

## Woodland Hospital

August 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	17.14 (Reduced from 17.68)	CARE BB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to the bank facilities of Woodland Hospital is constrained by geographic and revenue concentration risk, risk of withdrawal of capital due to its constitution as a sole proprietorship firm, capital-intensive and human resource-intensive nature of business and high vulnerability to treatment-related and operating risks. CARE's rating also factors in operationalization of Cathlab department in H1FY25 and a new block dedicated OBST, gynae & paediatric department resulting in increase in total number of beds from 160 to 175 for Shillong hospital.

The rating derives strength from satisfactory performance in FY25 on the back of high occupancy and ARPOB of Shillong hospital, professional & qualified promoters, long standing presence of Shillong hospital in Meghalaya, tie-up arrangement with various corporate and government entities, comfortable capital structure and debt protection metrics.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Ability to increase the scale of operation beyond Rs.120 crore on a combined level

#### Negative factors

- Any un-envisaged incremental debt funded capital expenditure deteriorating its overall gearing and TDGCA beyond 0.50x and 2.00x respectively.
- Deterioration in occupancy level below 70% on sustained basis in Shillong unit.

#### Analytical approach: Combined

CARE Ratings Limited has combined the business and financial risk profiles of Woodland Hospital and Woodland WK Hospital as both the entities are engaged in same line of business, have common promoters and display cash flow fungibility.

#### Outlook: Stable

The group is expected to sustain its operational and financial performance on the back of high occupancy and ARPOB levels in Shillong hospital coupled with comfortable capital structure and debt protection metrics.

### Detailed description of key rating drivers:

#### Key weaknesses

**Geographic and revenue concentration risk:** The firm has 2 hospitals located in Meghalaya – one located at Shillong & second located at Jowai. Hence, it has a geographical concentration risk considering its presence only in Meghalaya. Gynaecology, Paediatric and general surgery contribute around 27% of the total revenue for the Shillong hospital in FY25.

**Risk of withdrawal of capital due to its constitution as a sole proprietorship firm:** Both the entities are sole proprietorship firms and accordingly exposed to the inherent risk of proprietor's capital being withdrawn at times of personal contingency and limited ability to raise capital. There has been withdrawal of Rs.9.68 crore in FY25 against PAT of Rs. 30.00 crore.

**Capital-intensive and human resource-intensive nature of business:** The hospital industry is a capital-intensive industry with a relatively long gestation period. Generally, a new hospital takes a timeframe of around two to three years to breakeven at its operational level. Time is also needed for its establishment, occupancy rate and financial stability in the initial period of operation. Thus, the promoter is required to support the operation until the mentioned parameters reach the minimum desired

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

level. Furthermore, the maintenance capex required for the hospital industry also remains high, owing to regular replacement of equipment, non-reusable pharmaceutical and surgical products.

**High vulnerability to treatment-related and operating risks:** 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 high operating standard to avoid the occurrence of any unforeseen incident which can damage the reputation of the hospital to a large extent.

**Low ARPOB in Jowai hospital:** The ARPOB for Jowai hospital continues to remain low and moderated from Rs. 3474 in FY24 to Rs.3137 in FY25. The Jowai hospital primarily serves a large number of below-poverty-line patients who utilize government schemes like Ayushman Bharat, which impose price caps on operations and other charges. As a result the overall revenue remains relatively low.

### Key strengths

**Professional & qualified promoters:** Dr. Werlok Kharshiing, Proprietor of Woodland hospital, is a highly qualified [MBBS, MS (Surgery), M.Ch. (plastic surgery)] having experience of around four decades. He has successfully performed numerous surgeries and offered professional consultancy in reputed hospitals. Prior to establishing "Woodland Hospital", he was a specialist in General surgery and plastic surgery at civil hospital, Shillong. This apart he also offered professional consultancy at other reputed hospitals of the city. The day-to-day operation of the hospital is being looked after by Dr. Werlok Kharshiing along with the support from a team of experienced doctors and professionals along with his wife Dr. Margaret Wahlang and his daughter Dr. Anju R. Wahlang. Dr. Margaret Wahlang is GNM (Diploma) from Medical School AMC, Dibrugarh and Nursing Superintendent of Woodland Hospital, since 1991. Dr. Anju R. Wahlang is a MBBS, DMRD (Radiology) and Sr. Consultant Radiologist at Woodland Hospital.

**Long standing presence of Shillong hospital in Meghalaya:** Woodland Hospital started its operation in March 1991 as a Nursing home and then it was transformed into a multi-speciality hospital one of a kind in the region. It offers facilities in various fields of medical science with dedicated team of doctors for each department. The hospital is equipped with state-of-the-art equipment. The firm has received NABH accreditation and NABL accreditation which reassures the high standard for quality care and patient safety. Among the hospitals operating in region, the firm is one of the major multi-speciality hospitals equipped with experienced doctors capable of handling critical cases.

**Tie up arrangement with various corporate and government entities:** Woodland hospital has tie-ups with various corporates and government entities like SBI, BSNL, FCI, North Eastern Power Corporation Ltd, Ex-Servicemen Contributory Health Scheme like to provide medical services, including annual check-up of the employees. Such tie-up ensures steady referrals of patients to the hospital, thereby improving its occupancy rate. Further, the firm derives around 75% of its revenue from the cash segment which leads to a better cash flow since payments from TPA and other forms are generally delayed to some extent.

