



Prime Stock

Short Term Fundamental Pick

Narayana Hrudayalaya



TODAY'S PRIME STOCK (SHORT-TERM INVESTMENT)

NARAYANA HRUDAYALAYA LTD

BSE CODE: 539551

NSE CODE: NH

Sector: Healthcare

Industry: Healthcare

Mrkt Cap (Cr)	26,117
P/E (x) TTM	32.4
P/B (x) TTM	9.06
EV/EBITDA (x)	21.5
ROE%	31.4
ROCE%	26.5

CMP (Rs): 1265 | Buy Range: 1250-1265 | Target Price: 1455 | Potential Upside: 15%
Duration of Recommendation: 3 Months

Narayana Hrudalaya is engaged in providing economical healthcare services & operates a chain of multi-specialty, tertiary, and primary healthcare facilities. Company owned/operates 18 hospitals, 3 heart centers, 17 dialysis centers & and one hospital in Cayman Island with 5794 total operational beds across India.

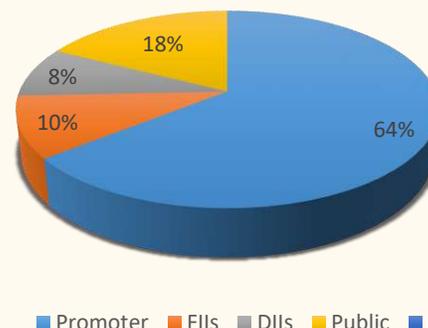
INVESTMENT RATIONALE

- + **Strong Financial Performance:** Revenue/EBITDA/PAT have grown at a CAGR of 12%/32%/68% respectively over FY19-24. In Q1FY25, Revenues/EBITDA/PAT have grown by 8.7%/12.3%/9% to Rs 1341 cr/304 cr/202 cr respectively on year-on-year basis. EBITDA margin is up by 72 bps from 21.9% to 22.7%. On QoQ basis, Revenue/EBITDA/PAT have grown by 4.8%/3.2%/6% respectively. Leverage position is also good with D/E is 0.56 with net debt 1627 crore. Company's mean ROE & ROCE are 24%/16% respectively.
- + **Expanding Operational Footprint with substantial CapEx:** Significant CapEx planned for FY25 for brownfield project in Bangalore & greenfield project in Kolkata costing Rs. 1500 crores, indicating future growth.
- + **Diverse Revenue Streams:** The company's revenue comes from a mix of owned hospitals, operated hospitals, and heart centers, reducing reliance on any single source. This diversification enhances the stability and predictability of its earnings.
- + **Insurance Business Venture:** The launch of Narayana Health Insurance with innovative products like "Aditi" offering significant coverage at competitive premiums indicates the company's foray into new revenue-generating sectors. This diversification into insurance could provide additional income streams.
- + **Digital Transformation Initiatives:** Narayana Hrudayalaya is heavily investing in digital transformation, including AI-powered consultations, smart ICU systems, and an enhanced digital appointment management system. These initiatives improve operational efficiency and patient experience, which can lead to increased revenue and patient loyalty.
- + **Innovative Clinical Practices:** The company is at the forefront of adopting advanced clinical practices, including the use of 3D printed patient-specific implants and robotic-assisted surgeries. This focus on clinical innovation enhances its reputation and attracts higher patient inflows.
- + **Attractive Valuations:** Stock is currently trading at P/E multiple of 32x/28x its FY25/FY26E EPS, while the median industry P/E for FY25E/26E is 54x/43x respectively. Narayana Hrudayalaya is on the right trajectory for future growth supported by venturing in insurance business & increasing footfalls.

1-Year Price Performance



Shareholding Pattern



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