

August 5, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	2,000		1,950	
Sales (Rs. m)	62,755	69,956	62,200	69,760
% Chng.	0.9	0.3		
EBITDA (Rs. m)	14,711	17,852	15,142	18,040
% Chng.	(2.8)	(1.0)		
EPS (Rs.)	45.2	57.9	47.7	58.4
% Chng.	(5.2)	(0.9)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	50,182	54,830	62,755	69,956
EBITDA (Rs. m)	11,524	12,764	14,711	17,852
Margin (%)	23.0	23.3	23.4	25.5
PAT (Rs. m)	7,896	7,898	9,237	11,834
EPS (Rs.)	38.6	38.6	45.2	57.9
Gr. (%)	30.2	0.0	16.9	28.1
DPS (Rs.)	4.6	5.2	5.8	6.4
Yield (%)	0.3	0.3	0.3	0.3
RoE (%)	31.5	24.5	22.9	23.9
RoCE (%)	25.2	19.6	18.6	20.9
EV/Sales (x)	7.7	7.1	6.2	5.5
EV/EBITDA (x)	33.3	30.5	26.5	21.5
PE (x)	47.4	47.3	40.5	31.6
P/BV (x)	13.0	10.3	8.4	6.8

Key Data

52-W High / Low	Rs.2,372 / Rs.1,171
Sensex / Nifty	81,019 / 24,723
Market Cap	Rs.374bn / \$ 4,265m
Shares Outstanding	204m
3M Avg. Daily Value	Rs.1020m

Shareholding Pattern (%)

Promoter's	63.85
Foreign	10.46
Domestic Institution	8.09
Public & Others	17.60
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(9.0)	35.9	48.7
Relative	(6.3)	31.8	48.6

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EBITDA miss led by losses from CIHL

Quick Pointers:

- Bed expansion plan of 1,935 beds by FY30.
- Losses in NHIL were Rs 193mn while losses from CIHL were Rs93mn in Q1

Narayana Hrudayalaya (NARH) reported EBITDA of Rs3.4bn (up 11% YoY) in Q1FY26, 4% below our estimates due to losses at Cayman Integrated Healthcare business. The Cayman business reported profitability of Rs1.44bn (up 17% YoY), adjusted for CIHL losses, up 25% YoY. India business reported healthy EBITDA adjusted for NHIC losses, up 13% YoY. The management reiterated its aggressive capex plan and commitment towards growing throughput over the next 3-4 years through debottlenecking, refurbishment and better bed mix. In the medium term, NARH intends to add ~1,935 beds expansion through greenfield and brownfield across Bengaluru, Kolkata and Raipur. Our FY26E and FY27E EBITDA stands marginally reduced by ~1-3%. We maintain 'BUY' rating with a TP of Rs2,000/share, based on 26x FY27E EV/EBITDA for India business and 20x EV/EBITDA for Cayman hospitals. We factor in 21% EBITDA CAGR for Cayman operations over FY25-27E and thereby higher target multiple for Cayman business. At CMP, the stock is trading at 22x FY27E EV/EBITDA (adj for IND AS).

- EBITDA miss led by losses from CIHL; India profitability in-line:** NARH reported EBITDA of Rs3.4bn; up 11% YoY (down 6% QoQ); adjusted for NHIC & CIHL losses it was up by 16% YoY. Losses in India insurance and clinics business were to the tune of Rs 193mn while losses from Cayman integrated healthcare (CIHL) were to tune of Rs93mn in Q1. Overall, margins came in at 22.4%, decreased 30bps YoY. India business adjusted for insurance and clinics, reported EBITDA of Rs2.12bn, up 10% YoY. India margins improved by 40bps YoY and declined 70bps QoQ to 18.7%. Cayman EBITDA adj for CIHL came in at \$18mn, up 22% YoY and down 9% QoQ, with OPM of ~43.6%.
- Higher ARPOB aided India growth:** Revenues grew by 12% YoY to Rs15.1bn. ARPOB for India business grew 14% YoY to Rs48,219/day led by better payor mix and reduced ALOS. IP volumes were down YoY for India; impacted due to lower footfalls especially from Bangladesh and capacity constraints in existing hospitals. Cayman revenues increased 29% YoY to \$41mn. Both IP and OP volumes improved by 26% and 35% YoY, respectively, for Cayman aided by ramp up in new unit. Reported PAT stood at Rs1.97bn (down 3% YoY). NARH's net debt decreased by Rs. 1.9bn QoQ to Rs3.4bn.

