

Shiva & Shiva Orthopaedic Hospital Private limited

April 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	270.00	CARE BBB; Negative	Reaffirmed; Outlook revised from Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in the Outlook from Stable to Negative assigned to bank facilities of Shiva & Shiva Orthopaedic Hospital Private Limited (Sparsh) factors in likelihood of deterioration in liquidity in case of longer-than-envisaged time taken by the company to stabilise operations of its recently commenced hospitals at Sarjapura Road and Hennur Road in Bengaluru, which has led to the company incurring a net loss in 9MFY26. These losses have been largely funded through additional debt availed by the company. The upcoming optionally convertible debenture (OCD) maturity is expected to be fully refinanced through term debt. Hence, the company's overall debt levels are estimated to be over 30% higher by March 31, 2027, compared to earlier expectations. In view of the increased debt repayment obligations, improvement in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins per projections remains imperative for the company.

However, the rating continues to factor in the company's long track record of operations in managing several hospitals, which has created brand recall of 'SPARSH' hospitals, especially in Bengaluru. In past 3-4 years, the company has expanded its operations aggressively and operates 1,150 beds as on December 31, 2025, of which 1,050 beds are in Bengaluru, making it one of the largest hospital chains in the city. Its hospitals are spread across the city creating its brand recall which is evidenced from increasing footfalls. However, hospitals have inherently longer gestation period and therefore Sparsh has modest operating margins as most of the hospitals are in early stages of hospital. While the company was able to improve operating margins to 8.5% in FY25, it is likely to be below 4% for FY26 due to higher losses reported in Sarjapura and Hennur Road units. Timely refinancing of OCD payment would also be closely monitored by CARE Ratings Limited (CareEdge Ratings) as the company's own internal accruals would be insufficient to repay the same.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in profit before interest, depreciation, and tax (PBIDT) margins to above 10%, providing visibility of total debt (TD)/PBDIT of less than 4.5x by March 31, 2027.

Negative factors

- TD/PBIDT sustaining over 5.5x by March 31, 2027.

Analytical approach: Standalone

Outlook: Negative

Negative outlook reflects CareEdge Ratings' expectation that the company's liquidity could come under pressure if the stabilisation of its recently commissioned hospitals at Sarjapura Road and Hennur Road in Bengaluru takes longer than envisaged, which could also lead to elevated coverage indicators. The Outlook could be revised to 'Stable' if the company is able to achieve envisaged operating profitability easing out liquidity pressure.

Detailed description of key rating drivers:

Key strengths

Rich industry experience of the promoter

Sparsh was incorporated in 2003 and commenced operations in 2006 as an 80-bed hospital in Bengaluru by Dr Sharan S Patil, an orthopaedic surgeon with nearly two decades' experience in India and England. Dr Patil commands an impeccable reputation in his field and has overseen complex surgeries in paediatric orthopaedics, joint replacement, and complex trauma. Started as an orthopaedic specialty hospital, the company, over the years, has diversified into multi-specialty and geography, though it has remained concentrated in Karnataka.

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

One of the largest hospital chains in Bengaluru

With operationalisation of Sarjapura Road and Hennur Road hospitals, Sparsh currently operates 1,050 beds in Bengaluru, which marks it as one of the largest hospital chains in Bengaluru. Moreover, its hospitals are well spread across Bengaluru, supporting patient acquisition and attracting medical professionals. The same is also evidenced from growing OP and IP numbers at its hospitals.

Stable operational performance in existing hospitals, though relatively lower occupancy levels

The total operating income (TOI) of Sparsh has improved by 39% in FY25 and is likely to grow by 20-25% in FY26, aided by the addition of the Hennur Road hospital and Sarjapura hospital and improved revenues from other departments of the remaining hospitals. The occupancy levels continue to remain in the range of 35-40%. The company does not rely on government schemes-related businesses, which leads to lower occupancy. The company's average length of stay (ALOS) is expected to remain within the range of 3.15 – 3.20. Going forward, occupancy levels will be driven by Sparsh's ability to attract reputed doctors' talent pool aided by geographically well spread in Bengaluru. Consistent addition of new specialties and continuous price hikes will also improve its average revenue per occupied bed (ARPOB).

