

MIOT Hospitals Private Limited

September 05, 2022

Rating

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	261.89	CARE BB+; Stable; ISSUER NOT COOPERATING* (Double B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BBB-; Stable; (Triple B Minus; Outlook: Stable)
Total Bank Facilities	261.89 (₹ Two Hundred Sixty-One Crore and Eighty-Nine Lakhs Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE had, vide its press release dated March 14, 2022, placed the rating of MIOT Hospitals Private Limited (MIOT) under the 'issuer non-cooperating' category as MIOT had failed to provide information for monitoring of the rating. MIOT continues to be non-cooperative despite repeated requests for submission of information vide e-mail communications dated August 17, 2022 and numerous phone calls. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

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

The revision in the rating is pursuant to Securities and Exchange Board of India (SEBI)'s circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/2 dated January 3, 2020, regarding 'Strengthening of the rating process in respect of Issuer Non-Cooperation (INC) ratings'. SEBI has in this circular mentioned that "If an issuer has all the outstanding ratings as non-cooperative for more than 6 months, then the CRA shall downgrade the rating assigned to the instrument of such issuer to non-investment grade with INC status."

Detailed description of the key rating drivers

At the time of last rating on March 14, 2022, the following were the rating strengths and weaknesses

Key rating strengths

Experienced Promoters

The promoters of MIOT, Dr P.V.A. Mohandas, Mrs Mallika Mohandas and Dr Prithvi Mohandas, have extensive experience in healthcare and hospital sector. The founder of the hospital, Padmashri Prof. Dr P.V.A. Mohandas, is a renowned orthopaedic surgeon with over four decades of experience in the medical profession in India. He specialises in total hip replacement surgery. Dr Prithvi Mohandas (s/o Dr P.V.A. Mohandas), Managing Director, also has rich experience in hip arthroplasty and hip replacement surgery. The promoters are assisted by an experienced team of in-house Doctors and executives in managing the day to day affairs of MIOT.

A quaternary hospital with focus on high end surgeries, especially in the orthopaedic segment

MIOT was established in Chennai in 1999 as a quaternary care multi-speciality hospital catering to patients in Chennai and surrounding regions. The 1,000 bed NABH (National Accreditation Board for Hospitals and Healthcare providers) accredited hospital has about 63 specialities including Orthopaedics, Nephrology, Cardiology, Neuro Surgery, Urology, Gastroenterology, Medical Oncology and Radiation Oncology etc.

Focus on International patients and numerous tie ups with Corporates in India

The hospital attracts patients from over 129 countries through referrals from international Governments and foreign healthcare institutions for providing advanced healthcare.

Experienced team of Doctors aided by sophisticated technology & medical equipment providing advanced healthcare

MIOT operates as a super speciality quaternary care referral hospital. The hospital has only in-house Doctors and there are no visiting Doctors to the hospital. The hospital also has contract Doctors with contract period of 2 to 3 years. Most Doctors have been educated at prestigious institutions in India, U.S. and U.K. Further, MIOT recently signed an MOU with Whittington Hospital, London, to set up an antenatal screening service.

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

Key rating weaknesses

Moderate financial profile marked by increase in operating margin

In FY21, the company recorded a total operating income of Rs. 381.96 crore, marginally higher than Rs. 354.49 crores in FY20. Nevertheless, the PBILDT margin has sharply improved from 15% to 28% as compared to FY20 due to increase in operating income.

Moderate capital structure

The gearing ratio has declined from 2.20x as on March 31, 2020 to 1.75x as on March 31, 2021 due to moderately leveraged capital structure. Company has reported profit after tax of Rs 43.84 Cr as on March 31, 2021 which have led to a higher net worth base in FY21. However, the interest coverage ratio improved (1.72x on March 31, 2020 Vs 3.85x on March 31, 2021) as compared to previous year owing to the increased operating profits.

Presence in the highly competitive Chennai region with a single hospital

MIOT faces high competition from well-established multi-speciality hospitals providing tertiary health care services. Further the company's income depends on a single hospital unit located at Manapakkam in Chennai which exposes it to further competition. The average number of beds per 1,000 population in Chennai is considerably higher than the national average and thus signifying a highly competitive environment

Dependence on scarcely available professionals and increasing regulation in the industry

The healthcare industry is highly dependent on the availability of qualified and experienced medical professionals. As per World Health Statistics primary data 2007-2018, the density of physicians per 10,000 population for India stands at 8 which is very low compared to that of other major countries. However, the increasing competition and the scarcity of medical specialists, the ability of the hospital to retain its current pool would be a key differentiator. Furthermore, the performance of the hospital sector has been affected due to multiple regulatory interventions; further apart from licensing and approvals, the Government is also constantly regulating the prices of drugs and consumables.

Analytical approach: Standalone

Applicable criteria

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

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Credit Watch](#)

[Hospital](#)

About the company

Madras Institute of Orthopaedics and Traumatology (MIOT) was established in 1999 in Chennai by a renowned orthopaedic surgeon, Dr P.V.A Mohandas. The hospital primarily focuses on Orthopaedics and Trauma Care. Presently, it is a multispecialty hospital offering treatment in over 63 specialties including Orthopaedics, Nephrology, Cardiology and other specialties with 1,000 beds.

Brief Financials (₹ crore)	March 31, 2020 (A)	March 31, 2021 (A)	March 31, 2022 (A)	Q1 FY23 (A)
Total operating income	354.49	381.96	NA	NA
PBILDT	52.89	106.45	NA	NA
PAT	-18.39	43.84	NA	NA
Overall gearing (times)	2.20	1.75	NA	NA
Interest coverage (times)	1.72	3.85	NA	NA

A: Audited; NA: Not Available

Status of non-cooperation with previous CRA:

NA

Any other information:

NA

Rating history for the last three years: Please refer Annexure-2**Covenants of the rated instruments/facilities:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3**Complexity level of various instruments rated for this company:** Annexure-4**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		-	-	June 2027	221.89	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit		-	-	-	40.00	CARE BB+; Stable; ISSUER NOT COOPERATING*

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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT*	221.89	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable; ISSUER NOT COOPERATING* (14-Mar-22)	1)CARE BBB; Stable (18-Feb-21)	1)CARE BBB; Stable (13-Jan-20)
2	Fund-based - LT-Cash Credit	LT	40.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable; ISSUER NOT COOPERATING* (14-Mar-22)	1)CARE BBB; Stable (18-Feb-21)	1)CARE BBB; Stable (13-Jan-20)
3	Non-fund-based - ST-Proposed non fund based limits	ST*	-	-	-	-	-	1)Withdrawn (13-Jan-20)

*LT: Long term; ST: Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of various instruments rated for this company**

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

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please click here

Note on 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**

Name: Mradul Mishra
Phone: +91-22-6754 3596
E-mail: mradul.mishra@careedge.in

Analyst contact

Name: Parvathavardhini Natarajan
Phone: +91-044-2850 1008
E-mail: P.Natarajan@careedge.in

Relationship contact

Name: Pradeep Kumar V
Phone: +91-98407 54521
E-mail: pradeep.kumar@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