

Narayana Hrudayalaya Ltd.

Sector: Healthcare

20th August 2025

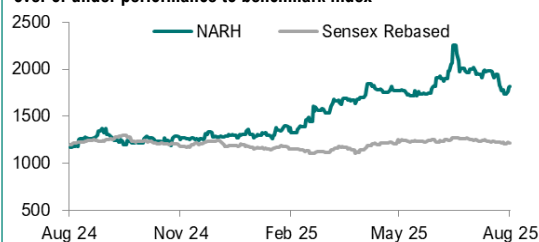
SELL

Key Changes		Target	Rating	Earnings		Target	Rs.1,642
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs.1,840
Mid Cap	NARH:IN	81,933	NH	539551	12 Months	Return	-11%

Data as of: 20-08-2025, 16:30 hrs

Company Data			
Market Cap (Rs. cr)	37,539		
52 Week High — Low (Rs.)	2,372 — 1,178		
Enterprise Value (Rs. cr)	37,160		
Outstanding Shares (cr)	20.4		
Free Float (%)	33.1		
Dividend Yield (%)	0.2		
6m average volume (cr)	0.08		
Beta	0.80		
Face value (Rs.)	10		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	63.8	63.8	63.8
FII's	9.5	9.7	10.5
MFs/Institutions	8.7	8.6	8.1
Public	17.4	17.3	17.0
Others	0.6	0.6	0.6
Total	100.0	100.0	100.0
Price Performance	3 Month	6 Month	1 Year
Absolute Return	7%	34%	56%
Absolute Sensex	1%	8%	1%
Relative Return	6%	27%	55%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	5,483	6,258	7,042
<i>Growth (%)</i>	<i>12.1</i>	<i>14.1</i>	<i>12.5</i>
EBITDA	1,276	1,483	1,704
<i>EBITDA Margin (%)</i>	<i>23.3</i>	<i>23.7</i>	<i>24.2</i>
PAT Adjusted	798	878	1,031
<i>Growth (%)</i>	<i>1.6</i>	<i>10.0</i>	<i>17.4</i>
Adjusted EPS	39	43	51
<i>Growth (%)</i>	<i>1.6</i>	<i>10.0</i>	<i>17.4</i>
P/E	46.4	42.1	35.9
P/B	10.2	8.4	6.9
EV/EBITDA	30.2	26.0	22.6
<i>ROE (%)</i>	<i>24.5</i>	<i>21.8</i>	<i>21.1</i>
D/E	0.61	0.43	0.36

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Steady Realization Amid Volume Strain

Narayana Hrudayalaya Ltd. (NH) is a network of hospitals specializing in various medical fields, with locations in both India and the Cayman Islands. The group has recently expanded into integrated care segments, which includes outpatient clinics and an insurance business.

- In Q1FY26, consolidated revenue increased by 12.4% YoY to Rs. 1,507cr. The revenue from Indian operations grew 8% YoY to Rs. 1,132cr, driven by a 13% improvement in ARPOB to Rs. 1.76cr.
- International revenue from the Indian vertical declined to Rs. 40cr in Q1FY26 from Rs. 80cr (Q1FY25), down 50% YoY, mainly due to reduced Bangladesh contribution.
- EBITDA exhibited an 11% decline on a YoY basis to Rs. 337cr; EBITDA margin at 22.4%, a 31 bps decline, primarily due to losses in the Integrated Care business.
- Indian Integrated Care (NHIC & NHIL) made Rs. 14cr this year (+79% YoY), and Cayman Integrated Care is reported to be ~Rs. 10cr.
- Consolidated PAT has come down by 2% to Rs. 197cr due to the muted contributions from the Indian segment and increased cost.

Outlook & Valuation

In Q1FY26, Narayana Hrudayalaya delivered stable top-line performance, though EBITDA margins were impacted by losses in the Integrated Care segment. The segment remains dilutive, with elevated costs weighing on consolidated profitability. With a pipeline of ~2,000 beds planned over the next 3 to 5 years, growth in the near term is expected to be limited due to capacity constraints. Additionally, management has guided for single-digit ARPOB growth, which limits upside potential. As a result, medium-term growth is likely to remain within the current range, especially as new business verticals are still in early stages and not yet earnings-accretive. **Given the limited visibility for near-term improvement, we maintain our SELL rating with a revised target price of Rs. 1,642, based on a 21x EV/EBITDA FY27E.**

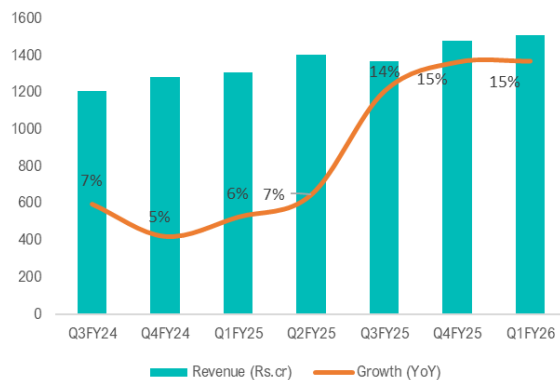
Quarterly Financials Consol.

