

November 19, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	2,100		2,000	
Sales (Rs. m)	1,03,417	1,16,157	69,956	80,441
% Chng.	47.8	44.4		
EBITDA (Rs. m)	20,468	23,949	17,852	20,429
% Chng.	14.7	17.2		
EPS (Rs.)	57.7	68.2	57.9	66.1
% Chng.	(0.3)	3.1		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	54,830	79,157	1,03,417	1,16,157
EBITDA (Rs. m)	12,764	15,922	20,468	23,949
Margin (%)	23.3	20.1	19.8	20.6
PAT (Rs. m)	7,898	9,356	11,797	13,934
EPS (Rs.)	38.6	45.8	57.7	68.2
Gr. (%)	0.0	18.5	26.1	18.1
DPS (Rs.)	5.2	5.8	6.4	7.0
Yield (%)	0.3	0.3	0.3	0.4
RoE (%)	24.5	23.2	23.8	22.8
RoCE (%)	19.6	17.0	17.9	19.7
EV/Sales (x)	7.6	5.5	4.2	3.7
EV/EBITDA (x)	32.5	27.3	21.2	17.8
PE (x)	50.5	42.6	33.8	28.6
P/BV (x)	11.0	9.0	7.3	5.9

Key Data NARY.BO | NARH IN

52-W High / Low	Rs.2,372 / Rs.1,238
Sensex / Nifty	84,673 / 25,910
Market Cap	Rs.399bn/ \$ 4,501m
Shares Outstanding	204m
3M Avg. Daily Value	Rs.1035.35m

Shareholding Pattern (%)

Promoter's	63.85
Foreign	10.49
Domestic Institution	7.75
Public & Others	17.91
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	11.2	10.0	54.8
Relative	10.2	6.9	41.4

Param Desai

paramdesai@plindia.com | 91-22-66322259

Sanketa Kohale

sanketakhale@plindia.com | 91-22-66322426

EBITDA beat aided by India operations

Quick Pointers:

- Bed expansion plan of 1,500 beds in India by FY29.
- Insurance losses across India and Cayman were reduced QoQ.

Narayana Hrudayalaya (NARH) reported strong EBITDA of Rs4.1bn (up 32% YoY) in Q2FY26, 8% above our estimates driven by robust performance across India and Cayman operations along with reduced losses in the insurance business. The Cayman business reported profitability of Rs1.56bn (up 58% YoY), adjusted for CIHL losses, up 61% YoY. India business reported healthy EBITDA adjusted for NHIC losses, up ~21% 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 +1,500 beds expansion over next 3 years through greenfield and brownfield across Bengaluru, Kolkata and Raipur. Our FY27E and FY28E EBITDA stands increased by 15-17% as we factored in UK acquisition while PAT largely remain unchanged. We maintain 'BUY' rating with a TP of Rs2,100/share, based on 26x EV/EBITDA for India business and 15x EV/EBITDA for international operations based on Sept 2027E.

- **EBITDA beat led by strong growth across India and Cayman business:** NARH reported EBITDA of Rs4.1bn; up 32% YoY (21% QoQ); adjusted for NHIC & CIHL losses it was also up by 32% YoY (Rs 4.3bn). Q2 Losses in India insurance and clinics business were to the tune of Rs164mn (Rs 193mn in Q1) while losses from Cayman integrated healthcare (CIHL) were to tune of Rs 26mn (Rs 93mn in Q1). Overall, margins came in at 24.8%, increased 220bps YoY. India business adjusted for insurance and clinics, reported EBITDA of Rs2.7bn, up ~21% YoY. India margins improved by 230bps YoY and 336bps QoQ to 22.2%. Cayman EBITDA adj for CIHL came in at \$18.3mn, up 53% YoY and flat QoQ, with OPM of ~43%.
- **Higher ARPOB aided India growth:** Revenues grew by 20% YoY to Rs16.4bn. ARPOB for India business grew 14% YoY to Rs47,945/day led by better payor mix and shift to high-end procedures (cardiac robotics, complex surgeries). IP volumes were down 7% YoY for India; impacted due to lower footfalls especially from Bangladesh and capacity constraints in existing hospitals. Cayman revenues increased 43% YoY to \$41.6mn. Both IP and OP volumes improved by 50% and ~40% YoY, respectively, for Cayman aided by ramping up in new unit. Reported PAT stood at Rs2.64bn (up ~33% YoY). NARH's net debt decreased by Rs. 964mn QoQ to Rs2.5bn.

