October 31, 2025

Economic And Entrepreneurship Development Foundation: Rating downgraded

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based Limits – Term Loan	35.00	25.00	[ICRA]BBB- (Stable); downgraded from [ICRA]BBB (Stable)
Long-term – Unallocated Limits	16.00	26.00	[ICRA]BBB- (Stable); downgraded from [ICRA]BBB (Stable)
Total	**51.00**	**51.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating downgrade of Economic and Entrepreneurship Development Foundation (EEDF) primarily factors in the delay in commissioning its new hospital, which has adversely impacted its credit profile on a sustained basis. The entity has also witnessed a deterioration in its earnings due to a worsening cost structure over the past two fiscal years, further weakening its financial risk profile. EEDF has witnessed a sharp decline in operating profit margins (OPM) to around 0% in FY2025 (Provisional) from 5.9% in FY2024, primarily due to an increase in operating costs, coupled with the absence of any upward revision in hospital fees and charges levied on customers, which constrained revenue growth and impacted earnings as well. ICRA expects that the ongoing capital expenditure is likely to keep the debt protection metrics under pressure in the near term. Given the long gestation period typically associated with the stabilisation of hospital operations, any meaningful improvement in the entity's credit metrics is likely to be gradual.

The rating continues to be constrained by intense competition from other established hospitals in Kolkata, the relatively smaller scale of its current operations, and its exposure to geographical concentration risk, being a single-location hospital as of now. Moreover, the retention of medical consultants/doctors may pose a challenge owing to intense competition in Kolkata's medical field. The rating is also impacted by the ongoing large debt-funded project for setting up a new hospital, which exposes the company to project execution risks. The ability of the company to complete the project without further delay and successfully ramp up its operations profitably within an optimum timeframe would be crucial factors for the rating going forward.

However, the ratings positively take into account the established track record and experience of the promoters in the healthcare industry and the reputation of the hospital for offering quality services at affordable prices. The rating also factors in the comfortable occupancy level of the hospital, although the same declined to around 65% in FY2025 from around 71% in FY2024. The rating further favourably considers the financial flexibility derived from the sizeable cash and bank balance of around Rs. 15 crore as on March 31, 2025. The performance of the entity is also supported by increasing demand for healthcare services and better affordability, on the back of rising awareness and higher penetration of health insurance in India.

The Stable outlook on the long-term rating reflects ICRA's opinion that the established track record of EEDF as a quality healthcare services provider for over four decades is likely to support its business position while sustaining its revenue levels in the long run.

Key rating drivers and their description

Credit strengths

Experience of promoters in the healthcare industry; reputation of the hospital for offering quality services at affordable price – EEDF is a part of the Development Consultant (DC) Group of Companies, based out of Kolkata. The company operates a 155-bedded hospital named Sri Aurobindo Seva Kendra in Kolkata, certified by Bureau Veritas & ISO 9001:2015 and National Accreditation Board for Hospitals & Healthcare Providers (NABH). It also has a pathology section, accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL). The hospital provides indoor, outdoors, pharmacy, diagnostic and other healthcare services at an affordable price. EEDF also has a general nursing and midwifery training school called Sri Aurobindo Seva Kendra-School of Nursing. Vast experience of the promoters, along with the presence of reputed doctors and consultants on the panel, strengthened the operating profile of the hospital.

Comfortable occupancy level: revenue stream supported by pharmacy and pathology departments – The hospital offers multi-specialty treatment and the in-patient department (IPD) continues to remain the highest revenue contributor, accounting for around 34% of the total revenues in FY2025, followed by pathology/ diagnostic and pharmacy divisions, contributing around 25% and 24%, respectively, to the total revenue. ICRA notes that significant competition from large hospital chains in the city adversely impacted the patient inflow, primarily in general medicines, which led to a decline in the occupancy of the hospital to around 65% in FY2025 from 71% in FY2024. Nevertheless, the occupancy level of the hospital has remained healthy over the past years.

Favourable growth drivers with increasing demand for healthcare services and better affordability – The healthcare services in the country have a favourable outlook due to factors such as better affordability through increasing per-capita income, widening of medical insurance coverage, growing awareness about healthcare, under-penetration of healthcare services, technological improvements in early diagnosis and treatment, and higher instances of lifestyle diseases. Further, significant demand-supply gap in the country's healthcare service sector and limited investments by the Government for hospital bed addition provide private sector players an opportunity to fill the gap.

Credit challenges

Delay in commissioning of the project adversely impacting the credit profile – EEDF is in the process of setting up a multi-specialty hospital at Salt Lake, Kolkata, with an estimated capital outlay of around Rs. 45 crore, funded through a mix of debt of Rs. 25 crore and the balance from internal sources. The project was initially expected to become operational in a phased manner starting April 2024; however, progress has been delayed due to slower-than-anticipated construction activity and delays in obtaining necessary approvals. As per the revised timeline, the pharmacy, outpatient department (OPD), and diagnostic centre are expected to become fully operational by April FY2026. The company had also planned to establish an IPD section with a capacity of 235 beds, but its commencement has now been deferred by 2-2.5 years. In the interim, the entity remains exposed to significant project-related risks, including timely commissioning within the budgeted cost, stabilisation of operations, and achievement of targeted process parameters and cost efficiencies.

