



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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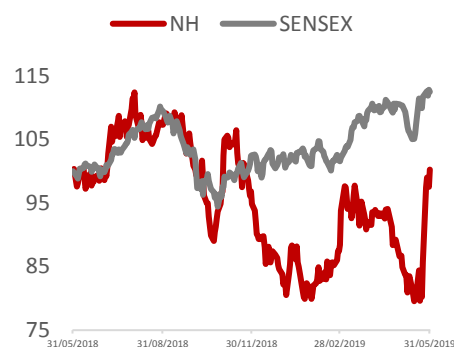
Neutral

Current Price	230
Target Price	273
Upside/Downside	19%
52 Week Range	185/287

Key Share Data

Market Cap (Rs.bn)	47.04
Market Cap (US\$ mn)	673.09
No of o/s shares (mn)	204.360
Face Value	10
Monthly Avg. vol (BSE+NSE) Nos'000	47.614
BSE Code	539551
NSE Code	NH
Bloomberg	NARH:IN

Price performance



% Shareholding	Mar-19	Dec-18
Promoters	63.85	63.85
DII	4.01	3.99
FII	15.71	14.74
Others	16.39	17.42
Total	100	100

Key Financials

Year	Net Sales	% Growth	EBIDTA	OPM (%)	PAT	% Growth	EPS	PE (x)	RoE (%)	RoCE (%)
FY17	18781.6	16%	2288.6	12.2%	830.5	290%	4.06	56.6	8.6%	11.8%
FY18	22809.1	21%	2122.7	9.3%	514.0	-38%	2.52	91.4	5.0%	6.4%
FY19	28609.2	25%	2878.1	10.1%	593.3	15%	2.90	79.2	5.5%	7.9%
FY20E	31569.8	10%	3292.7	10.4%	930.3	57%	4.55	50.5	8.2%	9.9%
FY21E	36375.1	15%	4118.9	11.3%	1525.5	64%	7.46	30.8	12.3%	13.3%

Narayana Hrudayalaya Q4FY19 results were better than Estimates primarily driven by outperformance at Cayman

The Revenues stood at Rs 7652 mn, growing by 18% yoy/5% qoq and as against our estimates of Rs. 7475 mn, driven by growth from outperformance at Cayman while mature centers grew at 11% yoy. The EBITDA stood at Rs.895.1 mn, growing by 71%YoY/15% QoQ. The EBITDA Margins stood at 11.7% (+360 bps yoy/ +110 bps qoq) indicating a strong operational performance. The interest cost stood at Rs 174.9 mn, having a reduction of -14.6%YoY/-4.7% QoQ. The PAT stood at Rs. 371.6 mn, growing 278.9% YoY/68% QoQ, as against estimated of Rs 192 mn. The PAT was high on account of high other income of Rs. 72.4 mn (+70.3% YoY/+180% QoQ), Lower Tax Rate of 22.8% v/s tax write back in Q4FY18 v/s 46.4% in Q3FY19 and Share of Profit from associates of 37.1mn v/s share of Loss of Rs. 25.27 mn in Q4FY18 and share of loss of Rs. 23.12 mn in Q3FY19. The margins stood at 4.9%, growing by 340bpsYoY/+310 bps QoQ. The EPS for the quarter was at Rs 1.83 v/s 0.48 in Q4FY18 and 0.62 in Q3FY19.

Conference Call Key Takeaways –

1. The company has no new expansion plans for the next two years and focus will be on increasing the operation efficiencies.
2. The consolidated Net Debt stands at 7127 mn and Gross Debt stands at 8134 mn as at FY19.
3. In the India business, the growth was driven by the Mazumdar Shaw Hospital in Bangalore.
4. The overall group occupancy stood at 58%.
5. The Ahmedabad and Jamshedpur Hospitals, turned profitable this quarter. Further, the Gurugram hospital is a 1 year old hospital and the company is adding a new radiation unit in the hospital. Further, the company expects, the Dharmshila hospital, to breakeven soon.
6. The other income of the company was high at Rs 72.4mn, due to write back of provisions.

Outlook & Valuation

The management has guided that no new acquisitions/mergers will take place and full focus would be on growing the inherent business. However, we would like to observe the performance of the company for a few quarters to have a clear view on its operational efficiencies. Hence, we maintain our **Neutral** view on the stock with a price target price of Rs 273.



