

January 19, 2026

Meridian Medical Research and Hospital Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund-based – Term loan	62.00	62.00	[ICRA]AA (Stable); reaffirmed
Short term – Non-fund based	10.00	10.00	[ICRA]A1+; reaffirmed
Short term – Fund based	5.00	5.00	[ICRA]A1+; reaffirmed
Total	77.00	77.00	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation continues to consider Narayana Hrudayalaya Limited's (NHL/the Group) established position in the healthcare sector and the significant brand equity of the 'Narayana Health' brand. The ratings also derive comfort from the geographically diversified presence of the Group across India, as well as its diversified operational specialities including cardiac care, renal sciences, oncology, neurosciences, orthopaedics, and gastroenterology. The ratings continue to consider the favourable demand outlook for healthcare services in the country.

ICRA has also factored in NHL's strong financial profile, characterised by healthy revenue growth and robust margins, in arriving at the ratings. In FY2025 and H1 FY2026, NHL witnessed YoY revenue growth of 12.1% and 15.0% (H1 FY2025 financials are considered with Narayana Vaishno Devi Specialty Hospitals Private Limited operations which was discontinued in March 2025), respectively, supported by a steady increase in its ARPOB, improvement in the payor mix, and the launch of new hospitals and clinics. NHL's Cayman hospital operations registered YoY revenue growth of 12.9% in FY2025 and ~38% in H1 FY2026, driven by the commencement of a new hospital in the Cayman Islands in October 2024, and supported the overall revenue growth for NHL. Going forward, the company's growth is expected to be supported by stable growth in patient footfalls across its domestic and international operations.

NHL's operating profit margin (OPM) remained healthy at 23.4% in FY2025 and 23.5% in H1 FY2026 despite losses from the integrated care and insurance segments and the commencement of operations at the Camana Bay hospital in the Cayman Islands, supported by its cost efficiency measures and improvement in throughput at domestic hospitals. NHL's total debt (including lease liabilities) increased from Rs. 1,678.4 crore in FY2024 to Rs. 2,463.8 crore in FY2025 as the company availed additional debt for expansion in the Cayman Islands. TD/OPBITDA moderated from 1.5 times as on March 31, 2024 to 1.9 times as on March 31, 2025. Interest coverage moderated from 11.9 times in FY2024 to 8.7 times in FY2025. With enhancement in accruals, NHL's TD/OPBITDA improved to 1.6 times as on September 30, 2025.

The ratings are, however, constrained by NHL's high reliance on three flagship hospitals in India and the Cayman Islands operations for its revenue and profit generation. Nonetheless, ICRA notes that revenue and profit dependence on these three hospitals has sequentially moderated, with improved performance across its other hospitals. Most Indian hospitals have now broken even and started contributing to profits. Further, in line with other industry players, NHL's performance remains exposed to the risk of adverse regulatory measures.

The Group has started investing aggressively in capacity expansion and plans to incur capex of around Rs. 700-800 crore in FY2026 and Rs. 1,400-1,450 crore in FY2027. Between FY2026 and FY2029, NHL is expected to continue to incur sizeable capex towards the commencement of construction of its new greenfield projects in Kolkata, Raipur and Bengaluru. The capex is expected to be funded through a mix of debt and internal accruals. The company also completed the acquisition of a UK-based

hospital company, Practice Plus Group Hospitals Limited (PPGHL), in November 2026. NHL paid a total consideration of around Rs. 2,200 crore for the acquisition, which was funded through a mixture of internal accruals and debt. Given the sizeable planned capex along with the outlay towards the UK acquisition, the Group's debt metrics are expected to witness some moderation in the near term. However, given the Group's strong earnings capability, debt metrics are expected to remain healthy despite the likely incremental debt to be availed. The company also continues to be on the lookout for further inorganic expansion, and any significant debt-funded acquisition impacting the company's credit metrics remains an event risk and would be evaluated on a case-by-case basis.

