

Krishna Institute of Medical Sciences Limited

January 12, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	801.40	CARE AA; Stable	Assigned
Long-term / Short-term bank facilities	348.60	CARE AA; Stable / CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Krishna Institute of Medical Sciences Limited (KIMS) reflect the group's established market position in Telangana and Andhra Pradesh, anchored by its network of 25 hospitals under the KIMS brand. Strong operational efficiencies, evidenced by sustained occupancy levels above 50% and improving average revenue per operating bed (ARPOB), have supported healthy operating profitability. CARE Ratings Limited (CareEdge Ratings) also factors in the company's expanding scale of operations, the presence of experienced and resourceful promoters, and adequate liquidity.

In addition, ratings consider KIMS' diversified service offerings across multiple specialties, which reduce dependence on single segment and strengthen its competitive positioning. The group's ability to integrate new hospitals and expand into adjacent geographies has further enhanced its scale. The promoters' long track record in the healthcare sector, supported by professional management practices and prudent financial policies, provides additional comfort.

However, ratings remain constrained by the geographical concentration of its hospital network and risks associated with operational ramp-up—particularly given the time and cost overruns already incurred in certain major projects. Profit before interest, lease rentals, depreciation, and tax (PBILDT) margins are expected to moderate in FY26, reflecting the impact of recently commissioned hospitals in Bengaluru, Thane, and Nashik, which are expected to break even only by FY27. Due to the ramp-up phase of these hospitals, the company's net debt to PBILDT ratio is expected to moderate by March 31, 2026. CareEdge Ratings notes the company's fund-raising plans aimed at reducing debt levels, which will remain a key rating monitorable.

CareEdge Ratings has consolidated the debt of all subsidiaries; however, debt at entities with which KIMS has entered operation and maintenance contract (O&M) contracts is not consolidated. Any significant liabilities arising from these O&M entities will therefore be closely monitored. In addition, the company faces inherent reputation risk given its presence in a highly competitive and tightly regulated industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in scale of operations, supported by contribution from newer hospitals and PBILDT margin above 25% on a sustained basis.
- Sustained improvement in occupancy levels to 70% (as a percentage of operating beds) and above, and sustained improvement in average revenue per occupied bed (ARPOB).
- Improvement in credit profile such that net debt/PBILDT goes below 1.50x.

Negative factors

- Weakening of credit profile such that its total debt/PBILDT levels goes beyond 3x in FY27.
- Significant and sustained decline in revenue or profitability.
- Underutilisation of the new facilities or failure to ramp up operations as envisaged.

Analytical approach: Consolidated

The financial and operational performance of KIMS, and its subsidiaries, is considered due to strong operational, financial, and managerial linkages among them. The subsidiaries hold strategic importance for KIMS, with a high degree of integration in day-to-day operations. CareEdge Ratings views the subsidiaries as strategic to KIMS due to their common line of business, shared management, and close operational alignment. Entities considered for consolidation have been listed under Annexure-6.

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

Outlook: Stable

The stable outlook reflects expectations that KIMS will continue to benefit from its established presence in the South Indian market, while the ramp-up of operations at newly commissioned hospitals is anticipated to drive revenue growth and support improved profitability over the medium term.

Detailed description of key rating drivers:

Key strengths

Resourceful and experienced promoters

KIMS was founded in 2004 by Dr. Bhaskara Rao Bollineni, a senior cardiothoracic surgeon with over 30 years of experience and 30,000+ surgeries performed. From its first hospital in Secunderabad, KIMS has expanded to 25 hospitals across five states with over 7,024 (including O&M), as of December 2025. Dr. Rao also contributed to the design of Andhra Pradesh's Arogyasri Scheme, improving healthcare access for economically weaker sections.

Dr. Abhinay Bollineni, Executive Director and CEO, leads operations, finance, and expansion, driving growth across Andhra Pradesh, Telangana, and into Maharashtra with hospitals in Nagpur and Nashik, and the acquisition of Sunshine Hospitals. The promoters combine medical expertise with operational and entrepreneurial skills, supported by a professional management team overseeing clusters in Karnataka, Kerala, and Maharashtra. KIMS follows an equity partnership model with physicians, aiding talent retention and faster break even. Promoters hold 34.11% stake in the company as on September 30, 2025.