Rs.cr	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Sales	1,507	1,306	15.4	1,475	2.2
EBITDA	337	302	11.4	358	-5.8
Margin (%)	22.4	23.2	-80bps	24.2	-189bps
EBIT	253	241	4.9	275	-8.1
PBT	232	231	0.5	261	-11.4
Rep. PAT	197	201	-1.9	196	0.3
Adj PAT	197	201	-1.9	196	0.3
EPS (Rs.)	10	10	-1.9	10	0.3

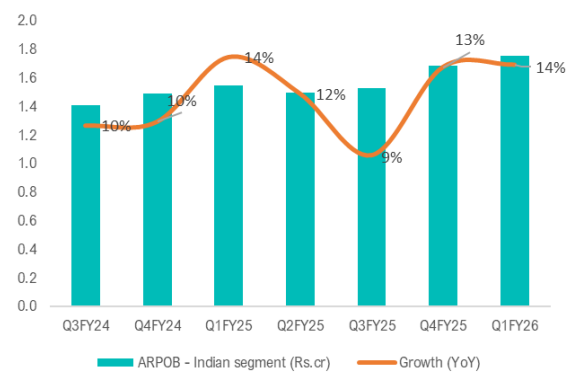
Key concall highlights

- NH plans to add ~2,000 beds over the next five years, including 1,235 beds across its flagship Bengaluru and Kolkata clusters by FY2029E and 300 brownfield beds in Raipur by FY2028E.
- Management has projected total capex of Rs. 726 cr for FY26, with Rs. 75 cr spent in Q1, primarily delayed due to seasonality and rain-related disruptions. Additionally, maintenance capex for the Cayman facilities is budgeted at Rs. 457 million for FY26, of which Rs. 158 million was incurred in Q1.
- The insurance arm (NHIL) has launched upgraded products like Aditi+ in Kolkata and Arya in Bengaluru. Coverage has reached ~6,000 lives, with expansion into Shimoga and Raipur. A group product for non-employer plans has also been introduced.
- NH has digitised 85% of patient records and launched apps for doctors (Adi) and nurses (NAMAHA). These initiatives aim to streamline documentation, improve discharge times, and enhance operational efficiency.
- Growth in Bengaluru and Kolkata is limited by existing capacity. NH is focusing on improving case mix, robotics, and operational efficiencies to sustain growth until new hospitals are commissioned.

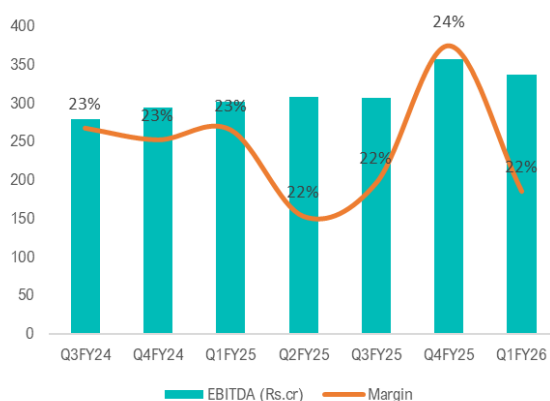
Revenue



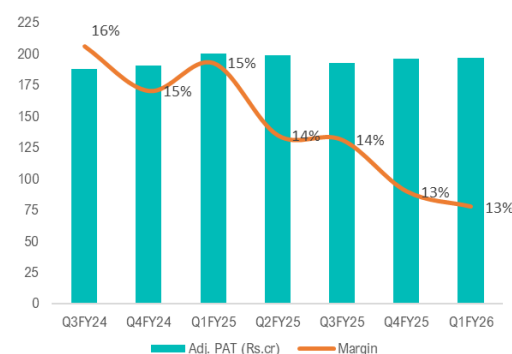
ARPOB



EBITDA



Adj PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	6,310	6,987	6,258	7,042	-0.8	0.8
EBITDA	1,511	1,691	1,483	1,704	-1.8	0.8
Margins (%)	23.9	24.2	23.7	24.2	-25bps	0bps
Adj. PAT	893	1,014	878	1,031	-1.7	1.7
EPS	44	50	43	51	-1.7	1.7



