# Sahyadri Hospitals Private Limited

July 18, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Issuer Rating | 0.00 | CARE A (RWD) | Placed on Rating Watch with Developing Implications |

Details of instruments/facilities in Annexure-1.

## Rationale and key rating drivers

The Issuer rating of Sahyadri Hospitals Private Limited (SHPL) has been placed on 'Rating Watch with Developing Implications (RWD)' following an announcement by Ontario Teachers' Pension Plan (OTPP) (SHPL's parent) that OTPP has reached an agreement to sell its majority stake in SHPL to Manipal Hospitals. CARE Ratings Limited (CareEdge Ratings) will continue to monitor the developments in relation to the transaction, including changes in shareholding, management structure, and operational integration and its impact on SHPL's operational and financial performance. CareEdge Ratings will take a view once more clarity on the above matters emerges.

The rating continues to derive strength from its established presence as a multi-specialty hospital chain, resourceful parent with professional management, and its growing scale of operations despite moderation in profitability. The rating also factors in its comfortable capital structure and debt protection metrics, and favourable long-term outlook for the healthcare sector in India.

However, the rating is constrained by geographic concentration, intense competition, exposure to project risk arising out of sizeable planned capital expenditure (capex) and regulatory risks.

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

### Positive factors

- Significantly improving occupancy rates across hospitals, leading to healthy growth in total operating income (TOI) while maintaining profit before interest, lease, depreciation and tax (PBILDT) margin above 22%.
- Geographically diversifying operations.

### Negative factors

- Changing support philosophy of OTPP, SHPL's ultimate parent.
- Declining PBILDT margin below 15% impacting cash accruals on a sustained basis.
- Deteriorating capital structure, marked by an overall gearing of over 0.50x on a sustained basis.
- Large-sized debt-funded capex or acquisition leading to net debt/PBILDT of over 2x.

## Analytical approach: Consolidated

CareEdge Ratings has taken a consolidated view of the parent (SHPL) and its subsidiaries (list mentioned in Annexure-6) owing to significant business, operational, and financial linkages between these entities.

## Outlook: Stable

The stable outlook reflects the hospital's ability to sustain its operational performance in the medium term by way of expansion and upgradation of hospital capacities and continued benefit from strong parentage.

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

## Detailed description of key rating drivers:

### Key strengths

**Established presence as a multi-specialty hospital chain**

SHPL started its first flagship hospital, "Sahyadri Hospital-Deccan Gymkhana", in 2004 and since then has established itself as a strong player in Pune and nearby regions. As on March 31, 2024, SHPL operated nine hospitals in Pune, Nashik, and Karad, with 970 operational beds. SHPL's hospitals and laboratory have received accreditations from organisations such as the National Accreditation Board for Hospitals & Healthcare Providers (NABH) and the National Accreditation Board for Testing and Calibration Laboratories (NABL). SHPL offers a range of medical and surgical care in almost all major therapeutic segments, including cardiology, transplants, neurology, gastroenterology, orthopaedics, critical care, and mother and child care among others. SHPL is empanelled with government schemes such as central government health scheme (CGHS) Ayushman Bharat Yojana, and Mahatma Jyotirao Phule Jan Arogya Yojana among others. CareEdge Ratings observes, in the last two years, SHPL has invested in expanding its capacity and upgradation of facilities with latest equipment, supporting its growth, which is expected to continue in medium term.

**Resourceful parent, which is planning to sell its majority stake in SHPL**

OTPP is the ultimate parent of SHPL, which is a global investor with net assets of C$266.3 billion as on December 31, 2024. OTPP invests in over 50 countries in different asset classes, including equities, real estate, infrastructure, and venture growth. OTPP has invested ~₹275 crore by way of fresh equity infusion post acquiring the stake in SHPL and intends to extend additional funding support per requirement for organic and inorganic growth.

The fund has employed a professional management team and has representatives on SHPL's board. Abrarali Dalal, CEO and Director, was previously associated with Rainbow Children's Hospitals as Group COO. Rahul Mukim, Director, holds a BE in Computer Engineering and an MBA from IIM Lucknow. With over 16 years of total experience, he is also a Director in the Private Capital team at OTPP.

