

## Lifeline

December 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long term bank facilities	32.19 (Reduced from 45.26)	CARE BB+; Positive	Reaffirmed; Outlook revised from Stable
Long term / Short term bank facilities	5.00	CARE BB+; Positive / CARE A4+	Reaffirmed; Outlook revised from Stable

Details of instruments/facilities in Annexure-1

### Rationale and key rating drivers

The ratings assigned to the bank facilities of Lifeline continues to be constrained by the firm's moderate scale of operation in the highly competitive Kerala healthcare industry, and concentration of revenue from a single geographical location. The ratings are also constrained by the partnership nature of the business. However, the ratings derive strength from the vast experience of its promoters in the healthcare industry, the established presence of the hospital in Adoor region and the long track record of operations for almost two decades.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in scale of operations on sustained basis.
- Sustained improvement in TD/GCA to less than 3.00x.

#### Negative factors

- Lower-than-expected accruals resulting in deterioration of Total debt/ PBILDT above 4.00x on a consistent basis.
- Deterioration of the liquidity position of the firm.
- Decline in the scale of operation below Rs. 100 crore.

### Analytical approach: Standalone

#### Outlook: Positive

The outlook is positive on account of expected improvement in scale of operations driven by operationalization of new specialities coupled with sustenance of financials risk profile. The outlook may be revised to 'Stable' in case the company is unable to scale up operations or if there is any material deterioration in its financial risk profile.

### Detailed description of the key rating drivers:

#### Key weaknesses

##### Improvement in scale of operation but remained moderate

The total operating income of the hospital improved in FY25 to Rs. 176 crore (PY: 106 crore) yet stood moderate. The Average revenue per operating bed (ARPOB) stood improved at ~Rs.18,180 in FY25. PBILDT margins improved from 12% in FY24 to 17% in FY25, supported by the newly opened departments. Earlier the margins were moderated due to increase in count of medical professionals and related salaries and fee. Since new departments such as Cardiology, Neurology, Orthopaedics, and others became operational, the patient count has increased significantly, which has helped cover the higher salary expenses.

##### Geographically concentrated nature of operations

The multispecialty hospital is located in Adoor, and it has two other day care facilities/Clinics in Kochi and Kollam. However, majority of the revenue is contributed by the Adoor hospital which exposes the firm to geographical concentration risk. Lifeline faces competition from tertiary care centres, private clinics and hospitals in the nearby town of Kollam and other multispecialty hospitals in Trivandrum and Kochi.

##### Reliance on scarcely available qualified medical professionals

Presence of qualified medical professionals such as doctors, paramedical staff and support staff is one of the important requisites of a hospital to be successful and to get continued patronage from the local population. Lifeline is highly dependent on these scarcely

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

available medical professionals. Given the increasing competition and the scarcity of medical specialists, ability of the hospital to retain its current pool of doctors is key for the firm.

### Leveraged capital structure

The hospital completed its capex project to set up the new cardiology and neurology block. Total capex addition during FY24 was funded by Rs. 35 crores of Term debt which led to moderation in the overall gearing to 1.15x as on March 31, 2024 and remained around the same levels as on March 31, 2025. The debt protection marked by Total Debt/GCA improved but remain moderated to 2.17x as on March 31, 2024 (PY:1.35x) owing to improvement in accruals. The hospital plans to undertake capital expenditure in the current year to expand bed capacity. The project will be largely financed through term loans, which may moderate the financial risk profile due to incremental debt.

### Partnership nature of constitution

Lifeline is constituted as a partnership firm wherein it is constantly exposed to the risk of capital withdrawal and the erosion of net worth. Notably, partners have withdrawn capital to the tune of Rs. 7.64 crore during FY25. The net worth of the firm stood at Rs 51.58 crore as on March 31, 2025.

### Key strengths

#### Vast experience of the promoters

Lifeline was established in April 2005 by Dr. S. Pappachan, a renowned obstetrician, gynecologist and infertility specialist. All the partners are actively involved in the day-to-day operations of the firm. The other partners include Dr. Mathew Pappachan, Dr. Cyriac Pappachan, and Dr. Kripa Rachel Philip, two of whom are doctors themselves, specialized in the fertility and gynaecology domain.

