

February 18, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	2,150		2,100	
Sales (Rs. m)	1,06,115	1,19,327	1,03,417	1,16,157
% Chng.	2.6	2.7		
EBITDA (Rs. m)	21,903	25,503	20,468	23,949
% Chng.	7.0	6.5		
EPS (Rs.)	60.2	72.4	57.7	68.2
% Chng.	4.4	6.2		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	54,830	78,998	1,06,115	1,19,327
EBITDA (Rs. m)	12,764	16,724	21,903	25,503
Margin (%)	23.3	21.2	20.6	21.4
PAT (Rs. m)	7,898	8,389	12,312	14,796
EPS (Rs.)	38.6	41.1	60.2	72.4
Gr. (%)	0.0	6.2	46.8	20.2
DPS (Rs.)	5.2	5.8	6.4	7.0
Yield (%)	0.3	0.3	0.3	0.4
RoE (%)	24.5	24.3	25.2	24.2
RoCE (%)	19.6	17.5	19.0	20.6
EV/Sales (x)	7.1	5.2	3.8	3.4
EV/EBITDA (x)	30.5	24.6	18.6	15.7
PE (x)	47.3	44.6	30.4	25.3
P/BV (x)	10.3	8.6	6.9	5.5

Key Data NARY.BO | NARH IN

52-W High / Low	Rs.2,372 / Rs.1,296
Sensex / Nifty	83,451 / 25,725
Market Cap	Rs.374bn / \$ 4,122m
Shares Outstanding	204m
3M Avg. Daily Value	Rs.1438.97m

Shareholding Pattern (%)

Promoter's	63.27
Foreign	11.10
Domestic Institution	7.92
Public & Others	17.71
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(4.6)	0.9	37.9
Relative	(4.4)	(2.5)	25.5

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Another strong quarter across India & Cayman

Quick Pointers:

- Reiterated bed expansion plan of ~1,500 beds in India by FY29.
- Higher robotic/cardiac and payer optimization supported realizations, offsetting flat IP volumes.

Narayana Hrudayalaya (NARH) reported strong EBITDA of Rs4.4bn (up 44% YoY) adjusted for one time cost, 7% above our estimates driven by robust performance across India and Cayman operations along with consolidation of UK subsidiary. The Cayman business reported profitability of Rs1.88bn (up 42% YoY) adj for CHIL losses. India business reported healthy EBITDA adjusted for NHIC losses, up ~24% 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 6-7%. We maintain 'BUY' rating with a TP of Rs2,150/share, based on 23x EV/EBITDA for India business and 15x EV/EBITDA for international operations based on FY28E.

- **EBITDA beat led by strong growth across India and Cayman business:** NARH reported EBITDA of Rs3.7bn. During Q3FY26, the UK subsidiary was consolidated for 55 days, contributing revenues of Rs4.9bn and post-Ind AS EBITDA of ~Rs420mn (including losses from the Birmingham unit), translating into ~8.6% EBITDA margins. The quarter included one-time acquisition related expenses of ~Rs 757mn pertaining to the Cayman and UK entities. Adj to this, EBITDA came in at Rs 4.4bn (up 44% YoY) vs we estimated at Rs4.1. Q3 Losses in India insurance and clinics business were to the tune of Rs134mn (Rs 164mn in Q2) while losses from Cayman integrated healthcare (CIHL) were to tune of Rs 131mn (Rs 26mn in Q2). Overall, margins came in at 20.6%, decreased ~245bps YoY. India business adjusted for insurance and clinics, reported EBITDA of Rs2.4bn, up ~27% YoY. India margins improved by ~265bps YoY to 21%. Cayman EBITDA adj for CIHL came in at \$21mn, up 36.5% YoY and 17% QoQ, with OPM improved by 300 bps YoY to ~47%.
- **Higher ARPOB aided India growth:** Revenues grew by 61% YoY to Rs21.5bn. ARPOB for India business grew 15% YoY to Rs49,589/day led by better payor mix. IP volumes were flat YoY for India due to capacity constraints in in existing hospitals. Cayman revenues increased 28% YoY to \$45mn. Both IP and OP volumes improved by 27% and ~30% YoY, respectively, for Cayman aided by ramping up in new unit. Reported PAT stood at Rs1.3bn; Adjusted for one off PAT came in at Rs2.5bn (up ~32% YoY). NARH's net debt increased by Rs. 19.9bn QoQ to Rs22.3bn.

