The company has incurred Rs.10.08 crore (including creditors) as on November 22, 2022, funded by promoter's contribution and term loan of Rs.2.50 crore. The company has received sanction of Rs.34 crore from Northeastern Development Finance Corporation Ltd. (NEDFI) in March 2022.

##### Capital intensive and human resource intensive nature of business

Hospital industry is a capital-intensive industry with relatively long gestation period. Generally, a new hospital takes around 2-3 years' time frame to breakeven at operational level. Establishment, occupancy rate and financial stability in the initial period of the operation takes time. Thus, the promoter is required to support the operation until the mentioned parameters reach the minimum desired level. Further, the maintenance capex required for the hospital industry also remains high owing to regular replacement of equipment, non-reusable pharmaceutical and surgical products. The industry also faces challenges with respect to hiring on-role and/or off-role doctors, nurses and other staff. Hence dependence on human resources is high and is employed and deployed as per requirement.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

\*Issuer did not cooperate; based on best available information.

### High vulnerability to treatment related risk and operation risk

Healthcare is a highly sensitive sector where any mistake on a critical case or negligence on part of any doctor and/or staff of the unit can lead to distrust among the masses. Thus, all the healthcare providers need to monitor each case diligently and meticulously to avoid the occurrence of any unforeseen incident which can damage the reputation of a hospital to a large extent

### Highly fragmented nature of the healthcare industry

The healthcare sector is highly fragmented with few large players in the organised sector and numerous small players in the unorganised sector leading to high level of competition in the business. Thus, differentiating factors like range of services offered, quality of service, distinction of doctors, success rate in treatment of complex cases, etc. will be crucial to attract patients and increase occupancy.

### Stringent regulatory framework for the healthcare sector in India

Hospitals operate in a regulated industry. In India, hospitals are governed by various laws such as Indian Medical Council Act 1956, The Clinical Establishments (registration and regulation) Act 2010, Indian Medical Council Regulations 2002 etc. Given the importance of healthcare facilities, Government of India has been taking various steps towards increasing the affordability and coverage of healthcare services in the country by putting price restriction on pharmaceutical entities, medical equipment manufacturers and hospitals services. Various state governments have also implemented the Clinical Practice Establishment Act, bringing in accountability on how hospitals price their cost of services to patient, and penal provisions for violations.

### Key strengths

#### Locational advantage

Shillong is connected by roads with all the north-eastern states of India. Two major national highways pass through Shillong, NH40 which is connected to Guwahati and NH44 which is connected to Tripura and Mizoram. Moreover, the Shillong airport connects the state capital to other metro cities. Since the northeastern region of India has difficult terrain, the infrastructure and connectivity is poor. Therefore, the connectivity of Shillong via multiple transport modes to other towns and cities offer people an opportunity to tap healthcare resources.

#### Qualified and experienced management

WRHPL is managed by Dr. Pramod Kumar Sharma – representing Pratiksha Group of Hospitals, and two businessmen, Mr. Charles Pyngrope and Mr. Rahul Agarwal. Dr. Pramod Kumar Sharma is a Bachelor of Medicine and Bachelor of Surgery (MBBS) from Assam Medical College and a post-graduate from Guwahati Medical College having over 30 years of experience in the medical field. He has also established Pratiksha Hospital, a 100 bedded hospital specialized in In-vitro fertilization (IVF), Minimal invasive surgery and neonatal care situated at Guwahati. Mr. Charles Pyngrope is a businessman engaged in construction business and has also diversified into hospitality by setting up a resort in Shillong. Mr. Rahul Agarwal is also involved in his family business of trading of construction material.

### Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Hospital](#)

[Project stage companies](#)

[Service Sector Companies](#)

### About the company and industry

#### Industry classification

| Macro Economic Indicator | Sector     | Industry            | Basic Industry |
|--------------------------|------------|---------------------|----------------|
| Healthcare               | Healthcare | Healthcare Services | Hospital       |

WRHPL was incorporated in the year 2020 and is in the process of building a hospital in the city of Shillong. The hospital will have a built-up area of about 1,03,519 sq. ft. with 90 beds. The project is expected to be completed by September 2023. The hospital shall provide services for women and childcare along with services for gynecology, pediatrics, neonatology and IVF. The company is managed by Dr. Pramod Kumar Sharma, Mr. Charles Pyngrope and Mr. Rahul Agarwal.

**Brief Financials:** Not applicable since the entity is yet to commence commercial operations.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

| Name of the Instrument    | ISIN | Date of Issuance | Coupon Rate (%) | Maturity Date | Size of the Issue (₹ crore) | Rating Assigned along with Rating Outlook |
|---------------------------|------|------------------|-----------------|---------------|-----------------------------|---|
| Fund-based - LT-Term Loan |      | -                | -               | March 2033    | 34.00                       | CARE B+; Stable; ISSUER NOT COOPERATING*  |

\*Issuer did not cooperate; based on best available information.

#### Annexure-2: Rating history for the last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings |                              |  | Rating History                              |  |   |   |
|---------|--|-----------------|------------------------------|--|---|--|---|---|
|         |  | Type            | Amount Outstanding (₹ crore) | Rating                                   | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023                      | Date(s) and Rating(s) assigned in 2021-2022 | Date(s) and Rating(s) assigned in 2020-2021 |
| 1       | Fund-based - LT-Term Loan              | LT              | 34.00                        | CARE B+; Stable; ISSUER NOT COOPERATING* | -   | 1)CARE BB-; Stable (11-Jan-23)<br>2)CARE BB-; Stable (24-Nov-22) | -   | -   |

\*Issuer did not cooperate; based on best available information.

**Annexure-3: Detailed explanation of covenants of the rated instruments/facilities:** Not Applicable

#### Annexure-4: Complexity level of the various instruments rated

| Sr. No. | Name of the Instrument    | Complexity Level |
|---------|---------------------------|------------------|
| 1       | Fund-based - LT-Term Loan | Simple           |

#### Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

**Note on the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

## Contact us

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### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

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