

December 11, 2025

Healthium Medtech Limited: Ratings reaffirmed for Bank Lines and assigned for Commercial Paper; outlook revised from Stable to Negative

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/ Short -term – Fund based/ Non-Fund Based	44.00	44.00	[ICRA]AA- (Negative)/ [ICRA]A1+; reaffirmed and outlook revised to Negative from Stable
Commercial Paper	-	650.00	[ICRA]A1+; assigned
Total	44.00	694.00	

*Instrument details are provided in Annexure-I

Rationale

The revision in outlook to Negative from Stable reflects ICRA's expectation of moderation in debt metrics for Healthium Medtech Limited (HML/Healthium/the company) on account of a planned debt-funded acquisition to be undertaken in December 2025. Furthermore, the ability of the company to refinance the commercial paper being drawn down to the fund the acquisition and sustain its operating margins will continue to remain key monitorables. The assigned ratings continue to consider Healthium's strong and improving market position as one of the largest manufacturers of surgical needles and sutures globally, and established relationships with its customers, supporting its business prospects, and its healthy profit margins and robust debt protection metrics currently. The ratings also consider the company's expanding footprint across the globe with exports to more than 90 countries.

Healthium witnessed an operating income growth of 3.1% in FY2025 supported by increasing exports and scale up in the minimally invasive business segment even as the domestic demand for its Advanced Surgery remained subdued in H2 FY2025. HML's operating profit margin (OPM) improved to 12.5% in FY2025 from 10.1% in FY2024 but remained muted due to ESOP expenses of Rs. 122.5 crore. However, after adjusting for the same, the OPM moderated from 30.7% in FY2024 to 26.7% in FY2025 on account of decline in revenue contribution of the Advanced Surgery segment which is highly margin accretive along with one-time transaction expenses arising from KKR's acquisition of Quinag (Holding company of Healthium) from Apax Partners. The company generated revenues of Rs.418.6 crore (YoY de-growth of 7%) with an OPM of 20.6% in H1 FY2026. The company's revenues and margins witnessed decline on account on continued de-growth in the Advanced Surgery segment and demand slowdown in the domestic Advanced Surgery market. Nevertheless, Healthium is expected to register moderate revenue growth in FY2026 with an expected demand uptick in H2 FY2026 supported by ramp-up in international business for its portfolio which will also support sequentially better margins in H2 FY2026. Healthium is also expected to incur a capex of around Rs. 80 crore in FY2026 towards capacity expansion and maintenance capex and the same is expected to be funded through internal accruals.

The ratings also factor in the competitive nature of the industry, marked by presence of many strong international players, including Johnson and Johnson (J&J), in addition to smaller domestic players. Further, ICRA notes that the company's working capital intensity continues to be increase due to higher inventory levels. The ratings are also constrained by the vulnerability of the company to adverse movements in foreign exchange due to its significant exports. However, natural hedge through imports mitigates the risk to an extent. The revenue and profitability of the company remain concentrated as the major portion of its revenue is derived from the sale of Advanced Surgery. Although continuous launch of new products by the company mitigates this risk to an extent, revenue ramp-up from the same remains a monitorable.

Healthium plans to raise upto Rs. 650 crore in December 2025 to acquire a 75% stake in an entity which is engaged in manufacturing of complimentary Advanced Surgery products. While the acquisition is expected to enhance Healthium's

product portfolio further and support the company's business prospects, the debt metrics of the company are likely to moderate to a certain extent (as against minimal debt as on September 30, 2025, ICRA expects the company's TD/OPBDITA to range between 1.5-1.8x as on March 31, 2027) on account of the same. Going forward, any incremental debt-funded acquisition remains an event risk and would be evaluated on a case-by-case basis.

In H1 FY2026, the company completed a buyback of Rs. 90 crore with no further upstreaming expected in the next 10-12 months. Going forward, adverse impact of any sizeable outflow on account of upward streaming and its impact on the company's liquidity position will be a key monitorable.

Key rating drivers and their description

Credit strengths

Long track record of operations, strong market position along with backward-integrated nature of operations – Healthium has four key product areas, i.e., advanced surgery, minimally invasive solutions, medical consumables and needles. The company has a strong market position as one of the largest manufacturers of sutures and surgical needles in the global market. The company has steadily introduced higher value-added products over the past few years. The company launched arthroscopy products in FY2019 and has gained market share for this segment in the domestic market in a short period. In FY2025, the company launched multiple new products in Arthroscopy and expanded the international footprint of the segment. With USFDA and EU MDR certifications for its core product portfolio, the company is focused on growing the advanced surgery segment by offering comprehensive range of products for pre and post-surgery care. Further, Healthium's backward integration initiatives continue to support its volume and revenue growth and aid its margins. Going forward, the company is focused on higher-margin advanced surgery products and arthroscopy products while working on increasing its penetration in corporate hospitals, and distribution network productivity to support its business prospects.