Conference Call Highlights:

- **Bed expansion plan** – Management reiterated a cluster-led expansion strategy, with core focus on Bangalore and Kolkata, while selectively scaling up in Raipur. Expansion will be calibrated, avoiding earlier strategy of aggressive pan-India bed addition; emphasis remains on consolidating core markets. Plan includes adding four Da Vinci robotic systems and strengthening oncology capabilities across hospitals. Management highlighted that incremental beds may be temporarily margin dilutive but guided to normalize over time as occupancies ramp up. Overall, NARH has a total 1,535 bed expansion plan in Kolkata, Bengaluru and Raipur in the next 2-3 years; largely greenfield in nature.
- **Capex and its guidance:** Management reiterated the Rs30bn India capex plan over three years through internal accruals, bulk allocation toward Bangalore and Kolkata clusters. UK capex is largely completed; only minor equipment additions pending at Birmingham. Cayman operations remain stable; no major capex planned. No plans to raise equity; capital allocation priority remains India and integration of UK asset. Consolidated net debt to EBITDA to be maintained below 2.5x.
- **Cayman** – Management sees further scope for market share gains and throughput optimization, with limited incremental capex requirements. Technology and process enhancements are being implemented to scale services efficiently and strengthen patient access.
- **Integrated Care (Cayman CIHL)** – The insurance arm is witnessing healthy growth in gross written premiums, aided by increasing corporate/SME penetration. Management is prioritizing underwriting discipline and close monitoring of claims ratios to ensure sustainable profitability.
- **Flagship Units (Bangalore & Kolkata):** Bangalore cluster witnessing strong performance driven by higher realizations and mix shift toward high-end specialties (robotics, cardiac). Kolkata cluster expected to structurally operate at discount to Bangalore due to payer mix differences.
- **Integrated care business (NHIC & NHIL):** Management indicated that the insurance operations are being gradually scaled beyond Bangalore into Kolkata and Raipur. The broader strategy is to deliver an integrated, end-to-end healthcare ecosystem encompassing hospitals, clinics, pharmacy and insurance. The company plans to expand the insurance business in a phased manner across markets where it has a strong on-ground hospital presence, thereby leveraging its existing clinical infrastructure and patient base.
- **CGHS rate change impact:** Mgmt reiterates higher exposure to government schemes as compared to peers. 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. Guided lower benefit from Delhi cluster due to lower exposure to CGHS in Delhi cluster limiting impact of rate revisions.

- **Practice Plus (UK Clinics) Acquisition:** Acquisition funded via GBP150mn debt + GBP45mn equity; total consideration of GBP 183mn net of cash. Debt repayment structured as 2+5-year schedule. Mgmt guided Interest cost as per SONIA (Sterling Overnight Index Average) /SOFR (Secured Overnight Financing Rate) + ~200bps. Consolidated depreciation for UK stood at ~Rs 400mn for 2 months; run-rate to be considered going forward. Birmingham hospital is fully operational; losses expected to narrow over ~4 quarters.

Exhibit 1: Q3FY26 Result Overview (Rs mn) – EBITDA beat led by both India & Cayman operations

Y/e March	3QFY26	3QFY25	YoY gr. (%)	Q3FY26E	% Var.	2QFY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Net Sales	21,512	13,346	61.2	23,645	(9.0)	16,438	30.9	53,022	40,422	31.2
COGS	3,815	2,652	43.9	5,202	(26.7)	3,222	18.4	10,095	8,427	19.8
% of Net Sales	17.7	19.9		22.0		19.6		19.0	20.8	
Employee Cost	4,595	2,712	69.4	3,547	29.6	2,991	53.6	10,541	8,235	28.0
% of Net Sales	21.4	20.3		15.0		18.2		19.9	20.4	
Other Expenses	8,673	4,908	76.7	10,739	(19.2)	6,156	40.9	20,519	14,558	40.9
% of Net Sales	40.3	36.8		45.4		37.4		38.7	36.0	
Total	17,082	10,272	66.3	19,488	(12.3)	12,369	38.1	41,154	31,221	31.8
EBITDA	4,429	3,074	44.1	4,157	6.6	4,069	8.9	11,868	9,201	29.0
Margins (%)	20.6	23.0		17.6		24.8		22.4	22.8	
Other Income	232	183	26.9	200	16.0	240	(3.3)	710	653	8.7
Interest	650	366	77.8	580	12.1	423	53.9	1,525	1,057	44.2
Depreciation	1,223	696	75.7	1,000	22.3	875	39.8	2,940	1,960	50.0
PBT	2,789	2,195	27.0	2,777	0.4	3,012	(7.4)	8,113	6,837	18.7
Tax	223	259	(14.0)	444	(49.9)	372	(40.1)	942	893	5.6
Tax rate %	8.0	11.8		16.0		12.4		11.6	13.1	
PAT	2,566	1,936	32.5	2,333	10.0	2,640	(2.8)	7,170	5,944	20.6
Share in (loss)/profit of associate	(19)	-	NA	-	NA	(13)		(36)	-	NA
EO items	(1,266)	-	NA	-	NA	(44)		1,310	-	NA
Minority Interest	-	-	NA	-	NA	-		-	-	NA
Reported PAT	1,281	1,936	(33.9)	2,333	(45.1)	2,583	(50.4)	7,135	5,944	20.0

