

Rating: BUY | CMP: Rs1,743 | TP: Rs1,950

May 28, 2025

Q4FY25 Result Update

 Change in Estimates | Target | Reco

Change in Estimates

Rating	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Target Price	BUY 1,950		BUY 1,560	
Sales (Rs. m)	62,200	69,760	64,022	71,713
% Chng.	(2.8)	(2.7)		
EBITDA (Rs. m)	15,142	18,040	14,738	17,433
% Chng.	2.7	3.5		
EPS (Rs.)	47.7	58.4	46.4	57.2
% Chng.	2.7	2.1		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	50,182	54,830	62,200	69,760
EBITDA (Rs. m)	11,524	12,764	15,142	18,040
Margin (%)	23.0	23.3	24.3	25.9
PAT (Rs. m)	7,896	7,898	9,741	11,936
EPS (Rs.)	38.6	38.6	47.7	58.4
Gr. (%)	30.2	0.0	23.3	22.5
DPS (Rs.)	4.6	5.2	5.8	6.4
Yield (%)	0.3	0.3	0.3	0.4
RoE (%)	31.5	24.5	24.0	23.8
RoCE (%)	25.2	19.6	19.4	21.3
EV/Sales (x)	7.3	6.8	6.0	5.3
EV/EBITDA (x)	31.8	29.1	24.5	20.3
PE (x)	45.1	45.1	36.6	29.8
P/BV (x)	12.3	9.8	7.9	6.4

Key Data

NARY.BO | NARH IN

52-W High / Low	Rs.1,873 / Rs.1,080
Sensex / Nifty	81,552 / 24,826
Market Cap	Rs.356bn/ \$ 4,172m
Shares Outstanding	204m
3M Avg. Daily Value	Rs.1916.65m

Shareholding Pattern (%)

Promoter's	63.85
Foreign	9.66
Domestic Institution	8.52
Public & Others	17.97
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(2.6)	38.0	40.9
Relative	(5.4)	35.8	30.2

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Narayana Hrudayalaya (NARH IN)

Rating: BUY | CMP: Rs1,743 | TP: Rs1,950

EBITDA beat aided by Cayman business

Quick Pointers:

- Reiterated expansion plan of 1,535 beds by FY29 with total capex requirement of Rs. ~30bn across locations in Bengaluru, Kolkata and Raipur.
- Rs650mn losses in FY25 from its clinics and NHIC business.

Narayana Hrudayalaya (NARH) reported EBITDA of Rs3.6bn (up 23% YoY) in Q4FY25, 5% above our estimates aided by higher profitability across Cayman units. The Cayman business reported profitability of Rs1.7bn, up 39% YoY and 28% QoQ. India business reported healthy EBITDA adjusted for NHIC losses, up 18% 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 ~1,535 beds expansion through greenfield and brownfield across Bengaluru, Kolkata and Raipur. Our FY26E and FY27E EBITDA stands increased by ~3-4%. We maintain 'BUY' rating with a revised TP of Rs1,950/share, based on 25x FY27E EV/EBITDA (23x earlier) for India business and 20x EV/EBITDA (12x earlier) for Cayman hospitals. We factor in 24% EBITDA CAGR for Cayman operations over FY25-27E and thereby higher target multiple for Cayman business. At CMP, the stock is trading at 20x FY27E EV/EBITDA (adj for IND AS).