Strong financial profile – Healthium's financial profile is characterised by a consistent growth in revenues and strong margins in addition to healthy debt metrics. HML witnessed an operating income growth of 3.1% in FY2025, supported by healthy demand from the export markets even as revenues from the domestic market witnessed a slowdown in on account of reducing surgery count in standalone hospitals and nursing homes. The revenue growth was mainly supported by volume growth on the back of strong distribution network with higher penetration in international markets for the advanced surgery and minimally invasive solutions segments. Despite the operating margin (adjusted for ESOP expense) moderating to 26.7% in FY2025 from 30.7% in FY2024, the margins continued to remain healthy. Going forward, ICRA expects the company to register a healthy revenue growth trajectory in both FY2026 and FY2027 while maintaining robust margins. Further, while ICRA expects the company's debt protection metrics to moderate on account of the aforementioned debt-funded acquisition, the debt metrics are expected to remain comfortable with TD/OPBDITA of around 1.5-1.8x as on March 31, 2027. That said, any further debt-funded acquisition impacting its credit metrics will remain a key monitorable.

Wide geographical reach and diversified client base mitigate concentration risk – The company exports its products to over 90 countries in Europe, South America, Africa and Asia. Exports constituted 48.5% of its revenues in FY2025. The company has a network of 80 plus international distributors selling its products, which contribute a significant portion to its exports sales. The company began selling products from its minimally invasive solutions segment in the international market in H1 FY2026. In the domestic market, the company is present in more than 700 districts and over 450 cities across India. While the company has a strong position in tier 2 to 6 cities in India where competitors have lower presence, the company has also gained market share from some of the established MNC players in tier 1 cities in the recent past. In India, the company has the second largest market share both in terms of volume and value. With its top 10 customers generating 12.3% of its total revenues in FY2025 and 13.7% of its total revenues in H1 FY2026, the company has low client concentration risk. Going forward, its diversified client base and wide geographical reach are expected to support HML's revenue growth.

Credit challenges

Competition from both large international and small domestic players – The company is the second-biggest player in the surgical sutures segment in India and the largest in the surgical needles space globally by volume. However, the Indian market for sutures is primarily dominated by Johnson & Johnson through its brand, Ethicon. In addition, the company faces competition from other international as well as domestic players in other product segments, which restricts its pricing flexibility and margins to a certain extent. The domestic surgical products market faced a slowdown in H2 FY2025 and H1 FY2026, impacting the company's revenues to a certain extent. Nonetheless, the medtech industry has several entry barriers such as requirement of a strong distribution network, technical expertise, product acceptance among medical practitioners, which require various certifications and take a considerable time for any new player to achieve. While ICRA understands that Healthium has gained market share in key products over the last few years from some of the established players with its strong product portfolio, quality and wide distribution reach, sustenance of the same will be a key monitorable.

Moderate working capital intensity of operations – HML's working capital intensity remained flattish in FY2025 at 31.3% (Adjusted WCI of 31.3% in FY2024). The same increased to 34.2% in H1 FY2026 on account of higher inventory stocking as the company continued its expansion in international markets. Further, Healthium procures raw materials in bulk owing to high lead time (three months for imports) and to secure cost advantages. The debtors mainly relate to sales through distributors to nursing homes and hospitals (including direct supplies to corporate hospitals) and to private hospitals, which are usually recovered in 45-60 days. Going forward, the working capital intensity is expected to remain largely in line with recent trends.

Vulnerability to any adverse movement in foreign exchange due to significant volume of exports – The company's earnings from the export markets accounted for around 48.5% of its total revenues in FY2025 and around 50.8% in H1 FY2026. Hence, its profitability remains susceptible to the fluctuations in foreign exchange rates. Nevertheless, the company's imports provide a natural hedge to an extent.

Sizeable debt-funded acquisition with further planned inorganic expansion – Healthium has planned for a debt-funded (commercial paper programme) acquisition amounting upto Rs. 650 crore in December 2025 wherein it would be acquiring a 75% stake in an entity which is engaged in manufacturing complimentary Advanced Surgery products. While the acquisition is expected to enhance Healthium's product portfolio further and support the company's business prospects, the debt metrics of the company are likely to moderate to a certain extent on account of the same. The company continues to be on the lookout for further inorganic expansion and impact of the same on the company's credit profile remains a key monitorable.