Source: Company, PL

Exhibit 2: Break-up of revenues

Revenues (Rs. mn)	3QFY26	3QFY25	YoY gr. (%)	2QFY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Cayman	3,864	2,935	31.7	3,512	10.0	10,891	8,032	35.6
CIHL	1,127	-	#DIV/O!	804	40.2	2,384	-	#DIV/O!
India	11,316	10,334	9.5	11,967	(5.4)	34,367	32,194	6.7
NHIC and NHIL	232	107	116.8	190	22.1	566	286	97.9
Practice plus- UK	4,902	-	#DIV/O!	-	#DIV/O!	4,902	-	#DIV/O!
Total Sales	21,441	13,376	60.3	16,473	30.2	53,110	40,512	31.1

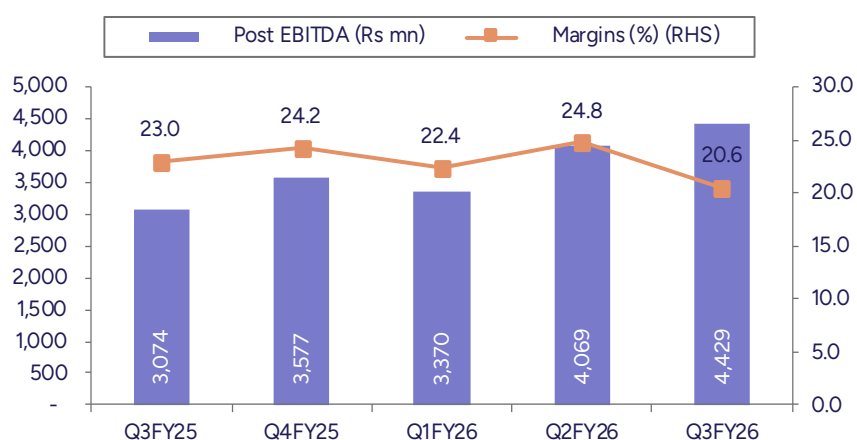
Source: Company, PL

Exhibit 3: Break-up of EBITDA

EBITDA (Rs. mn)	3QFY26	3QFY25	YoY gr. (%)	2QFY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Cayman	1,844	1,297	42.2	1,556	18.5	4,937	3,513	40.5
% OPM	47.7	44.2		44.3		45.3	43.7	
CIHL	(131)	-		(26)	405.3	(250)		
India	2,430	1,921	26.5	2,703	(10.1)	7,252	6,090	19.1
% OPM	21.5	18.6		22.6		22.5	18.9	
NHIC and NHIL	(134)	(144)	6.9	(164)	18.3	(491)	(402)	(22.0)
Practice plus- UK	420	-	NA	-	NA	420	-	NA
% OPM	8.6	-	NA	-	NA	8.6	-	NA
Total EBITDA	4,429	3,074	44.1	4,069	8.9	11,868	9,201	

