

# Indian Hospital Industry

**Industry to continue to witness robust performance in FY2026 and FY2027; outlook revised to Positive**

**July 2025**





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*The business outlook for the Indian hospital industry has been revised to Positive from Stable, reflecting expectations of continued robust operating metrics supported by strong structural tailwinds.*

*Despite sizeable greenfield and brownfield expansions planned across metros, tier-II and tier-III cities, the credit profile of ICRA's sample set companies is anticipated to remain healthy given the strong accrual expectations.*



- **ICRA has revised its outlook on the Indian hospital industry to Positive**, reflecting expectations of sustained strong operating performance over the next 12 months. This is supported by structural tailwinds such as continued market share gains for organized players, rising insurance penetration and increasing incidence of non-communicable diseases.



- **ICRA's sample set<sup>1</sup> of hospital companies is expected to witness robust revenue growth of 16-18% in FY2026**, supported by continued healthy occupancy and healthy average revenue per occupied bed (ARPOB). Further, continued benefits from cost optimisation measures will support healthy operating profit margin (OPM) of 22-24% in FY2026 in line with OPM of 23.6% in FY2025.



- **Aggregate occupancy for ICRA's sample set of companies is estimated to remain healthy at 62-64% in FY2026**, in line with 63.5% in FY2025, supported by continued buoyant demand for healthcare services.



- **The ARPOB growth for ICRA's sample set is projected to range between 6-8% in FY2026**, post a robust 11% and 7% increase in ARPOB in FY2024 and FY2025, respectively, given the large base in addition to expansion in tier-II and tier-III cities wherein ARPOB is lower than that in metros.



- **Several companies in the sample set have announced sizeable acquisition, expansion and upgradation/ refurbishment plans** over the next four to five years. They are expected to add over 9,900 beds and 4,500 beds in FY2026 and FY2027, respectively, at a cumulative investments of Rs. 30,000-32,000 crore.



- Despite the sizeable ongoing capex, **the total debt/OPBDITA for ICRA's sample set companies is likely to rise** but remain healthy at 2.4-2.6x as on March 31, 2026, and the return on capital employed (RoCE) will remain at 14-16% in FY2026, despite sizeable ongoing capex.

<sup>1</sup> ICRA's sample set includes the hospital business of eleven listed and two unlisted companies, Apollo Hospitals Enterprise Limited, Aster DM Healthcare Limited, Fortis Healthcare Limited, Global Health Limited, Healthcare Global Enterprises Limited, Jupiter Life Line Hospitals, Krishna Institute of Medical Sciences Limited, Manipal Health Enterprises Pvt Limited, Max Healthcare Institute Limited, Narayana Hrudayalaya Limited, Quality Care India Limited, Rainbow Children's Medicare Limited and Shalby Limited.

## 1 Key Industry Trends



## 2 Industry Outlook – Positive



## 3 Growth Drivers and Challenges



## 4 ICRA Ratings in Hospital Industry





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