Key con-call takeaways:

- Expansion plan** – Upcoming 100 beds (leased) Bangalore Southwest unit's structural work is completed, interiors and equipment procurement underway. Likely commissioning in Q1FY27. Mgmt is exploring pipeline of 400+ beds via M&A which is in early evaluation phase. Mgmt guided for a total capex outlay of ~Rs 7.7 bn, comprising Rs 2.9bn toward routine maintenance, replacements, and in-facility capacity enhancements, and Rs 4.2bn toward greenfield and

brownfield expansions. Overall, a total of 1,235 greenfield beds in Kolkata & Bengaluru and 300 brownfield beds in Raipur will be added in the next 3-4 years. NARH's focus for expansion remains in existing locations such as Bangalore, Kolkata and Raipur.

- **Capex:** FY26 capex target for greenfield hospitals at Rs4.2bn; only Rs50mn incurred in Q1 due to monsoon delay.
- **Cayman** – Hospital margins stable QoQ despite decline in discharges and outpatient volumes due to volatility typical of new facility ramp-up. Consolidated Cayman margin was diluted due to Integrated Care losses.
- **Integrated Care (Cayman CIHL)** - Breakeven expected by Q4FY26 or Q1FY27. Insurance plan allows usage globally; mgmt. guided patient volumes to ramp over coming quarters. During Q1, CIHL reported revenues of Rs450mn with losses of Rs93mn
- **India Hospitals units:** In India, hospital operations demonstrated margin expansion, driven by payer mix improvement, price hikes, and higher-value procedures.
- **New India units:** New hospitals to be commissioned in FY27–FY28. While these will have margin impact during ramp-up, break-even expectations are in line with peers.
- **Occupancy:** India occupancy rates were largely stable in Q1.
- **ALOS** reduced to 4.3 days (vs. 4.5 days in Q4), with long-term target of 4 days, although quarterly fluctuations may persist.
- **Integrated business (NHIC & NHIL):** NARH has ~6,000 active policyholders as of Q1FY26. NARH expanded 'Aditi' health insurance to Kolkata, Shimoga, Raipur, and 'Aditi+' in Bangalore/Kolkata. Going forward, NHIC (clinics) will focus on Bangalore expansion; 1 new clinic opened and 1 under construction. Combined entity remains loss-making but showing traction with guidance intact for FY26 that will see a peak investments/loss. NARH invested total Rs 4.5bn in insurance business; of which ~Rs 1bn deployed as capital and Rs 1.5bn invested into clinics & insurance.
- **Digital initiative:** Rolled out 'Namah' nurse app and digital inpatient services; stabilization expected by Oct'25. Mgmt focusing on seamless digital-first patient experience with all hospitals now fully paperless.
- **FY26 guidance:** Mgmt guided for continued strong performance from India hospitals; growth to be driven by ARPP uptick via case mix (Robotics, oncology and surgical volumes) and pricing, and traction in insurance/clinic business. Margin dilution continues at consolidated level due to Cayman Integrated Care ramp-up.
- ARPP improvement aided by low-single digit price hike taken in Jan'25 which resulted in better payor mix, shift to high-end procedures (cardiac robotics, complex surgeries).

