

M.R.M. Memorial Hospital Unit-II (Proprietor: Sewli Mohilary)

July 25, 2024

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	35.00	CARE B+; Stable	Assigned

Details of facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the proposed bank facility of M.R.M. Memorial Hospital Unit-II (Proprietor: Sewli Mohilary) (MRM) takes into account the inherent project implementation risk with total project cost of Rs.54.80 crore and partial debt tie-up, fragmented nature of industry, high vulnerability to treatment-related risks and operation risks, capital-intensive and human resource intensive nature of business and limited geographical reach.

The weaknesses are, however, offset by the experience of promoter in setting up and operating hospital along with favorable location of the unit.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely completion of project along with no cost overrun as envisaged.

Negative factors

- Any major delay in commissioning of the project leading to stress on repayments.
- Cost overrun in the project beyond 10%.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings' opinion that the entity will benefit from the experience of the proprietor in hospital business.

Detailed description of the key rating drivers

Key weaknesses

Project Implementation risk

The entity is undertaking greenfield project of Rs.54.80 crore to set up a 155 bedded multi-speciality hospital with 2 modular operation theatres (OT) and 4 general OT in Kokrajhar, Assam.

The project cost will be financed through mix of debt and equity. Out of Rs.54.80 crore, Rs.35 crore will be financed through term debt (partial tie-up of Rs.25 crore) and the remaining Rs.19.80 crore will be financed through promoters' capital. Construction of the building has started, with piling work of about 60% complete and the operations are expected to commence from December 2025. Till June 27, 2024, around Rs. 5.00 crore has been spent on the project, financed by Mrs. Mohilary herself.

The hospital is located opposite to the existing establishment of M.R.M. Memorial Hospital unit I, situated at the heart of the city, which becomes an important factor in enhancing patient's accessibility to the hospital.

Fragmented nature of industry

The healthcare sector is highly fragmented with few large players in the organized sector and numerous small players in the unorganized 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. is crucial in order to attract patients and increase occupancy.

High vulnerability to treatment-related risks and operation risks

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.

Capital intensive and human resource intensive nature of business

Hospital industry is a capital-intensive industry with relatively long gestation period. Generally, new hospital takes around 2-3 years' time frame to breakeven at operational level. The occupancy rate and financial stability in the initial period of 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 and to update the latest technology. The industry also faces

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

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.

Limited geographical reach

The proprietor is operating one 69 bedded multi- speciality hospital in Kokrajhar, Assam. Furthermore, it is building another unit which is close to the same location. The geographical concentration limits the ability to tap growth opportunities. However, the competition is limited in the area with only one government hospital in close vicinity.

Key strengths

Experience of promoter in hospital business

Mrs. Sewli Mohilary is a prominent person in the region, having many business ventures. She is also a social activist and has been serving the district for more than a decade. She is already operating a hospital in Kokrajhar area and this unit is a type of expansion of the existing unit which is coming just opposite the existing hospital. The promoter has the experience of building and operating a hospital. Moreover, she will be assisted by a team of qualified professionals, who shall be assisting her in taking decisions.

Favorable location of the unit

The proposed hospital is situated across the existing hospital in the heart of the city. Conveniently located on State Highway 14, it offers easy access by various modes of transportation. Its proximity to the original facility provides an advantage in terms of patient familiarity and potential referrals.

Liquidity: Stretched

As the entity is yet to commence commercial operations, there are no cash inflows. Further, the entity is planning to avail term loan of Rs.35.00 crore, the repayment of which is expected to commence from FY27. Once the plant is operational, the entity is expected to generate sufficient cash flows to meet its debt service requirements. For the capex part, the proprietor has already infused Rs.5 crore in the project and balance fund is expected as and when required.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Hospital](#)

[Financial Ratios – Non financial Sector](#)

[Project stage companies](#)

About the company and industry

Industry classification

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

MRM is a project under the proprietor Mrs. Sewli Mohilary, having more than 10 years of experience in the similar line of business. She is the proprietor of M.R.M Memorial hospital Unit I which is a 69 bedded hospital. Along with the hospital, she has multiple other businesses like hotels, resorts, handlooms and stone crusher facility.

Brief financials: Not Applicable since the entity is yet to commence operations and is in project stage.

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		-	-	-	35.00	CARE B+; Stable

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 2024-2025	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
1	Fund-based - LT-Term Loan	LT	35.00	CARE B+; Stable				

LT: Long term

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 detailsTo 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 for any clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Arindam Saha Director CARE Ratings Limited Phone: + 91-033-4018631 E-mail: arindam.saha@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 91 22 6754 3444 E-mail: Ankur.sachdeva@careedge.in	Kamal Mahipal Assistant Director CARE Ratings Limited Phone: + 91-033-4018628 E-mail: kamal.mahipal@careedge.in
	Onkar Verma Analyst CARE Ratings Limited E-mail: Onkar.verma@careedge.in

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:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,
please visit www.careedge.in**