Established market position and strong brand recall of KIMS in South India

KIMS operates 25 hospitals under its brand, with a strong presence in South India, particularly Telangana and Andhra Pradesh, and over two decades of experience in tertiary and quaternary care. The group benefits from a well-established brand and the deep healthcare expertise of its promoters. As of September 2025, KIMS has a bed capacity of 7,024 (including O&M), with its Secunderabad hospital among the largest single-location hospitals in India, housing 1,000 beds. In terms of specialty mix, cardiac sciences contribute ~17% of revenue, followed by orthopaedics (14%), neurosciences (11%), mother and child (10%), gastric sciences (9%), renal sciences (8%), oncology (6%), and other specialties.

The group has further expanded its footprint in Maharashtra by commissioning greenfield hospitals in Nashik (October 2024) and Thane (May 2025), while already having a presence in Nagpur since FY23. More recently, it entered an O&M agreement to operate a hospital in Sangli, Maharashtra, under which the company earns a fixed percentage of revenue share. Similarly, KIMS has entered an O&M arrangement for running a hospital in Guntur, Andhra Pradesh. KIMS has also expanded into Kerala by entering long-term lease agreements with two super-speciality hospitals in Kannur and Kollam, while two new hospitals in Bengaluru commenced operations in Q3FY26. In the current year, the company has secured additional O&M contracts in Hyderabad, Guntur, and Thrissur. These agreements expand its presence in the O&M segment, although operations under the contracts are yet to commence. These expansions enhance revenue diversification and reinforce KIMS's presence in South India.

Growing scale of operations with healthy profitability

KIMS reported 21% year-on-year revenue growth in FY25, reaching ₹3,035 crore, driven by bed additions, improved ARPOB, and sustained occupancy levels. During the year, the group added ~1,500 beds, including the commissioning of its 325-bed greenfield hospital in Nashik in October 2024. Additional capacity was also created through inorganic expansion across Andhra Pradesh (Guntur) and Kerala (Kannur and Kollam).

Operating margins remained stable at ~26% in FY25, aided by efficiency gains across existing facilities. However, margins are expected to moderate in FY26 due to recently commissioned hospitals in Thane, Bengaluru, and Nashik, which are expected to break even in FY27. Over the medium term, operating margins are anticipated to remain above 25%, supported by improved performance of existing hospitals, quicker ramp-up of new facilities, and continued improvement in ARPOB.

Comfortable despite moderated financial risk profile

KIMS' financial risk profile remains stable, supported by a net worth of ₹2,419 crore as on March 31, 2025. The company incurred capital expenditure of ~₹1,700 crore in FY25, primarily on greenfield hospitals in Thane and Bengaluru, and inorganic expansions. As a result, long-term debt increased to ₹1,776 crore (from ₹955 crore in FY24), while lease liabilities rose to ₹651 crore (from ₹309 crore). This brought total debt including leases to ₹2,557 crore, up from ₹1,355 crore in FY24. Consequently, overall gearing stood at 1.06x (vs. 0.64x in FY24) and net debt/PBILDT at 3.10x (vs. 1.90x in FY24).

For FY26-FY28, KIMS has planned investments of ~₹2,500 crore to add over 2,500 beds and establish oncology departments, funded through a mix of internal accruals and debt. Majority of this spend will occur in FY26, with long-term debt expected to peak in that year. Planned additions include 550 beds in Kondapur, 350 beds in Rajamundry, 50 beds in Ongole, and 250 beds in Anantapur.

Beyond these, the company is evaluating greenfield and brownfield opportunities in Maharashtra and has announced a ₹300 crore greenfield project in Chennai, to be executed over 36 months. In Kerala, KIMS already operates through KIMS Swastha and is expanding via the O&M model, including a new presence in Thrissur, with further O&M contracts under consideration. Following this capex cycle, no major new investments are planned, and the company's focus will shift to ramping up recently commissioned facilities. Debt levels are expected to gradually reduce from FY27, improving leverage and strengthening the balance sheet. CareEdge Ratings also notes the company's intent to raise funds with a portion of the proceeds earmarked for debt reduction. The progress of this capital raise and the resulting deleveraging will remain a key monitorable.

