

January 19, 2026

KIMS Nagercoil Institute of Medical Sciences Private Limited: Rating assigned and placed on Watch with Developing Implications

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long-term-Fund-based-Term loan	108.00	[ICRA]AA- Rating Watch with Developing Implications; Assigned
Long-term-Fund-based-Cash credit	8.00	[ICRA]AA- Rating Watch with Developing Implications; Assigned
Total	116.00	

*Instrument details are provided in Annexure-I

Rationale

For arriving at the ratings, ICRA has taken consolidated view of KIMS Healthcare Management Limited (KHML) and its wholly-owned subsidiary, KIMS Nagercoil Institute of Medical Sciences Private Limited (KNIMSPL), which commenced its operations in October 2024, and considered consolidated financials of KHML, given the operational and financial linkages between the entities, and common management.

The ratings consider strong brand reputation of KHML's flagship hospital at Trivandrum, as evident from the improved occupancy rate and ARPOB in the last two years. Further, the ratings continue to consider the long operational track record of KHML in the healthcare segment and its diversified presence across different specialities as the top two specialities accounted for 20-25% of the total revenues in the last two years. KHML's significant presence across multiple specialities helps it minimise the concentration risk.

The ratings are on Watch with Developing Implications, given the proposed merger of KHML's parent, Quality Care India Limited (QCIL) with Aster DM Healthcare Limited (Aster DM, rated [ICRA]A+/[ICRA]A1+; on Rating Watch with Positive Implications) in a share swap transaction. The merger is expected to be completed by end of Q1 FY2027, subject to regulatory approvals. The merged entity is likely to have 38 hospitals and seven medical centres across nine states and 27 cities, which will also include four brands under its umbrella, namely Aster DM, CARE Hospitals, KIMSHEALTH and Evercare. ICRA will monitor the impact of the proposed merger on KHML's operations / financial profile.

Addition of new beds and healthy improvement in average revenue per occupied bed day (ARPOB) across the hospitals led to revenue growth of around 17% in H1 FY2026 (annualised) and around 15% in FY2025. The company is expected to add 500-600 beds (at the consolidated level) over the next two to three years in the existing hospitals. Ramp-up of new capacity and a steady improvement in occupancy at the existing capacity are expected to result in a healthy double digit revenue growth for the company in the near-to-medium term. The company's operating margin improved to around 26.5% in FY2025 from 23.3% in FY2024, benefitting from enhanced ARPOBs and improved cost structure, which is expected to sustain going forward. It benefitted significantly from business synergies with its parent entity, Quality Care India Limited (QCIL), given the centralised procurement, price rationalisation for select treatments and process efficiencies. A robust growth in revenues and earnings is expected to aid the company maintain healthy debt metrics with total debt / OPBITDA of less than 1.0 times and DSCR of over 5.0 times going forward.

The ratings are, however, constrained by its high reliance on its Trivandrum facility, which contributed around 75% to the operating income (OI) and almost 85% to OPBITDA in FY2025, exposing KHML to geographical concentration risk. One of KHML's subsidiaries (KIMS Kottayam) has been reporting OPBITDA losses since it was acquired in 2013 because of its low occupancy and low-yielding speciality mix. Its other subsidiaries are also relatively smaller compared to the Trivandrum hospital, and hence account for a smaller share of earnings. The ratings also consider intense competition in the Kerala market, where retention of doctors would remain a key challenge. Moreover, the company's operations remain exposed to regulatory risks wherein any restrictive pricing guidelines would impact the company's margins.

Key rating drivers and their description

Credit strengths

Strong brand reputation in Trivandrum – KHML's flagship hospital at Trivandrum has a strong brand reputation in Kerala and the nearby districts of south Tamil Nadu. Further, the company benefits from the long operational track record and more than two decades of experience of the promoters in the healthcare industry.

Diversified speciality mix – The company has a diverse speciality mix with the top two specialities, oncology (9-11%) and general medicine (9-11%), accounting for 20-22% of its total revenues in FY2025. KHML's sizeable presence across multiple specialities helps minimise the concentration risk.

Healthy financial profile – The company's financial profile is comfortable, characterised by a healthy double digit revenue growth over the past few years, healthy profitability and comfortable debt metrics. Its revenue grew by around 15% in FY2025 and around 17% (annualised) in H1 FY2026, on the back of increase in ARPOB across all its hospitals, and commencement and successful ramp-up of new hospital in Nagercoil. The company is expected to continue registering a healthy revenue growth, going forward, on the back of significant occupancy and ARPOB. Its operating margin improved by 320 bps in FY2025 from 23.3% in FY2024, and is expected to improve further in FY2026, aided by higher scale and cost efficiencies stemming from operational synergies with QCIL. The company's capital structure remained comfortable with a gearing of 0.1 times as on March 31, 2025. Moreover, its debt coverage metrics also remained strong, as reflected in an interest coverage of 18.9 times (14.4 times in FY2024), DSCR to 6.1 times (from 3.8 times in FY2024), and TD/OPBITDA at 0.5 times in FY2025, supported by enhanced profitability. Despite the planned capex over the near-to-medium term, its debt coverage metrics are expected to remain comfortable.

Credit challenges

High dependence on Trivandrum hospital – The company is highly reliant on its Trivandrum facility, which contributed around 75.0% to its OI and around 85% to its OPBITDA in FY2025, leading to geographical concentration risk. Despite the bed addition plans across existing hospitals over the next 3-5 years, reliance on Trivandrum hospital is expected to continue. The company started a new hospital in Nagercoil in October 2024 with a capacity of around 210 beds (as of December 2025) at a project cost of Rs. 150.0 crore, funded through term debt of Rs. 90.0 crore and rest through equity from KHML. The company's ability to consequently improve OPBITDA levels at hospitals other than Trivandrum remains crucial to reduce its concentration risk.

