March 27, 2025

Indraprastha Medical Corporation Limited: Ratings reaffirmed and assigned for the enhanced amount for bank loan ratings; Ratings reaffirmed and withdrawn for commercial paper

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term - Fund Based/ CC	32.50	32.50	[ICRA]AA(Stable); reaffirmed
Short Term - Non Fund Based	30.00	30.00	[ICRA]A1+; reaffirmed
Commercial Paper	40.00	0.00	[ICRA]A1+; reaffirmed and withdrawn
Long Term - Fund Based/ Term Loan	0.00	100.00	[ICRA]AA(Stable); assigned
Total	**102.50**	**162.50**	

**Instrument details are provided in Annexure I*

Rationale

The rating action factors in Indraprastha Medical Corporation Limited (IMCL)'s established presence and strong market position in the NCR region, its healthy operating metrics and its robust financial profile. IMCL witnessed healthy improvement in its operating metrics in 9M FY2025, supported by the improving share of elective surgical procedures and price hikes undertaken by the hospital, which resulted in increasing the average revenue per operating bed (ARPOB) and sustained occupancy levels. The ratings also factor in IMCL's revenue diversification across specialities, including oncology, neurology, cardiology and nephrology, among others. The financial risk profile remains comfortable as reflected by minimal gearing, robust debt protection indicators and a strong liquidity profile. Further, the ratings factor in the strong parentage of Apollo Hospitals Enterprise Limited (AHEL) along with its promoters, holding a 25% stake in IMCL. The entity has significant operational, financial and managerial linkages with AHEL. Apollo Hospitals is among the leading healthcare players, operating one of the largest hospital chains in the country.

However, the ratings remain constrained by the geographical and asset concentration risks, as IMCL's operations are concentrated across two hospitals in the National Capital Region (NCR). Like other entities in the sector, IMCL remains exposed to regulatory risks, with previous restrictions imposed by various authorities. The ratings also factor in the competitive pressures and the necessity to retain medical talent in an ever-evolving market. ICRA also notes the planned capex where the company has proposed to add 350 beds in its already existing Sarita Vihar facility. The company is expected to incur a capex of Rs. 550 crore over the next 2-3 years towards the same. The project's initial phase will be funded through available liquidity and internal accruals. The debt, if required, will be availed in the later phase of the project. The possibility of debt being availed to fund the later stage of the project may increase the company's indebtedness. The debt metrics are also expected to moderate, given the expected dilution in profitability as the new facility will take time to ramp up. Going forward, any time and cost overrun of the project and the impact of the same on the company's financials will remain a key monitorable.

Further, ICRA notes that as per the agreement with the Delhi government, IMCL is required to provide free in-patient and out-patient medical facilities to poor patients. However, there is a public interest litigation (PIL) sub-judice in the Supreme Court against IMCL (and certain other hospitals in the NCR), as per which the hospital should also provide free medicines and consumables to patients sponsored by the Government of National Capital Territory of Delhi (GNCTD or Delhi government). ICRA's ratings do not factor in the likely financial impact of this sub-judice PIL. ICRA will continue monitoring the developments in this regard and any other regulatory, governance or legal matters.

The outlook on the long-term rating is Stable, reflecting ICRA's expectation that IMCL's revenues and accruals will be supported by its established position as a leading healthcare services provider, growing demand for branded hospitals and good repute of IMCL's medical talent.

The rating for Rs. 40-crore commercial paper has been withdrawn based on the company's request in accordance with ICRA's policy on withdrawal of credit rating

Key rating drivers and their description

Credit strengths

IMCL enjoys strong operational, financial and managerial linkages with AHEL – IMCL was incorporated as a joint venture (JV) between AHEL and the Delhi government in 1988. At present, AHEL, along with its promoters, holds a 25% stake in IMCL. The entity enjoys significant operational, financial and managerial linkages with AHEL. Apollo Hospitals has a strong brand presence and is among the leading healthcare players that owns and operates one of the largest hospital chains in the country. ICRA expects AHEL to maintain its current ownership and management control while providing necessary support to IMCL in maintaining its operational and financial risk profile. The Delhi government also holds a 26% stake in IMCL.

Established healthcare provider in the NCR and well-diversified speciality mix – IMCL enjoys an established presence in the NCR with two facilities, a 703-bedded facility in Sarita Vihar (operational since 1996) and a 46-bedded facility in Noida (since 2006). The long and successful operations of the two clinical establishments reflect positively on the company's track record. Moreover, the revenues are well diversified across specialities, including oncology, neurology, cardiology, transplant hepatobiliary, orthopaedics and nephrology, among others. The top four specialities—oncology, cardiology, nephrology and neurology, accounted for ~48% of the in-patient revenues (including pharmacy revenues) in 9M FY2025.