Key weaknesses

Risks associated with operational ramp-up

KIMS has undertaken five major projects in recent years, including two in Bengaluru, one in Thane, one in Nashik, and one in Visakhapatnam. The Thane hospital commenced operations in April 2025 and is expected to achieve break-even by end of FY26. In contrast, the Bengaluru projects witnessed cost overruns of ~50% due to scope revisions and additional bed capacity, with the Mahadevapura unit opening in September 2025 and the PES unit in December 2025. The Nashik hospital began operations in October 2024 after a six-month delay caused by regulatory approvals, while empanelment delays with insurance companies further impacted ramp-up. Similarly, the Srikakulam unit faced delays in completing its bed additions. While risks associated with project implementation and operational ramp-up persist—such as delays, cost overruns, and challenges in achieving occupancy—the strong brand equity of KIMS and the strategic location of its hospitals are expected to mitigate these risks and support a smoother transition to full-scale operations. CareEdge Ratings will continue to monitor these risks closely through the ramp-up phase, until the projects reach steady-state operations.

Geographical concentration risk

KIMS has historically relied heavily on its flagship Secunderabad hospital, which contributed the majority group revenue. With ongoing organic and inorganic expansion, this dependence has reduced meaningfully. However, over 90% of revenue continues to be generated from Telangana and Andhra Pradesh, leaving operations sensitive to regulatory changes in these states. Compared to peers, geographic diversification remains modest.

To mitigate this concentration, KIMS is actively working to diversify beyond the Telangana and Andhra Pradesh markets through expansion into Karnataka (Bengaluru), Maharashtra (Thane, Nashik, Nagpur, and Sangli), and Kerala (via O&M agreements). The Nashik hospital commenced operations in October 2024, followed by Thane in April 2025, and two Bengaluru hospitals in September and December 2025. The Sangli facility in Maharashtra was the latest addition through an O&M contract.

While these expansions mark progress toward diversification, the new markets are characterised by established competitors. The group's ability to ramp up occupancy and achieve scale in these locations will be critical to mitigating dependence on Telangana and Andhra Pradesh revenues and strengthening its overall risk profile.

Dependence on qualified medical professionals with presence in highly competitive and regulated industry

The 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. KIMS highly depends on these scarcely available qualified medical professionals. Healthcare sector is highly fragmented with few players in the organised sector. Barring a few, most organised sector players have one or two hospitals only. All these lead to high level of competition in the business. Healthcare sector is highly regulated and is governed by laws, such as Indian Medical Council Act 1956, The Clinical Establishments (registration and regulation) Act 2010, and Indian Medical Council Regulations 2002, among others. The company's ability to attract qualified professionals in the competitive environment and sustaining adverse regulations will be a key rating monitorable.

Susceptibility of reputation to treatment-related risk

Healthcare industry is sensitive to mishandling a case or negligence on part of doctor and /or staff of the unit, which can lead to distrust among masses. Thus, healthcare providers need to monitor each case diligently and maintain high standards of services to avoid occurrence of unforeseen incident. They also need to maintain high vigilance to avoid malpractice at cost.

Liquidity: Strong

KIMS's liquidity profile remains strong, underpinned by healthy cash accruals and modest debt obligations. In FY25, the company generated GCA of over ₹580 crore against scheduled debt repayments of ₹27 crore. Free cash and liquid assets stood at ₹120 crore as on September 30, 2025. Average working capital utilisation at a standalone level remained low at ~9% for 12 months ended September 2025.

The company has planned capital expenditure of ~₹2,500 crore over the medium term to add over 2,500 beds and establish oncology departments, funded through a mix of internal accruals and debt. As a result, total debt (including lease liabilities) is

expected to increase in FY26 due to ongoing expansion. However, KIMS has secured long-tenure loans, providing sufficient time for new facilities to ramp up and stabilise operations without straining liquidity.

The group's principal debt obligations (excluding lease liabilities) stand over ₹120 crore in FY26 and ~₹300 crore in FY27, which can be comfortably serviced from accruals. With expected accruals in the range of ₹600–800 crore in FY26 and FY27, CareEdge Ratings anticipates that the company will comfortably meet its debt obligations while maintaining a strong liquidity position.