Exhibit 1: Q1FY26 Result Overview (Rs mn) – EBITDA miss led by losses from insurance business in Cayman

Y/e March	1QFY26	1QFY25	YoY gr. (%)	Q1FY26E	% Var.	4QFY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	15,073	13,410	12.4	15,381	(2.0)	14,754	2.2	62,755	54,830	14.5
COGS	3,058	2,882	6.1	3,384	(9.6)	3,053	0.2	13,806	11,364	21.5
% of Net Sales	20.3	21.5		22.0		20.7		22.0	20.7	
Employee Cost	2,955	2,764	6.9	3,123	(5.4)	2,754	7.3	12,457	10,927	14.0
% of Net Sales	19.6	20.6		20.3		18.7		19.9	19.9	
Other Expenses	5,690	4,725	20.4	5,356	6.2	5,370	6.0	21,781	19,775	10.1
% of Net Sales	37.7	35.2		34.8		36.4		34.7	36.1	
Total	11,703	10,371	12.8	11,863	(1.3)	11,177	4.7	48,044	42,066	14.2
EBITDA	3,370	3,039	10.9	3,518	(4.2)	3,577	(5.8)	14,711	12,764	15.3
Margins (%)	22.4	22.7		22.9		24.2		23.4	23.3	
Other Income	238	235	1.3	250	(4.8)	268	(11.4)	1,000	920	8.7
Interest	452	340	32.8	400	12.9	407	11.0	1,600	1,464	9.3
Depreciation	843	617	36.7	820	2.8	825	2.2	3,115	2,781	12.0
PBT	2,313	2,317	(0.2)	2,548	(9.2)	2,614	(11.5)	10,996	9,439	16.5
Tax	348	302	15.2	408	(14.7)	568	(38.7)	1,759	1,457	20.7
Tax rate %	15.0	13.0		16.0		21.7		16.0	15.4	
PAT	1,965	2,015	(2.5)	2,140	(8.2)	2,046	(4.0)	9,237	7,982	15.7
Share in (loss)/profit of associate	-	-		-		-		-	-	
EO items	-	-		-		(84)	-	-	(84)	
Minority Interest	(1)	(1)		(1)	(38.1)	(1)		(4)	(5)	
Reported PAT	1,964	2,014	(2.5)	2,140	(8.2)	1,962	0.1	9,233	7,893	17.0

Source: Company, PL

Exhibit 2: Break-up of revenues

Revenues (Rs. mn)	1QFY26	1QFY25	YoY gr. (%)	4QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Cayman	3,518	2,674	31.6	3,797	(7.3)	11,829	10,180	16.2
CIHL	450	-		-		-	-	
India	11,182	10,428	7.2	10,956	2.1	43,724	39,860	9.7
NHIC and NHIL	144	80	80.0	132	9.1	418	174	140.2
Total Sales	15,294	13,182	16.0	14,885	2.7	55,971	50,214	11.5