- EBITDA beat led by Cayman; India profitability in-line:** NARH reported EBITDA of Rs3.6bn; up 23% YoY (16% QoQ); adjusted for NHIC losses it was up by 26% YoY. Losses in insurance and clinics business were to the tune of Rs242mn vs Rs144mn in Q3. Total Loss for FY25 was at Rs. 645mn. Overall, margins came in at 24.2%, increased 80bps YoY. India business adjusted for insurance and clinics, reported EBITDA of Rs2.16bn, up 18% YoY. India margins improved by 110bps YoY and 170bps QoQ to 19.4%. Cayman reported EBITDA of \$19.7mn, up 37% YoY and 27% QoQ, with OPM of ~45%.
- Higher ARPOB aided India up 11% YoY:** Revenues grew by 18% YoY to Rs14.8bn. ARPOB for India business grew 11% YoY to Rs46,301/day led by higher realization via bed upgrades (general to private/semi-private). IP volumes were flat YoY for India; impacted due to lower footfalls especially from Bangladesh, resulting from the political unrest and capacity constraints in existing hospitals. Cayman revenues increased 45% YoY to \$44mn. Both IP and OP volumes improved by 27% and 24% YoY, respectively, for Cayman aided by ramp up in new unit. Reported PAT stood at Rs2bn (up 4% YoY). NARH's net debt increased by Rs. 2.5bn QoQ to Rs5.3bn due to ongoing capex in India biz.
- Key con-call takeaways: Capex and expansion plan –** Mgmt guided for a total capex outlay of ~Rs 7.5 bn, comprising Rs 3bn toward routine maintenance, replacements, and in-facility capacity enhancements, and Rs 4.5bn toward greenfield and brownfield expansions. 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. **Cayman** - The new multi-specialty hospital is ramping up well and the current revenue base of \$45M is sustainable with further growth potential. NARH is further exploring to expand into similar geographies in Caribbean market (e.g., Bahamas). **India Hospitals units:** hospitals are capacity-constrained; focus is on optimizing mix and procedure complexity. Reduction in bed count QoQ due to exit (e.g., Jammu region) and ward upgrades from general to private/semi-private. Guided for margin expansion to continue modestly with service and payer mix optimization. **Working capital days** increased due to delayed payments from government patients; expected to be reversed as collections normalize. **New India units:** NARH launched a retail chemotherapy center in Gurugram. The Mumbai facility is near break-even. Both the units are guided to be on an improving trajectory and expected to contribute more meaningfully going forward. **Occupancy:** India occupancy hovers between 60-65%. **Integrated business (NHIC & NHIL):** Losses in FY25 were at Rs. 650mn; break-even for each clinic expected in 18–24 months. Combined investment of Rs 4bn in NHIC & clinics. Currently Insurance business across Bangalore, Mysore and plans to expand in Kolkata, Raipur, Shimoga.

Exhibit 1: Q4FY25 Result Overview (Rs mn) – EBITDA beat led by Cayman biz

Y/e March	4QFY25	4QFY24	YoY gr. (%)	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Net Sales	14,754	12,462	18.4	13,346	10.6	54,830	50,182	9.3
COGS	3,053	2,619	16.6	2,652	15.1	11,364	10,739	5.8
% of Net Sales	20.7	21.0		19.9		20.7	21.4	
Employee Cost	2,754	2,441	12.8	2,712	1.5	10,927	10,043	8.8
% of Net Sales	18.7	19.6		20.3		19.9	20.0	
Other Expenses	5,370	4,492	19.5	4,908	9.4	19,775	17,877	10.6
% of Net Sales	36.4	36.0		36.8		36.1	35.6	
Total	11,177	9,552	17.0	10,272	8.8	42,066	38,659	8.8
EBITDA	3,577	2,910	22.9	3,074	16.4	12,764	11,524	10.8
Margins (%)	24.2	23.4		23.0		23.3	23.0	
Other Income	268	237	13.2	183	46.8	920	752	22.4
Interest	407	280	45.2	366	11.2	1,464	969	51.1
Depreciation	825	645	27.9	696	18.6	2,781	2,421	14.9
PBT	2,614	2,222	17.6	2,195	19.1	9,439	8,885	6.2
Tax	568	342	66.2	259	119.2	1,457	989	47.3
Tax rate %	21.7	15.4		11.8		15.4	11.1	
PAT	2,046	1,880	8.8	1,936	5.7	7,982	7,896	1.1
Share in (loss)/profit of associate	-	-		-		-	-	
EO items	(84)	-			-	(84)	-	
Minority Interest	(1)	(1)		(1)		(5)	(4)	