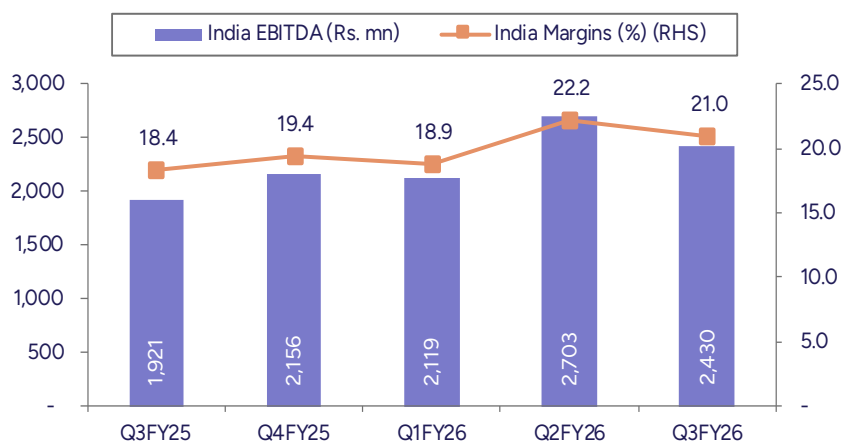
Source: Company, PL

Exhibit 4: Consolidated OPM declined by ~245bps YoY given UK consolidation



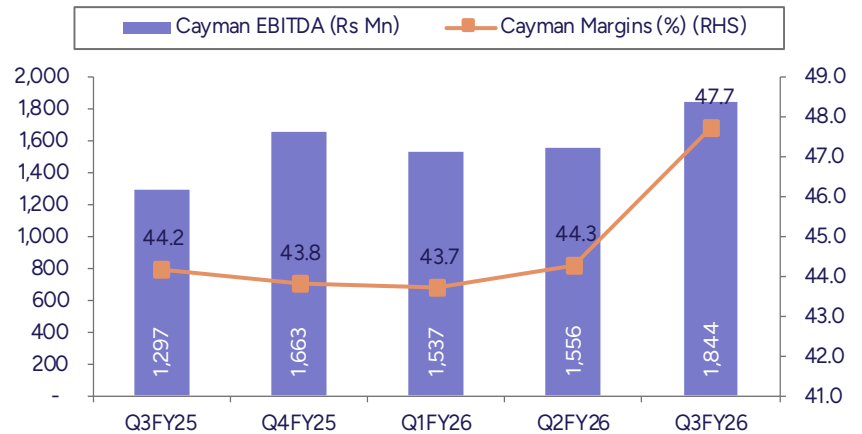
Source: Company, PL

Exhibit 5: India margins adj for NHIC losses improved by ~245bps YoY



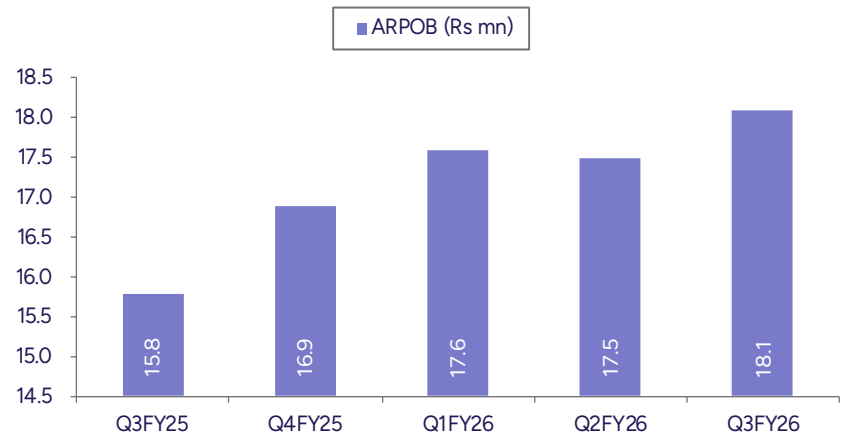
Source: Company, PL

Exhibit 6: Cayman EBITDA growth was at ~52% YoY adj to CIHL losses



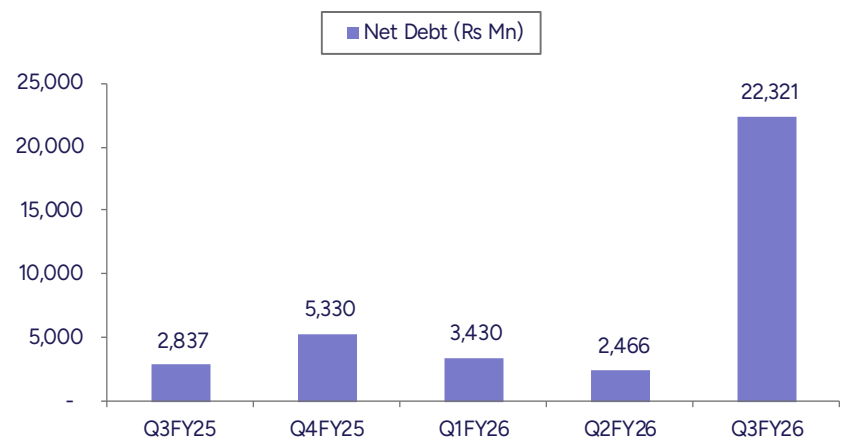
Source: Company, PL

Exhibit 7: India ARPOB increased ~15% YoY due to better payor mix



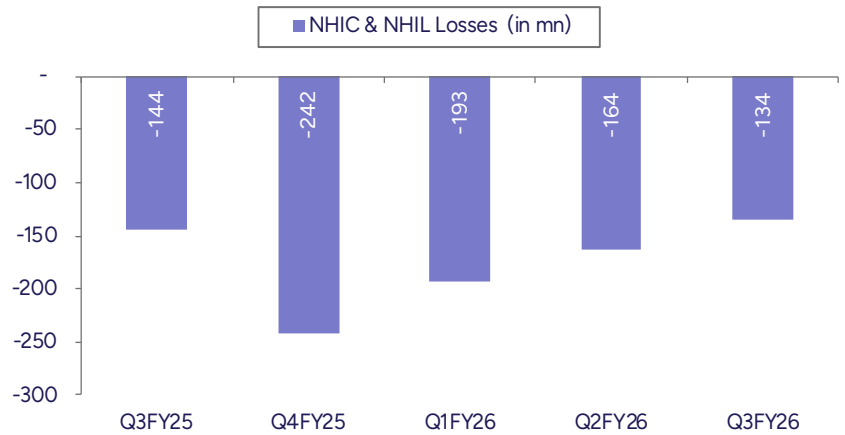
Source: Company, PL

Exhibit 8: Net debt increased by Rs. 19.9bn QoQ



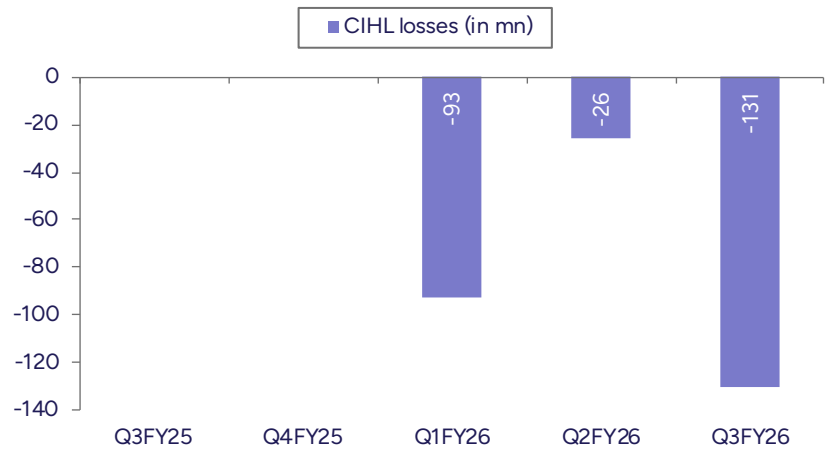
Source: Company, PL

Exhibit 9: Reducing integrated care losses QoQ



Source: Company, PL

Exhibit 10: Cayman's insurance business losses increased QoQ



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	54,830	78,998	1,06,115	1,19,327
YoY gr. (%)	9.3	44.1	34.3	12.5
Cost of Goods Sold	11,364	17,379	23,345	26,252
Gross Profit	43,466	61,618	82,770	93,075
Margin (%)	79.3	78.0	78.0	78.0
Employee Cost	10,927	12,457	14,201	16,189
Other Expenses	19,775	32,437	46,666	51,382
EBITDA	12,764	16,724	21,903	25,503
YoY gr. (%)	10.8	31.0	31.0	16.4
Margin (%)	23.3	21.2	20.6	21.4
Depreciation and Amortization	2,781	4,158	4,917	5,408
EBIT	9,983	12,567	16,986	20,095
Margin (%)	18.2	15.9	16.0	16.8
Net Interest	1,464	2,189	2,753	2,300
Other Income	920	900	600	700
Profit Before Tax	9,439	11,278	14,833	18,495
Margin (%)	17.2	14.3	14.0	15.5
Total Tax	1,457	1,579	2,522	3,699
Effective tax rate (%)	15.4	14.0	17.0	20.0