Conference Call Highlights:

- **Bed expansion plan** – The 100-bed (lease) expansion at the Bangalore flagship is progressing as planned and is expected to be commissioned by Q1FY27. Overall, NARH has a total 1,535 bed expansion plan in Kolkata, Bengaluru and Raipur in the next 3-4 years; of which 60% is greenfield.

- **Capex and its guidance:** Management reiterated the Rs30bn India capex plan over three years, covering greenfield, brownfield, O&M and acquisitions. FY26 capex deployment continues, with some spending spilling over into early FY27, but the company remains on schedule on cost and timelines.
- **Cayman** – post-commissioning of 2nd unit, the hospital has seen a 50%+ increase in discharges and a large jump in OP/IP volumes. Mgmt guided for a few more quarters of growth remain before moderating to high single digits.
- **Integrated Care (Cayman CIHL)** - Insurance business has just about broken even in Q3. During Q2, CIHL reported revenues of Rs804mn with losses of Rs26mn. Insurance revenues have doubled QoQ, driven by significant employer adoption; market size is estimated at USD 300–350mn including government schemes. Cayman insurance business remains employer-sponsored only.
- **India Hospitals units:** Strong margin improvement across the network driven by improvement in case-mix, higher-end procedures, payer-mix optimization and throughput efficiencies; East India units have also seen sharp improvement. Despite minimal bed additions, India delivered ~20% EBITDA growth, supported by higher realization from niche and robotic procedures and intact occupancy.
- **Mumbai unit:** Mumbai unit continues to underperform; currently generating around low single-digit negative EBITDA, though October showed notable improvement. Mumbai unit guided for break-even in near term if recent traction from a pediatric-only model to adult + high pediatric focus sustains.
- **Flagship Units (Bangalore & Kolkata):** Flagships are seeing strong realization gains as patients shift to higher-configuration beds and niche work (including robotic cardiac surgeries) picks up; these units had positive impact on consolidated margins.
- **Integrated care business (NHIC & NHIL):** Integrated Care (clinics + India insurance) remains loss-making, though retail insurance subscribers continue to grow with losses in both clinics and the India insurance business continue to narrow, and management expects this positive trajectory to sustain.
- **CGHS rate change impact:** CGHS-linked tariffs account for ~60% of applicable contracts; the latest revision is expected to deliver ~30% package price uplift where applicable. Expect Rs400-500mn positive impact on revenues
- **Practice Plus (UK Clinics) Acquisition:** The UK clinics will continue operating under their existing brand, given the distinct operating model versus India/Cayman. Transaction costs (~5%) will be recorded in UK books. Integration will follow a collaborative learning approach rather than a direct India playbook rollout. Private-mix uplift initiatives are already in motion at the target, and NARH plans to accelerate this once post-acquisition stabilization is complete. In the UK, private patient mix is low at ~7–8%, offering substantial headroom compared with peers (30–75%).

Exhibit 1: Q2FY26 Result Overview (Rs mn) – EBITDA beat led by both India operations & reduced losses from insurance biz

Y/e March	2QFY26	2QFY25	YoY gr. (%)	Q2FY26E	% Var.	1QFY26	QoQ gr. (%)	1HFY26	1HFY25	YoY gr. (%)
Net Sales	16,438	13,667	20.3	16,366	0.4	15,073	9.1	31,511	27,076	16.4
COGS	3,222	2,894	11.4	3,519	(8.4)	3,058	5.4	6,280	5,776	8.7
% of Net Sales	19.6	21.2		21.5		20.3		19.9	21.3	
Employee Cost	2,991	2,760	8.4	3,257	(8.2)	2,955	1.2	5,946	5,523	7.7
% of Net Sales	18.2	20.2		19.9		19.6		18.9	20.4	
Other Expenses	6,156	4,925	25.0	5,828	5.6	5,690	8.2	11,846	9,650	22.7
% of Net Sales	37.4	36.0		35.6		37.7		37.6	35.6	
Total	12,369	10,579	16.9	12,603	(1.9)	11,703	5.7	24,072	20,950	14.9
EBITDA	4,069	3,088	31.8	3,763	8.1	3,370	20.8	7,439	6,127	21.4
Margins (%)	24.8	22.6		23.0		22.4		23.6	22.6	
Other Income	240	235	2.0	254	(5.6)	238	0.8	478	470	1.7
Interest	423	351	20.3	450	(6.1)	452	(6.4)	874	691	26.4
Depreciation	875	648	35.1	850	2.9	843	3.8	1,718	1,264	35.9
PBT	3,012	2,324	29.6	2,717	10.8	2,313	30.2	5,324	4,641	14.7
Tax	372	332	12.1	435	(14.4)	348	6.9	720	634	13.6
Tax rate %	12.4	14.3		16.0		15.0		13.5	13.7	
PAT	2,640	1,993	32.5	2,282	15.7	1,965	34.3	4,605	4,008	14.9
Share in (loss)/profit of associate	(13)	-		-	NA	(4)		(17)	-	
EO items	(44)	-		-	NA	-	-	(44)	-	
Minority Interest	-	-		(1)	(100.0)	-		-	-	
Reported PAT	2,583	1,993	29.6	2,281	13.2	1,961	31.7	4,543	4,008	13.4