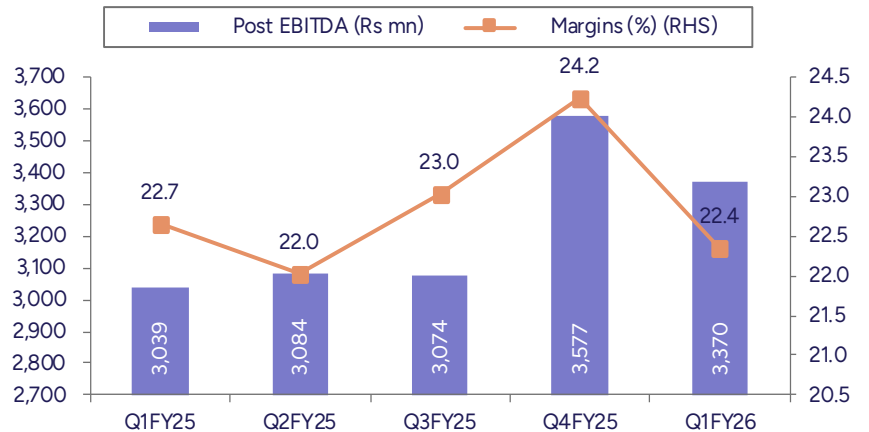
Source: Company, PL

Exhibit 3: Break-up of EBITDA

EBITDA (Rs. mn)	1QFY26	1QFY25	YoY gr. (%)	4QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Cayman	1,537	1,231	24.8	1,663	(7.6)	5,136	4,670	10.0
% OPM	43.7%	46.1%		43.8%		43.4%	45.9%	
CIHL	(93)	-		-		-	-	
India	2,119	1,928	9.9	2,156	(1.7)	8,283	7,143	16.0
% OPM	19.0%	18.5%		19.7%		18.9%	17.9%	
NHIC and NHIL	(193)	(121)	(59.8)	(242)	20.3	(645)	(325)	(98.2)

