

November 06, 2023

## KIMS Healthcare Management Limited: Placed on rating watch with developing implications

### Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based/ Cash Credit	25.00	25.00	[ICRA]A; Placed on Rating Watch with Developing Implications
Long-term – Fund-based/ Term Loan	128.00	128.00	[ICRA]A; Placed on Rating Watch with Developing Implications
Long-term/ Short-term – Non-fund Based	12.00	12.00	[ICRA]A/[ICRA]A2+; Placed on Rating Watch with Developing Implications
Long-term/ Short-term – Unallocated	45.00	45.00	[ICRA]A/[ICRA]A2+; Placed on Rating Watch with Developing Implications
<b>Total</b>	<b>210.00</b>	<b>210.00</b>	

\*Instrument details are provided in Annexure-1

### Rationale

For arriving at the ratings, ICRA has considered the consolidated financials of KIMS Healthcare Management Limited (KHML) and its six subsidiaries—KIMS Bellerose Institute of Medical Sciences Private Limited (KIMS Bellerose), KIMS Kollam Multi Specialty Hospital India Private Limited (KIMS Kollam), KIMS Al Shifa Hospital Private Limited (KIMS Al Shifa), KIMS Nagercoil Institute of Medical Sciences Private Limited (KIMS Nagercoil), KIMSHEALTH Executive Leisure Private Limited (KELPL), and Spice retreat Hospitality Services Private Limited (Spice Retreat).

As per media articles dated October 26, 2023, Blackstone-owned Quality Care India Limited (QCIL), which operates a network of multi-speciality hospitals under the brand name 'CARE Hospitals' in several cities across the country, is expected to acquire a majority stake in KIMS Healthcare Management Ltd (KHML).

As on March 31, 2023, Condis India Healthcare (Condis) held 61.06% stake in KHML, while rest of the 38.94% was held by the promoters. 70% of the shareholding in Condis was held by TrueNorth investor fund while 30% was held by KHML's promoters. As per the media articles, this deal would provide exit to the existing investors, TrueNorth and KHML's promoters are also expected to dilute their stake; however, the quantum of the dilution and change in shareholding is uncertain as on date.

ICRA has currently placed the company's ratings on watch with developing implications based on the above development as clarity on shareholding post the stake sale, impact of the change in shareholding on the company's operations (if any), and structure of the transaction is yet to emerge. ICRA, however, will continue to monitor the development related to acquisition and will assess the development once definite clarity emerges on the matter.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology - Hospitals</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of KHML. As on March 31, 2023, the company 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-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 March 31, 2023, the company had four operational hospitals, spread across Trivandrum, Kottayam, Kollam, and Perinthalmanna in Kerala with a total capacity of 1,376 beds. The company also operates five medical centres and a nursing college in Trivandrum. The company has investments from a private equity investor, True North, through Condis India Healthcare Private Limited (CIHPL). As on March 31, 2023, CIHPL held 61.1% stake in KHML, with the remaining 38.9% stakes held by individual shareholders.

## Key financial indicators

KHML Consolidated	FY2022	FY2023*
Operating income (Rs. crore)	826.2	959.7
PAT (Rs. crore)	102.0	141.9
OPBDIT/OI (%)	23.2%	25.1%
PAT/OI (%)	12.3%	14.8%
Total outside liabilities/Tangible net worth (times)	0.5	0.4
Total debt/OPBDIT (times)	1.1	0.7
Interest coverage (times)	11.0	14.0

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; \*provisionals for FY2023

Note: Amount in Rs. crore

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Amount o/s as of Mar 31, 2023 (Rs. crore)	Current rating (FY2024)		Chronology of rating history for the past 3 years			
				Date & rating in FY2024		FY2023	FY2022	FY2021	
				Nov 06, 2023	Aug 14, 2023	Jul 28, 2022	May 31, 2021		
1	Term loans	Long term	128.0	102.8	[ICRA]A; Rating watch with developing implications	[ICRA]A(Stable)	[ICRA]A(Stable)	[ICRA]A-(Stable)	-
2	Cash credit	Long term	25.0	3.2	[ICRA]A; Rating watch with developing implications	[ICRA]A(Stable)	[ICRA]A(Stable)	[ICRA]A-(Stable)	
3	BG/LC	Long term / Short term	12.0	--	[ICRA]A/[ICRA]A2+; Rating watch with developing implications	[ICRA]A(Stable)/[ICRA]A2+	[ICRA]A(Stable)/[ICRA]A2+	[ICRA]A-(Stable)/[ICRA]A2+	-
4	Unallocated	Long term / Short term	45.0	--	[ICRA]A/[ICRA]A2+; Rating watch with developing implications	[ICRA]A(Stable)/[ICRA]A2+	[ICRA]A(Stable)/[ICRA]A2+	-	-

## Complexity level of the rated instrument

Instrument	Complexity Indicator
Long Term – Fund Based/Cash Credit	Simple
Long Term – Fund Based/Term Loan	Simple
Long Term / Short Term – Non-Fund Based	Very simple
Long Term / Short Term – Unallocated	Not applicable