Assumptions/Covenants: Not applicable

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 across hospitals and value chain partners. KIMS has continuously focused on mitigating its environmental and social risks.

Environmental

KIMS has reinforced its commitment to sustainability by adopting energy-efficient hospital infrastructure, biomedical waste management, and water conservation initiatives. The group has undertaken several steps to reduce its environmental footprint, including increasing reliance on renewable energy, enhancing water management practices, and lowering greenhouse gas (GHG) emissions. All KIMS hospitals comply with Biomedical Waste Management Rules and hold ISO 14001 certification, underscoring their adherence to environmental standards and sustainable operations.

Social

On the social front, KIMS prioritises affordable and accessible healthcare for diverse communities, aligning with its mission of "Affordable Quality Healthcare for All." The group invests in patient safety, clinical excellence, and community outreach programs, including health camps and awareness drives. Employee welfare is also a key focus, with structured training, equal opportunity policies, and workplace safety measures ensuring a supportive environment for staff and medical professionals.

Governance

KIMS maintains strong governance practices guided by transparency, compliance, and ethical standards. Policies on anti-corruption, data privacy, and stakeholder engagement reinforce accountability. The company's governance structure integrates ESG considerations into strategic decision-making, reflecting its long-term commitment to responsible growth. As on March 31, 2025, the board comprised nine directors, including three executive directors and six non-executive directors. Among the non-executive directors, five were independent and one was non-independent, ensuring a balanced mix of professionalism, knowledge, and experience.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Hospital](#)

[Financial Ratios – Non financial Sector](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare services	Hospital

Founded by Dr. Bhaskar Rao Bollineni, KIMS is a leading chain of multispecialty hospitals with a strong presence across Telangana and Andhra Pradesh, specialising in tertiary and quaternary healthcare services. Its flagship facility in Secunderabad is among the largest single-location hospitals in India, with a capacity of 1,000 beds and a wide array of specialties. Expanding across Andhra Pradesh, Telangana, Maharashtra, Kerala, and Karnataka, KIMS operates a network of 7,024 (including O&M) as of December 2025.

Brief Financials (₹ crore)- Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	2,498	3,035	1,832
PBILDT*	645	793	397
Profit after tax (PAT)	336	415	157
Overall gearing (x)	0.65	1.06	1.24
Interest coverage (x)	11.82	7.90	5.11

A: Audited UA: Unaudited; 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-Term Loan		-	-	31-03-2036	801.40	CARE AA; Stable
Fund-based - LT/ ST- Working Capital Limits		-	-	-	345.00	CARE AA; Stable / CARE A1+
Non-fund-based - LT/ ST-BG/LC		-	-	-	3.60	CARE AA; Stable / 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	801.40	CARE AA; Stable				
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	345.00	CARE AA; Stable / CARE A1+				
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	3.60	CARE AA; Stable / CARE A1+				

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-Working Capital Limits	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view 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	Arunodaya Hospitals Private Limited	Full	Subsidiary
2	KIMS Hospital Enterprises Private Limited	Full	Subsidiary
3	Iconkrishi Institute of Medical Sciences Private Limited	Full	Subsidiary
4	Saveera Institute of Medical Sciences Private Limited	Full	Subsidiary
5	KIMS Hospital Kurnool Private Limited	Full	Subsidiary
6	KIMS Hospitals Private Limited	Full	Subsidiary
7	KIMS Swastha Private Limited	Full	Subsidiary
8	KIMS Hospital Bengaluru Private Limited	Full	Subsidiary
9	Sarvejana Healthcare Private Limited	Full	Subsidiary
10	SPANV Medisearch Lifesciences Private Limited	Full	Subsidiary
11	KIMS Manavata Hospitals Private Limited	Full	Subsidiary
12	Meda Institute of Podiatry Private Limited	Full	Subsidiary
13	Chalasani Hospitals Private Limited	Full	Subsidiary
14	Kondapur Healthcare Limited	Proportionate	Associate
15	Insignia Healthcare Private Limited	Moderate	Operational Linkages
16	Ushahkal Abhinav Speciality Hospital LLP	Moderate	Operational Linkages

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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