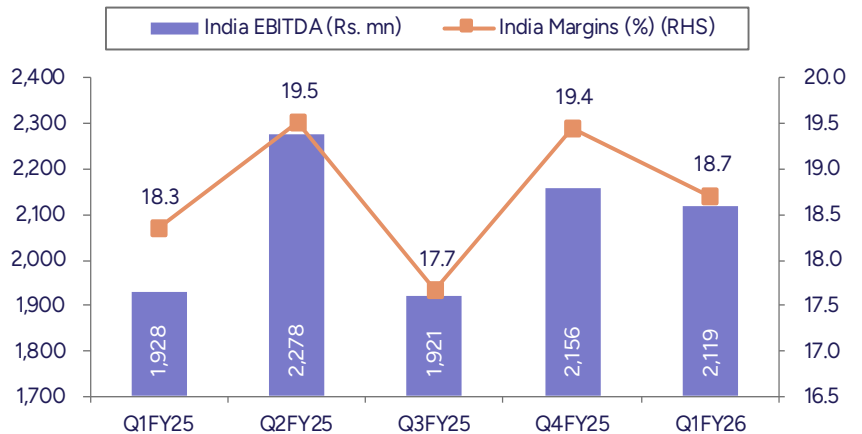
Source: Company, PL

Exhibit 4: Consolidated margins (post IND AS) flat YoY



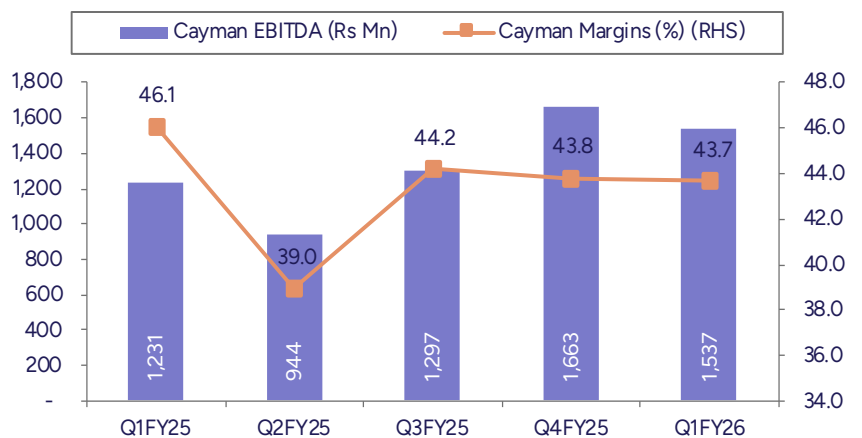
Source: Company, PL

Exhibit 5: India margins adj for NHIC losses improved by ~90bps YoY to 20.4%



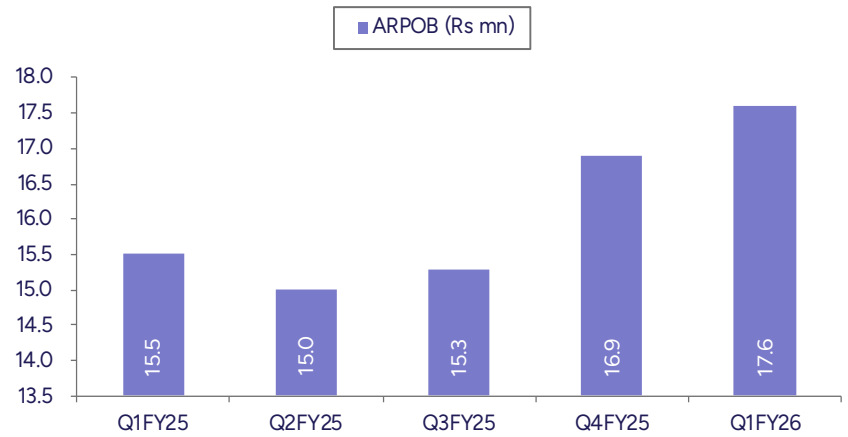
Source: Company, PL

Exhibit 6: Cayman EBITDA growth was at ~25% YoY adj to CIHL losses



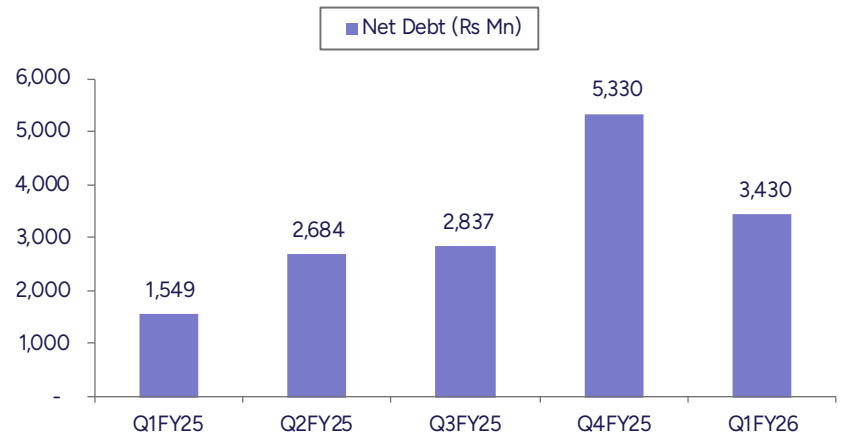
Source: Company, PL

Exhibit 7: India ARPOB increased ~14% YoY due to better case and payor mix



Source: Company, PL

Exhibit 8: Net debt decreased by Rs. 1.9bn QoQ



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	50,182	54,830	62,755	69,956
YoY gr. (%)	10.9	9.3	14.5	11.5
Cost of Goods Sold	10,739	11,364	13,806	15,390
Gross Profit	39,443	43,466	48,949	54,566
Margin (%)	78.6	79.3	78.0	78.0
Employee Cost	10,043	10,927	12,457	14,201
Other Expenses	17,877	19,775	21,781	22,513
EBITDA	11,524	12,764	14,711	17,852
YoY gr. (%)	19.3	10.8	15.3	21.3
Margin (%)	23.0	23.3	23.4	25.5
Depreciation and Amortization	2,421	2,781	3,115	3,364
EBIT	9,102	9,983	11,596	14,488
Margin (%)	18.1	18.2	18.5	20.7
Net Interest	969	1,464	1,600	1,500
Other Income	752	920	1,000	1,100
Profit Before Tax	8,885	9,439	10,996	14,088
Margin (%)	17.7	17.2	17.5	20.1
Total Tax	989	1,457	1,759	2,254
Effective tax rate (%)	11.1	15.4	16.0	16.0
Profit after tax	7,896	7,982	9,237	11,834
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	7,896	7,898	9,237	11,834
YoY gr. (%)	30.2	0.0	16.9	28.1
Margin (%)	15.7	14.4	14.7	16.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	7,896	7,898	9,237	11,834
YoY gr. (%)	30.2	0.0	16.9	28.1
Margin (%)	15.7	14.4	14.7	16.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	7,896	7,898	9,237	11,834
Equity Shares O/s (m)	204	204	204	204
EPS (Rs)	38.6	38.6	45.2	57.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	42,046	60,963	70,963	78,963
Tangibles	40,027	58,718	68,718	76,718
Intangibles	2,019	2,245	2,245	2,245
Acc: Dep / Amortization	16,715	19,496	22,611	25,975
Tangibles	16,715	19,496	22,611	25,975
Intangibles	-	-	-	-
Net fixed assets	25,332	41,468	48,353	52,989
Tangibles	23,313	39,222	46,107	50,743
Intangibles	2,019	2,245	2,245	2,245
Capital Work In Progress	5,141	859	859	859
Goodwill	1,179	1,189	1,189	1,189
Non-Current Investments	8,442	10,843	10,843	10,843
Net Deferred tax assets	(417)	(559)	(559)	(559)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	1,099	1,103	1,375	1,533
Trade receivables	4,219	5,555	6,018	6,708
Cash & Bank Balance	4,165	6,467	6,803	6,711
Other Current Assets	6,616	5,089	6,018	6,708
Total Assets	56,246	72,650	81,535	87,618
Equity				
Equity Share Capital	2,044	2,044	2,044	2,044
Other Equity	26,793	34,220	42,268	52,794
Total Network	28,837	36,264	44,311	54,838
Non-Current Liabilities				
Long Term borrowings	14,437	22,134	22,134	17,134
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	6,036	5,745	6,581	7,138
Other current liabilities	4,622	5,704	5,704	5,704
Total Equity & Liabilities	56,246	72,650	81,535	87,618