Consolidated Financials

Profit & Loss

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	4,525	4,890	5,483	6,258	7,042
% change	22.2	8.1	12.1	14.1	12.5
EBITDA	966	1,148	1,276	1,483	1,704
% change	47.8	18.8	11.2	16.2	14.9
Depreciation	210	241	278	337	392
EBIT	756	906	998	1,146	1,312
Interest	69	97	146	176	165
Other Income	65	75	92	81	88
PBT	752	884	944	1,052	1,235
% change	56.5	17.6	6.8	11.4	17.4
Tax	145	98	146	174	204
Tax Rate (%)	19	11	15	17	17
Reported PAT	606	786	798	878	1,031
Adj.*	0	0	0	0	0
Adj. PAT	606	786	798	878	1,031
% change	57.9	29.6	1.6	10.0	17.4
No. of shares (cr)	20	20	20	20	20
Adj EPS (Rs)	30	39	39	43	51
% change	57.9	29.6	1.6	10.0	17.4
DPS (Rs)	1.0	4.0	4.5	4.0	4.0

Cashflow

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	816	1,477	1,069	1,389	1,627
Non-cash adj.	113	62	103	-255	-292
Changes in W.C	105	-15	-215	-257	-146
C.F. Operation	1,085	1,066	986	1,053	1,354
Capital exp.	-521	-971	-1,082	-785	-1,095
Change in inv.	-201	-582	-221	-69	-65
C.F - Investment	-1,174	-1,458	-1,325	-773	-1,072
Issue of equity	0	0	0	0	0
Issue/repay debt	208	668	794	-289	31
Dividends paid	-20	-51	-81	-82	-82
Other finance.CF	-100	-129	-169	-158	-104
C.F - Finance	88	488	544	-529	-154
Chg. in cash	-2	97	205	-249	128
Closing Cash	380	416	647	398	526

Balance Sheet

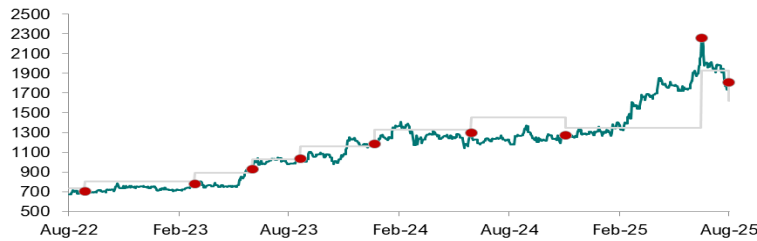
Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	380	416	647	398	526
Accts. Receivable	432	422	555	617	729
Inventories	72	110	110	122	119
Other Cur. Assets	314	582	367	393	500
Investments	252	844	1,084	1,139	1,184
Gross Fixed Assets	3,671	4,193	6,103	6,733	7,733
Net Fixed Assets	2,053	2,400	4,039	4,319	4,898
CWIP	259	514	70	225	320
Intangible Assets	283	251	243	256	284
Def. Tax (Net)	6	5	8	8	8
Other Assets	112	79	142	156	176
Total Assets	4,162	5,625	7,265	7,633	8,744
Current Liabilities	799	789	888	735	795
Provisions	83	91	107	103	112
Debt Funds	762	1,444	2,213	1,924	1,955
Other Liabilities	386	417	429	447	508
Equity Capital	204	204	204	204	204
Res. & Surplus	1,927	2,679	3,422	4,218	5,168
Shareholder Funds	2,131	2,884	3,626	4,423	5,372
Total Liabilities	4,162	5,625	7,265	7,633	8,744
BVPS	90	129	166	204	249

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	21.3	23.5	23.3	23.7	24.2
EBIT margin (%)	16.7	18.5	18.2	18.3	18.6
Net profit mgn.(%)	13.4	16.1	14.6	14.0	14.6
ROE (%)	33.5	31.3	24.5	21.8	21.1
ROCE (%)	22.5	18.7	15.7	16.6	16.5
W.C & Liquidity					
Receivables (days)	35	32	33	34	35
Inventory (days)	5	7	7	7	6
Payables (days)	56	63	55	49	46
Current ratio (x)	1.5	1.9	1.9	2.1	2.4
Quick ratio (x)	1.0	1.1	1.4	1.4	1.6
Turnover & Leverage					
Gross asset T.O (x)	1.5	1.4	1.1	1.1	1.1
Total asset T.O (x)	1.1	0.9	0.8	0.8	0.8
Int. covge. ratio (x)	10.9	9.4	6.8	6.5	8.0
Adj. debt/equity (x)	0.4	0.5	0.6	0.4	0.4
Valuation					
EV/Sales (x)	8.3	7.8	7.0	6.2	5.5
EV/EBITDA (x)	38.7	33.1	30.2	26.0	22.6
P/E (x)	61.0	47.1	46.4	42.1	35.9
P/BV (x)	17.4	12.9	10.2	8.4	6.9



Recommendation Summary (last 3 years)



Dates	Rating	Target
31-Aug-23	ACCUMULATE	1,158
02-Jan-24	ACCUMULATE	1,331
10-Jun-24	ACCUMULATE	1,455
14-Nov-24	HOLD	1,348
30-Jun-25	SELL	1,930
20-Aug-25	SELL	1,642

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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