Source: Company, PL

Exhibit 2: Break-up of revenues

Revenues (Rs. mn)	2QFY26	2QFY25	YoY gr. (%)	1QFY26	QoQ gr. (%)	1HFY26	1HFY25	YoY gr. (%)
Cayman	3,512	2,423	44.9	3,514	(0.1)	7,026	5,097	37.9
CIHL	804	-		454		1,258		
India	11,967	11,146	7.4	11,084	8.0	23,385	21,753	7.5
NHIC and NHIL	190	99	91.9	144	31.9	334	99	
Total Sales	16,473	13,668	20.5	14,742	11.7	30,411	26,850	13.3

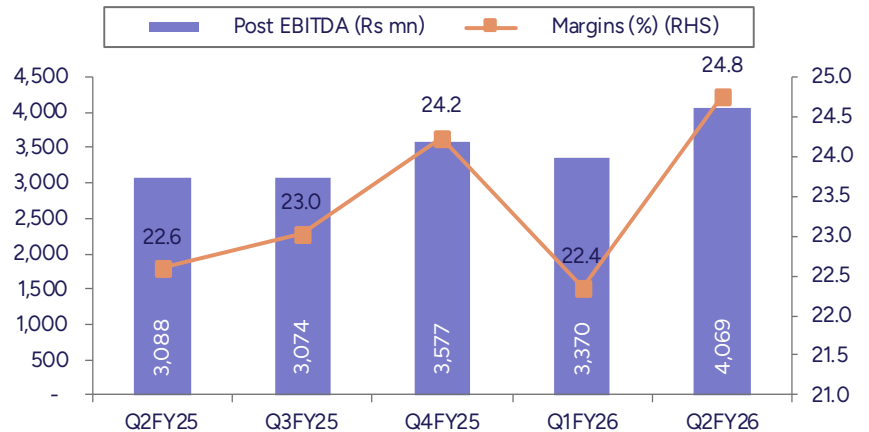
Source: Company, PL

Exhibit 3: Break-up of EBITDA

EBITDA (Rs. mn)	2QFY26	2QFY25	YoY gr. (%)	1QFY26	QoQ gr. (%)	1HFY26	1HFY25	YoY gr. (%)
Cayman	1,556	985	58.0	1,537	1.3	3,092	2,216	39.5
% OPM	44.3	40.6		43.7		44.0	43.5	
CIHL	(26)	-		(93)	(72.1)	(119)		
India	2,703	2,241	20.6	2,119	27.6	4,822	4,169	15.7
% OPM	22.6	20.1		19.1		20.6	19.2	
NHIC and NHIL	(164)	(138)	(19.3)	(193)	15.0	(357)	(258)	(38.2)