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	8,885	9,439	10,996	14,088
Add. Depreciation	2,421	2,781	3,115	3,364
Add. Interest	969	1,464	1,600	1,500
Less Financial Other Income	752	920	1,000	1,100
Add. Other	(543)	(1,371)	(4)	(4)
Op. profit before WC changes	11,733	12,313	15,708	18,948
Net Changes-WC	(155)	(1,185)	(827)	(983)
Direct tax	(912)	(1,270)	(1,759)	(2,254)
Net cash from Op. activities	10,666	9,858	13,121	15,712
Capital expenditures	(9,708)	(10,820)	(10,000)	(8,000)
Interest / Dividend Income	-	-	-	-
Others	(4,871)	(2,434)	-	-
Net Cash from Inv. activities	(14,579)	(13,253)	(10,000)	(8,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	6,682	7,942	-	(5,000)
Dividend paid	(508)	(812)	(1,185)	(1,304)
Interest paid	(969)	(1,464)	(1,600)	(1,500)
Others	(926)	33	-	-
Net cash from Fin. activities	4,280	5,698	(2,785)	(7,804)
Net change in cash	366	2,303	336	(92)
Free Cash Flow	958	(962)	3,121	7,712

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	38.6	38.6	45.2	57.9
CEPS	50.5	52.3	60.4	74.4
BVPS	141.1	177.4	216.8	268.3
FCF	4.7	(4.7)	15.3	37.7
DPS	4.6	5.2	5.8	6.4
Return Ratio(%)				
RoCE	25.2	19.6	18.6	20.9
ROIC	17.5	15.1	15.5	17.9
RoE	31.5	24.5	22.9	23.9
Balance Sheet				
Net Debt : Equity (x)	0.4	0.4	0.3	0.2
Net Working Capital (Days)	(5)	6	5	6
Valuation(x)				
PER	47.4	47.3	40.5	31.6
P/B	13.0	10.3	8.4	6.8
P/CEPS	36.2	35.0	30.3	24.6
EV/EBITDA	33.3	30.5	26.5	21.5
EV/Sales	7.7	7.1	6.2	5.5
Dividend Yield (%)	0.3	0.3	0.3	0.3

