

September 26, 2025

KIMS Hospitals Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	243.00	243.00	[ICRA]A- (Stable); reaffirmed
Total	243.00	243.00	

*Instrument details are provided in Annexure I

Rationale

The rating considers the strong parentage of KIMS Hospitals Private Limited (KHPL), which is 99.99% owned by Krishna Institute of Medical Sciences Limited (KIMS), a company with a robust credit profile and an established presence in the healthcare sector. KIMS already operates a 195-bed hospital in Rajahmundry, which has a healthy occupancy of 85%. The upcoming facility is expected to benefit from operational synergies due to its established presence in the region. KHPL is constructing a 450-bed hospital in Rajahmundry, revised from the originally planned 350 beds. As a part of the revised project scope, the facility will now include seven floors, two cellars, and a ground floor compared to the earlier plan of four floors, two cellars, and a ground floor. This expansion has increased the leasable area by 1.2 lakh square feet, bringing the total to approximately 4.4 lakh square feet, and has raised the overall project cost to Rs. 322.0 crore from Rs. 292.0 crore. ICRA notes that the incremental cost will be met through an additional equity infusion of Rs. 30.0 crore by KIMS. Besides, the expected commercial operation date (COD) has been revised to December 2026 from the earlier target of April 2026. As of August 31, 2025, the company has completed the structural construction of two cellars, ground floor and four upper floors, incurring a capex of Rs. 44.0 crore. This has been funded through Rs. 37.0 crore of term debt (sanctioned amount Rs. 246.0 crore) and Rs. 7.0 crore of equity from KIMS. Repayments on term loans are expected to commence in June 2027. KIMS has expressed its willingness to support the entity, whenever required. It would also be infusing funds to enable KHPL meet its interest obligations during the construction period. However, the rating is constrained by the project's ongoing construction stage and associated execution risks. ICRA notes KIMS' strong track record in hospital development and operational ramp-up. The rating also factors in the competitive landscape and regulatory challenges inherent to the healthcare industry. Timely stabilisation of operations remains critical, given the debt-funded nature of the capex.

The Stable outlook on the rating reflects ICRA's opinion that the company would be able to complete the project construction in a timely manner and would be continuing to receive support from the parent.

Key rating drivers and their description

Credit strengths

Strong parentage and support from parent company – KIMS is one of the leading multi-disciplinary, integrated, private healthcare services providers in South India. KIMS operates a chain of multispecialty hospitals with a focus on tertiary and quaternary healthcare with a total bed capacity of 5,499 as on June 30, 2025. KHPL would benefit from KIMS' expertise in setting up and ramping up operations of new hospitals successfully. KIMS has expressed its willingness to support the entity, whenever required. It would also be infusing funds to enable KHPL meet its interest obligations during the construction period.

Parent group's presence in the Rajahmundry market provides operational synergies – KIMS has an existing hospital in Rajahmundry, operating at 85-90% occupancy, which reflects the healthy demand for healthcare services and brand equity of KIMS in the region. KHPL is expected to enjoy operational synergies with the Group's existing hospital in the region.

Credit challenges

Nascent stage of the project – The company is setting up a 450-bed multi-specialty hospital in Rajahmundry, which is expected to commence operations in December 2026. The company faces execution risk as the construction is still in progress. Timely completion of the project without any material time or cost overrun would be important.

Large debt-funded capex plans – The company is funding around 76% of the project cost through debt and the repayments will commence from June 2027, after a moratorium period of three years (FY2024-FY2026). Therefore, timely commencement of operations and successful ramp-up of the hospital, notwithstanding the competition from local hospitals in the region, will be crucial. ICRA also factors in the regulatory risks inherent to the healthcare industry.

Liquidity position: Adequate

The company's liquidity position is adequate. The company is constructing a new hospital at an estimated capex of Rs. 322.0 crore. KHPL has incurred around Rs. 44.0 crore till August 31, 2025, towards construction, which has been funded through Rs. 37.0-crore debt and Rs. 7.0-crore equity. It is expected to incur Rs. 275-280 crore capex over the next 12-18 months, which will be funded by term loan of Rs. 209.0 crore (already sanctioned) and the balance through equity. KIMS is expected to infuse funds in a timely manner to enable KHPL meet its interest obligations during the construction period.

