Artemis Medicare Services Limited

August 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	427.90 (Enhanced from 378.21)	CARE A; Stable	Reaffirmed
Long Term / Short-term bank facilities	45.00	CARE A; Stable / CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Artemis Medicare Services Limited (AMSL) continue to derive strength from its resourceful and reputable promoter, experienced management team and steady operational performance driven by sustained higher average revenue per occupied bed (ARPOB). Ratings also continue to derive comfort from its diversified revenue streams and a comfortable financial risk profile characterised by comfortable overall gearing and debt coverage metrics. However, these rating strengths continue to remain constrained by competition in the healthcare industry especially in the National Capital Region (NCR) which gets accentuated due to presence of hospital at a single location and regulatory risk associated with the industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in total operating income (TOI) above ₹1100 crore and profit before interest, lease rentals, depreciation, and taxes (PBILDT) margin above 20% on a sustained basis.
- Timely completion of capex and sustained improvement in leverage as marked by total debt to gross cash accruals (TD/GCA) below 2x.

Negative factors

- Change in management or effective control of promoter group.
- Debt funded capex or acquisition leading to TD/PBILDT above 2.25x
- Sustained decline in operations with TOI below ₹700 crore and PBILDT margin below 14%.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) takes a consolidated view of the parent (AMSL) and its subsidiary (Artemis Cardiac Care Private Limited [ACCPL]) owing to significant business, operational, and financial linkages between the two entities. Entities consolidated are listed under Annexure-6.

Outlook: Stable

The "Stable" outlook indicates the expected improvement in AMSL's scale of operations, driven by a sustained increase in international patients with a healthy ARPOB, and operationalisation of Tower 3 in the Gurugram hospital.

Detailed description of key rating drivers:

Key strengths

Established track record of operation in healthcare industry with resourceful promoters

AMSL started operations in 2007 and is established by promoters of the Apollo Tyres Group. Onkar Kanwar, the chairman of AMSL, is also the chairman of Apollo Tyres Limited (ATL) and holds 67.17% stake in AMSL through an investment company (constructive finance private limited) as on June 30, 2025. AMSL's board is represented by some of the Key Management Personnel of ATL and comprises independent directors from diverse industry sectors. AMSL has been awarded with the National Accreditation Board for Hospitals and Healthcare Providers (NABH) and Joint Commission International (JCI) accreditation.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

In May 2024, AMSL received an investment of ₹330 crore through Compulsorily Convertible Debentures (CCDs) from the International Finance Corporation (IFC), a member of the World Bank Group. These CCDs are convertible into equity shares of the company within 18 months, in one or more tranches. The issue proceeds are proposed to be utilised to support the company's acquisition and expansion plans. The company has utilised ₹54 crore from these funds as an advance payment to enter a binding memorandum of understanding (MoU) with Dr. Vidya Sagar Kaushalya Devi Memorial Health Centre for granting exclusive rights to AMSL to operate, manage, and provide medical services at the society's hospital, Vidyasagar Institute of Mental Health and Neuro & Allied Sciences (VIMHANS). CareEdge Ratings will continue to monitor developments and expansion plans of AMSL in this regard. AMSL's ability to complete brownfield and greenfield capex plans, without significant time and cost overruns, and attain envisaged occupancy levels and cash flows will be a key monitorable.

Experienced management supported by a qualified team of doctors

Though AMSL is the maiden venture of the promoter in the healthcare business, the company's operations are well-supported through group of professionals having extensive work experience in renowned hospitals including Max Healthcare, Fortis, and Apollo, among others. Dr Devlina Chakravarty (Managing Director) with a group of professionals looks after the day-to-day hospital's operations. As on June 30, 2025, AMSL had a team of 509 doctors, 627 administrative employees, 1087 nurses and 429 paramedical staff.

Sustained growth in scale of operations and improvement in profitability margins in FY25

The company's TOI has grown at a compound annual growth rate (CAGR) of 23% in the last five years and stood at ₹938.42 crore (PY: ₹879.17 crore) at the consolidated level in FY25, due to an increase in operational beds to 489 with operationalisation of Tower 3, while maintaining a stable occupancy rate of 64% (PY: 448 beds with 67% occupancy rate), and rising health insurance penetration and growth in medical tourism.

Factors such as annual price revision, a better case mix with more critical surgeries and procedures (which are relatively more profitable than outpatient department), and higher revenue from international patients led to an improvement in the ARPOB to ₹79,647 (PY: ₹76,078). Consequently, operating profit per bed also improved to ₹0.31 crore in FY25 compared to ₹0.29 crore in FY24. However, company's profitability margin remains moderate owing to pay-outs to doctors and facilitators garnering international patients as marked by PBILDT margin of 16.36% and profit after tax (PAT) margin of 8.76% in FY25 (PY: 15.17% and 5.59% respectively).

Diversification of revenue streams

AMSL's revenue profile is well-diversified, supported by its integrated facilities and specialisation across a broad range of medical disciplines, including cardiology, neurology, gastroenterology, orthopaedics, critical care, nephrology, oncology, and other specialties. In FY25, no single specialty contributed over 15% to the company's total revenue, reflecting a balanced revenue mix. Orthopaedics, oncology, neurology (including neurosurgery and interventional neuroradiology), and cardiology were the key revenue-generating departments, collectively accounting for ~45% of total revenue (PY: 46%).

AMSL is actively expanding its presence through asset-light business models, including *Daffodils* (focused on mother and childcare services) and *Artemis Lite* (neighbourhood multi-specialty hospitals). The company has also entered an operations and management (O&M) contract with a newly constructed hospital in Raipur, Chhattisgarh, further supporting its geographical diversification. In FY25, the company generated ₹21.10 crore from Artemis Daffodil and ₹19.60 crore from Artemis Lite model. However, ratings remain contingent on timely execution of the planned capex related to Tower 3 and stabilisation of revenue and profitability from the Raipur hospital, which continue to remain key monitorable.