Profit after tax	7,982	9,699	12,312	14,796
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	7,898	8,389	12,312	14,796
YoY gr. (%)	0.0	6.2	46.8	20.2
Margin (%)	14.4	10.6	11.6	12.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	7,898	8,389	12,312	14,796
YoY gr. (%)	0.0	6.2	46.8	20.2
Margin (%)	14.4	10.6	11.6	12.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	7,898	8,389	12,312	14,796
Equity Shares O/s (m)	204	204	204	204
EPS (Rs)	38.6	41.1	60.2	72.4

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	23,654	28,570	33,979
Tangibles	19,496	23,654	28,570	33,979
Intangibles	-	-	-	-
Net fixed assets	41,468	67,540	72,623	77,215
Tangibles	39,222	65,295	70,378	74,969
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	1,731	2,326	2,615
Trade receivables	5,555	7,575	10,175	11,442
Cash & Bank Balance	6,467	5,200	5,305	7,550
Other Current Assets	5,089	7,575	10,175	11,442
Total Assets	72,650	1,02,590	1,13,573	1,23,233
Equity				
Equity Share Capital	2,044	2,044	2,044	2,044
Other Equity	34,220	41,374	52,351	65,695
Total Network	36,264	43,417	54,395	67,739
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	8,531	11,536	12,853
Other current liabilities	5,704	5,704	5,704	5,704
Total Equity & Liabilities	72,650	1,02,590	1,13,573	1,23,233

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	9,439	11,278	14,833	18,495
Add. Depreciation	2,781	4,158	4,917	5,408
Add. Interest	1,464	2,189	2,753	2,300
Less Financial Other Income	920	900	600	700
Add. Other	(1,371)	(1,360)	(30)	(30)
Op. profit before WC changes	12,313	16,264	22,473	26,173
Net Changes-WC	(1,185)	(2,349)	(2,790)	(1,507)