Source: Company, PL

Exhibit 2: Break-up of revenues

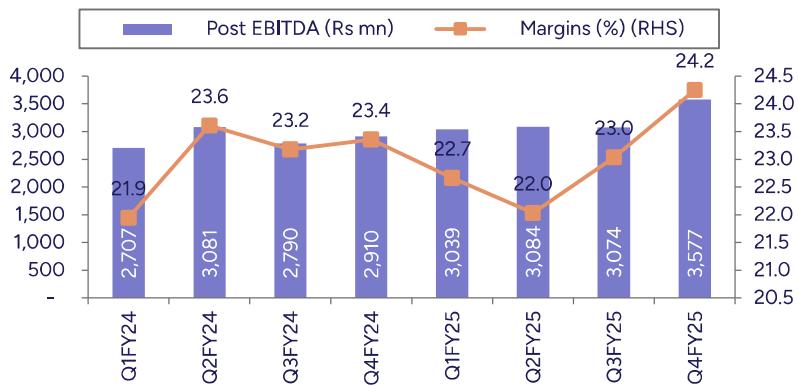
Revenues (Rs. mn)	4QFY25	4QFY24	YoY gr. (%)	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Cayman	3,797	2,528	50.2	2,935	29.4	11,829	10,180	16.2
% of Total Sales	25.5%	20.1%		21.3%		21.0%	20.3%	
India	11,088	10,020	10.7	10,869	2.0	44,482	40,034	11.1
% of Total Sales	74.5%	79.9%		78.7%		79.0%	79.7%	
Total Sales	14,885	12,548	18.6	13,804	7.8	56,311	50,214	12.1

Source: Company, PL

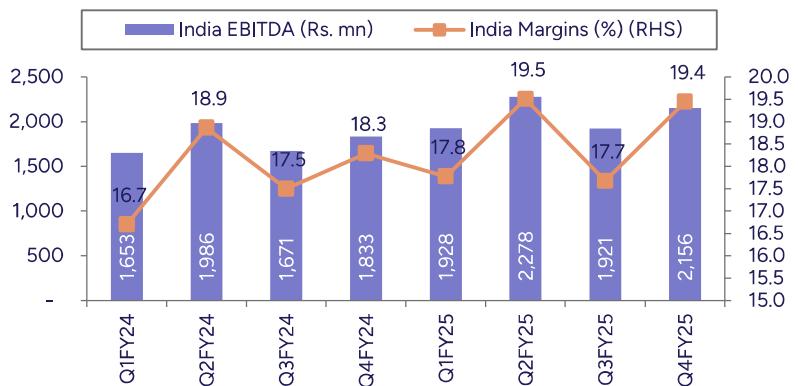
Exhibit 3: Break-up of EBITDA

Revenues (Rs. mn)	4QFY25	4QFY24	YoY gr. (%)	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Cayman	1,663	1,194	39.4	1,297	28.2	5,136	4,670	10.0
% OPM	43.8%	47.2%		44.2%		43.4%	45.9%	
India	2,156	1,833	17.6	1,921	12.2	8,283	7,143	16.0
% OPM	19.4%	18.3%		17.7%		18.6%	17.8%	
NHIC and NHIL	(242)	(116)	(108.4)	(144)	(68.2)	(645)	(325)	(98.2)

