

September 30, 2026

Kids Clinic India Ltd: Ratings upgraded to [ICRA]A(Stable)/[ICRA]A1 from [ICRA]A-(Stable)/[ICRA]A2+

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator [#]
Long-term – Fund-based - Term Loan	35.00	36.00	[ICRA]A (Stable); upgraded from [ICRA]A-(Stable)	RBI
Short-term – Fund-based – Overdraft	10.00	9.00	[ICRA]A1; upgraded from [ICRA]A2+	RBI
Total	45.00	45.00		

*Instrument details are provided in Annexure I

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments, which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The rating upgrade factors in the improvement in Kids Clinic India Limited's (KCIL/the company) profitability metrics, supported by its healthy revenue growth along with scaling up of operations, and improving centre-level margins across its relatively new centres. KCIL's operating profit margin (OPM) expanded to 13.6% in FY2026 from 13.0% in FY2025, and further to 15.1% in Q1 FY2027 aided by a rising proportion of profitable centres and the maturation of its latest facilities, which is expected to support sustained margin expansion, going forward. The upgrade also reflects ICRA's expectation that profitability will continue to improve over the medium term. KCIL's revenues grew by 26% in FY2026 and by 27% YoY in Q1 FY2027, driven by its expanding footprint across India. With the company continuing to add hospitals and strengthen its presence in existing markets, ICRA expects the healthy revenue growth momentum to sustain, going forward.

The ratings continue to factor in the established position of KCIL and its strong brand equity in the mother and baby care segment under the brand name, "Cloudnine", in addition to its improving geographical presence with 46 centres (as of July 2026) across multiple cities in India. ICRA also notes the steady pace of further network expansion by the company, with plans to add 6-7 centres in FY2027 (of which two centres have been added by July 2026).

ICRA also notes the sizeable equity infusion in KCIL in the recent past (with equity worth around Rs. 695 crore infused during FY2023-FY2024), which has lent support to the capital structure. The company is expected to meet most of its funding requirements towards capex lined up over the next 1-2 years through its own accruals. KCIL has been demonstrating an improving geographic diversification in line with its expanding network of hospitals, especially in the metropolitan cities across states. Such improved geographic diversification ensures limited dependence of the company's operations on a single unit/ a few key units. However, the company's ability to turn the newly launched centres (launched as part of its network expansion initiatives) profitable in a timely manner remains a rating monitorable, going forward.

The rating strengths are, however, partially offset by the company's sizeable capex plans of Rs. 225-250 crore (excluding right-of-use assets addition) towards setting up new centres in FY2027 as well as FY2028. While the capex is expected to be funded through internal accruals, sizeable lease liabilities¹ are likely to be added to the company's overall debt, going forward. Timely commencement of operations at the new units without any cost overruns and impact of losses from new centres on the company's operating margins would remain key rating monitorables. Further, ICRA notes that the company's return on capital employed (RoCE) remains constrained largely by sizeable deployment of capital towards the ongoing expansion. The company

¹ KCIL typically enters long-tenure lease agreements with lessors, with an average lease tenure being around 15 years, resulting in addition of sizeable lease liabilities when these lease agreements are signed.

operates in a niche segment, focusing primarily on maternity care, obstetrics, fertility and gynaecology as well as paediatrics, with limited diversification across specialities. However, the company differentiates itself from other multi-speciality providers with its focus on improving the overall experience of the patients. Any significant debt-funded capex or acquisition, which could impact the credit profile, will be considered as a material event and be evaluated on a case-to-case basis.

ICRA notes the ongoing acquisition process wherein Apollo Health and Lifestyle Limited (AHLL) will divest its stake in Apollo Specialty Hospitals Private Limited (ASHPL) and Apollo Fertility Centre Private Limited (AFCPL) to KCIL, encompassing a combination of cash consideration and equity stake consideration. One of the existing investors is expected to infuse equity into KCIL to fund the cash consideration portion of the transaction. KCIL may refinance around Rs. 200- crore worth debt outstanding on the books of acquired business or may retain it on its books post the transaction. The transaction is expected to be completed by early Q3 FY2027, effectively paving way for incremental revenue growth opportunities for KCIL. That said, the company's ability to successfully integrate the acquired business operations to optimise the returns remains a key rating monitorable.

The Stable outlook on the long-term rating stems from ICRA's expectations that KCIL will continue to maintain its strong brand equity in the maternity and paediatric segment, supporting its healthy revenue growth over the near term. While its growth strategy through the expansion of its network is likely to have some bearing on the capital structure and profitability metrics in the near term, the incremental revenue generation from the newly launched centres is expected to lend comfort to KCIL's credit metrics over the medium to long term.