**Satisfactory financial performance in FY25 on the back of high occupancy and ARPOB of Shillong hospital:** On a combined basis, the income from operation has grown by 12.24% from Rs. 98.02 crore in FY24 to Rs.110.02 crore in FY25 (Prov). This was mainly on account of increase in number of beds of Shillong hospital to 175 with opening of a new block and improvement in average revenue per occupied bed (Rs.8,850 in FY24 to Rs.9,650 in FY25 for Shillong hospital) amid high occupancy of 78%. Incremental revenues have resulted from oncology, neurology and cardiology departments with the appointment of permanent doctors for these departments vis-à-vis being served by visiting doctors earlier. This has resulted in consistent and regular flow of patients and higher revenue.

However the ARPOB and occupancy for Jowai hospital deteriorated and continues to remain low at Rs.3137 and 59% in FY25. The Jowai hospital primarily serves a large number of below-poverty-line patients who utilize government schemes like Ayushman Bharat, which impose price caps on operations and other charges. As a result the overall revenue from Jowai hospital remains low.

Although the combined PBILDT margin has moderated from 38.21% in FY24 to 35.04% in FY25 due to higher employee cost, it continues to remain satisfactory. Following the establishment of the new block, additional medicals staff was hired which led to increased employee costs, coupled with salary increments for existing staff. Additionally, sales of medicine rose compared to previous levels which typically carry lower margins. In line with PBILDT margin, the PAT margin has moderated from 30.20% in FY24 to 27.27% in FY25 (Prov).

**Comfortable capital structure and debt protection metrics:** On a combined basis, the overall gearing remained comfortable at 0.09x as on FY25 (0.15x as on FY24) on account of reduction of total debt and accretion of profits generated to reserves. As on Mar 31, 2025, o/s term loan stood at Rs.11.75 crore pertaining to the Jowai unit. Total debt to GCA and interest coverage ratio remained comfortable at 0.30x and 34.40x respectively as on Mar 31, 2025.

### Liquidity: Adequate

The term loan outstanding as on July 30, 2025 stood at Rs. 11.75 crore. Post this, the group has principal repayment of Rs.2.76 crore in FY26 and Rs.2.82 crore in FY27 vis-à-vis GCA of Rs.37.71 crore indicating adequate liquidity position. As on Mar 31, 2025, the firm has cash and liquid investments of around Rs.18.14 crore. The firm currently holds fund based working capital limit of Rs. 5.39 crore, the average utilization of fund-based limit stood between 75-80% as confirmed by the bankers.

### Applicable criteria

[Definition of Default](#)

[Consolidation & Combined Approach](#)

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

[Rating Outlook and Rating Watch](#)

[Hospital](#)

[Financial Ratios – Non financial Sector](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare Services	Hospital

Woodland Hospital is a Multi-Specialty Hospital situated in Dhankheti, Shillong which was established in March, 1991 as a Proprietary concern by Dr. Werlok Kharshiing and his wife Mrs. Margret Wahlang. The hospital started with 28 Indoor beds, two Operation Theatres (One Major & One Minor) along with the basic diagnostic facilities and departments like General Surgery, Obstetrics & Gynaecology, Paediatrics and ENT. The hospital expanded to 120 beds in FY01 and further to 160 beds in FY13. The Shillong hospital has received accreditation from NABH (entry level) and its Department of Pathology has received accreditation from National Accreditation Board for Testing & Calibration Laboratories (NABL) for Medical Testing. The firm has set up a new Cath lab unit/department at Shillong hospital a cost of around Rs.3.9 crore which started in Feb-Mar 2024 funded through cash accruals. Moreover, the firm has also set up a new block dedicated OBST, gynae & paediatric department at a cost of around Rs.18 crore funded through cash accruals which became operational from July 2024. As a result, the total bed capacity increased from 160 to 175, along with an expansion in staff and medical personnel.

In Sept 2020, the firm set up Woodland WK Hospital at Jowai in West Jaintia Hills District of Meghalaya at a cost of Rs.54.00 crore funded through term loan of Rs.21 crore and promoter contribution of Rs.33 crore. It is a 105 bedded multispecialty Hospital including 14 I.C.U beds and 6 Neonatal I.C.U beds and has 3 Operation Theatres, 12 Dialysis beds, Endoscopy, X-Ray, CT- Scan, U.S.G, Department of Pathology and Department of Microbiology. The promoter group also owns 4 diagnostics centres – Woodland Medical Centre, Ladthalaboh, Jowai owned by Dr. Anju R. Wahlang (daughter of Dr. Werlok Kharshiing), Bell View Diagnostic Clinic, Mawkhar, Shillong owned by wife of Dr. Werlok Kharshiing, Woodland Diagnostic Centre, Nongkseh, Upper Shillong (under Shillong hospital) and Woodland Institute of Nursing, Latikor, Shillong (under North East Hub Society).

Combined Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	98.02	110.02
PBILDT	37.45	38.55
PAT	29.60	30.00
Overall gearing (times)	0.15	0.09
Interest coverage (times)	30.35	34.40

The standalone financials of Woodland Hospital and Woodland WK Hospital have been combined by the CARE Analytical Team

Standalone Financials-Woodland Hospital (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	77.95	91.32
PBILDT	30.33	34.44
PAT	26.64	29.87
Overall gearing (times)	0.06	-0.01
Interest coverage (times)	213.10	646.03

A: Audited UA: Unaudited; 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		-	-	-	17.14	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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	17.14	CARE BB+; Stable	-	1)CARE BB+; Stable (05-Aug-24)	1)CARE BB+; Stable (06-Jul-23)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short 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

#### Annexure-5: Lender details

To 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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