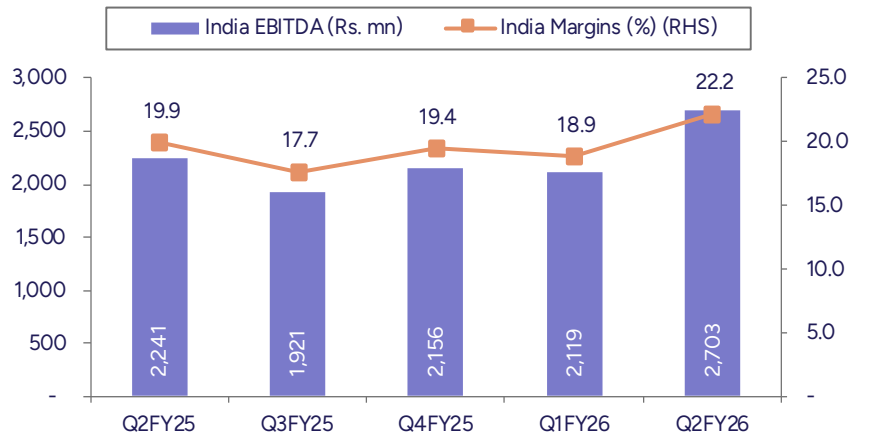
Source: Company, PL

Exhibit 4: Consolidated margins (post IND AS) improved 216bps YoY



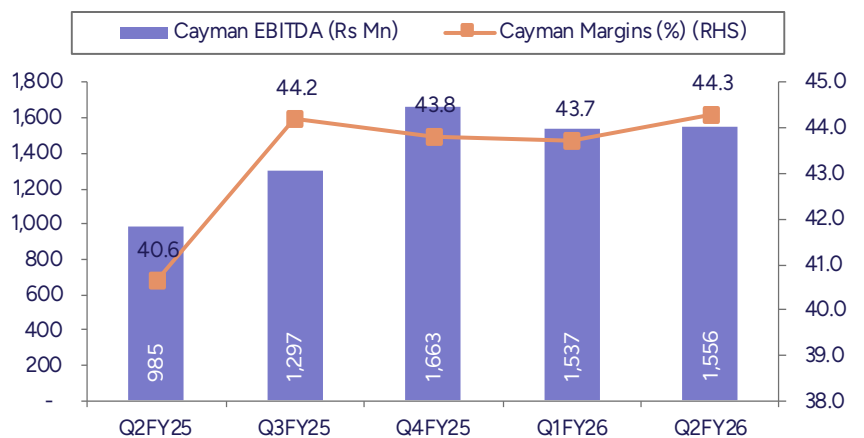
Source: Company, PL

Exhibit 5: India margins adj for NHIC losses improved by 220bps YoY



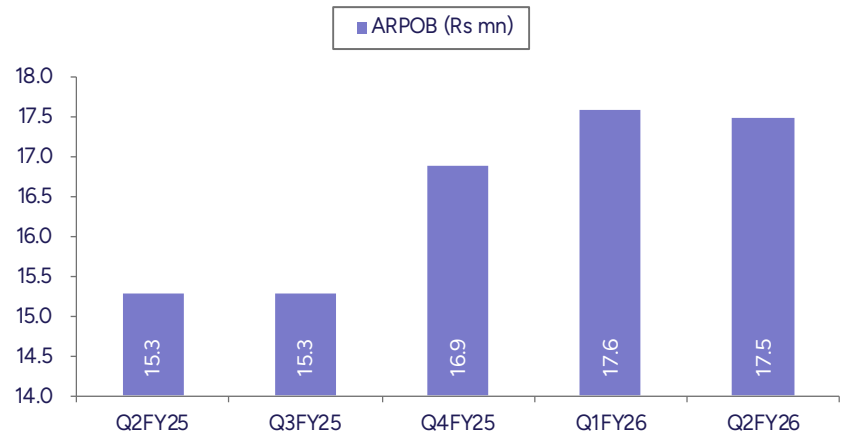
Source: Company, PL

Exhibit 6: Cayman EBITDA growth was at ~61% YoY adj to CIHL losses



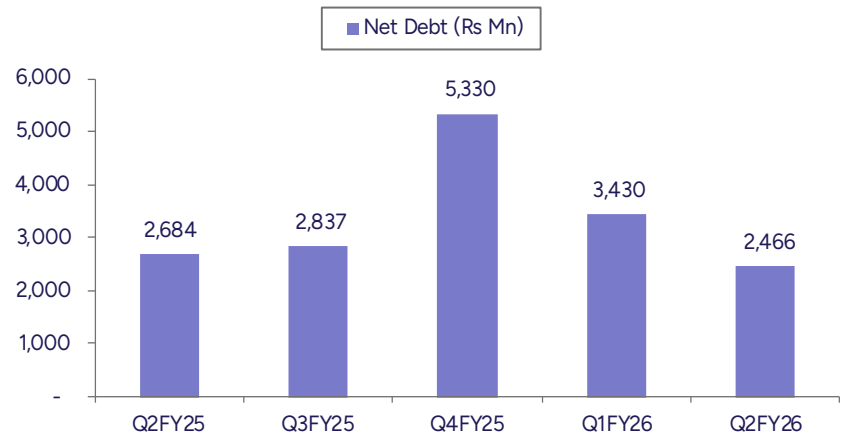
Source: Company, PL

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



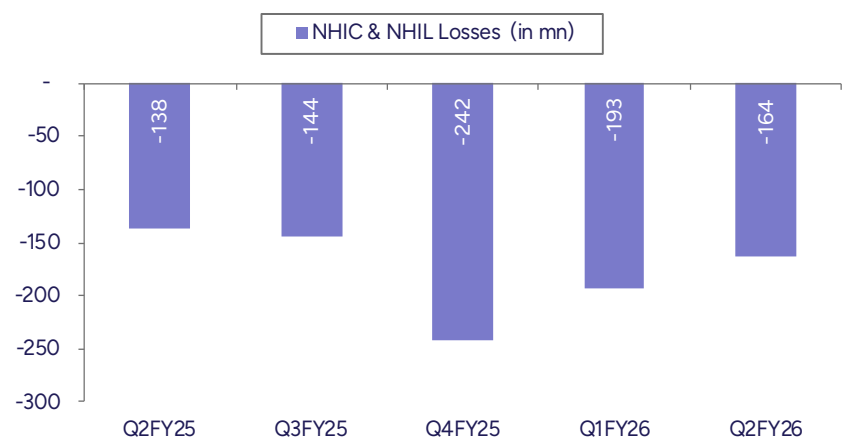
Source: Company, PL

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



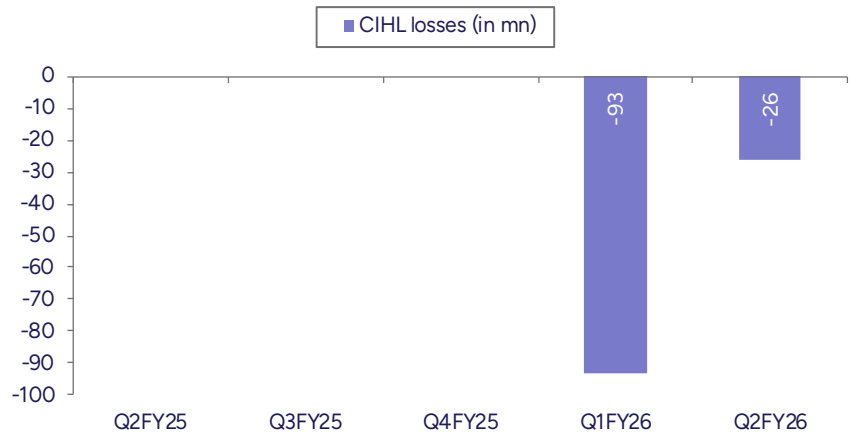
Source: Company, PL

Exhibit 9: Reducing integrated care losses QoQ



Source: Company, PL

Exhibit 10: Reducing Cayman's insurance business losses QoQ



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	54,830	79,157	1,03,417	1,16,157
YoY gr. (%)	9.3	44.4	30.6	12.3
Cost of Goods Sold	11,364	17,414	22,752	25,554
Gross Profit	43,466	61,742	80,666	90,602
Margin (%)	79.3	78.0	78.0	78.0
Employee Cost	10,927	12,457	14,201	16,189
Other Expenses	19,775	33,363	45,997	50,464
EBITDA	12,764	15,922	20,468	23,949
YoY gr. (%)	10.8	24.7	28.5	17.0
Margin (%)	23.3	20.1	19.8	20.6
Depreciation and Amortization	2,781	3,583	4,302	4,732
EBIT	9,983	12,339	16,166	19,217
Margin (%)	18.2	15.6	15.6	16.5
Net Interest	1,464	2,101	2,753	2,600
Other Income	920	900	800	800
Profit Before Tax	9,439	11,138	14,213	17,417
Margin (%)	17.2	14.1	13.7	15.0
Total Tax	1,457	1,782	2,416	3,483
Effective tax rate (%)	15.4	16.0	17.0	20.0
Profit after tax	7,982	9,356	11,797	13,934
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	7,898	9,356	11,797	13,934
YoY gr. (%)	0.0	18.5	26.1	18.1