Rating sensitivities

Positive factors – ICRA could upgrade KHPL's rating if the construction is completed in a timely manner without any major time and cost overrun along with a healthy ramp-up of operations. Improvement in the parent's credit profile could also trigger a rating upgrade.

Negative factors – Pressure on KHPL's rating could arise if any significant delay in project completion or any major cost overrun impacts the company's liquidity position or its debt metrics. Any moderation in the parent's credit profile or weakening of linkages with the parent could trigger a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hospitals
Parent/Group support	Implicit support from its parent, Krishna Institute of Medical Sciences Limited
Consolidation/Standalone	Standalone

About the company

KIMS Hospitals Private Limited was incorporated in December 2014 as a 99.99% subsidiary of Krishna Institute of Medical Sciences Limited. The company has leased a land of 7,260 square yards in 2017 and is setting up a 450-bed multi-specialty hospital on the said land in Rajahmundry. Once operational, the hospital is expected to have major departments such as oncology, cardiology, neurosciences, gastroenterology, orthopaedics and mother and child. The hospital is expected to commence operations in December 2026.

Key financial indicators (audited): Not Applicable as it is a project stage entity

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)						Chronology of rating history for the past 3 years					
FY2026						FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Sep 26, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	243.00	[ICRA]A-(Stable)	-	-	July-30-24	[ICRA]A-(Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
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	Term Loan	January 29, 2024	NA	March 2035	243.00	[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

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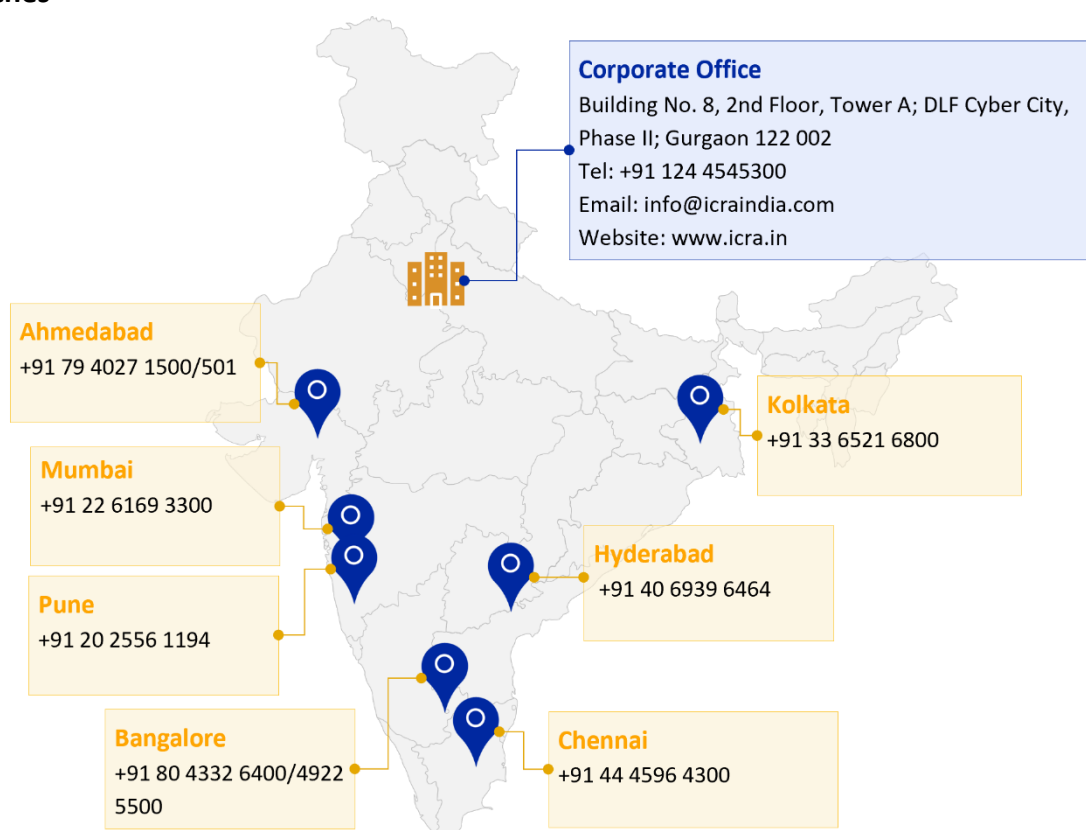
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