

July 30, 2025

Iconkrishi Institute of Medical Sciences Private Limited: Rating upgraded to [ICRA]A- (Stable), rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term - Fund-based – Term loan	14.00	27.00	[ICRA]A- (Stable); upgraded from [ICRA]BBB+ (Stable) and assigned for enhanced limits
Long-term – Fund-based – Cash credit	3.00	3.00	[ICRA]A- (Stable); upgraded from [ICRA]BBB+ (Stable)
Total	17.00	30.00	

*Instrument details are provided in Annexure-I

Rationale

The rating upgrade considers improvement in Iconkrishi Institute of Medical Sciences Private Limited's (IIMSPL) credit profile with healthy growth in revenues and earnings, and reduced debt levels, along with expected sustenance of the same, going forward. The hospital's inpatient footfalls recorded a moderate growth of around 4% while the average revenue per occupied bed (ARPOB) recorded a strong growth of around 41% in FY2025, supporting the overall revenue growth. The operating leverage benefits from higher scale led to an improvement in the operating margin to 15.0% in FY2025 from 9.8% in FY2024. However, the occupancy of the hospital moderated as improved efficiency led to moderation in the average length of stay (ALOS). The company is expected to clock a 5-10% revenue growth in FY2026, driven by continued increase in footfalls. Margins are expected to remain stable at 15-17%, going forward.

The rating draws comfort from the strong credit profile of IIMSPL's parent, Krishna Institute of Medical Sciences Limited (KIMS), which is one of the leading healthcare service providers with total bed capacity of 5,179 as on March 31, 2025. KIMS' operations are spread across Telangana, Andhra Pradesh, Maharashtra, and Kerala. IIMSPL enjoys operational and financial support from its parent, which extended financial support in the past through infusion of unsecured loans/ preference. The ratings also consider IIMSPL's established presence in Visakhapatnam through KIMS ICON hospital, which has a bed capacity of 434 and has a diversified specialty-mix with top three specialties, cardiac sciences, orthopaedics and mother and child, contributing 38-40% to its revenue.

The rating is, however, constrained by the company's moderate scale of operations, as indicated by its revenues of Rs. 147.1 crore in FY2025 as well as high geographical and asset concentration risks as its revenues come from a single hospital in Visakhapatnam. Moreover, the company's receivables are stretched as it derives a material share of revenues from Arogyasri and corporate empanelments. The rating is also constrained by the intense competition in the healthcare industry wherein IIMSPL's ability to retain key consultants remains critical. The healthcare sector is also exposed to regulatory risks including the risk of restrictive pricing, and regulations instated by the Central and state governments.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company will be able to improve its earnings from healthy occupancy levels and patient footfalls, and will continue to benefit from its parental support.

Key rating drivers and their description

Credit strengths

Support from KIMS – The rating takes support from the strong profile of the parent, KIMS. The parent is expected to support IIMSPL, if required, as they share the same brand name (KIMS ICON). ICRA notes the track record of financial support from the parent in the form of infusion of funds as unsecured loans/ preference shares. The KIMS Group has a long operational track record in the tertiary and the quaternary healthcare. IIMSPL benefits from strong brand reputation and extensive experience of the Group in the healthcare industry. Rebranding the hospital as KIMS Hospitals in FY2019 has helped attract a higher share of critical/ elective surgeries. The Group also has renowned doctors and experienced medical consultants.

Healthy financial profile – The company's revenue increased at compounded annual growth rate (CAGR) of 15.6% during FY2021-FY2025, driven by strong growth in ARPOB. In FY2025, the company's revenue witnessed a healthy growth of 13%, despite a moderation in occupancy, on account of around 41% growth in ARPOB. Moreover, operating leverage benefits from improved scale led to an improvement in the operating margin to 15% in FY2025 from 9.8% in FY2024. ICRA expects the company's operating margin to remain in the range of 15-17% in the near-to-medium term. The company's debt decreased to Rs. 18.6 crore as on March 31, 2025, from Rs. 27.4 crore as on March 31, 2024, with scheduled term debt repayments. The company's debt coverage indicators also improved, as indicated by TD/OPBIDTA of 0.8 times (2.1 times in FY2024), Interest coverage of 8.5 times (4.2 times in FY2024) and DSCR of 2.1 times (1.7 times) in FY2025 on the back of improved margins and reduced debt levels. Going forward, the company's capital structure and debt coverage indicators are expected to remain healthy in the absence of any major capital expenditure plan and improvement in its earnings.

