

Tulip Mediworld Private Limited

September 27, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	5.60	CARE BB; Stable	Assigned
Long Term Bank Facilities	93.94 (Enhanced from 73.94)	CARE BB; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation in rating to the bank facilities of Tulip Mediworld Private Limited (TMPL) continue to be constrained by cost and time overrun in hospital construction and post commencement stabilization risk for the multi-specialty hospital, limited geographical reach and competition from established players in the region, capital Intensive nature of business, risks in the healthcare industry associated with the availability and attrition of medical professionals and highly regulated along with high vulnerability to treatment-related risks and operation risks. However, the ratings continue to derive comfort from satisfactory capital structure and professional, qualified and resourceful promoters.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Successful commissioning of the hospital within the projected timeline and budget.
- Ability to increase the operating revenues beyond Rs.50 crore and operating margin (PBILDT) beyond 23% on a sustained basis

Negative factors

- Delay in commissioning of the project with substantial cost overrun
- Lower than estimated occupancy of the hospital

Analytical approach: Standalone

Outlook: Stable

The outlook of the company is stable due to the promoters' deep experience and resourcefulness in healthcare, as well as the rising demand for healthcare services.

Detailed description of key rating drivers:

Key weaknesses

Project construction and post commencement stabilization risk for the upcoming multi-specialty hospital: The company is setting up a 202 Bedded (6 Operation Theaters, 1 Emergency with 10 Bed 2 OT, 32 OPD rooms and 1 Cathlab) multi-specialty hospital at G S Road, Guwahati, Assam at an estimated project cost of Rs. 160 crores (as compared to Rs.150 crore considered earlier) in 2 phases (Rs.130 crore in Phase 1 & Rs.30 crore in Phase 2). The same is being funded through term loan of Rs.94 crore (Rs.74 crore for Phase 1 and Rs.20 crore for Phase 2 as compared to Rs.74 crore for Phase 1 and Rs.13 crore for Phase 2 considered last time) and promoter contribution of Rs.66 crore (Rs.56 crore promoter contribution and Rs.7 crore through cash accruals considered last time). As on June 30, 2024, the company has already incurred Rs.130.33 crore funded through Rs.69.30 crore debt, Rs.56.73 crore through equity capital / unsecured loan and Rs.4.30 crore from other current liabilities.

Financial closure for Phase 2 i.e., Rs.20 crore and CC limit of Rs.5.60 crore has not yet been achieved. The company has incurred capital expenditure of around Rs.130.32 crores as on June 30, 2024 funded through Rs.69.30 crore debt, Rs.56.73 crore through equity capital / unsecured loan and Rs.4.30 crore from other current liabilities. Out of Rs. 130.32 crore of capital expenditure incurred as of Jun 30, 2024, around Rs. 9.00 crore pertains to Phase 2. OPD segment has become operational in July 2024 and the IPD segment is expected to start from October 2024 (as compared to Feb-end 2024 earlier). Timely completion and ramp up of operations of the hospital remain key rating sensitivities.

Limited geographical reach and competition from established players in the region: The company is planning to setup a single multi-specialty hospital in Guwahati, Assam which will cater to both North East India and patients from Bangladesh given promoters past experience of working in Dhaka, Bangladesh. With the development of industrial activities in and around Guwahati, the requirement for a multi-specialty hospital and quality care beds has increased substantially. However, it will face competition

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

from established players like GNRC, International hospital, Health City, Excelcare, NEMCARE, Down Town, Narayana Hrudayalaya, Hayat etc.

Capital Intensive nature of business: Hospital industry is a capital intensive with relatively long gestation period. Generally, 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 operation takes time. 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.

Risks in the healthcare industry associated with the availability and attrition of medical professionals: Being a service-oriented unit, the success is largely dependent on quality of professional and general service and accordingly recruitment of Doctors, Nurses and other trained personnel. Presence of qualified medical professionals such as doctors, paramedical staff and support staff is one of the important requisites of any hospital to be successful and to get continued patronage from the local population. The attrition rate for nurses is quite high.

Highly regulated along with high vulnerability to treatment-related risks and operation risks: Healthcare sector is highly regulated requiring various statutory approvals. Moreover, healthcare is a highly sensitive sector where any mishandling of a 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 maintain standard of services in order to avoid the occurrence of any unforeseen incident. They also need to maintain high vigilance to avoid any malpractice in any pocket.