Relatively smaller scale of current operations – Historically, EEDF's scale of operations has remained modest. The company's revenues increased marginally by 2% to around Rs. 72 crore in FY2025 (Provisional), constrained by a decline in hospital occupancy levels and rising operating costs, which adversely impacted overall profitability. Owing to a marginal improvement in the average revenue per occupied bed day (ARPOBD), along with the likely revenue generation from the proposed new facilities, ICRA expects the overall top line of EEDF to register moderate YoY growth in FY2026.

High geographical concentration risk along with increased competition from other established hospitals – EEDF remains exposed to high geographical concentration risk, as its entire revenue is derived from a single hospital located in Kolkata. Moreover, the entity faces intense competition from other established hospitals in the city, including some pan-India hospital chains.

High dependence on consultants/ doctors for driving patient inflow; attrition risk remains high – The trust has a diversified revenue stream, with revenue being generated from various segments, such as gynaecology, orthopaedics, urology, medicine, and neurology. However, segmental revenue concentration has remained at a moderate level over the years, as the top two specialities, gynaecology and orthopaedics, contributed around 50% to its revenue over the past three years. ICRA notes that the loss of key doctors can lead to a loss of patients, which, in turn, may impact the overall revenue and profitability of any hospital. EEDF is likely to face challenges in recruiting and retaining good doctors, which would remain important to attract patients.

Exposed to regulatory risks – The hospital business is exposed to regulatory risks in terms of restrictive pricing regulations imposed by the Central and State Governments, which could constrain the profit margins of the healthcare industry and, consequently, EEDF going forward.

Liquidity position: Adequate

EEDF's liquidity remains adequate. The entity generated positive cash flow from operations over the past two years, supported by the low working capital intensity of operations, which is likely to continue in the current fiscal as well. The company had an unencumbered cash and bank balance of around Rs. 15 crore as on March 31, 2025 (Provisional). However, ICRA expects some pressure on its cash flow going forward, given that a large portion of its surplus cash and bank balance, along with cash inflows from business, would be used to part-fund the ongoing project. Nevertheless, in view of the positive cash flow from operations expected to be generated from the business, the elongated debt repayment schedule, and the surplus cash and bank balance, EEDF's liquidity is likely to remain comfortable.

Rating sensitivities

Positive factors – ICRA may upgrade the rating if the entity demonstrates a steady increase in its earnings with a satisfactory ramp-up of operations while maintaining adequate liquidity, leading to an improvement in its coverage metrics on a sustained basis.

Negative factors – ICRA may downgrade the rating if the entity is unable to improve profitability. Any further delays in project completion with major cost overruns and/or inadequate ramp-up of operations after commissioning, adversely impacting its credit profile, may also result in a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hospitals
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the standalone financial statements of the entity

About the company

Economic and Entrepreneurship Development Foundation (EEDF), incorporated in December 1971, was founded by Late Dr S. C. Dutt, the Founder Chairman and Managing Director of DC Group of Companies. EEDF is a non-profit company registered under Section 8 of the Companies Act, 2013. The company provides healthcare facilities and operates a 155-bedded multi-specialty hospital named Sri Aurobindo Seva Kendra in Kolkata. The hospital provides indoor, outdoor, pharmacy, diagnostic, and other healthcare services. EEDF also has a general nursing and midwifery training school in Kolkata. Further, the company is in the process of setting up a multi-specialty hospital along with a diagnostic and day-care centre in Salt Lake, Kolkata.

Key financial indicators (audited)

EEDF, Standalone	FY2024	FY2025*
Operating income	70.4	72.1
PAT	3.6	1.3
OPBDIT/OI	5.9%	0.0%
PAT/OI	5.1%	1.8%
Total outside liabilities/Tangible net worth (times)	0.6	0.7
Total debt/OPBDIT (times)	4.6	12.0
Interest coverage (times)	12.4	0.0

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				October 31, 2025	Jul 26, 2024	Aug 3, 2023	Jul 7, 2022
1	**Term Loan**	Long Term	25.00	[ICRA]BBB- (Stable)	**[ICRA]BBB (Stable)**	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Stable)
2	**Unallocated Limits**	Long Term	26.00	[ICRA]BBB- (Stable)	**[ICRA]BBB (Stable)**	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Term Loan	Simple
Long-term – Unallocated Limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Term Loan**	FY2021	-	FY2033	25.00	[ICRA]BBB- (Stable)
NA	**Unallocated Limits**	-	-	-	26.00	[ICRA]BBB- (Stable)

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis - Not Applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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