NHL has also ventured into the primary healthcare and wellness segment, combined with the insurance sector, through its two wholly-owned subsidiaries, NH Integrated Care Private Limited (NHIC) and Narayana Health Insurance Limited (NHIL). NHIC operates on a subscription-based model and provides an end-to-end integrated healthcare and primary care experience to its customers. NHIL provides a comprehensive health insurance plan combined with an integrated care programme. Both initiatives are currently in their nascent stages. The company witnessed healthy scale-up in the two segments. However, losses are expected to continue in FY2026 and FY2027 and come down subsequently. Going forward, the quantum of investments and the amount of cash burn in these new ventures will be monitored.

The Stable outlook reflects ICRA's expectation that NHL will maintain credit metrics commensurate with the current rating despite significant expansion plans. Further, the outlook underlines ICRA's expectation of timely ramp-up of new centres and that the company will be able to manage its debt levels without material weakening in its financial profile.

Key rating drivers and their description

Credit strengths

Healthy market position with focus on affordability for patients – NHL enjoys a strong market position in the healthcare services industry as an established brand, especially in the cardiac and renal sciences segments. It has been expanding its core speciality areas to include oncology, neurology and neurosurgery, orthopaedics, and gastroenterology. NHL has developed comprehensive cancer care services at multiple locations such as Bengaluru, Mysore, Delhi, Gurugram, Jaipur, Howrah, and Raipur. Its goodwill and focus on patient affordability have helped it partner with Government bodies, not-for-profit trusts and charities, and private organisations to operate and manage their healthcare facilities. Dr. Devi Prasad Shetty, Chairman of Narayana Health, has over three decades of experience and has received several awards, including the Padma Shri and Padma Bhushan, for his contributions to affordable healthcare.

Geographically diversified operations – NHL has a network of 42 healthcare facilities (5,554 operational beds) as on September 30, 2025, of which 18 hospitals are owned/operated (5,257 beds), two are heart centres (132 beds), 20 are primary healthcare facilities including clinics, and two hospitals are located in the Cayman Islands (165 beds). The company has strong brand recognition in Karnataka and eastern India, with an emerging presence in western, central, and northern India. NHL also has an international presence with the establishment of Health City Cayman Islands (HCCI). Furthermore, NHL's acquisition of PPGHL in the United Kingdom is also expected to widen the company's international presence. PPGHL operates a total of 10 hospitals and surgical centres across the UK with a total bed capacity of 330 beds.

Strong financial profile characterised by increasing scale and robust operating margins – NHL witnessed revenue growth of 12.1% and 15.0% in FY2025 and H1 FY2026 (H1 FY2025 financials are considered with Narayana Vaishno Devi Specialty Hospitals Private Limited operations which was discontinued in March 2025), respectively, on a YoY basis. This growth was supported by a steady improvement in its ARPOB, improvement in the payor mix, and the commencement of operations at a new Cayman Islands facility in October 2024. NHL's OPM remained healthy at 23.4% in FY2025 and 23.5% in H1 FY2026. This was despite the losses incurred by NHL's Integrated Care segment, which witnessed a cash burn of around Rs. 65 crore in FY2025, and the nascent stage of operations of the new Cayman Islands facility. Key factors supporting margin stability included increased throughput, better case and payor mix, healthy ramp-up in high-value elective procedures, and various efficiency measures undertaken by the company.

Favourable demand outlook for healthcare services – The demand outlook for the healthcare industry continues to remain favourable due to factors such as improved affordability, widening medical insurance coverage, growing awareness, and under-penetration of healthcare services. The same is expected to benefit the company and the industry at large.

Credit challenges

High dependence on top three hospitals in India and the Cayman Island facility – A significant portion of NHL's consolidated revenue and operating profit is derived from the three best-performing hospitals of the Group in India, Narayana Institute of Cardiac Sciences, Mazumdar Shaw Medical Centre (both in Bengaluru), and Rabindranath Tagore International Institute of Cardiac Sciences (Kolkata), as well as its Cayman operations. While NHL remains largely dependent on the performance of these flagship facilities, this dependence has reduced significantly over the last few years. The acquisition of PPGHL in November 2025 is expected to help diversify the company's revenue concentration, and the ability of the company to improve the profitability of its UK business will remain a key monitorable.

