

For Ortho and Neuro Hospital

May 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	18.82	CARE B+; Stable	Assigned
Short Term Bank Facilities	5.00	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of For Ortho and Neuro Hospital (FONH) are constrained by small scale of operations, leveraged capital structure, weak debt coverage indicators and partnership nature of constitution. The ratings, however, derive strength from experienced partners and healthy profitability.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations over ₹20.00 crore.
- Improvement in capital structure marked by overall gearing below 4.00x.

Negative factors

- Any further deterioration in the capital structure, on the back of withdrawal of capital by the promoters.
- Drop in occupancy levels of the hospital below 70% on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes that FONH will maintain stable operational performance benefitting from the extensive experience of promoters in Orthopaedics.

Detailed description of key rating drivers:

Key weaknesses

Small, yet improving scale of operations on the back of improved occupancy

FONH's operations have remained modest, with revenue around ₹15.00 crore. Operating in the highly competitive Chennai market, FONH focuses primarily on the Orthopaedics segment, which accounts for over 90% of its revenue. Despite this, the hospital has achieved a CAGR of approximately 10% over the past five years, ending FY24 with a revenue of ₹11.07 crore (PY: ₹8.93 crore). In FY25, FONH generated around ₹15.00 crore, driven by increased inpatient numbers and higher occupancy rates.

Weak capital structure

The capital structure of the firm marked by overall gearing stood weak at 27.44x on March 31, 2024, against 5.55x as on March 31, 2023, due to withdrawal of capital by the partners.

Fragmented industry

The healthcare sector is characterized by significant fragmentation, with a few dominant players in the organized segment and numerous smaller entities in the unorganized segment, leading to intense competition. Consequently, key differentiators such as the variety of services provided, service quality, the reputation of medical professionals, and the success rate in handling complex cases will be essential for attracting patients and boosting occupancy rates.

Partnership nature of business constitution with inherent risk of withdrawal of capital

FONH is a partnership nature of business wherein the inherent risk of withdrawal of capital by the partner at the time of their personal contingencies resulting in erosion of capital base leading to adverse effect on capital structure.

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

Key strengths

Vast experience of the promoter in the industry

FONH is under the leadership of Dr. P. Elangovan, M.S., Mch Orth., who serves as Managing Partner and Chief Orthopaedic Consultant. He graduated from the esteemed Govt. Royapettah Hospital, a premier center for Accident and Trauma, in 1998 and completed his Mch Orth. in 2015. Dr. Elangovan brings a wealth of expertise in orthopaedic trauma and joint replacement.

Healthy profitability margins

FONH's operating profitability has been healthy albeit being volatile, with the profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin ranging from 40% to 51% over the past three years, ending in FY24. The margin remained strong at 40.04% in FY24, although it declined from 50.89% in FY23, primarily due to increased employee and power costs.

Liquidity: Stretched

Liquidity is stretched marked tightly matched accruals against repayment of term loans in FY25 with cash and bank balance of ₹0.04 crore as on March 31, 2024. The unencumbered cash and bank balance stood at around ₹0.1 crore as of March 31, 2024. The working capital limits, amounting to Rs. 5.00 crore have been heavily utilized at over 90% for the past 12 months ended April 2025.

Assumptions/Covenants: Not applicable

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](#)

[Financial Ratios – Non financial Sector](#)

[Services Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare Services	Hospital

FONH, located in Chennai, was incorporated on April 01, 2013. The 25-bed hospital offers orthopaedics, neurology, trauma, faciomaxillary, and plastic surgery, with integrated 24/7 trauma care services. The medical team comprises over 20 doctors, supported by 30 nurses, 35 paramedical staff, and 40 non-medical staff. Additionally, it features a dedicated physiotherapy department. The hospital is managed by partners Dr. P. Elangovan and Satish Kumar.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	8.93	11.07	15.00
PBILDT	4.56	4.43	NA
PAT	1.63	1.82	NA
Overall gearing (times)	4.28	31.08	NA
Interest coverage (times)	1.68	1.84	NA

A: Audited UA: Unaudited NA: Not available; 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-Term Loan		-	-	26-09-2039	18.82	CARE B+; Stable
Fund-based - ST-Bank Overdraft		-	-	-	5.00	CARE A4

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-Term Loan	LT	18.82	CARE B+; Stable				
2	Fund-based - ST-Bank Overdraft	ST	5.00	CARE A4				

LT: Long term; ST: 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-Term Loan	Simple
2	Fund-based - ST-Bank Overdraft	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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