Per the announcement dated July 9, 2025, OTPP has reached an agreement to sell its majority stake in SHPL to Manipal Hospitals. CareEdge Ratings will continue to monitor the developments in relation to the transaction including changes in shareholding, management structure and operational integration and its impact on SHPL's operational and financial performance.

CareEdge Ratings notes that Manipal Group has presence in multiple sectors, including education and healthcare sectors. Manipal Health Enterprises Private Limited (MHEPL) takes care of the group's hospital segment. On a consolidated level, MHEPL operates a network of 37 multi-specialty hospitals across India, with ~10,500 operating beds (both owned and managed), offering comprehensive healthcare services across numerous specialties.

**Growing scale operations despite moderation in profitability**

TOI increased from ₹542.43 crore in FY21 (refers to April 1 to March 31) to ₹813.64 crore in FY24 led by increase in number of available beds, improvement in average revenue per occupied bed (ARBOP), and increase in number of outpatients.

SHPL derives major proportion of its TOI from 'Medical Services' segment, where it offers a range of medical and surgical care services, with no single specialty accounting for over 20% of TOI. Additionally, SHPL generates revenue from laboratory and owned pharmacies.

After maintaining PBILDT margin of more than 20% over FY21-FY23, profitability moderated in FY24, mainly due to higher consultation fees payments to doctors and change in the mix of procedures performed. The profit after tax (PAT) margin remained steady at 10.67% in FY24 (PY: 9.14%). SHPL's profitability is likely to improve gradually over the medium term, supported by benefits derived from technological advancements and introduction of high-end procedures.

### Comfortable capital structure and debt protection metrics

SHPL has reduced its debt levels significantly in the last five years ended FY24. The total debt as on March 31, 2024, comprised term loans of ₹16.11 crore and lease liability of ₹254.85 crore. The company has no plans to raise new debt in the near to medium term, given SHPL's strong cash flow generation ability.

The company's capital structure remained comfortable as reflected by overall gearing of 0.33x as on March 31, 2024 (0.31x as on March 31, 2023) and the same is expected to improve further due to scheduled repayment of term debt obligations and accretion to reserves. The debt protection metrics such as total debt to gross cash accruals (TDGCA) and interest coverage ratio also remained comfortable at 1.87x and 5.32x, respectively, for FY24 (PY: 1.91x and 5.13x, respectively).

### Favourable long-term outlook for healthcare sector in India

The Indian hospital industry is currently undergoing a profound transformation and experiencing remarkable growth. In FY23, it witnessed substantial mid-teen revenue growth, driven by several factors including expansion in average revenue per occupied bed (ARPOB), amplified occupancy rates, augmented operational bed capacity, and a reduction in the average length of patient stays (ALOS). Despite pre-pandemic comparisons, the industry maintained robust operating margins, attributed to increased ARPOB, higher surgical volumes, an improved payor mix, and sustained advantages derived from cost-optimisation strategies implemented in the pandemic. CareEdge Ratings anticipates that several factors such as the increasing healthcare awareness, the surge in lifestyle diseases, a growing elderly population, the expansion of health insurance coverage, improved disposable income, augmented public expenditure on healthcare, and rise in medical tourism will collectively contribute to the industry's growth. The healthcare industry is extending services of e-consultations and other home-care services that will also support their revenues. With hospital chains foraying into retail pharmacies, diagnostics, clinics, and specialty clinic chains, the sector is witnessing integration and retail across.

## Key weaknesses

### Geographic concentration and intense competition

While SHPL has gradually expanded into other cities such as Karad and Nashik, revenue profile remains concentrated as majority revenue is derived from its Pune-based hospitals exposing its operations to region-specific risks. Its occupancy levels have remained moderate and range-bound between 55% and 66% over FY21 to FY24.

Hospitals depend on these scarcely available qualified medical professionals. Intense competition also impacts SHPL's ability to attract and retain qualified medical professionals such as doctors, paramedical staff, and support staff.

### Project risk arising out of sizeable planned capex

The company plans to undertake capex with total expected outlay between ₹500 crore and ₹650 crore towards addition of over 250 beds and technological advancements over the next three years at different locations in Maharashtra. This large capex will primarily be funded by operating cash flow and surplus liquidity. The company also plans to opt for inorganic growth to expand reach in other parts of Maharashtra, which will further add to bed capacity. Currently, the plans are at drawing board stage.