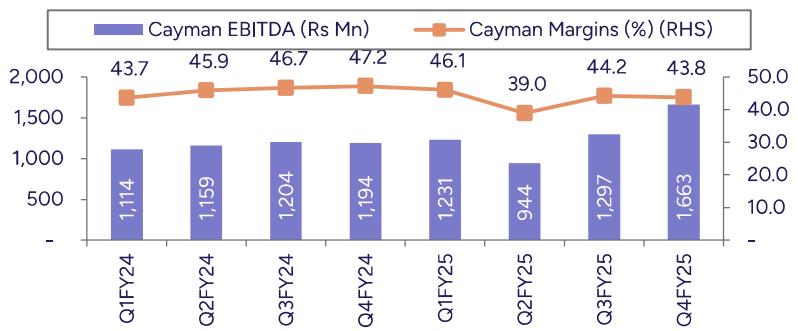
Source: Company, PL

Exhibit 4: Consolidated margins (post IND AS) increased 80bps YoY


Source: Company, PL

Exhibit 5: India margins adj for NHIC losses improved by ~210bps YoY to 21.6%


Source: Company, PL

Exhibit 6: Cayman EBITDA further improved QoQ due to ramp-up in new unit


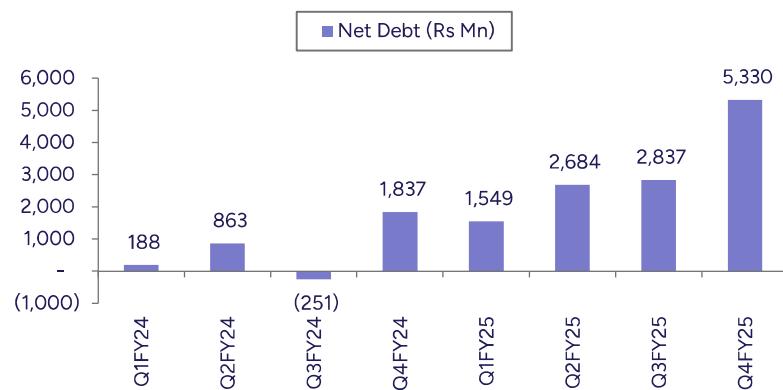
Source: Company, PL

Exhibit 7: India ARPOB increased ~11% YoY due to better case and payor mix



Source: Company, PL

Exhibit 8: Net debt increased by Rs. 2.5bn QoQ due to ongoing capex in India



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	50,182	54,830	62,200	69,760
YoY gr. (%)	10.9	9.3	13.4	12.2
Cost of Goods Sold	10,739	11,364	13,684	15,347
Gross Profit	39,443	43,466	48,516	54,413
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	20,917	22,172
EBITDA	11,524	12,764	15,142	18,040
YoY gr. (%)	19.3	10.8	18.6	19.1
Margin (%)	23.0	23.3	24.3	25.9
Depreciation and Amortization	2,421	2,781	2,976	3,184
EBIT	9,102	9,983	12,166	14,856
Margin (%)	18.1	18.2	19.6	21.3
Net Interest	969	1,464	1,520	1,400
Other Income	752	920	950	1,100
Profit Before Tax	8,885	9,439	11,596	14,556
Margin (%)	17.7	17.2	18.6	20.9
Total Tax	989	1,457	1,855	2,620
Effective tax rate (%)	11.1	15.4	16.0	18.0
Profit after tax	7,896	7,982	9,741	11,936
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	7,896	7,898	9,741	11,936
YoY gr. (%)	30.2	0.0	23.3	22.5
Margin (%)	15.7	14.4	15.7	17.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	7,896	7,898	9,741	11,936
YoY gr. (%)	30.2	0.0	23.3	22.5
Margin (%)	15.7	14.4	15.7	17.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	7,896	7,898	9,741	11,936
Equity Shares O/s (m)	204	204	204	204
EPS (Rs)	38.6	38.6	47.7	58.4

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	22,472	25,656
Tangibles	16,715	19,496	22,472	25,656
Intangibles	-	-	-	-
Net fixed assets	25,332	41,468	48,492	53,308
Tangibles	23,313	39,222	46,246	51,062
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	1,363	1,529
Trade receivables	4,219	5,555	5,964	6,689
Cash & Bank Balance	4,165	6,467	7,151	6,987
Other Current Assets	6,616	5,089	5,964	6,689
Total Assets	56,246	72,650	81,904	88,171
Equity				
Equity Share Capital	2,044	2,044	2,044	2,044
Other Equity	26,793	34,220	42,772	53,400
Total Networth	28,837	36,264	44,815	55,443
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	6,446	7,085
Other current liabilities	4,622	5,704	5,704	5,704
Total Equity & Liabilities	56,246	72,650	81,904	88,171

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	8,885	9,439	11,596	14,556
Add. Depreciation	2,421	2,781	2,976	3,184
Add. Interest	969	1,464	1,520	1,400
Less Financial Other Income	752	920	950	1,100
Add. Other	(543)	(1,371)	(4)	(4)
Op. profit before WC changes	11,733	12,313	16,088	19,136
Net Changes-WC	(155)	(1,185)	(844)	(977)
Direct tax	(912)	(1,270)	(1,855)	(2,620)
Net cash from Op. activities	10,666	9,858	13,389	15,539
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)	(1,520)	(1,400)
Others	(926)	33	-	-
Net cash from Fin. activities	4,280	5,698	(2,705)	(7,704)
Net change in cash	366	2,303	684	(165)
Free Cash Flow	958	(962)	3,389	7,539