Credit challenges

Moderate scale of operations with high geographical concentration risk – The company's scale of operations is moderate with 434 beds and revenue of Rs. 147.1 crore in FY2025. The company is expected to record a moderate revenue growth of 5-10% in FY2026, with improvement in occupancy levels and healthy ARPOB levels. The company is exposed to high geographical and asset concentration risks as it operates a single hospital in Visakhapatnam.

Stretched receivables cycle – The company's receivables have been high in the past few years owing to material share of revenues (17.6% in FY2025) from credit patients from Arogyasri and corporate empanelments. Its receivable days increased to 62 as on March 31, 2025, from 51 days as on March 31, 2024, owing to delays in payments from credit customers.

Intense competition in the industry; exposed to regulatory risk – Retaining doctors would remain a key challenge for the company, given the intense competition in the healthcare industry. ICRA also notes the exposure of hospitals to regulatory risks, including that of restrictive pricing regulations instated by the Central and state governments.

Liquidity position: Adequate

The liquidity of the company is adequate with a buffer of Rs. 4-5 crore in its working capital limits, free cash and bank balances of Rs. 1.9 crore as on March 31, 2025, and expected retained cash flows of Rs. 15.0-25.0 crore against repayment obligations of Rs. 4.0-5.0 crore in FY2026. KIMS is expected to extend support, as and when required. The company has no major debt funded capex plans in the near-to-medium term.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a substantial improvement in IIMSPL’s scale of operations with improvement in profitability metrics while maintaining its liquidity position and improving its debt protection metrics on a sustained basis. Moreover, improvement in the credit profile of the parent, KIMS, would also be a credit positive.

Negative factors – The ratings may be downgraded if there is a deterioration in the credit profile of the parent, KIMS, or weakening of linkages with the parent. Further, pressure on the rating could emerge with a sharp deterioration in the earnings or a substantial rise in debt levels, resulting in moderation of debt coverage metrics. Increase in receivables from the Government-empaneled schemes or corporates that adversely impact the company's liquidity position could also exert pressure on the ratings.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hospitals
Parent/Group support	Implicit support from parent, KIMS
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of IIMSPL, along with implicit support from KIMS.

About the company

IIMSPL, incorporated in April 2018, operates a 434-bed multi-speciality hospital in Visakhapatnam, Andhra Pradesh. It is a 51% subsidiary of KIMS, a leading healthcare service provider with total bed capacity of 5,179 as on March 31, 2025, spread across Telangana, Andhra Pradesh, Maharashtra, and Kerala, while the rest of the stake is held by doctors. The hospital was set up by Vishaka Dairy (under the Milk Producers and Employees Educational, Health and Medical Welfare Trust) for its employees and milk supplying farmers in Visakhapatnam and later taken over by IIMSPL in 2028. The hospital offers services across 30 speciality departments.

Key financial indicators (audited)

IIMSPL	FY2024	FY2025*
Operating income	130.7	147.1
PAT	4.2	11.3
OPBDIT/OI	9.8%	15.0%
PAT/OI	3.2%	7.7%
Total outside liabilities/Tangible net worth (times)	1.4	1.1
Total debt/OPBDIT (times)	2.1	0.8
Interest coverage (times)	4.2	8.5

Source: Company, ICRA Research; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *Provisional numbers

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)	July 30, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	27.00	[ICRA]A-(Stable)	April 03, 2024	[ICRA]BBB+(Stable) reaffirmed	-	-	Jan 12, 2023	[ICRA]AA-(CE)(Stable) withdrawn and [ICRA]BBB+(Stable) assigned simultaneously
Cash Credit	Long term	3.00	[ICRA]A-(Stable)	April 03, 2024	[ICRA]BBB+(Stable) reaffirmed	-	-	Jan 12, 2023	[ICRA]AA-(CE)(Stable) withdrawn and [ICRA]BBB+(Stable) assigned simultaneously

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term Loan	Simple
Long-term – Fund-based – Cash credit	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	Term Loan	FY2019	NA	FY2027	27.00	[ICRA]A- (Stable)
NA	Cash Credit	NA	NA	NA	3.00	[ICRA]A- (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

ANALYST CONTACTS

Jitin Makkar

+91 124 4545 300

jitinm@icraindia.com

Srikumar Krishnamurthy

+91 44 4596 4318

ksrikumar@icraindia.com

Nithya Debbadi

+91 40 6939 6416

nithya.debbadi@icraindia.com

Etikala Ravi Teja

+91 40 6939 6418

etikala.teja@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.