Strong financial risk profile; debt metrics may moderate slightly going forward – Since the pandemic, the hospital industry has witnessed a significant uptick in elective surgeries, which increased footfall levels that reflected in ~72% bed occupancy in 9M FY2025 for IMCL. In addition, a healthy YoY ~8% improvement in ARPOB to Rs. 67,872 led to overall ~16% revenue growth in 9M FY2025 over the previous fiscal during a similar period. The share of revenues from international patients declined to ~18% in 9M FY2025 from ~21% in 9M FY2024 owing to reduced footfalls from Bangladesh. However, the shortfall was compensated by stable occupancy and healthy ARPOB growth. Consistent price hikes and company-led cost initiatives, characterised by the significant use of digitisation, supported IMCL's margins, which further improved to 17.9% in 9M FY2025 compared to 15.6% in FY2024.

IMCL also continues to be debt-free, which, along with healthy profit margins, has resulted in strong coverage metrics. The company recently announced a Rs. 550 crore capex to fund the 350-bedded facility expansion in its Sarita Vihar facility along with the parking facility. The project's initial phase is expected to be funded through available liquidity and internal accruals, whereas term debt may be availed to fund the later stages. Further, profitability may also dilute temporarily given the initial stages may take time to ramp up the occupancy. Therefore, while the debt metrics may moderate slightly going forward, they are expected to remain healthy.

Credit challenges

Geographical and asset concentration risks – IMCL is exposed to geographical concentration risk since its operations are concentrated in the NCR. Further, its revenues are solely derived from two properties. About 90-95% of its revenues are from the Sarita Vihar facility in New Delhi, comprising 703 of its 749 operational beds. Thus, any decline in patient demand in the NCR or any regulatory headwinds faced in the region will have a direct impact on the company's revenues.

High competition; retention of good consultants remains a key challenge – Given the growing demand for healthcare services in India, the sector has attracted increasing interest from domestic and foreign players. The NCR hosts various private healthcare chains as well as Government hospitals, leading to significant competition for IMCL, particularly in the international patient segment. Nevertheless, it enjoys strong brand equity of the Apollo brand and has a good track record, providing it some competitive advantage. Any shortage of manpower will lead to higher costs and impact the delivery of healthcare services, making talent retention a critical factor for players like IMCL.

Any adverse ruling on PIL for treatment of poor patients can impact profitability – As per IMCL's JV agreement with the Delhi government in 1988, the company is expected to provide free medical facilities for beds and doctor's consultation fees to 33% of in-patients and 40% of its out-patients. In May 2011, however, the High Court directed private hospitals to provide free treatment to 10% of indoor and 25% of outdoor patients, including medicines and consumables. The hospitals have appealed against the provision of free medicines and got a stay on the issue in 2014. As on date, the matter remains sub-judice. In case the Supreme Court decides that private hospitals should provide free medicines, IMCL's profitability will be impacted. ICRA will continue to monitor the developments in this regard and any other legal or regulatory matters.

Exposure to regulatory risks – Like other entities in the sector, IMCL remains exposed to regulatory risks, with previous restrictions imposed by various authorities considerably impacting the margins of all players in the sector. These restrictions included a cap on stent prices and knee implants, increase in tax burden from the Goods and Services Tax (GST), the impact of penalties and restrictions from various state governments and price caps for the treatment of patients.

Environmental and social risks

Environmental considerations – The hospital sector does not encounter any major physical climate risk. However, hospitals need to comply with environmental laws and regulations pertaining to the handling and disposal of bio-medical specimens, wastewater, infectious and hazardous waste. For e-waste and old medical equipment, IMCL follows a stringent buy-back policy with vendors. Further, the energy consumption by large medical equipment and the hospital building, along with emissions, could pose environmental risks. To improve energy efficiency, the company upgraded its water pumps, chillers and its HVAC system recently. It also installed energy-efficient lighting and has reduced its paper and film consumption.

Social considerations – Exposure to social risks is moderate for IMCL. Social risks include high attrition, litigation exposure and standard compliance requirements, given the importance of the service being provided. Further, regulatory interventions such as price control measures, imposition of restrictions, if any, specifically levied, could impact the company's earnings.

Liquidity position: Strong

IMCL's liquidity position remains strong owing to its healthy free cash and liquid balances, which stood at ~Rs. 350 crore as of September 2024, and unutilised fund-based working capital limits of Rs. 32.5 crore as of February 2025. The company also enjoys strong financial flexibility owing to its debt-free balance sheet and expected support from its promoter, AHEL, if required. There are capex plans which may be partly funded through debt, but as of now, there is limited clarity on the same.