Margin (%)	14.4	11.8	11.4	12.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	7,898	9,356	11,797	13,934
YoY gr. (%)	0.0	18.5	26.1	18.1
Margin (%)	14.4	11.8	11.4	12.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	7,898	9,356	11,797	13,934
Equity Shares O/s (m)	204	204	204	204
EPS (Rs)	38.6	45.8	57.7	68.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	60,963	91,193	1,01,193	1,11,193
Tangibles	58,718	88,948	98,948	1,08,948
Intangibles	2,245	2,245	2,245	2,245
Acc: Dep / Amortization	19,496	23,079	27,380	32,112
Tangibles	19,496	23,079	27,380	32,112
Intangibles	-	-	-	-
Net fixed assets	41,468	68,115	73,813	79,081
Tangibles	39,222	65,869	71,568	76,836
Intangibles	2,245	2,245	2,245	2,245
Capital Work In Progress	859	859	859	859
Goodwill	1,189	1,189	1,189	1,189
Non-Current Investments	10,843	10,843	10,843	10,843
Net Deferred tax assets	(559)	(559)	(559)	(559)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	1,103	1,735	2,267	2,546
Trade receivables	5,555	7,590	9,917	11,138
Cash & Bank Balance	6,467	5,714	4,994	5,753
Other Current Assets	5,089	7,590	9,917	11,138
Total Assets	72,650	1,03,713	1,13,876	1,22,626
Equity				
Equity Share Capital	2,044	2,044	2,044	2,044
Other Equity	34,220	42,365	52,827	65,309
Total Networth	36,264	44,408	54,871	67,352
Non-Current Liabilities				
Long Term borrowings	22,134	42,134	39,134	34,134
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	5,745	8,662	11,363	12,631
Other current liabilities	5,704	5,704	5,704	5,704
Total Equity & Liabilities	72,650	1,03,713	1,13,876	1,22,626

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	9,439	11,138	14,213	17,417
Add. Depreciation	2,781	3,583	4,302	4,732
Add. Interest	1,464	2,101	2,753	2,600
Less Financial Other Income	920	900	800	800
Add. Other	(1,371)	(26)	(30)	(30)
Op. profit before WC changes	12,313	16,796	21,238	24,719
