

February 06, 2026

Sagar Services & Resources Private Limited: Long-term rating reaffirmed; short-term rating assigned; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term-Fund-based-Term loan	98.50	99.95	[ICRA]BBB+(CE) (Stable); reaffirmed/assigned for enhanced amount
Long-term-Fund-based-Cash credit	11.00	20.00	[ICRA]BBB+(CE) (Stable); reaffirmed/assigned for enhanced amount
Short-term-Non-fund based-Others	0.00	9.65	[ICRA]A3(CE); assigned
Total	109.50	129.60	

Rating Without Explicit Credit Enhancement

[ICRA]BBB

*Instrument details are provided in Annexure I

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

Rationale

The ratings are based on the strength of the corporate guarantee provided by Sagar Manufacturers Private Limited (SMPL), the parent, for the rated facilities. The ratings draw comfort from Sagar Services & Resources Private Limited's (SSRPL) strong parentage, as it is a subsidiary of SMPL with ratings outstanding of [ICRA]A-(Stable)/[ICRA]A2+ as on February 05, 2026. The Stable outlook on this rating reflects ICRA's outlook on the rating of the guarantor, SMPL.

The company commenced full-fledged operations of its hospital in January 2024. The company phased its staff hiring in alignment with the rollout of new services, enabling it to achieve breakeven at the EBITDA level in FY2024, despite being operational for three months. The operating performance of the hospital has been healthy, with an occupancy level of 30% in FY2025 and H1 FY2026. A ramp up in occupancy and healthy ARPOB (average revenue per occupied bed), with the resultant benefit of operating leverage, led to SSRPL recording revenues of Rs. 55.1 crore in first full year of operation in FY2025 with an OPM of 14.5%. Subsequently, the company has recorded revenues of Rs. 75 crore in 9M FY2026 with further ramp up in occupancy.

Adequacy of credit enhancement

The rating of the instrument is based on the explicit credit enhancement approach. The guarantee, along with the addendum, is legally enforceable, irrevocable and unconditional, covers the entire amount and tenure of the rated instrument and has a well-defined invocation and payment mechanism. Given these attributes, the guarantee provided by SMPL is adequately strong enough to result in an enhancement in the rating of the said instrument to [ICRA]BBB+ (CE) against the rating of [ICRA]BBB without the explicit credit enhancement. If the ratings of the guarantor change in the future, the same would be reflected in the rating of the aforesaid instrument as well. The rating of this instrument may also change if, in ICRA's assessment, there is a change in the strength of the business or financial linkages between the guarantor and the rated entity,

or a change in the reputation sensitivity of the guarantor to a default by the rated entity, or even a change in the strategic importance of the rated entity for the guarantor.

Salient covenants of the rated facility

- Company to explore 50% cash sweep over and above the cash accruals required for DSCR of 1.50 times for early repayment of term loan.
- Company shall keep the bank informed of any event likely to have a substantial effect on the profit or business
- Effect any change in the borrower's capital structure where the shareholding of the existing promoter(s) gets diluted below current level or leads to dilution in controlling stake for any reason (whichever is lower), post permission from the bank

Key rating drivers and their description

Credit strengths

Strong parentage of SMPL – The company is a subsidiary of SMPL, which is an established company involved in cotton and polycotton yarn spinning and knitting. Besides equity infusion for hospital construction, SMPL is expected to extend financial support to SSRPL, if required.

Favourable location expected to support occupancies – The hospital has been set up at an advantageous location and in proximity to the Bhopal railway station and city bus stand, which will support its occupancy rates. In its first full year of operations, the company recorded occupancy of 30% in FY2025 and H1 FY2026.

Healthy demand outlook for healthcare services, supported by increasing population and per-capita income – India remains an under-invested and under-penetrated market, with the private sector hospitals occupying over 70% of the market share. On the supply side, India has a significant hospital bed shortage and Government investments in the same are limited. This provides private-sector players the opportunity to consolidate their positions. The demand outlook for healthcare services is positive, given the underlying fundamentals, including an ageing population, increasing health insurance penetration, rising incidence of lifestyle diseases, higher disposable income, increasing healthcare awareness and robust growth in medical tourism.

Credit challenges

Nascent stage of operations – ICRA notes the early stage of operations of SSRPL, which started in January 2024. Despite being operational for three months in FY2024, it reported revenues of Rs. 12.7 crore in FY2024 with an operating profit of Rs. 1.1 crore. FY2025 was the first full year of operations, and the company recorded revenue of Rs. 55.1 crore with an operating profit of Rs. 8.0 crore and OPBDITA margin of 14.5% in FY2025. With ramp up in operations, the benefit of operating leverage led to improvement in OPM. The company has recorded revenues of Rs. 75 crore in 9M FY2026 and it envisages around Rs. 100 crore of revenues in FY2026.

