

Narayana Hrudayalaya Ltd.

HOLD

Sector: Healthcare

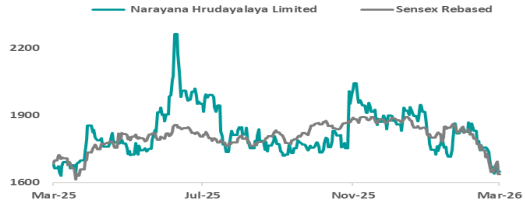
24th March 2026

Key Changes	Target ▲	Rating ▲	Earnings ▲	Target	Rs.1,817
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Mid Cap	NARH:IN	74,068	NH	539551	12 Months
				CMP	Rs.1,655
				Return	+ 10%

Data as of: 24-03-2026, 16:00 hrs

Company Data			
Market Cap (Rs. cr)	33,762		
52 Week High — Low (Rs.)	2,372 — 1,380		
Enterprise Value (Rs. cr)	37,139		
Outstanding Shares (cr)	20.4		
Free Float (%)	33.7		
Dividend Yield (%)	0.3		
6m average volume (cr)	0.08		
Beta	0.80		
Face value (Rs.)	10		
Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	63.8	63.8	63.3
FII's	10.5	10.5	11.1
MFs/Institutions	8.1	7.8	7.9
Public	17.0	17.3	17.1
Others	0.6	0.6	0.6
Total	100.0	100.0	100.0
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-10.3%	-7.0%	-2.2%
Absolute Sensex	-12.2%	-10.2%	-2.8%
Relative Return	1.9%	3.2%	0.6%

***over or under performance to benchmark index**



Y.E March (cr)	FY26E	FY27E	FY28E
Sales	7,484	9,254	10,942
Growth (%)	36.5	23.6	18.2
EBITDA	1,542	1,962	2,374
EBITDA Margin (%)	20.6	21.2	21.7
PAT Adjusted	827	1,042	1,319
Growth (%)	3.7	26.0	26.6
Adjusted EPS	41	51	65
Growth (%)	3.7	26.0	26.6
P/E	40.8	32.4	25.6
P/B	7.7	6.3	5.1
EV/EBITDA	23.3	18.3	14.9
ROE (%)	20.7	21.5	22.2
D/E	0.88	0.73	0.56

Steady Performance with Focus on Execution

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

- In 9MFY26, consolidated revenue rose 30% YoY to Rs.5,302cr, driven by strong performance in India and Cayman, along with initial contributions from the U.K. business following the Practice Plus integration.
- EBITDA grew 29% YoY to Rs.1,182cr in 9MFY26, while the margin softened by 24 bps to 22%, impacted by the lower-margin U.K. business mix and one-off expenses.
- The company completed the acquisition of Practice Plus PLC during the quarter, financed through GBP 45 million in equity and GBP 150 million in debt, and the deal is expected to be EBITDA-accretive.
- Management expects the U.K. business to deliver meaningful bottom-line growth over the next two years, driven by a favourable mix shift and ongoing process improvements.
- The company is transitioning from a broad, bed-led nationwide expansion strategy to a more focused approach that prioritizes strengthening core markets and scaling selectively in proven cities through an integrated network of hospitals, clinics, and insurance services.

Outlook & Valuation

Narayana Health reported a healthy topline performance in 9MFY26, though EBITDA margins remained under pressure due to the ongoing integration of its U.K. operations. Looking ahead, the planned addition of ~1,500 beds over the next three to five years provides strong visibility for medium-term growth. Execution and stabilization of the U.K. business will remain key monitorables. **With valuations correcting to more reasonable levels, offering improved comfort relative to long-term fundamentals, we upgrade our rating to HOLD, with a rolled-forward target price of Rs.1,817, based on a 19x FY28E EV/EBITDA for the existing business and 6x FY28E EV/EBITDA for the U.K. business**

Quarterly Financials Consol.

