GK Orthocity Private Limited

July 15, 2025

Ratings

Security/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	43.50	IVR BB/Stable (IVR Double B with Stable Outlook).	-	Rating Assigned	Simple
Short Term Bank Facilities	10.74	IVR A4 (IVR A Four)	-	Rating Assigned	Simple
Total	**54.24 (Rupees Fifty-four crore and twenty-four lakhs only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The rating assigned to the bank facilities of GK Orthocity Private Limited is supported by multiple credit strengths, including its well-developed infrastructure and association with experienced faculty and reputed doctors. The company is also positioned to benefit from the favorable growth prospects of the Indian healthcare industry, driven by rising demand, increasing awareness, and supportive government initiatives. Additionally, it maintains a comfortable capital structure. However, these rating strengths are offset by nascent stage of operations of the company which may limit its revenue visibility and scale in the near term. Also, the business is capital-intensive and exposed to regulatory changes and compliance risks. Additionally, reputational sensitivity and intense competition from established and emerging players pose challenges to the overall credit profile.

The outlook remains stable, supported by the extensive experience of the promoters, as well as the association with experienced faculty members and reputed doctors.

Key Rating Sensitivities:

Upward Factors:

- Substantial and sustained improvement in the revenue and/or EBITDA margin while maintaining the debt protection metrics.

Downward Factors:

- Any decline in revenue and/or EBITDA margin leading to deterioration in debt coverage indicators and/or any stretch in operating cycle impacting the liquidity position and capital structure.
- Any unplanned debt funded capex apart adversely impacting the capital structure.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Satisfactory infrastructure with association of experienced faculties and reputed doctors**

The company benefits from a strong pool of experienced medical professionals, which plays a vital role in strengthening its reputation and ensuring high standards of patient care and clinical training. It is supported by modern infrastructure equipped with the latest tools and technologies. The hospital features reputed doctors, advanced research laboratories, and well-trained staff. The hospital is currently overseen by Dr. Sandeep Kapoor, Chairman, who brings over four decades of experience in the field, managing day-to-day operations along with other senior personnel and a team of seasoned professionals.

- **Healthy growth prospects for Indian healthcare industry**

Healthcare has become one of India's largest sectors both in terms of revenue & employment. The industry is growing at a tremendous pace owing to its increasing outreach, better services and increasing expenditure by public as well private players. India’s hospital market, valued at US $98.98 billion in 2023, is projected to reach around US $107 billion in FY 2025 [FY refers to the period from April 1 to March 31], growing at 8% CAGR. Key drivers include rising lifestyle diseases, insurance coverage, and healthcare spending. Hospitals are expected to see 12–14% revenue growth, 4–6% Average Revenue Per Occupied Bed (ARPOB) increase, and stable margins of 22–23%. The government’s Rs. 36,000 crore allocation to the National Health Mission supports continued sector growth.

- **Comfortable capital structure**

The debt profile of the company comprises terms loans from banks and financial institutions, unsecured loans and working capital borrowings. The capital structure remained comfortable with long term debt equity ratio at 0.67x and overall gearing at 0.83x respectively as on March 31, 2025 (Prov.). The total indebtedness marked by TOL/TNW also stood comfortable at 0.91x as on March 31, 2025 (Prov.).

Key Rating Weaknesses

- **Nascent stage of operations**

The company has commenced its operation from July 2024, thereby it is in its nascent stage of operation. In its first nine months operation the company has achieved a topline of Rs.17.49 crore in FY2025 (Prov.) with EBITDA of Rs.2.65 crore in FY2025 (Prov.). In FY2024, the company incurred nominal profit of Rs. 0.02 crore primarily attributed to interest income, as operational activities had not commenced. During the initial nine months of operations in FY2025, the company incurred a loss of Rs. 3.40 crore though there was no cash loss and the company has achieved gross cash accruals of Rs.0.43 crore.

- **Capital intensive nature of industry**

The hospital and educational institution segment are capital intensive industry with a long gestation period. Generally, the payback period (PBP) for a new hospital is in the range of 5-6 years. Further, the maintenance capex required for the hospital industry also remains high owing to regular replacement of equipment to remain updated with the latest technology.

- **Susceptibility to regulatory risks**

The medical education sector is highly regulated and compliance with specific operational and infrastructure norms set by regulatory bodies are important. Thus, regular investment in the workforce and infrastructure is needed to conduct the operations efficiently.

- **Reputational risk coupled with exposure to intense competition**

All the healthcare providers need to monitor each case diligently and maintain high operating standard to avoid the occurrence of any unforeseen incident which can damage the reputation of the hospital to a large extent. The company is exposed to stiff competition from other established healthcare units in Odisha. The competition also affects the pricing flexibility of the trust.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Service Sector Companies.

Financial Ratios & Interpretation (Non-Financial Sector).

Criteria for assigning Rating outlook.

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate in the near term due to its comfortably matched expected gross cash accruals as compared to its debt repayment obligation. Moreover, the company is expecting to earn gross cash accruals in the range of Rs. 8.10 crore to Rs.10.00 crore as against the repayment obligations in the range of Rs.1.05 crore to Rs.2.88 crore during FY2026-28. The overall gearing of the company stood at 0.83x as on March 31, 2025 (Prov.), indicating a comfortable capital structure and providing adequate headroom.

About the company

GK Orthocity Private Limited, incorporated in March 2012, is engaged in healthcare services through its multi-specialty hospital, Healthcity Vistaar, in Lucknow. Though incorporated earlier, the company began operations in July 2024 (FY2025). The hospital was founded by a team of renowned doctors-Dr. Sandeep Kapoor, Dr. Sandeep Garg, Dr. Kulbhushan Jain, and Dr. Rajesh Arora-each with over 30 years of experience. It has a planned capacity of 300 beds and aims to offer state-of-the-art medical care.

Financials: Standalone

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	0.00	17.49
EBITDA	(0.23)	2.65
PAT	0.02	(3.40)
Total Debt	30.26	50.69
Adjusted Tangible Net Worth	58.20	61.03
EBITDA Margin (%)	-	15.17
PAT Margin (%)	-	(19.12)
Overall Gearing Ratio (x)	0.52	0.83
Interest Coverage (x)	-	1.04

* *Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					-	-	-
1.	Term Loan	Long Term	43.50*	IVR BB/Stable	-	-	-
2.	Bank Guarantee	Short Term	1.00	IVR A4	-	-	-
3.	Bank Overdraft	Short Term	9.74	IVR A4	-	-	-

**Rs. 40.94 crore is outstanding as on March 31, 2025*

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About Infomerics:

Infomerics Valuation And Rating Limited (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

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Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	November 2030	43.50*	IVR BB/Stable
Bank Guarantee	-	-	-	1.00	IVR A4
Bank Overdraft	-	-	-	9.74	IVR A4

**Rs. 40.94 crore is outstanding as on March 31, 2025*

Annexure 2: Facility wise lender details:

https://www.infomerics.com/admin/prfiles/Len-GK-Orthocity-15july25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.