With gradual increment in occupancy in the medium to long term, the company's operations are expected to report steady scale up of operations and earnings. Moreover, ARPOB is expected to improve consistently over the years with established brand presence and favourable characteristics of the healthcare market of Bhopal. Additionally, the company continues to add various departments/services like it launched its infertility centre in December 2025, which is gaining strong traction.

Leveraged capital structure and weak debt coverage indicators; expected to remain range-bound in FY2026 due to higher debt levels – The company's debt levels are high, characterised by term loans of Rs. 96.9 crore and unsecured loan from the holding company (SMPL) of Rs. 16.9 crore, which was utilised for construction of the hospital and working capital borrowing of Rs. 11.0 crore as on March 31, 2025. With steady scale-up of operations and timely debt repayment, the debt levels are likely to decrease, which would improve the debt coverage indicators in the medium-to-long term. This will remain a key monitorable.

Single-asset concentration risk, recent venture in the healthcare industry – The company is dependent on the performance of a single hospital, resulting in significant asset concentration risk. Further, the promoter’s lack of experience in the healthcare and hospital business exposes the company to operational risks.

Liquidity position: Adequate

SMPL: Adequate

SMPL’s liquidity position is adequate, supported by healthy cash flow from operations and operationalisation of the hospital. Besides, the liquidity position is supported by long residual tenure of loans of seven years. SMPL’s average utilisation of the sanctioned Rs. 289-crore working capital limits stood at 87% in last 13 months ended on December 31, 2025. The company’s sanctioned working capital limits increased to Rs. 329 crore in December 2025 to meet the incremental working capital requirements for the new plant, which provides adequate buffer. It also has a bill discounting limit of Rs. 368 crore wherein the average utilisation is around 23% during the last 13 months ended on December 31, 2025. There are no major capex plans for FY2027. The cash generation from the business is likely to remain sufficient against debt repayments of Rs. 79.1 crore in FY2026 and Rs. 70.5 crore in FY2027 at group level.

SSRPL: Stretched

The company commenced full-fledged commercial operations in January 2024. SSRPL’s liquidity position is stretched, as reflected in its low cash and bank balances of Rs. 0.2 crore as on September 30, 2025. Against this, the company has repayment obligation of Rs. 4.8 crore and Rs. 6.00 crore in FY2026 and FY2027, respectively. While the company does not have plans to incur any sizeable capex in the near-to-medium term, its modest scale of operations, near full utilisation of working capital limits and debt repayment obligations of Rs. 6-9 crore in FY2027 and FY2028 are likely to put pressure on the liquidity position. ICRA, however, draws comfort from the need-based funding support expected to be provided by SMPL.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if there is an improvement in the overall credit profile of the guarantor, SMPL. Further, SSRPL’s rating (without explicit credit enhancement) could be upgraded if there is a steady scale-up and sustained improvement in earnings, resulting in healthy credit metrics and liquidity position.

Negative factors – Weakening of the credit profile of the guarantor, SMPL, or weakening of financial linkages with the guarantor could lead to a rating downgrade. Also, pressure on SSRPL’s rating (without explicit credit enhancement) could arise in case of delayed scale-up in operations, leading to a deterioration in credit metrics and liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hospitals
Parent/Group support	The ratings are based on both explicit and implicit support (financial) from SMPL (parent)
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of SSRPL

About the company

Sagar Services & Resources Private Limited (SSRPL), a subsidiary of Sagar Manufacturer Pvt Ltd (SMPL), has set up a 300-bed super multi-specialty hospital under the name "Sagar Multispecialty Hospital (SMH)" on Hoshangabad Road in Bhopal. The hospital has started full-fledged operations in January 2024, and the total capacity is fully operational from December 2025.