Significant debt-funded capex plans – NHL has a planned capital outlay of Rs. 700-800 crore for FY2026 and Rs. 1,400-1,450 crore in FY2027. NHL is also expected to incur sizeable capex in FY2028 and FY2029, which will be funded partially through debt. The company has six hospital projects in India in its hospital pipeline as on September 30, 2025, with a total of over 1,500 beds expected to commence operations in FY2027, FY2028, and FY2029. The company also completed the acquisition of PPGHL for roughly Rs. 2,200 crore, which was funded through a mixture of internal accruals and debt. While the acquisition is expected to help diversify NHL's geographic revenue base, the overall consolidated margins are expected to moderate as the UK hospital business has lower margins compared to NHL's consolidated operating margins. Given the sizeable planned capex and the recent UK acquisition, the Group's debt metrics are expected to witness some moderation in the near term. However, given the Group's strong earnings capability, debt metrics are expected to remain healthy despite the likely incremental debt to be availed. The company also continues to be on the lookout for further inorganic expansion, and any significant debt-funded acquisition impacting the company's credit metrics remains an event risk and would be evaluated on a case-by-case basis.

Exposure to regulatory risks - Regulatory risks pertaining to restrictive pricing regulations levied by Central and state government organisations could constrain the company's profit margins.

Environment and social risks

Environmental considerations – As the company is a healthcare service provider, it does not manufacture any product and has limited environmental risks. However, it has taken significant steps towards the conservation of water and energy resources. At a Group level, 26% of the energy requirement is met from captive wind and hydro energy. For hospitals in Karnataka, 85-90% of the energy requirement is fulfilled by renewable sources. Besides, as part of its water conservation initiatives, domestic wastewater from hospitals is treated in on-site wastewater treatment plants and reused, resulting in more than 95% of wastewater being recycled across NHL.

Social considerations – Exposure to social risks is moderate for NHL. These risks include litigation exposure and compliance with standard requirements, given the importance of the services provided. Further, regulatory interventions such as price control measures and the imposition of specific restrictions, if any, could impact the earnings of the company as well as the broader industry. NHL provides treatment to patients from economically weaker sections, supported by concessions and contributions from philanthropists and charitable institutions. Further, NHL has a very strong programme for training doctors and nurses, as well as a programme called Udaan that provides NEET education to underprivileged children. NHL also provides educational fee support to students studying medicine and nursing and supports feeding and wash programmes in schools.

Liquidity position:

The Group's operational cash inflows over the next twelve to eighteen months and ease of access to external financing, if required, are expected to be adequate to cover operational expenses, planned capital expenditure, and debt servicing obligations over this period. The Group has sizeable capex plans over the next three to four years, and the company is expected

to incur capex of around Rs. 700-800 crore in FY2026 and Rs. 1,400-1,450 crore in FY2027. The company will raise incremental debt to partially fund the upcoming capex. The company has repayment obligations of Rs. 43.0 crore in FY2026, Rs. 94.1 crore in FY2027, and Rs. 98.0 crore in FY2028 on its existing debt. ICRA expects the Group to meet its near-term and medium-term commitments through internal accruals and incremental debt.

Rating sensitivities:

Positive factors - A significant improvement in earnings, debt metrics and liquidity position, supported by a more diversified revenue mix, resulting in reduced dependence on the flagship hospital units, may result in a long-term rating upgrade.

Negative factors - Pressure on the ratings may emerge in case of a material deterioration in profitability and debt metrics of the company on account of sustained delay in achieving profitability at the new domestic units or delay in successful integration of PPGHL's operations. Specific credit metrics, which could lead to ratings downgrade include Net Debt/OPBITDA of more than 2.0 times on a sustained basis. Further, any incremental debt-funded acquisition or organic capex plans, adversely impacting the liquidity position of the company can trigger a downward rating revision.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hospitals
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of NHL along with its operational subsidiaries and associate companies (mentioned in Annexure-2) on account of the strong business and financial linkages among these entities.