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	38.6	38.6	47.7	58.4
CEPS	50.5	52.3	62.2	74.0
BVPS	141.1	177.4	219.3	271.3
FCF	4.7	(4.7)	16.6	36.9
DPS	4.6	5.2	5.8	6.4
Return Ratio(%)				
RoCE	25.2	19.6	19.4	21.3
ROIC	17.5	15.1	16.3	18.3
RoE	31.5	24.5	24.0	23.8
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	45.1	45.1	36.6	29.8
P/B	12.3	9.8	7.9	6.4
P/CEPS	34.5	33.3	28.0	23.6
EV/EBITDA	31.8	29.1	24.5	20.3
EV/Sales	7.3	6.8	6.0	5.3
Dividend Yield (%)	0.3	0.3	0.3	0.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	13,410	14,000	13,346	14,754
YoY gr. (%)	8.7	7.3	10.9	18.4
Raw Material Expenses	2,882	3,002	2,652	3,053
Gross Profit	10,527	10,998	10,694	11,701
Margin (%)	78.5	78.6	80.1	79.3
EBITDA	3,039	3,084	3,074	3,577
YoY gr. (%)	12.3	0.1	10.2	22.9
Margin (%)	22.7	22.0	23.0	24.2
Depreciation / Depletion	617	651	696	825
EBIT	2,422	2,433	2,378	2,752
Margin (%)	18.1	17.4	17.8	18.7
Net Interest	340	351	366	407
Other Income	235	236	183	268
Profit before Tax	2,317	2,318	2,195	2,614
Margin (%)	17.3	16.6	16.5	17.7
Total Tax	302	330	259	568
Effective tax rate (%)	13.0	14.2	11.8	21.7
Profit after Tax	2,015	1,988	1,936	2,046
Minority interest	(1)	(2)	(1)	(1)
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,016	1,990	1,938	1,963
YoY gr. (%)	9.5	(12.3)	2.9	4.4
Margin (%)	15.0	14.2	14.5	13.3
Extra Ord. Income / (Exp)	-	-	-	84
Reported PAT	2,016	1,990	1,938	2,047
YoY gr. (%)	9.5	(12.3)	2.9	8.8
Margin (%)	15.0	14.2	14.5	13.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,016	1,990	1,938	2,047
Avg. Shares O/s (m)	204	204	204	204
EPS (Rs)	9.9	9.7	9.5	9.6

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
India hospitals	39,224	42,269	46,272	51,294
Cayman Island	10,259	11,861	15,228	17,766
Others	700	700	700	700

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	BUY	1,560	1,644
2	19-Feb-25	BUY	1,560	1,370
3	08-Jan-25	BUY	1,420	1,351
4	06-Nov-24	BUY	1,420	1,196
5	07-Oct-24	BUY	1,420	1,219
6	03-Sep-24	BUY	1,420	1,272
7	07-Aug-24	BUY	1,350	1,218
8	08-Jul-24	BUY	1,335	1,246

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,100	6,683
2	Aster DM Healthcare	BUY	620	551
3	Aurobindo Pharma	BUY	1,510	1,097
4	Cipla	BUY	1,730	1,520
5	Divi's Laboratories	Accumulate	6,800	6,280
6	Dr. Reddy's Laboratories	Reduce	1,225	1,156
7	Eris Lifesciences	BUY	1,740	1,444
8	Fortis Healthcare	BUY	785	672
9	HealthCare Global Enterprises	BUY	620	560
10	Indoco Remedies	Hold	325	233
11	Ipca Laboratories	Accumulate	1,700	1,316
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,641
13	Jupiter Life Line Hospitals	BUY	1,720	1,422
14	Krishna Institute of Medical Sciences	BUY	725	656
15	Lupin	BUY	2,400	2,073
16	Max Healthcare Institute	BUY	1,300	1,142
17	Narayana Hrudayalaya	BUY	1,560	1,644
18	Rainbow Children's Medicare	BUY	1,725	1,358
19	Sun Pharmaceutical Industries	BUY	2,000	1,719
20	Sunteck Realty	BUY	650	401
21	Torrent Pharmaceuticals	Accumulate	3,670	3,233
22	Zydus Lifesciences	Accumulate	970	884

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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