Direct tax	(1,270)	(1,579)	(2,522)	(3,699)
Net cash from Op. activities	9,858	12,336	17,162	20,968
Capital expenditures	(10,820)	(30,230)	(10,000)	(10,000)
Interest / Dividend Income	-	-	-	-
Others	(2,434)	-	-	-
Net Cash from Invst. 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)	(2,189)	(2,753)	(2,300)
Others	33	-	-	-
Net cash from Fin. activities	5,698	16,626	(7,057)	(8,722)
Net change in cash	2,303	(1,268)	105	2,245
Free Cash Flow	(962)	(17,894)	7,162	10,968

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	14,754	15,073	16,438	21,512
YoY gr. (%)	18.4	12.4	20.3	61.2
Raw Material Expenses	3,053	3,058	3,222	3,815
Gross Profit	11,701	12,015	13,216	17,697
Margin (%)	79.3	79.7	80.4	82.3
EBITDA	3,577	3,370	4,069	4,429
YoY gr. (%)	22.9	10.9	31.8	44.1
Margin (%)	24.2	22.4	24.8	20.6
Depreciation / Depletion	825	843	875	1,223
EBIT	2,752	2,526	3,194	3,207
Margin (%)	18.7	16.8	19.4	14.9
Net Interest	407	452	423	650
Other Income	268	238	240	232
Profit before Tax	2,614	2,313	3,012	2,789
Margin (%)	17.7	15.3	18.3	13.0
Total Tax	568	348	372	223
Effective tax rate (%)	21.7	15.0	12.4	8.0
Profit after Tax	2,046	1,965	2,640	2,566
Minority interest	-	-	-	-
Share Profit from Associates	-	(4)	(13)	(19)
Adjusted PAT	1,962	1,961	2,583	1,281
YoY gr. (%)	4.4	(2.7)	29.6	(33.9)
Margin (%)	13.3	13.0	15.7	6.0
Extra Ord. Income / (Exp)	84	-	44	1,266
Reported PAT	2,046	1,961	2,627	2,547
YoY gr. (%)	8.8	(2.7)	31.8	31.5
Margin (%)	13.9	13.0	16.0	11.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,046	1,961	2,627	2,547
Avg. Shares O/s (m)	204	204	204	204
EPS (Rs)	9.6	9.6	12.6	6.3