Key strengths

Satisfactory capital structure: Project debt equity for phase I & II combined stands at 1.42:1 as compared to 1.38:1 considered earlier post full drawdown of loan.

Professional, qualified and resourceful promoters: The project is implemented by well-known group of businessmen and doctors of Assam. The main promoter, Dr. Apurba Kumar Sarma (MBBS, MS, M Ch (CTVS) is an experienced and reputed Cardiothoracic and Vascular Surgery (CTVS) surgeon. He has earlier worked in Shree Chitra Tirunal Institute of Trivandrum, Indraprastha Apollo hospitals New Delhi and Square hospital Dhaka, Bangladesh. Dr Sarma was founder of the department of cardiac sciences in ZHWMCH & Square hospital in Dhaka, and Cardiac sciences Department in Nemcare Hospital Guwahati where he works at present. Dr. Hiramoni Sarma, wife of Dr. Apurba Kumar Sarma aged around 52 years is ophthalmologist by profession and is presently working with Nemcare Hospital, Guwahati since 2014.

Smt. Mamoni Deka, is a notable entrepreneur & educationist of Assam. She was responsible for establishing the international school of Guwahati (ISG). The combined net worth of the promoters stood at Rs. 155.43 crore as on March 31, 2022. The promoters have proposed to fund Rs. 66.00 crores (Rs.56.73 crore has already been contributed till June 30, 2024) through their own source.

Liquidity: Stretched

The liquidity position of the company is stretched given delay in commencement of hospital operations while debt repayment has begun from Q4FY24 (Rs.0.06 crore in FY24 funded through promoter contribution). In FY25, the company has debt repayment obligation of Rs.0.96 crore which would be funded through equity infusion as articulated by management if required. The company's cash accruals are expected to be satisfactory to meet the debt obligations in the projected years. Moreover, the company is in discussion with lenders for availing Rs.5.60 crore limits which is expected once IPD hospital operations start.

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Hospital](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare Services	Hospital

Guwahati based, Tulip Mediworld Private Limited (TMPL) was incorporated on May 31, 2021. The key promoters of the company are Dr. Apurba Kumar Sarma, Smt. Hiramoni Sarma and Smt. Mamoni Deka. Dr. Apurba Kumar Sarma (MBBS, MS, M Ch (CTVS)

aged around 54 years is an experienced and reputed Cardiothoracic and Vascular Surgery (CTVS) surgeon. He has earlier worked in Shree Chitra Tirunal Institute of Trivandrum, Indraprastha Apollo hospitals New Delhi and Square hospital Dhaka, Bangladesh. Dr Sarma was founder of the department of cardiac sciences in ZHWMCH & Square hospital in Dhaka, and Cardiac sciences Department in Nemcare Hospital Guwahati where he works at present. Dr. Hiramoni Sarma, wife of Dr. Apurba Kumar Sarma aged around 52 years is ophthalmologist by profession and is presently working with Nemcare Hospital, Guwahati since 2014. Smt. Mamoni Deka, is a notable entrepreneur & educationist of Assam. She was responsible for establishing the international school of Guwahati (ISG). Other promoters are having experience in the field of Medical and have good net worth and market reputation.

The company is setting up a 202 Bedded (6 Operation Theaters, 1 Emergency with 10 Bed 2 OT, 32 OPD rooms and 1 Cathlab) multi-specialty hospital at G S Road, Guwahati, Assam at an estimated project cost of Rs. 160 crores in 2 phases (Rs.130 crore in Phase 1 & Rs.30 crore in Phase 2). The same is being funded through term loan of Rs.94 crore (Rs.74 crore for Phase 1 and Rs.20 crore for Phase 2) and promoter contribution of Rs.66 crore. The loan for Phase I has been availed under "Aarogyam healthcare business loan" scheme of Government of India.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	NA	NA
PBILDT	NA	NA
PAT	NA	NA
Overall gearing (times)	NA	NA
Interest coverage (times)	NA	NA

A: Audited; NA: Not Applicable; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	5.60	CARE BB; Stable
Fund-based - LT-Term Loan	-	-	-	November 2032.	93.94	CARE BB; Stable

Annexure-2: Rating history for 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	93.94	CARE BB; Stable	-	1)CARE BB; Stable (06-Dec-23)	1)CARE BB; Stable (01-Dec-22)	-
2	Fund-based - LT-Cash Credit	LT	5.60	CARE BB; Stable	-	--	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

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

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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