Key rating drivers and their description

Credit strengths

Established player in maternity and paediatric healthcare with strong brand equity – The company is an established player in the field of maternity care with strong brand equity, particularly in Bangalore, Mumbai, Pune and Delhi NCR. KCIL follows a strategy of setting up smaller format hospitals, which helps it achieve a fast turnaround. Aided by the expanding network of its centres across the country, KCIL has posted healthy revenue growth over the past 4-5 years (with CAGR being robust at 27.6% over FY2021-FY2026). The increasing share of profitable centres in KCIL's overall network has supported its margin profile in the recent past, as evident from the expansion of the OPM from 13.0% in FY2025 to 13.6% in FY2026, and further to 15.1% in Q1 FY2027. Healthy revenue growth and improvement in OPM are expected to sustain over the near term, supported by continued increase in the company's scale of operations.

Track record of sizeable equity infusion supports the capital structure – The company has received sizeable equity infusion of around Rs. 695 crore during FY2023–FY2024. While a part of equity infused was utilised to pare down the long-term borrowings through FY2024, the rest was largely utilised to fund KCIL's expansion initiatives in the recent past. ICRA also notes another round of equity infusion by one of the investors lined up in the near term, towards the acquisition of AHLL's maternity and fertility businesses, which should provide further support to the capital structure. KCIL's gearing, when adjusted for lease liabilities, stood comfortable at 0.2 times as of March 2026 as well as June 2026.

Improving geographical diversification reduces dependence on any single unit – The Cloudnine chain of hospitals is reasonably diversified across the country with presence in North (Chandigarh, Gurgaon, Noida, Delhi, Panchkula, Faridabad, Ludhiana, Lucknow), West (Mumbai, Pune) and South India (Bangalore, Hyderabad and Chennai). Going forward, the company plans to set up more units across various metros and tier I cities. Such improving geographical diversification is expected to reduce KCIL's operational dependence over any single unit or a few key units and, thus, safeguard its business profile against any region-specific slowdowns to some extent.

Credit challenges

Sizeable capex expansion plans in FY2027 and FY2028; exposure to project risks in upcoming hospitals – The company has sizeable expansion plans in FY2027 and FY2028 (Rs. 225-250 crore per annum), with internal accruals along with its existing cash balances expected to meet the capex funding requirement to a large extent. However, the commencement of the planned new units without any cost overruns and timely ramp up would remain a key rating monitorable for the company. With continuous increase in the number of centres over the last few years, the lease liabilities have increased considerably. Consequently, the company's TD/OPBDITA stood at 4.1 times as on March 31, 2026 (3.9 times as on June 30, 2026). Going forward, the company's debt metrics are expected to remain range-bound, given the sizeable lease liabilities that would be added to its overall debt on account of its plans to add new centres in FY2027 and FY2028. However, given the limited bank debt repayments, the company's DSCR is expected to remain healthy over the near to medium term.

Low RoCE due to continuous expansion and losses from new centres – The company has been undertaking continuous expansion and has incurred capex of around Rs. 200-225 crore per annum in FY2025 and FY2026 towards the launch of new centres. Further expansion towards addition of new centres is also planned over the near term. Continuous expansion initiatives and sizeable losses from new centres have led to low RoCE of 2.2% and 2.9% in FY2025 and FY2026, respectively (5.0% in Q1 FY2027), despite healthy performance of mature centres. The RoCE is expected to remain low over the near term, given the company's sizeable capex plans. ICRA notes that the healthy growth in scale of operations, gradual improvement in profitability margins of the new centres and stable margins of older centres are expected to support the improvement in RoCE over the medium term.

Limited diversification across specialities – The company operates in a niche segment, focusing primarily on maternity care, obstetrics and gynaecology as well as paediatrics, with limited diversification across specialities. However, the company differentiates itself from other multi-speciality providers with focus on improving the overall experience of its patients and has created a strong brand equity for itself in the maternity segment.

Liquidity: Adequate

KCIL had cash and liquid investments of Rs. 140.4 crore and undrawn working capital limits of Rs. 24.4 crore as of June 30, 2026. The company has capex plans to incur annual capex of Rs. 225-250 crore in FY2027 and FY2028 (excluding addition of ROU assets), which is expected to be funded through existing cash, liquid investments, internal accruals and debt. The company has long-term debt repayment obligations of Rs. 12-15 crore in FY2027 and FY2028. ICRA notes that the debt repayment obligations are expected to be serviced comfortably through existing liquidity and internal accruals.

Rating sensitivities

Positive factors - ICRA could upgrade the company's ratings if the entity sustains the improvement in profitability, supported by an increasing number of profitable centres, thereby maintaining its debt metrics and liquidity profile.

Negative factors - Negative pressure on KCIL's rating could arise if higher-than-expected capex or losses in new centres result in total debt (including lease liabilities)/OPBITDA climbing higher than 5.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hospitals
Parent/Group support	NA
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financial statement of KCIL.