Net Changes-WC	(1,185)	(2,251)	(2,484)	(1,454)
Direct tax	(1,270)	(1,782)	(2,416)	(3,483)
Net cash from Op. activities	9,858	12,763	16,338	19,781
Capital expenditures	(10,820)	(30,230)	(10,000)	(10,000)
Interest / Dividend Income	-	-	-	-
Others	(2,434)	-	-	-
Net Cash from Inv. activities	(13,253)	(30,230)	(10,000)	(10,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	7,942	20,000	(3,000)	(5,000)
Dividend paid	(812)	(1,185)	(1,304)	(1,422)
Interest paid	(1,464)	(2,101)	(2,753)	(2,600)
Others	33	-	-	-
Net cash from Fin. activities	5,698	16,714	(7,057)	(9,022)
Net change in cash	2,303	(754)	(719)	759
Free Cash Flow	(962)	(17,467)	6,338	9,781

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	13,346	14,754	15,073	16,438
YoY gr. (%)	10.9	18.4	12.4	20.3
Raw Material Expenses	2,652	3,053	3,058	3,222
Gross Profit	10,694	11,701	12,015	13,216
Margin (%)	80.1	79.3	79.7	80.4
EBITDA	3,074	3,577	3,370	4,069
YoY gr. (%)	10.2	22.9	10.9	31.8
Margin (%)	23.0	24.2	22.4	24.8
Depreciation / Depletion	696	825	843	875
EBIT	2,378	2,752	2,526	3,194
Margin (%)	17.8	18.7	16.8	19.4
Net Interest	366	407	452	423
Other Income	183	268	238	240
Profit before Tax	2,195	2,614	2,313	3,012
Margin (%)	16.5	17.7	15.3	18.3
Total Tax	259	568	348	372
Effective tax rate (%)	11.8	21.7	15.0	12.4
Profit after Tax	1,936	2,046	1,965	2,640
Minority interest	-	-	-	-
Share Profit from Associates	-	-	(4)	(13)
Adjusted PAT	1,936	1,962	1,961	2,583
YoY gr. (%)	2.9	4.4	(2.7)	29.6
Margin (%)	14.5	13.3	13.0	15.7
Extra Ord. Income / (Exp)	-	84	-	44
Reported PAT	1,936	2,046	1,961	2,627
YoY gr. (%)	2.9	8.8	(2.7)	31.8
Margin (%)	14.5	13.9	13.0	16.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,936	2,046	1,961	2,627
Avg. Shares O/s (m)	204	204	204	204
EPS (Rs)	9.5	9.6	9.6	12.6