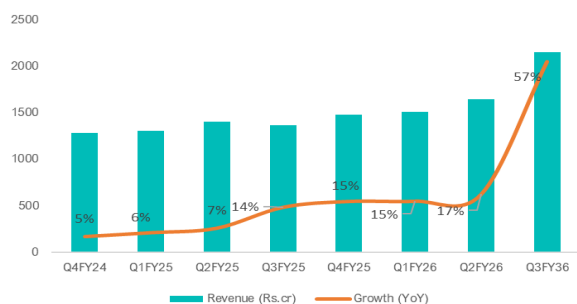
Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	2,151	1,367	57.4	1,644	30.9	5,302	4,073	30.2
EBITDA	443	307	44.3	403	10.0	1,182	918	28.8
EBITDA margins (%)	20.6	22.5	-187bps	24.5	390bps	22.3	22.5	-24bps
EBIT	321	237	35.3	315	1.8	889	721	23.2
PBT	152	219	-30.4	297	-48.7	681	681	-0.1
Reported PAT	128	193	-33.7	258	-50.4	583	592	-1.6
Adj PAT	255	193	31.9	258	-1.4	710	592	19.8
EPS (Rs)	12	9	31.9	13	-1.4	35	29	19.8



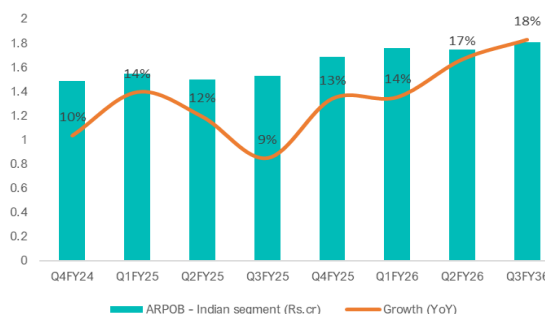
Key highlights

- The pipeline of beds stands at ~1,500 beds over the next three years, with 1,235 beds in the flagship Bengaluru and Kolkata dusters by FY2029E. An additional 300 brownfield beds will be commissioned in Raipur by FY2028E.
- The Bengaluru cluster delivered 17% YoY growth, supported by sustained payor-mix optimization, higher-end bed configuration uptake, and a sharp increase in robotic and technology-led procedures, significantly improving realizations and margins.
- On the Integrated Care side, the company continues to calibrate the scale-up of NHIC, with management confirming that the integrated care business will be merged into NHIL over the long term to improve cost synergies and reduce dilution.
- Insurance operations, which are witnessing strong traction, will be expanded beyond Bengaluru and Mysore to Raipur and Kolkata, with a long-term intent to roll out the offering in every geography with a meaningful hospital presence.
- For the medium term, the company has guided for a ~Rs.3,000 crore capex program to be funded through a mix of internal accruals and debt aimed at completing the planned bed expansion across clusters. Management intends to keep net debt/EBITDA below 2.5x over the long run.

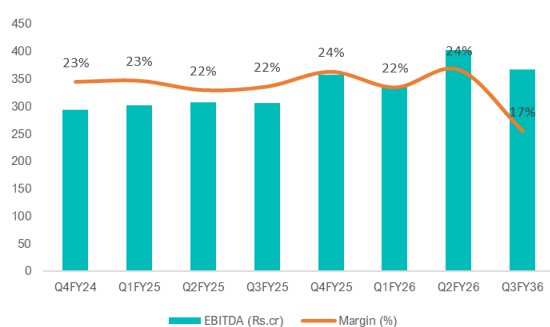
Revenue



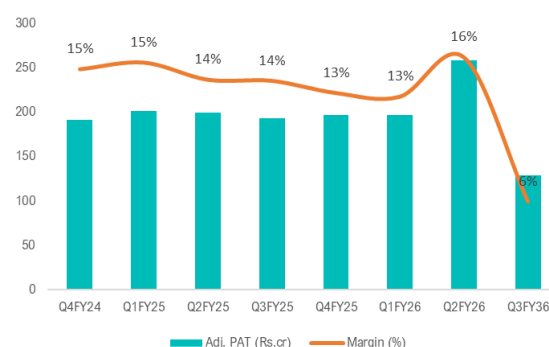
ARPOB



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)		
	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	6,258	7,042	7,484	9,254	10,942	19.6	31.4	-
EBITDA	1,483	1,704	1,542	1,962	2,374	4.0	15.1	-
Margins (%)	23.7	24.2	20.6	21.2	21.7	-310bps	-300bps	-
Adj. PAT	878	1,031	827	1,042	1,319	-5.8	1.1	-
EPS	43	51	41	51	65	-5.8	1.1	-