Key financial indicators (audited)

SSRPL	FY2024	FY2025
Operating income	12.7	55.1
PAT	-5.3	-9.0
OPBDIT/OI	8.7%	14.5%
PAT/OI	-41.8%	-16.3%
Total outside liabilities/Tangible net worth (times)	2.7	4.1
Total debt/OPBDIT (times)	94.3	15.6
Interest coverage (times)	0.3	0.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	Feb 06,2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based-Cash credit	Long-term	20.00	[ICRA]BBB+(CE) (Stable)	Feb 07, 2025	[ICRA]BBB+(CE) (Stable)	Jan 29, 2024	[ICRA]BBB+(CE) (Stable)	-	-
Fund-based-Term loan	Long-term	99.95	[ICRA]BBB+(CE) (Stable)	Feb 07, 2025	[ICRA]BBB+(CE) (Stable)	Dec 07, 2023	[ICRA]BBB+(CE) (Stable)	Jul 01, 2022	Provisional [ICRA]BBB+(CE) (Stable)
				-	-	Jan 29, 2024	[ICRA]BBB+(CE) (Stable)	Oct 07, 2022	[ICRA]BBB+(CE) (Stable)
Non-fund based-Others	Short-term	9.65	[ICRA]A3(CE)	-	-	-	-	-	-
Fund-based-Others	Long-term/short-term			-	-	-	-	Jul 01, 2022	Provisional [ICRA]BBB+(CE) (Stable)/ Provisional [ICRA]A2+(CE)
				-	-	-	-	Oct 07, 2022	Provisional [ICRA]BBB+(CE) (Stable)/ Provisional [ICRA]A2+(CE); withdrawn

Complexity level of the rated instrument

Instrument	Complexity indicator
Long-term fund-based – Term loan	Simple
Long-term-Fund-based-Cash credit	Simple
Short-term-Non-fund based-Others	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	FY2023	8.5%	FY2033	99.95	[ICRA]BBB+(CE)(Stable)
NA	Cash credit	FY2024	10.45%	NA	20.00	[ICRA]BBB+(CE)(Stable)
NA	Non-fund based	NA	NA	NA	9.65	[ICRA]A3(CE)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis - Not Applicable

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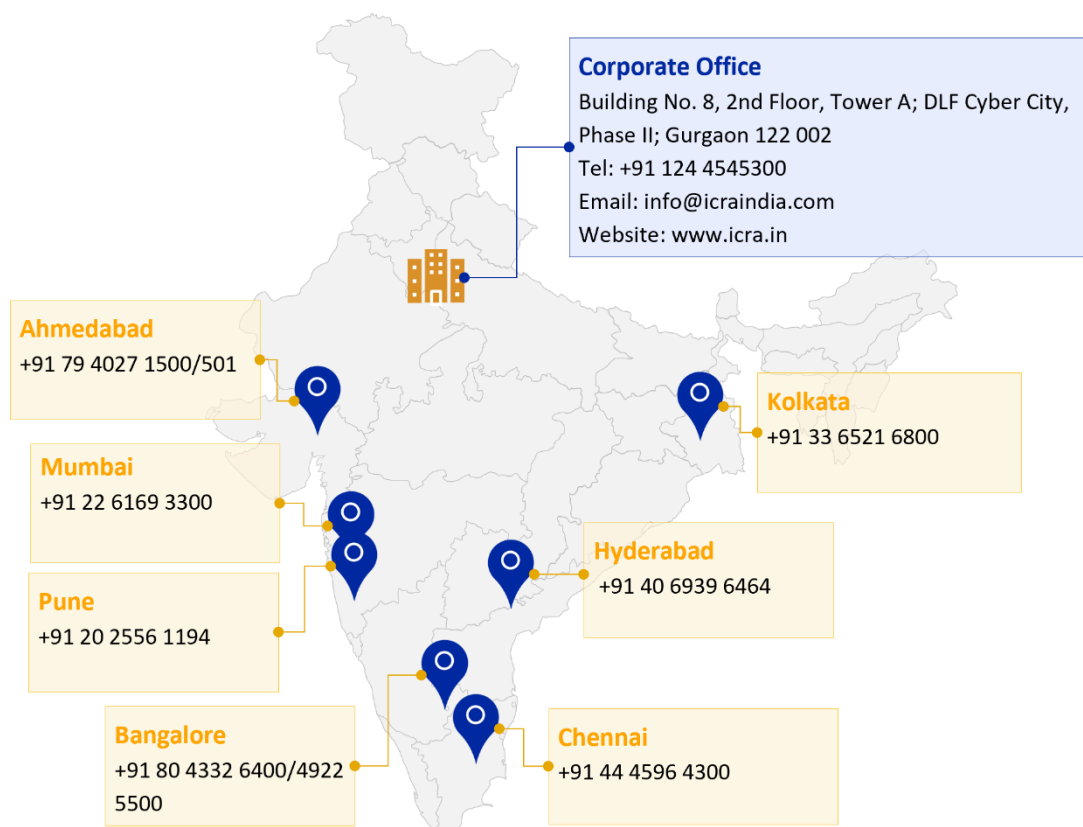
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