About the company

Kids Clinic India Ltd (Kids Clinic) operates the brand, “Cloudnine” Group of hospitals, which is a leading chain of super-specialty hospitals providing all services for mother and baby care which includes maternity, fertility, childcare etc. At present, the company has 46 centers across India in locations including Bangalore, Delhi, Mumbai, Pune, Chennai, Gurgaon, Ludhiana, Chandigarh etc., with a notable presence in Bangalore. The head office is in Bangalore. The hospital chain was founded by neonatologist Dr R. Kishore Kumar with his team of co-founders- Mr. Rohit M.A, Mr. M. Ramachandra and Mrs. Vidya Kumar, to provide quality maternity and new-born care.

Key financial indicators (audited)

KCIL (consolidated)	FY2025	FY2026
Operating income	1,485.6	1,877.7
PAT	-46.5	-44.4
OPBDITA/OI	13.0%	13.6%
PAT/OI	-3.1%	-2.4%
Total outside liabilities/Tangible net worth (times)	1.6	1.8
Total debt/OPBDITA (times)	4.7	4.1
Interest coverage (times)	2.5	2.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount 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 (FY2027)		Chronology of rating history for the past 3 years							
		FY2027		FY2027		FY2026		FY2025		FY2024	
		Amount rated (Rs. crore)	September 30, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based – Term Loan	Long term	36.00	[ICRA]A (Stable)	June 01, 2026	[ICRA]A- (Stable)	July 07, 2025	[ICRA]A- (Stable)	Apr 26, 2024	[ICRA]A- (Stable)	-	-
Fund-based – Overdraft	Short term	9.00	[ICRA]A1	June 01, 2026	[ICRA]A2+	July 07, 2025	[ICRA]A2+	Apr 26, 2024	[ICRA]A2+	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term Fund-based – Term loan	Simple
Short-term – Fund-based – Overdraft	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	Financial Sector Regulator [#]
NA	Term Loan	FY2021	NA	FY2032	36.00	[ICRA]A (Stable)	RBI
NA	Overdraft	NA	NA	NA	9.00	[ICRA]A1	RBI

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company Name	KCIL equity Ownership	Consolidation Approach
Acquity Labs Private Limited	100.0%	Full Consolidation

Source: Company

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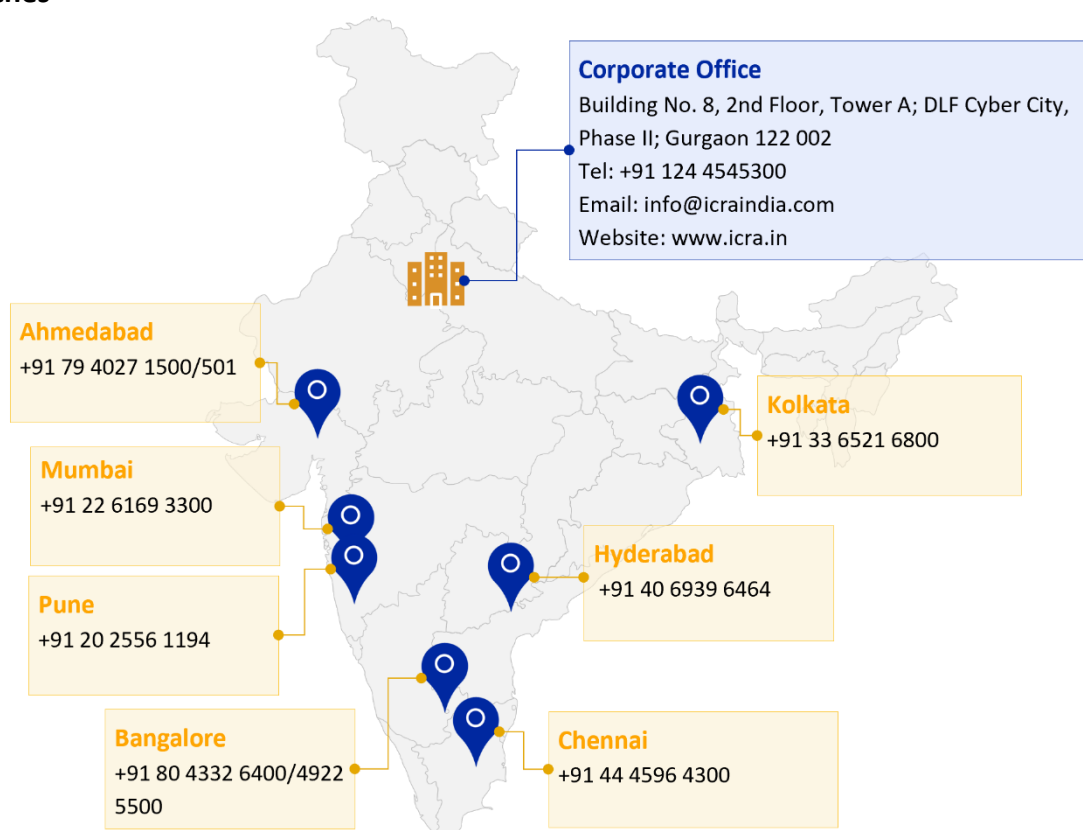
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