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	38.6	45.8	57.7	68.2
CEPS	52.3	63.3	78.8	91.3
BVPS	177.4	217.3	268.5	329.6
FCF	(4.7)	(85.5)	31.0	47.9
DPS	5.2	5.8	6.4	7.0
Return Ratio(%)				
RoCE	19.6	17.0	17.9	19.7
ROIC	15.1	12.6	14.8	16.4
RoE	24.5	23.2	23.8	22.8
Balance Sheet				
Net Debt : Equity (x)	0.4	0.8	0.6	0.4
Net Working Capital (Days)	6	3	3	3
Valuation(x)				
PER	50.5	42.6	33.8	28.6
P/B	11.0	9.0	7.3	5.9
P/CEPS	37.3	30.8	24.8	21.4
EV/EBITDA	32.5	27.3	21.2	17.8
EV/Sales	7.6	5.5	4.2	3.7
Dividend Yield (%)	0.3	0.3	0.3	0.4

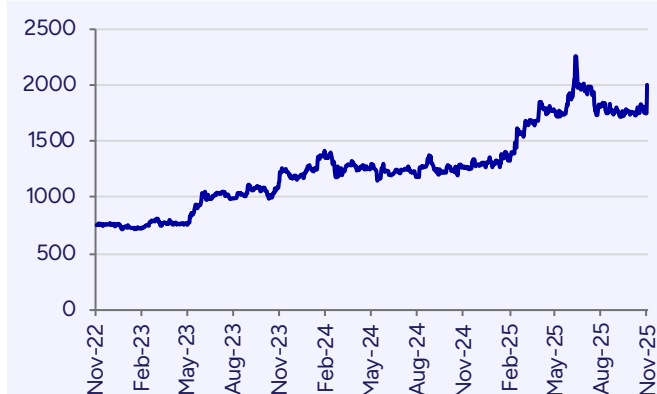
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
India hospitals	42,269	62,383	84,335	94,937
Cayman Island	11,861	16,074	18,383	20,520
Others	700	700	700	700

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	04-Nov-25	BUY	2,000	1,783
2	08-Oct-25	BUY	2,000	1,781
3	05-Aug-25	BUY	2,000	1,830
4	08-Jul-25	BUY	1,950	1,990
5	28-May-25	BUY	1,950	1,743
6	08-Apr-25	BUY	1,560	1,644
7	19-Feb-25	BUY	1,560	1,370
8	08-Jan-25	BUY	1,420	1,351

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ajanta Pharma	BUY	3,200	2,539
2	Apollo Hospitals Enterprise	BUY	9,300	7,642
3	Aster DM Healthcare	BUY	775	693
4	Aurobindo Pharma	BUY	1,300	1,141
5	Cipla	Accumulate	1,675	1,541
6	Divi's Laboratories	Accumulate	7,050	6,657
7	Dr. Reddy's Laboratories	Reduce	1,270	1,284
8	Eris Lifesciences	BUY	1,900	1,575
9	Fortis Healthcare	BUY	1,150	969
10	HealthCare Global Enterprises	BUY	620	651
11	Indoco Remedies	Hold	325	290
12	Ipca Laboratories	BUY	1,600	1,302
13	J.B. Chemicals & Pharmaceuticals	BUY	2,100	1,820
14	Jupiter Life Line Hospitals	BUY	1,800	1,519
15	Krishna Institute of Medical Sciences	BUY	840	701
16	Lupin	BUY	2,400	1,972
17	Max Healthcare Institute	BUY	1,400	1,122
18	Narayana Hrudayalaya	BUY	2,000	1,783
19	Rainbow Children's Medicare	BUY	1,600	1,342
20	Sun Pharmaceutical Industries	BUY	1,875	1,703
21	Suntech Realty	BUY	600	432
22	Torrent Pharmaceuticals	Accumulate	4,200	3,580
23	Zydus Lifesciences	Accumulate	1,020	937

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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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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