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	38.6	41.1	60.2	72.4
CEPS	52.3	61.4	84.3	98.9
BVPS	177.4	212.5	266.2	331.5
FCF	(4.7)	(87.6)	35.0	53.7
DPS	5.2	5.8	6.4	7.0
Return Ratio(%)				
RoCE	19.6	17.5	19.0	20.6
ROIC	15.1	12.9	15.7	17.4
RoE	24.5	24.3	25.2	24.2
Balance Sheet				
Net Debt : Equity (x)	0.4	0.9	0.6	0.4
Net Working Capital (Days)	6	4	3	4
Valuation(x)				
PER	47.3	44.6	30.4	25.3
P/B	10.3	8.6	6.9	5.5
P/CEPS	35.0	29.8	21.7	18.5
EV/EBITDA	30.5	24.6	18.6	15.7
EV/Sales	7.1	5.2	3.8	3.4
Dividend Yield (%)	0.3	0.3	0.3	0.4

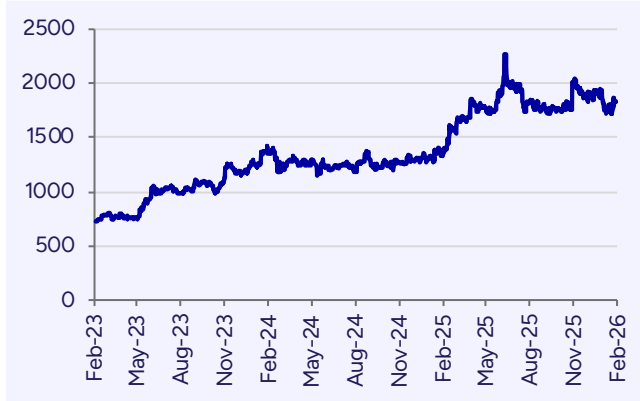
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
India hospitals	42,269	60,193	84,535	95,137
Cayman Island	11,861	18,105	20,880	23,490
Others	700	700	700	700

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Jan-26	BUY	2,100	1,901
2	19-Dec-25	BUY	2,100	1,920
3	19-Nov-25	BUY	2,100	1,952
4	04-Nov-25	BUY	2,000	1,783
5	08-Oct-25	BUY	2,000	1,781
6	05-Aug-25	BUY	2,000	1,830
7	08-Jul-25	BUY	1,950	1,990
8	28-May-25	BUY	1,950	1,743
9	08-Apr-25	BUY	1,560	1,644
10	19-Feb-25	BUY	1,560	1,370

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ajanta Pharma	BUY	3,200	2,768
2	Apollo Hospitals Enterprise	BUY	9,000	7,507
3	Aster DM Healthcare	BUY	715	558
4	Aurobindo Pharma	BUY	1,300	1,124
5	Brigade Enterprises	BUY	1,045	843
6	Cipla	Accumulate	1,440	1,315
7	Divi's Laboratories	Accumulate	6,850	6,387
8	Dr. Reddy's Laboratories	Reduce	1,300	1,157
9	Eris Lifesciences	BUY	1,900	1,553
10	Fortis Healthcare	BUY	1,120	915
11	Global Health	BUY	1,375	1,108
12	HealthCare Global Enterprises	BUY	850	586
13	Indoco Remedies	Hold	325	225
14	Ipca Laboratories	BUY	1,600	1,514
15	J.B. Chemicals & Pharmaceuticals	BUY	2,300	1,927
16	Jupiter Life Line Hospitals	BUY	1,600	1,251
17	Krishna Institute of Medical Sciences	BUY	810	647
18	Lupin	Accumulate	2,400	2,199
19	Max Healthcare Institute	BUY	1,300	1,040
20	Narayana Hrudayalaya	BUY	2,100	1,901
21	Oberoi Realty	Accumulate	1,820	1,647
22	Prestige Estates Projects	BUY	1,880	1,500
23	Rainbow Children's Medicare	BUY	1,550	1,179
24	Sun Pharmaceutical Industries	BUY	1,900	1,595
25	Sunteck Realty	BUY	550	374
26	Torrent Pharmaceuticals	BUY	4,750	4,078
27	Zydus Lifesciences	Accumulate	1,020	887

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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