About the company

NHL operates a chain of multispecialty, tertiary and primary healthcare facilities. Dr. Devi Shetty, who has over 30 years of medical experience, incorporated NHL in 2000. The Group, which initially focused on cardiac and renal sciences, expanded to additional areas of focus such as cancer care, neurology, neurosurgery, orthopedics, and gastroenterology and was rebranded as 'Narayana Health' in 2013 to reflect the diversified presence. The Group owns and operates certain hospitals and enters into management agreements with hospitals under which the Group acquires operating control. As on June 30, 2025, it had 40 healthcare facilities (5,563 operational beds) of which 18 hospitals (5,262 beds) are owned/operated, two (128 beds) are heart centres, 18 (no beds) are primary healthcare facilities including clinics and dialysis centre and two (169 beds) hospitals are in the Cayman Islands. NHL has a strong presence in Karnataka and eastern India, with an emerging presence in western, central and northern India. The Narayana Health brand is associated with the delivery of affordable healthcare services by leveraging its economies of scale.

Key financial indicators (audited)

NHL Consolidated	FY2024	FY2025	H1 FY2026*
Operating income	4,890.3	5,483.0	3,151.1
PAT	789.6	790.6	456.9
OPBDIT/OI	23.6%	23.4%	23.5%
PAT/OI	16.1%	14.4%	14.5%
Total outside liabilities/Tangible net worth (times)	0.9	1.0	0.9
Total debt/OPBDIT (times)	1.5	1.9	1.6
Interest coverage (times)	11.9	8.7	8.5

Source: Company, ICRA Research; * Provisional numbers; 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

Current (FY2026)				Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jan 19, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based - Term Loan	Long Term	62.00	[ICRA]AA (Stable)	Nov 10, 2025	[ICRA]AA (Stable)	Jan 20, 2025	[ICRA]AA (Stable)	Feb 02, 2024	[ICRA]AA (Stable)	Apr 25, 2022	[ICRA]AA-(CE) (Positive)
			-	-	-	-	-	-	-	Sep 29, 2022	[ICRA]AA-(Positive)
			-	-	-	-	-	-	-	Mar 06, 2023	[ICRA]AA (Stable)
Non-fund Based	Short Term	10.00	[ICRA]A1+	Nov 10, 2025	[ICRA]A1+	Jan 20, 2025	[ICRA]A1+	Feb 02, 2024	[ICRA]A1+	Apr 25, 2022	[ICRA]A1+(CE)
			-	-	-	-	-	-	-	Sep 29, 2022	[ICRA]A1+
			-	-	-	-	-	-	-	Mar 06, 2023	[ICRA]A1+
Fund based - Cash credit	Long Term	-	-	-	-	-	-	-	-	Apr 25, 2022	[ICRA]AA-(CE) (Positive)
			-	-	-	-	-	-	-	Sep 29, 2022	[ICRA]AA-(CE) (Positive); withdrawn
Fund based	Short term	5.00	[ICRA]A1+	Nov 10, 2025	[ICRA]A1+	Jan 20, 2025	[ICRA]A1+	Feb 02, 2024	[ICRA]A1+	Sep 29, 2022	[ICRA]A1+
			-	-	-	-	-	-	-	Mar 06, 2023	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term- Term loan	Simple
Short term- Non-fund Based	Simple
Short term- Fund Based	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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Overdraft Facility	NA	NA	NA	5.0	[ICRA]A1+
NA	Term Loan - II	Nov-2021	NA	Nov-2027	62.0	[ICRA]AA (Stable)
NA	Non Fund Based	NA	NA	NA	10.0	[ICRA]A1+