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	14,000	13,346	14,754	15,073
YoY gr. (%)	7.3	10.9	18.4	12.4
Raw Material Expenses	3,002	2,652	3,053	3,058
Gross Profit	10,998	10,694	11,701	12,015
Margin (%)	78.6	80.1	79.3	79.7
EBITDA	3,084	3,074	3,577	3,370
YoY gr. (%)	0.1	10.2	22.9	10.9
Margin (%)	22.0	23.0	24.2	22.4
Depreciation / Depletion	651	696	825	843
EBIT	2,433	2,378	2,752	2,526
Margin (%)	17.4	17.8	18.7	16.8
Net Interest	351	366	407	452
Other Income	236	183	268	238
Profit before Tax	2,318	2,195	2,614	2,313
Margin (%)	16.6	16.5	17.7	15.3
Total Tax	330	259	568	348
Effective tax rate (%)	14.2	11.8	21.7	15.0
Profit after Tax	1,988	1,936	2,046	1,965
Minority interest	(2)	(1)	(1)	(1)
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,990	1,938	1,963	1,965
YoY gr. (%)	(12.3)	2.9	4.4	(2.5)
Margin (%)	14.2	14.5	13.3	13.0
Extra Ord. Income / (Exp)	-	-	84	-
Reported PAT	1,990	1,938	2,047	1,965
YoY gr. (%)	(12.3)	2.9	8.8	(2.5)
Margin (%)	14.2	14.5	13.9	13.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,990	1,938	2,047	1,965
Avg. Shares O/s (m)	204	204	204	204
EPS (Rs)	9.7	9.5	9.6	9.6

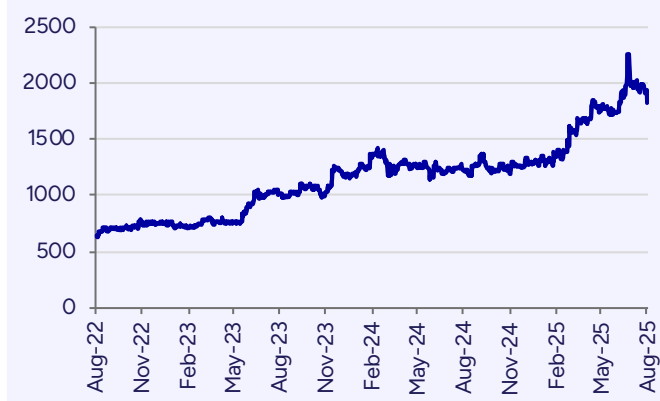
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
India hospitals	39,224	42,269	46,075	51,023
Cayman Island	10,259	11,861	15,980	18,233
Others	700	700	700	700

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-25	BUY	1,950	1,990
2	28-May-25	BUY	1,950	1,743
3	08-Apr-25	BUY	1,560	1,644
4	19-Feb-25	BUY	1,560	1,370
5	08-Jan-25	BUY	1,420	1,351
6	06-Nov-24	BUY	1,420	1,196
7	07-Oct-24	BUY	1,420	1,219
8	03-Sep-24	BUY	1,420	1,272
9	07-Aug-24	BUY	1,350	1,218

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,350	7,616
2	Aster DM Healthcare	BUY	700	605
3	Aurobindo Pharma	BUY	1,440	1,185
4	Cipla	BUY	1,730	1,533
5	Divi's Laboratories	Accumulate	6,800	6,889
6	Dr. Reddy's Laboratories	Reduce	1,270	1,247
7	Eris Lifesciences	BUY	1,740	1,734
8	Fortis Healthcare	BUY	785	806
9	HealthCare Global Enterprises	BUY	620	560
10	Indoco Remedies	Hold	325	322
11	Ipca Laboratories	Accumulate	1,525	1,456
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,778
13	Jupiter Life Line Hospitals	BUY	1,720	1,531
14	Krishna Institute of Medical Sciences	BUY	725	695
15	Lupin	BUY	2,400	1,979
16	Max Healthcare Institute	BUY	1,300	1,300
17	Narayana Hrudayalaya	BUY	1,950	1,990
18	Rainbow Children's Medicare	BUY	1,725	1,541
19	Sun Pharmaceutical Industries	BUY	1,875	1,707
20	Sunteck Realty	BUY	650	427
21	Torrent Pharmaceuticals	Accumulate	4,000	3,623
22	Zydus Lifesciences	Accumulate	970	999

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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