#### Established hospital in the region

Even though the hospital started off as a fertility and IVF centric facility, Lifeline has grown over the years to a multi- specialty hospital with close to 290 beds. With the established brand name, the firm has been able to maintain healthy occupancy levels of more than 90% over the last few years. Currently, the hospital has other specializations such as cardiology, Neurology, pediatrics, neonatology and general medicine.

#### Liquidity: Stretched

Liquidity is stretched marked by tightly matched accruals vis a vis repayment of debt obligations and moderate cash balance of ₹0.63 crore as on March 31, 2025. Since most of the transactions are of cash and carry nature and with healthy accruals, the operating cycle has continued to remain negative over the last 5 years. The hospital maintains inventory of medicines and consumables for a period of 8-12 days. The average working capital utilization during the past 12 months stands at more than 90%. The cash flow from operating activities was positive at Rs. 16.04 crore in FY25.

### Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Services sector](#)

[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

Lifeline, a Super Speciality Hospital and Fertility clinic was established in April 2005 by Dr. S. Pappachan, a renowned obstetrician, gynaecologist, and Infertility specialist. Lifeline is constituted as a partnership firm with Dr. S. Pappachan and is managed by the family of Dr. S. Pappachan. The hospital has received NABH accreditation (pre-entry level) and is pursuing for final accreditation. The National

Board of Examinations (NBE) has recognised the hospital to conduct post graduate courses in Obstetrics and Gynaecology, Paediatrics and Anaesthesiology. Presently the hospital is having 290 bed capacity with 13 operation theatres, 60 ICU beds (Gen Medicine, Surgery and Paed) and 60 beds in specialised Neonatal ICU with 100+ doctors and 200+ Paramedical staff.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	82.05	106.89	176.50
PBILDT	15.46	12.91	30.34
PAT	13.00	2.13	9.34
Overall gearing (times)	0.61	1.15	1.11
Interest coverage (times)	29.50	10.64	5.86

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-Term Loan		-	-	September, 2030	32.19	CARE BB+; Positive
Fund-based - LT/ ST-Bank Overdraft					5.00	CARE BB+; Positive / CARE A4+

#### 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	32.19	CARE BB+; Positive	-	1)CARE BB+; Stable (10-Sep-24)	1)CARE BB+; Stable (10-Aug-23)	-
2	Fund-based - LT/ ST-Bank Overdraft	LT/ST	5.00	CARE BB+; Positive / CARE A4+	-	1)CARE BB+; Stable / CARE A4+ (10-Sep-24)	1)CARE BB+; Stable / CARE A4+ (10-Aug-23)	

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- Term Loan	Simple
2	Fund-based - LT/ ST-Bank Overdraft	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

<p><b>Media Contact</b></p> <p>Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Pradeep Kumar V Senior Director <b>CARE Ratings Limited</b> Phone: +91-44-2850 1001 E-mail: <a href="mailto:pradeep.kumar@careedge.in">pradeep.kumar@careedge.in</a></p>	<p><b>Analytical Contacts</b></p> <p>Sandeep P Director <b>CARE Ratings Limited</b> Phone: +91-44-2850 1002 E-mail: <a href="mailto:sandeep.prem@careedge.in">sandeep.prem@careedge.in</a></p> <p>Ali Monish P E Assistant Director <b>CARE Ratings Limited</b> Phone: +91-44 2850 1021 E-mail: <a href="mailto:alimonish.p@careedge.in">alimonish.p@careedge.in</a></p> <p>Nitish Kumar Mahto Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Nitish.kumar@careedge.in">Nitish.kumar@careedge.in</a></p>
---	---

### About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information:

[www.careratings.com](http://www.careratings.com)

### Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to [https://www.careratings.com/privacy\\_policy](https://www.careratings.com/privacy_policy)

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,  
please visit [www.careratings.com](http://www.careratings.com)**