Key weaknesses**Loss expected in FY26**

Hospitals are inherently exposed to long gestation periods. While the Yelahanka unit, which commenced operations in January 2024, has turned profitable, the Sarjapura Road and Hennur Road units—commissioned in September 2025 and May 2025, respectively—have not witnessed the envisaged ramp up in operations due to delays in receipt of certain regulatory approvals. This has resulted in the company incurring a net loss in 9MFY26, and it is expected to report a net loss in FY26. Accordingly, the company's operating margins, which have remained modest historically, improved from 5.04% in FY24 to 8.54% in FY25 but are expected to decline to below 4% in FY26.

However, CareEdge Ratings notes a month-on-month reduction in losses at the Sarjapura Road and Hennur Road units, with the Hennur Road hospital likely to achieve breakeven in short term. Both units are strategically located within Bengaluru, and CareEdge Ratings believes that they are well placed to ramp up operations once the initial teething issues are resolved. With debt repayments set to increase from FY27 onwards, timely achievement of the envisaged profitability levels remains critical to sustain adequate debt servicing coverage indicators.

Rise in debt levels

Due to lower-than-envisaged profitability, the company has availed additional term debt to fund the losses. The company now plans to fully refinance the upcoming OCD payment through debt, against its earlier strategy of largely repaying the same through internal accruals. per CareEdge Ratings' estimates, the company's overall debt levels are expected to be ~30% higher by March 31, 2027, compared to earlier estimates. Consequently, the capital structure, as reflected by overall gearing, is estimated to remain elevated at above 2.0x in the near to medium term, against 0.92x as on March 31, 2025.

Exposure to regulatory risk and competition from other hospital chains

With rising preference towards brands, higher quality and organised diagnostics and self-awareness among masses with increasing insurance penetration, there is a high competition in the healthcare sector from other established brands. The company operates in a regulated industry that has continuous regulatory intervention in the last couple of years. Regulations such as restrictive pricing regulations instated by central and state governments and stricter compliance norms can have adverse impact on the company's margins.

Liquidity: Stretched

The company's liquidity profile has stretched due to moderation in profitability, which has led to an increase in debt levels. Any further delay in improvement in profitability could result in lower cash accruals, impacting the company's coverage and liquidity metrics. However, the company continues to have access to liquidity in the form of working capital limits and had an unutilised balance of ₹10.3 crore as on December 31, 2025.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Hospital](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare services	Hospital

Sparsh was incorporated by renowned orthopaedic surgeon Dr Sharan S Patil, who and his wife holds 100% stake in the company. The company started its operations with commencement of its flagship hospital at Healthy City, Bengaluru in 2006 (and sold off in FY23). Over the years, the company has expanded its asset base. Presently, the company operates seven multi-specialty hospitals in Karnataka – five in Bengaluru and one in Davangere. The company operates its network of hospitals under brand name 'Sparsh'.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total operating income	401.02	557.82	556.67
PBILDT*	20.23	47.62	16.06
Profit after tax (PAT)	1.39	8.01	-35.32
Overall gearing (x)	0.72	0.92	NA
Interest coverage (x)	2.02	4.06	1.43

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	45.00	CARE BBB; Negative
Fund-based - LT-Term Loan	-	-	-	December 2035	225.00	CARE BBB; Negative

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 (06-Feb-23)
2	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (06-Feb-23)
3	Fund-based - LT-Term Loan	LT	225.00	CARE BBB; Negative	1)CARE BBB; Stable (02-Apr-25)	-	-	-
4	Fund-based - LT-Cash Credit	LT	45.00	CARE BBB; Negative	1)CARE BBB; Stable (02-Apr-25)	-	-	-

LT: Long 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender detailsTo 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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