Successful completion of the capex within the defined timelines, stabilisation, and quick ramp-up of operations from the new capacities remain critical for maintaining operating performance.

**Exposure to regulatory risks**

SHPL operates in a regulated industry which has witnessed regulatory interventions at regular intervals. Given the significance of healthcare facilities, the Government of India (GoI) has undertaken measures to enhance the affordability and accessibility of healthcare services nationwide. This includes imposing price controls on pharmaceutical companies, medical equipment manufacturers, and hospital services. Additionally, several state governments have enacted the Clinical Practice Establishment Act, enforcing accountability in hospital pricing for patient services and introducing penalties for non-compliance. Any such future regulation might have an adverse impact on the company's profitability and thus would remain a key monitorable.

The healthcare sector is notably sensitive, where mistake in a critical case or negligence by medical professionals can severely damage public trust. It is crucial for healthcare providers to diligently and meticulously oversee each case to prevent incidents that could negatively impact their reputation.

**Liquidity**: Strong

The company's liquidity profile is strong as reflected by minimal scheduled debt repayment against projected GCA in FY25. SHPL's CFO has remained strong, as incremental working capital requirements are minimal. The company had free cash and bank balance to the tune of ₹209 crore and investment in liquid mutual funds to the tune of ₹148 crore as on March 31, 2024. While the available free cash and investments will be utilised for the sizeable planned capex, SHPL's healthy cash flow generation ability, and parent's intent to infuse additional funds on need basis supports the liquidity.

**Assumptions/Covenants:** Not applicable

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

## Applicable criteria

Consolidation
Definition of Default
Issuer Rating
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Hospital
Manufacturing Companies
Financial Ratios – Non financial Sector

## About the company and industry

## Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|---|---|---|---|
| Healthcare | Healthcare | Healthcare services | Hospital |

SHPL (formerly known as Sahyadri Hospitals Limited) was incorporated in 1996 by Dr Charudutt Apte, a renowned Neurosurgeon. In FY20, Everstone Group acquired a controlling stake in the company, which was subsequently taken over by Canada-based pension fund, OTPP. As on March 31, 2024, OTPP owns 98.90% of SHPL. As on March 31, 2024, SHPL and its subsidiaries operated nine hospitals with 970 operational beds in Pune, Nashik, and Karad regions of Maharashtra. Out of total hospitals, SHPL owns three hospitals, three are under long-term lease arrangements, two are under short-term lease, and one flagship hospital is under operation and maintenance (O&M) arrangement.

| Brief Financials (₹ crore) (Consolidated) | March 31, 2023 (A) | March 31, 2024 (A) |
|---|---|---|
| Total operating income | 748.09 | 813.64 |
| PBILDT | 150.45 | 144.34 |
| PAT | 68.40 | 86.81 |

| | | |
|---|---|---|
| Overall gearing (times) | 0.31 | 0.33 |
| Interest coverage (times) | 5.13 | 5.32 |

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

| Brief Financials (₹ crore) (Standalone) | March 31, 2023 (A) | March 31, 2024 (A) |
|---|---|---|
| Total operating income | 653.22 | 717.61 |
| PBILDT | 120.67 | 122.83 |
| PAT | 55.61 | 26.24 |
| Overall gearing (times) | 0.27 | 0.33 |
| Interest coverage (times) | 4.60 | 4.96 |

A: Audited; 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 |
|---|---|---|---|---|---|---|
| Issuer rating-Issuer ratings | | - | - | - | 0.00 | CARE A (RWD) |

## 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 | Issuer rating-Issuer ratings | LT | 0.00 | CARE A (RWD) | - | 1)CARE A; Stable (31-Jul-24) | - | - |

LT: Long term

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

**Annexure-4: Complexity level of instruments rated:** Not applicable

## 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 | Sahyadri Karad Hospitals Private Limited | Full consolidation | Subsidiary |
| 2 | Surya Hospitals Private Limited | Full consolidation | Subsidiary |
| 3 | Kokan Mitra Mandal Medical Trust (KMMMT)* | Full consolidation | Subsidiary |

*The entity receives variable returns from SHPL and SHPL has the ability to affect those returns resulting in existence of control and hence classified as a 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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**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



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