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company name	NHL Ownership	Consolidation approach
Narayana Hrudayalaya Surgical Hospital Pvt Ltd	100%	Full Consolidation
Meridian Medical Research and Hospital Ltd	99.13%	Full Consolidation
Narayana Hospitals Pvt Ltd	100%	Full Consolidation
Narayana Vaishno Devi Speciality Hospitals Pvt Ltd	100%	Full Consolidation
NH Integrated Care Private Limited	100%	Full Consolidation
Athma Healthtech Private Limited	100%	Full Consolidation
Health City Cayman Islands Ltd (HCCI)	100%	Full Consolidation
ENT in Cayman Ltd.	100%	Full Consolidation
Cayman Integrated Healthcare Limited	100%	Full Consolidation
NH Health Bangladesh private Limited	99.99%	Full Consolidation
Narayana Holdings Private Limited	100%	Full Consolidation
Narayana Health North America LLC	100%	Full Consolidation
Reya health Inc (formerly Cura Technologies Inc.)	43.58%	Full Consolidation
Medha AI Private Limited	100%	Full Consolidation
Narayana health Insurance Limited (NHIL)	100%	Full Consolidation
Samyat Healthcare Private Limited (SHPL)	100%	Full Consolidation
ISO Healthcare	0.00%	Full Consolidation

Source: Company data; As on March 31, 2025

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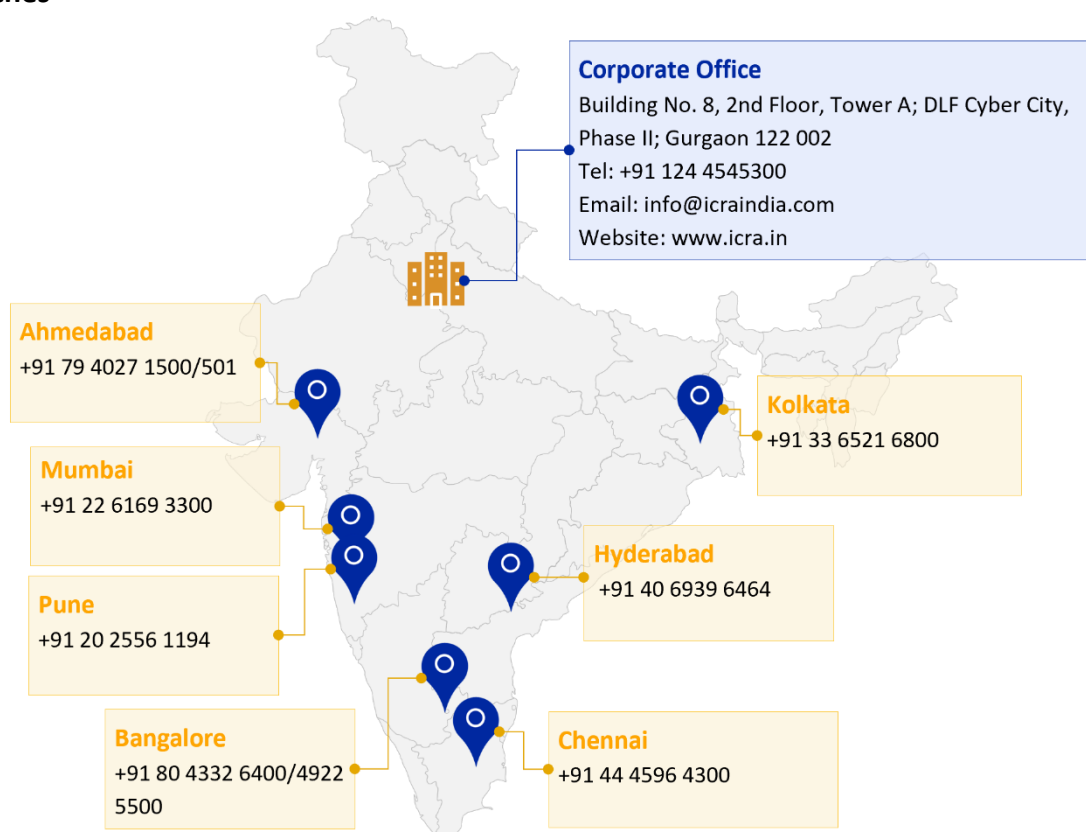
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