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 analyzing 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, is 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	FY2020	NA	FY2030	128.0	[ICRA]A; Rating watch with developing implications
NA	Cash credit	NA	NA	NA	25.0	[ICRA]A; Rating watch with developing implications
NA	Bank guarantee	NA	NA	NA	6.0	[ICRA]A/[ICRA]A2+; Rating watch with developing implications
NA	Letter of credit	NA	NA	NA	6.0	[ICRA]A/[ICRA]A2+; Rating watch with developing implications
NA	Unallocated limits	NA	NA	NA	45.0	[ICRA]A/[ICRA]A2+; 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% (rated entity)	Full Consolidation
KIMS Al Shifa Healthcare Private Limited	51.0%	Full Consolidation
KIMS Bellerose Institute of Medical Sciences Private Limited	93.6%	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
KIMSHEALTH Executive Leisure Private Limited	100.0%	Full Consolidation

Source: KHML; Stake as on July 31, 2023

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

\*KHML increased the stake in KIMS Kollam Multi Specialty Hospital India Private Limited in FY2024 from 87.8% to 100.0%.

\*\*KIMS Nagercoil Institute of Medical Sciences Private Limited is a non-operational entity as on March 31, 2023

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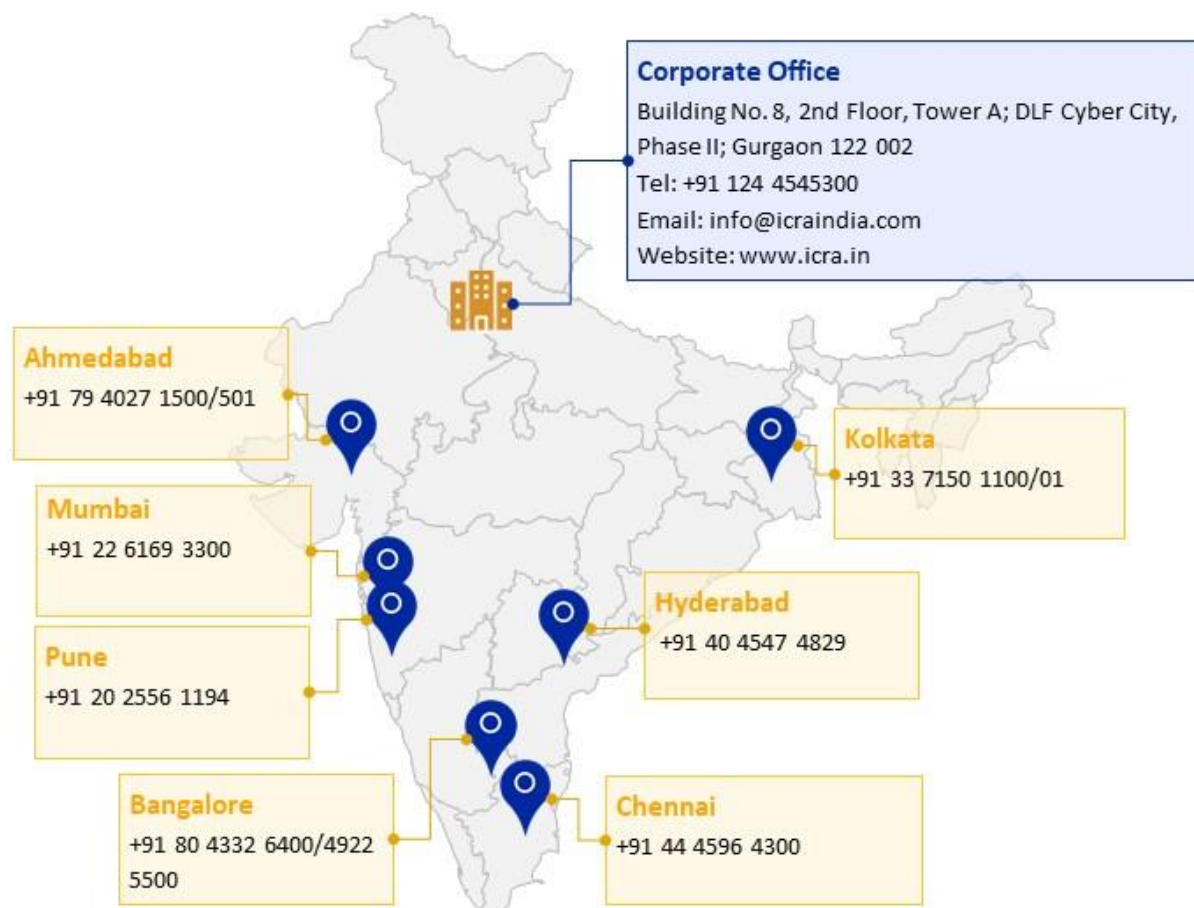


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