Consolidated Financials

Profit & Loss

Y.E March (Rs cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	4,890	5,483	7,484	9,254	10,942
% change	8.1	12.1	36.5	23.6	18.2
EBITDA	1,148	1,276	1,542	1,962	2,374
% change	18.8	11.2	20.8	27.2	21.0
Depreciation	241	278	392	501	610
EBIT	906	998	1,150	1,460	1,765
Interest	97	146	257	328	321
Other Income	75	92	97	116	137
PBT	884	944	991	1,248	1,580
% change	17.6	6.8	5.0	26.0	26.6
Tax	98	146	163	206	261
Tax Rate (%)	11	15	17	17	17
Reported PAT	786	798	827	1,042	1,319
Adj.*	0	0	0	0	0
Adj. PAT	786	798	827	1,042	1,319
% change	29.6	1.6	3.7	26.0	26.6
No. of shares (cr)	20	20	20	20	20
Adj EPS (Rs)	39	39	41	51	65
% change	29.6	1.6	3.7	26.0	26.6
DPS (Rs)	4.0	4.5	4.0	4.0	4.0

Cashflow

Y.E March (Rs cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	1,477	1,069	1,382	1,750	2,190
Non-cash adj.	62	103	-261	-322	-398
Changes in W.C	-15	-215	-419	-346	-199
C.F. Operation	1,066	986	960	1,410	1,915
Capital exp.	-971	-1,082	-2,490	-990	-1,000
Change in inv.	-582	-221	497	-66	-65
C.F - Investment	-1,458	-1,325	-1,896	-940	-928
Issue of equity	0	0	0	0	0
Issue/repay debt	668	794	1,615	57	-207
Dividends paid	-51	-81	-82	-82	-82
Other finance.CF	-129	-169	383	-253	-451
C.F - Finance	488	544	1,917	-278	-740
Chg. in cash	97	205	980	193	247
Closing Cash	416	647	1,627	1,820	2,066

Balance Sheet

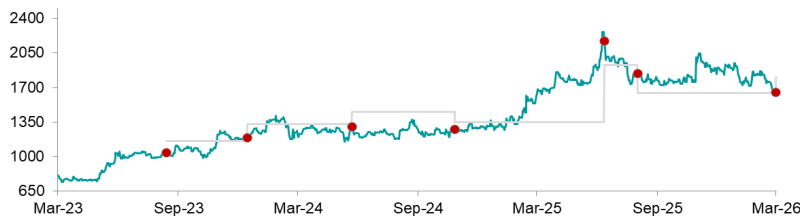
Y.E March (Rs cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	416	647	1,627	1,820	2,066
Accts. Receivable	422	555	738	958	1,133
Inventories	110	110	146	157	185
Other Cur. Assets	582	367	470	657	776
Investments	844	1,084	542	564	586
Gross Fixed Assets	4,193	6,103	8,333	9,333	10,333
Net Fixed Assets	2,400	4,039	4,898	5,438	5,889
CWIP	514	70	330	320	320
Intangible Assets	251	243	1,223	1,181	1,121
Def. Tax (Net)	5	8	8	8	8
Other Assets	79	142	187	231	274
Total Assets	5,625	7,265	10,168	11,333	12,358
Current Liabilities	789	888	795	836	926
Provisions	91	107	103	134	167
Debt Funds	1,444	2,213	3,828	3,885	3,678
Other Liabilities	417	429	1,069	1,144	1,014
Equity Capital	204	204	204	204	204
Res. & Surplus	2,679	3,422	4,168	5,128	6,366
Shareholder Funds	2,884	3,626	4,372	5,333	6,571
Total Liabilities	5,625	7,265	10,168	11,333	12,358
BVPS	129	166	154	203	267

Ratios

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	23.5	23.3	20.6	21.2	21.7
EBIT margin (%)	18.5	18.2	15.4	15.8	16.1
Net profit mgn.(%)	16.1	14.6	11.1	11.3	12.1
ROE (%)	31.3	24.5	20.7	21.5	22.2
ROCE (%)	18.7	15.7	12.3	13.9	15.4
W.C & Liquidity					
Receivables (days)	32	33	32	33	35
Inventory (days)	7	7	6	6	6
Payables (days)	63	55	42	37	34
Current ratio (x)	1.9	1.9	3.8	4.3	4.5
Quick ratio (x)	1.1	1.4	3.0	3.3	3.5
Turnover & Leverage					
Gross asset T.O (x)	1.4	1.1	1.2	1.3	1.4
Total asset T.O (x)	0.9	0.8	0.7	0.8	0.9
Int. covge. ratio (x)	9.4	6.8	4.5	4.5	5.5
Adj. debt/equity (x)	0.5	0.6	0.9	0.7	0.6
Valuation					
EV/Sales (x)	7.8	7.0	4.8	3.9	3.2
EV/EBITDA (x)	33.1	30.2	23.3	18.3	14.9
P/E (x)	47.1	46.4	40.8	32.4	25.6
P/BV (x)	12.9	10.2	7.7	6.3	5.1



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
24-Mar-26	HOLD	1,817

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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