Comfortable financial risk profile

The company's capital structure improved, with an overall gearing of 0.40x as on March 31, 2025 (PY: 0.95x as on March 31, 2024), primarily considering investment from IFC in the form of CCDs. In the last few years, AMSL has undertaken capital expenditure to expand its existing facility in Gurugram and to establish centres and cath labs in Tier-2 and Tier-3 cities across India. Debt coverage indicators have also improved and remaining healthy as reflected by the PBILDT interest coverage ratio of 4.81x (PY: 4.26x) in FY25 and a TD/GCA ratio of 2.21x (PY: 3.33x). However, the company has planned capital expenditure of ~₹250 crore in the medium term, relating to Tower 3, the Raipur hospital, and VIMHANS, which may impact its capital structure going forward.

Key weaknesses

Competition in the healthcare industry in NCR

NCR is home to some big private players in healthcare domain such as Fortis Healthcare, Apollo Hospital, and Max Healthcare, among others. Delhi being India's national capital has presence of numerous government hospitals such as AIIMS, Safdarjung Hospital, and Ram Manohar Lohia Hospital, among others as well. This leads to competition not only in acquiring patients, but also in attracting experienced staff. AMSL's ability to sustain its domestic and international patient revenue will remain key monitorable.

Exposure to regulatory and concentration risk
AMSL operates in a regulated industry that has witnessed continuous regulatory intervention in the last couple of years. Regulations such as capping stent prices and knee implants and stricter compliance norms have adversely impacted indiustry margins in the past. Such future regulations might have adverse impact on the company's profitability and thus would remain a key monitorable. AMSL generates over 90% of its revenue from its hospital in Gurugram, Haryana, making it vulnerable to geographical risk, especially since major private players in the healthcare industry operate multiple hospitals. However, the company is mitigating this risk by adding new centres under the Daffodil and Lite models and entering O&M contracts.

Liquidity: Strong
The group's liquidity profile is strong as reflected by scheduled repayment of term loan to the tune of ₹27.07 crore in FY26 against projected GCA of ~₹136 crore. The company had free cash and bank balance to the tune of ₹395.54 crore at consolidated level as on March 31, 2025, owing to investment by IFC. Average utilization of working capital limits stood nil for 12-months ended June 2025, providing extra cushion to the company. AMSL is projected to incur a capex of ~₹153 crore in FY26 on account of construction of tower 3, capex in Raipur Hospital, new centres in AMSL, and regular capex, which is proposed to be funded by way of term loans and internal accruals.

Environment, social, and governance (ESG) risks

The hospital sector has a low impact on the environment owing to its comparatively lesser water consumption and lower emission due to low energy intensive nature of operations of hospitals. Social impact is moderate because of its large workforce and value chain partners. AMSL is dedicated to sustainability through environmental and social practices. Environmentally, the hospital focuses on reducing waste and monitor greenhouse gas emissions and have systems in place to measure Scope 1 and 2 emissions. Measures to reduce emissions include the use of an Anaesthetic Gas Scavenging System in operating theatres and efforts to increase the use of renewable energy. Energy conservation measures are also implemented to further reduce their environmental impact.
Socially, Artemis Hospital regularly trains its nurses and paramedical staff according to industry best practices. The hospital's "Boondh" initiative focuses on water conservation, aiming to increase water security in Gurugram by replenishing groundwater and managing water resources effectively. The Artemis Health Foundation focuses on cancer awareness, early detection, and treatment, with a special emphasis on breast and cervical cancers. They engage in community outreach programs to support healthcare access and provide financial assistance for cancer treatment.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Hospital
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare services	Hospital

Incorporated in May 2004, AMSL is engaged in healthcare services. AMSL owns and operates a 489-bedded multi-specialty tertiary care hospital in Gurgaon (PY: 448 beds). The specialty areas for AMSL include orthopedics, oncology, cardiovascular, neurosciences, bariatric and minimally invasive surgery, among others. ASML has been awarded with the NABH and JCI accreditation. Onkar Kanwar (Chairman of AMSL) is also the chairman of ATL. In FY19, AMSL approved an investment in ACCPL, which is a Joint Venture with Philips Medical Systems B.V (35% shareholding). ACCPL is a subsidiary of the AMSL with 65%

shareholding formed primarily for operating and setting up of cath lab units in Tier 2/3 cities in India. AMSL has also diversified its presence through Artemis Daffodil (Mother and Child centres), Artemis Lite (neighbourhood hospitals) and Artemis Solace (home services) models.

Consolidated Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	879.17	938.42
PBILDT	133.35	153.51
PAT	49.14	82.18
Overall gearing (times)	0.95	0.40
Interest coverage (times)	4.26	4.81

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Working Capital Limits		-	-	-	45.00	CARE A; Stable / CARE A2+
Term Loan-Long Term		-	-	March 2034	427.90	CARE A; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Term Loan-Long Term	LT	427.90	CARE A; Stable	-	1)CARE A; Stable (03-Sep-24)	1)CARE A-; Stable (28-Aug-23)	1)CARE A-; Stable (01-Sep-22)
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	45.00	CARE A; Stable / CARE A2+	-	1)CARE A; Stable / CARE A2+ (03-Sep-24)	1)CARE A-; Stable / CARE A2 (28-Aug-23)	1)CARE A-; Stable / CARE A2 (01-Sep-22)

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Working Capital Limits	Simple
2	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view the lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Artemis Cardiac Care Private Limited	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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