Rating sensitivities

Positive factors – Significant improvement in the scale of operations and accruals over a diverse geographical base while maintaining the current financial risk profile on a sustained basis could lead to ratings upgrade. A significant improvement in AHEL's credit profile on a sustained basis would also be a positive rating trigger.

Negative factors – Pressure on revenues and accruals or large debt-funded capex, leading to deterioration in the financial risk profile of the entity on a sustained basis, could lead to a downward revision in ratings. Specific downgrade triggers would be total debt/OPBITDA of more than 2.0 times on a sustained basis. Adverse outcome of the PIL pertaining to the provision of free medicines and consumables to economically weak section (EWS) patients would also be a downward rating trigger. The weakening of AHEL's credit profile or IMCL's linkages with it could also exert pressure on IMCL's ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hospitals Policy on withdrawal of credit ratings
Parent/Group support	Parent Company: Apollo Hospitals Enterprise Limited (AHEL) The ratings assigned to IMCL factor in the very high likelihood of its parent, AHEL Limited, extending financial support because of close business linkages between the entities. ICRA expects AHEL to be willing to extend financial support to IMCL out of its need to protect its reputation from the consequences of a group entity's distress.
Consolidation/Standalone	Standalone

About the company

Incorporated in 1988 as a JV between Apollo Hospitals Enterprise Ltd. (AHEL) and the Delhi Government, Indraprastha Medical Corporation Ltd. (IMCL) is a 749-bedded, super speciality tertiary care hospital in New Delhi and Noida. The hospital is named Indraprastha Apollo Hospital and it commenced operations in 1996. At present, IMCL has 52 speciality departments. It was the first hospital in India to be internationally accredited by the Joint Commission International (JCI), a USA-based healthcare services accreditation body, in June 2005. The hospital's 15-acre land in Sarita Vihar was leased for a period of 30 years by the Delhi Government at a nominal lease rent. In turn, IMCL provides free medical facilities to poor patients (EWS- Economically Weaker Section) referred by the Delhi Government. In 2006–2007, IMCL opened its Noida wing with 46 beds, which is positioned as a Mother and Child Care hospital. The lease for the Sarita Vihar facility expired in July 2023 and has been renewed subsequently. The lease for the Noida facility also expired as of December 31, 2023, and has been renewed for a further ten years. The hospital has strong operational linkages with Apollo Hospitals.

Mr. Pattabhiraman Shivakumar, the Managing Director, is from the AHEL Group. There are four board members from the Delhi government along with the other four members from the AHEL. The company has recently announced a sizeable expansion where a 350-bedded facility is being added to its existing Sarita Vihar facility.

Key financial indicators (audited)

IMCL Standalone	FY2023	FY2024	9M FY2025*
Operating income	1,098.7	1,244.7	1,022.6
PAT	86.2	124.0	120.0
OPBDIT/OI	13.8%	15.6%	17.9%
PAT/OI	7.8%	10.0%	11.7%
Total outside liabilities/Tangible net worth (times)	0.5	0.5	-
Total debt/OPBDIT (times)	0.0	0.2	-
Interest coverage (times)	35.4	47.9	-

*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 (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	Mar-27-2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	32.50	[ICRA]AA (Stable)	Mar-26-24	[ICRA]AA (Stable)	Mar-31-23	[ICRA]AA (Stable)	May-31-21	[ICRA]AA (Stable)
						May-13-22	[ICRA]AA (Stable)		
Non-fund Based limits	Short term	30.00	[ICRA]A1+	Mar-26-24	[ICRA]A1+	Mar-31-23	[ICRA]A1+	May-31-21	[ICRA]A1+
						May-13-22	[ICRA]A1+		
Commercial paper programme	Short term	0.00	[ICRA]A1+; reaffirmed and withdrawn	Mar-26-24	[ICRA]A1+	Mar-31-23	[ICRA]A1+	May-31-21	[ICRA]A1+
						May-13-22	[ICRA]A1+		
Fund Based/ Term Loan	Long term	100.00	[ICRA]AA (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Cash credit	Simple
Short term Non-Fund based limits	Very simple
Long Term - Fund Based/ Term loan	Simple

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	**Cash credit**	NA	NA	NA	32.50	[ICRA]AA (Stable)
NA	**Non- Fund based limits**	NA	NA	NA	30.00	[ICRA]A1+
NA	**Commercial Paper***	NA	NA	NA	0.00	[ICRA]A1+; withdrawn
NA	**Term loan**	NA	NA	NA	100.00	[ICRA]AA (Stable)

*Source: Company; *No CP placed against [ICRA]A1+ rating*

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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