Liquidity position: Adequate

Healthium's liquidity position remains adequate, with free cash and liquid investments of Rs. 107.2 crore as on September 30, 2025. Healthium did not utilise its fund-based limits at standalone level for the 12 months ended October 2025 against sanctioned working capital limit of Rs. 55.0 crore. As on September 30, 2025, there are no long-term loans outstanding on Healthium's balance sheet. Healthium is proposing to acquire a 75% stake in a domestic medical devices in December 2025. The acquisition cost for the initial tranche is approx Rs. 600 crore, to be funded through a 9-month commercial papers programme of Rs. 641.5 crore (inclusive of interest). The same is expected to be refinanced via long-term NCDs or equity infusion from KKR at the holding company level, introducing near-term refinancing and interest burden risks. The company has capex plans of around Rs. 80 crore in FY2026. The company has paid a dividend of Rs.726.9 crore in FY2024 and Rs. 50.7 crore in FY2025. The company also completed a buyback of Rs. 90 crore in September 2025 and does not intend to upstream any further capital to Quinag for the next 10 months. Going forward, adverse impact of any sizeable outflow due to upstreaming on the company's liquidity position will be a key monitorable. Similarly, the impact of any further debt-funded future acquisition on HML's liquidity position and debt metrics will also be a key monitorable.

Rating sensitivities

Positive factors – ICRA could revise the outlook to stable if there is restoration of the company’s leverage indicators to a level that does not result in a breach of the quantitative negative trigger either through equity infusion or significant scale up in revenues and earnings contributing to the deleveraging.

Negative factors – ICRA could downgrade the company’s ratings in case the leverage increases beyond the current expectations or in case there is a material deterioration in the company’s revenues and earnings, impacting its credit metrics. Specific credit metric for ratings downgrade includes total debt/ OPBITDA >1.5 times on a sustained basis

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of various Group entities (as mentioned in Annexure-II), given the close business, financial and managerial linkages among these entities.

About the company

Incorporated in 1992, Healthium (erstwhile Sutures India Private Limited) manufactures, markets and sells wound closure products such as absorbable and non-absorbable sutures, mesh, tapes, skin staplers, ligation clips and other medical consumables such as surgical gloves, tubular bandages and catheters. These products are sold in domestic markets as well as exported to over 90 countries in Europe, South America, Africa and Asia. The company and its subsidiaries have six manufacturing facilities with three R&D centres.

The company has a track record of growing and diversifying through inorganic transactions. In March 2017, Quality Needles Private Limited (QNPL), a 100% subsidiary of TPG Growth, was acquired by Healthium. It manufactures a wide range of surgical suture needles. In June 2018, Quinag Acquisition (FDI) Limited, a company backed by funds advised by Apax Partners, acquired a 99.80% stake in Healthium from TPG Growth, CX Partners, and the founding shareholders. In August 2021, the company acquired the gelatin sponge business of Sri Gopal Krishna Labs Private Limited (SGKL, the AbGel business) as a going concern on a slump sale basis. Later in August 2021, the company also acquired a 100% equity stake in CareNow Medical Private Limited, which is involved in designing, manufacturing, marketing and sale of advanced wound management and infection prevention products. In September 2024, KKR acquired a 100% stake in Quinag from Apax Partners. By virtue of the same, the company’s 99.94% shareholding is now indirectly held by the KKR Group.

Key financial indicators (audited)

Consolidated	FY2024	FY2025	H1 FY2026*
Operating income	835.4	860.9	418.6**
PAT	37.2	-38.3	55.6
OPBDITA/OI	10.1%	12.5%	20.6%
PAT/OI	4.4%	-4.4%	13.3%
Total outside liabilities/Tangible net worth (times)	0.5	0.2	0.2
Total debt/OPBDITA (times)	0.1	0.2	0.1
Interest coverage (times)	21.8	26.5	58.1

Source: Company, ICRA Research; * Provisional numbers, **Operating income for H1 FY2026 is equal to revenue from operations; All ratios as per ICRA’s calculations; Amounts in Rs. Crore; PAT: Profit after tax; OPBDITA: 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	Type	Current rating (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Dec 11, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based/ Non-fund Based	Long Term/ Short Term	44.00	[ICRA]AA-(Negative)/ [ICRA]A1+	Mar 07, 2025	[ICRA]AA-(Stable) /[ICRA]A1+	Jan 31, 2024	[ICRA]A+(Positive) /[ICRA]A1	Nov 28, 2022	[ICRA]A+(Stable) /[ICRA]A1
Commercial Paper	Short Term	650.00	[ICRA]A1+						

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund-based/ Non-fund Based	Simple
Commercial Paper	Very 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	Fund-based/ Non-fund Based	NA	NA	NA	44.00	[ICRA]AA-(Negative) / [ICRA]A1+
NA	Commercial Paper	NA	NA	NA	650.00	[ICRA]A1+

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership held by	Ownership	Consolidation Approach
Quality Needles Private Limited (QNPL)	Healthium	100.0%	Full Consolidation
CareNow Medical Private Limited	Healthium	100.0%	Full Consolidation
Sironix Medical Technologies BV	Healthium	100.0%	Full Consolidation
Healthium Medtech UK Limited	Sironix	100.0%	Full Consolidation
Mena Medical Manufacturing FZC	Healthium	51.0%	Full Consolidation
Sironium Medical Technologies Limited*	Healthium	-	Full Consolidation

Source: Company; Audit Report FY25 * Sironium Medical Technologies Limited was liquidated in June 2024.

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