

Lakeshore Hospital and Research Centre Limited

December 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	15.00	CARE A; Stable / CARE A1	Reaffirmed
Short-term bank facilities	45.00	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Lakeshore Hospital and Research Centre Limited (LHRC) continue to derive strength from vast experience of promoters in the healthcare space, long-standing presence of the hospital in Kochi, experienced and qualified team of doctors, diversified revenue streams from specialisations, healthy financial risk profile and debt protection metrics. However, ratings are constrained by geographically concentrated revenue stream from a single-location hospital, dependence on scarcely available medical professionals, moderate occupancy levels and growing competition in the industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Scaling up operations to above ₹750 crore with healthy occupancy levels above 70%, while maintaining profit before interest, lease rentals, depreciation, and taxation (PBILD) margin above 25% on a sustained basis.
- Geographically diversifying revenue stream and reducing single hospital dependency.

Negative factors

- Large debt-funded capital expenditure, leading to moderate capital structure with gearing ratio above 0.7x.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects that CARE Ratings Limited (CareEdge Ratings) expects the hospital to maintain comfortable risk profile considering a comfortable capital structure with no major debt-funded capital expenditure in the medium term.

Detailed description of key rating drivers:

Key strengths

Well-established and experienced promoter group in healthcare industry

Dr VP Shamsheer is the main shareholder holding 42.62% stake and is the company's chairman. He worked in the radiology department of Sheikh Khalifa Medical City in Abu Dhabi, prior to promoting VPS Healthcare in 2007. VPS Healthcare is an integrated healthcare service provider with 23 operational hospitals, over 125 medical centres, ~13,000 employees, including ~1,700 doctors, and medical support services across the Middle East, Europe and India.

Reputed and experienced team of doctors

LHRC has several reputed doctors on its roll, who have vast experience in their respective areas. The hospital has a team of 281 doctors, nursing staff strength of ~615 nurses, over 520 medical support staff and ~449 support staff as on March 31, 2025. Several doctors have been associated with the hospital for over 15 years. The hospital has over 130 specialist doctors on its payroll as full-time consultants.

Diversified revenue stream across specialities

The hospital's total income is spread across specialities, with medical oncology and nephrology contributing a major source of revenue at 23.31% (PY: 27.5%) in FY25 (FY refers to April 01 to March 31). Each speciality contributes less than 15% of total revenue, and top five departments contributed 40.24% of the total revenue in FY25.

Healthy capital structure and debt protection metrics

The company's capital structure remained strong with a stable gearing ratio of 0.01x and improved interest coverage of 114.77x as on March 31, 2025. Debt coverage indicators remained comfortable with total debt to gross cash accruals (TD/GCA) at 0.06x

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

(PY: 0.07x) as on March 31, 2025. The Board approved a ₹107 crore capital expenditure plan for FY26 towards biomedical equipment, civil works, and a new knee centre. This will be financed through internal accruals and cash reserves, keeping the capital structure comfortable in the medium term.

Moderation in profitability in FY25 despite improved in 5MFY26

The hospital recorded a 2.85% growth in operating income in FY25, with average revenue per occupied bed (ARPOB) rising from ₹41,681 in FY24 to ₹45,683 in FY25 and further to ₹49,252 in the first five months of FY26. While margins declined in FY25 due to higher employee costs, they improved in FY26 supported by increased transplant and complex surgeries. The hospital performed 189 transplants in FY25 (PY: 191) and 81 transplants in the first seven months of FY26, comprising renal and liver procedures.

Key weaknesses

Moderate occupancy levels

Due to competition from nearby hospitals offering lower-cost services and greater focus on complex treatment procedures, LHRC's occupancy levels remained moderate at 52% in FY25, compared to 53% in FY24. Occupancy rates are expected to improve in the current year, as the hospital begun accepting government health insurance schemes, such as the Ex-Servicemen Contributory Health Scheme (ECHS), since last year. However, a higher share of patients under these schemes could exert pressure on profitability margins, and collections may be subject to longer settlement periods.

Dependence on scarce qualified medical professionals

Qualified medical professionals are critical for a hospital's success, though they are often in short supply. At LHRC, core doctors are engaged on a permanent basis under a remuneration model that combines fixed and performance-linked components, fostering responsibility and patient referrals. With rising competition and scarcity of specialists, talent retention is critical. The hospital's strong brand and flexible compensation policies have consistently helped retain its core medical team.

Geographical concentration of revenue and growing competition in the industry

Despite its strong track record and local patronage, LHRC largely depends on a single hospital in Kochi, which contributes over 95% of its revenue. Diversification is limited to a medical centre in Kozhikode, operational since September 2021, offering consultations without inpatient facilities. The hospital faces competition from established tertiary care providers, regional private hospitals, and many private clinics.

Liquidity: Strong

LHRC maintains strong liquidity with accruals of ₹64.60 crore in FY25, cash and deposits of ₹104.09 crore as on March 31, 2025, and free cash of ₹94.02 crore as of August 31, 2025. Working capital utilisation is minimal at less than 3%, supported by healthy cash flows and nil term debt. Inventory is maintained for 10–15 days. The collection period stood at a relatively higher at 28 days in FY25 due to delays in realising receivables under government health insurance schemes such as ECHS and longer settlement timelines for Motor Accident Claims Tribunal (MACT) cases.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Hospital](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare services	Hospital

LHRC was incorporated as a public limited company in 1996 by Dr Philip Augustine, a specialist in gastrointestinal endoscopy, and Dr Peter John, senior physician. In 1999, Yusuff Ali, promoter of Lulu Group of Companies, acquired a major stake in the hospital and became chairman. In 2016, a major stake in the company was acquired by Dr VP Shamsheer, promoter of VPS Healthcare Group, Dubai, and son-in-law of Yusuff Ali. LHRC is a multi-specialty hospital with 572 beds, providing services such as wireless capsule endoscopy, endoscopic ultrasonography, and double balloon enteroscopy, and performing liver, kidney, pancreas, intestine, heart, and bone marrow transplantations under one roof.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	August 31, 2025 (UA)
Total operating income	396.22	407.52	184.17
PBILDT*	73.53	71.16	39.79
PAT	43.86	39.04	21.60
Overall gearing (times)	0.01	0.01	NA
Interest coverage (times)	48.49	114.77	92.53

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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-Bank Overdraft		-	-	-	15.00	CARE A; Stable / CARE A1
Non-fund-based - ST-Bank Guarantee		-	-	-	10.00	CARE A1
Non-fund-based - ST-Letter of credit		-	-	-	35.00	CARE A1

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	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (22-Feb-24)	1)CARE A; Stable (07-Dec-22)
2	Non-fund-based - ST-Bank Guarantee	ST	10.00	CARE A1	-	1)CARE A1 (09-Oct-24)	1)CARE A1 (22-Feb-24)	1)CARE A1 (07-Dec-22)
3	Fund-based - LT-Cash Credit	LT	-	-	-	1)Withdrawn (09-Oct-24)	1)CARE A; Stable (22-Feb-24)	1)CARE A; Stable (07-Dec-22)
4	Fund-based - LT/ST-Bank Overdraft	LT/ST	15.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (09-Oct-24)	-	-
5	Non-fund-based - ST-Letter of credit	ST	35.00	CARE A1	-	1)CARE A1 (09-Oct-24)	-	-

LT: Long term; ST: Short 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-Bank Overdraft	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple
3	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

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.

Contact us

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