Regulatory risk and competition inherent to operations – The company is exposed to regulatory risks as any restrictive pricing on treatments and pharma sales would impact its margins. The company has high geographical concentration in Kerala and faces intense competition in the region from several large, reputed hospitals.

Retention of doctors remain a key challenge – The retention of doctors would remain a key challenge despite the competitive incentive mechanism currently offered by the entity.

Liquidity position: Strong

KNIMSPL's liquidity position is strong, supported by healthy cash balances of Rs. 210-220.0 crore as on March 31, 2025, and unutilised working capital lines of around Rs. 33.4 crore as on September 30, 2025, as well as expected cash flow from operations of Rs. 350-400.0 crore over the next 12 months. In comparison, KHML's cumulative funding requirements for capital expenditure and repayment obligations are projected at Rs. 120-130.0 crore over the next 12 months, providing comfort to its liquidity profile.

Rating sensitivities

Positive factors – The rating watch could be resolved as better clarity emerges on the proposed merger of its parent, QCIL, with Aster DM Healthcare Limited, along with more details on the support philosophy towards KHML. ICRA could upgrade KHML's ratings if there is a significant scale-up of operations while sustaining healthy operating margins, liquidity, and debt metrics.

Negative factors – Pressure on the ratings could arise if a large debt-funded capex or a material decline in operational performance results in a steep moderation in profitability or debt metrics on a sustained basis or adversely impact its liquidity profile. Specific credit metrics for ratings downgrade include TD/OPBIDTA above 1.5x times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hospitals
Parent/Group support	As on September 30, 2025, QCIL held a 23.7% in KHML and a 90.3% in CIHPL, which, in turn, held a 61.5% in KHML. ICRA notes that QCIL is proposed to be merged with Aster DM, subject to regulatory and statutory approvals.
Consolidation/Standalone	For arriving at the ratings, ICRA has taken consolidated view of KIMS Healthcare Management Limited and KIMS Nagercoil Institute of Medical Sciences Private Limited and considered the consolidated financials of KHML. As on March 31, 2025, KHML had six subsidiaries, which are enlisted in Annexure-II

About the company

KHML was set up in 2002 by a group of professionals in Trivandrum. It is a tertiary and quaternary-care hospital, with 40 speciality departments. The hospital has been accredited by the National Accreditation Board for Hospitals (NABH), the Australian Council on Healthcare Standard International (ACHSI), the National Accreditation Board for Laboratories (NABL), and the NABH Accredited Blood Bank. As on December 31, 2025, the company had five operational hospitals, spread across Trivandrum, Kottayam, Kollam, Perinthalmanna in Kerala and Nagercoil in Tamil Nadu with a total capacity of 1,560.

KIMS Nagercoil Institute of Medical Sciences Private Limited (KNIMSPL), incorporated in 2014, operates a multi-specialty hospital in Nagercoil, Tamil Nadu, offering tertiary healthcare services. A wholly owned subsidiary of KHML, the hospital caters to Nagercoil and surrounding districts and is accredited by the National Accreditation Board for Hospitals & Healthcare Providers (NABH). Developed as a greenfield project with a planned capacity of around 210 beds, the hospital commenced operations in October 2024 with 80–85 beds, which expanded to 210 beds by December 2025. The project entailed a cost of around Rs. 150.0 crore, funded through term debt of Rs. 90.0 crore and the balance via equity infusion from KHML.

Key financial indicators (audited)

KHML Consolidated	FY2024	FY2025
Operating income	1,103.0	1,264.8
PAT	152.7	217.3
OPBDIT/OI	23.3%	26.5%
PAT/OI	13.8%	17.2%
Total outside liabilities/Tangible net worth (times)	0.3	0.3
Total debt/OPBDIT (times)	0.5	0.5
Interest coverage (times)	14.4	18.9

Source: Company, ICRA Research; 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

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	Jan 19, 2026	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term	8.00	[ICRA]AA-; Rating Watch with Developing Implications	-	-	-	-	-	-
Term Loans	Long Term	108.00	[ICRA]AA-; Rating Watch with Developing Implications	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Cash Credit	Simple
Long-term fund-based – Term Loans	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	FY2025	-	FY2032	108.00	[ICRA]AA-; Rating Watch with Developing Implications
NA	Cash Credit	-	-	-	8.00	[ICRA]AA-; Rating Watch with Developing Implications

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	KHML Ownership	Consolidation Approach
KIMS Healthcare Management Limited	100.0%	Full Consolidation
KIMS Al Shifa Healthcare Private Limited	51.0%	Full Consolidation
KIMS Kottayam Institute of Medical Sciences Private Limited	100.0%	Full Consolidation
KIMS Kollam Multi Specialty Hospital India Private Limited	100.0%	Full Consolidation
KIMS Nagercoil Institute of Medical Sciences Private Limited**	100.0%	Full Consolidation
Spiceretreat Hospitality Services Private Limited	100.0%	Full Consolidation
KIMS HEALTH Executive Leisure Private Limited	100.0%	Full Consolidation

Source: Company; Stake as on September 30, 2025 **rated entity

Note: ICRA has considered consolidated financials of the parent KHML and its subsidiaries while assigning the ratings.

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