	Q4FY19	Q3FY19	Q4FY18	YoY	QoQ	FY19	FY18	Var %
Income from operations	7652.0	7321.0	6468.0	18%	5%	28609.2	22809.1	25%
Other Income	72.4	33.2	42.5			166.7	189.0	
Total Income	7724.4	7354.2	6510.5	19%	5%	28775.9	22998.1	25%
Purchase of Medical Consumables & supplies	1737.2	1756.7	1686.7			6871.0	5690.2	
Inventory Change	118.6	3.3	-74.8			118.6	-125.2	
Employee Benefits	1596.3	1580.0	1421.7			6240.5	4656.9	
Professional Fees to Doctors	1511.86	1524.7	1302.7			5898.2	4787.8	
Other expenses	1793.0	1677.2	1608.7			6717.1	5676.8	
TOTAL EXPENSES	6756.9	6541.9	5944.9	14%	3%	25845.3	20686.4	25%
EBITDA (ex OI)	895.1	779.0	523.0	71%	15%	2763.9	2122.7	30%
<i>EBITDA (ex-OI) margin</i>	11.7%	10.6%	8.1%			9.7%	9.3%	
EBIT	608.4	463.8	304.8	100%	31%	608.4	1312.1	-54%
Interest	174.9	183.9	204.6			174.9	467.6	
Depreciation	359.2	348.5	260.8			1373.6	999.5	
Profit Before Tax	433.5	279.9	100.2	333%	55%	957.4	844.6	
Tax	98.1	130.0	-6.1			340.3	289.6	
Net Profit	335.5	149.9	106.4	215%	124%	617.1	555.0	11%
Minority Interest (after tax)	0.0	0.0	0.0			0.0	0.0	
Profit/Loss of Associate Company	37.1	-23.1	-25.3			-23.3	-46.4	
Net Profit after Minority Interest & P/L Asso.Co.	372.6	126.8	81.1			593.7	508.6	17%
Extraordinary items	0.0	0.0	17.0			0.0	5.4	
Net Profit after extraordinary items	372.6	126.8	98.1	280%	194%	593.7	514.0	16%
NPM %	4.9%	1.7%	1.5%			2.1%	2.3%	
Other comprehensive income	-94.4	-118.6	35.3			-4.1	34.8	
Total comprehensive income	278.2	8.1	133.4			589.6	548.8	
Equity	2043.6	2043.6	2043.6			2043.6	2043.6	
EPS after Minority Interest	1.82	0.62	0.48			2.91	2.52	



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NARAYANA HRUDAYALAYA FINANCIALS									
	FY18	FY19	FY20E	FY21E		FY18	FY19	FY20E	FY21E
Profit & Loss (Rs mn)					Cash Flow St. (Rs. mn)				
Income from Operations	22,809	28,609	31,570	36,375	Net Profit	514	593	930	1,525
Purchase of medical consumables	5,565	6,875	7,703	8,730	Add: Dep. & Amort.	1,000	1,373	1,412	1,443
Employee costs	4,657	6,241	6,865	7,894	Cash profits	1,514	1,966	2,342	2,969
Professional fees to Doctors	4,788	5,898	6,314	7,275	(Inc)/Dec in				
Other expenses	5,677	6,717	7,395	8,357	-Sundry debtors	(1,221)	125	(795)	(527)
Cost of sales	20,686	25,731	28,277	32,256	-Inventories	(313)	4	(379)	(184)
Operating Profit	2,123	2,878	3,293	4,119	-Loans/advances	162	(72)	(21)	(22)
Depreciation	1,000	1,373	1,412	1,443	-Sundry creditors	2,339	241	1,161	895
PBIT	1,123	1,505	1,881	2,675	-Provisions	114	37	106	132
Other income	189	167	192	220	Change in working cap	1,082	335	72	295
Interest	468	714	618	551	CF from Oper. activities	2,595	2,302	2,414	3,264
Profit before tax	845	958	1,454	2,345	CF from Inv. activities	(7,522)	(2,255)	(365)	(393)
Provision for tax	290	341	509	821	CF from Fin. activities	5,840	58	(1,221)	(703)
PAT Bfr Excp Items	555	617	945	1,524	Cash generated/(utilis)	913	104	828	2,168
Minority Interest	-	-	(15)	-	Cash at start of the year	341	860	1,204	1,985
Share of Profit of Associate	(46)	(23)	-	-	Cash at end of the year	860	1,204	1,985	4,100
Extraordinary Items	5	-	-	1					
Net Profit	514	593	930	1,525	Ratios				
Balance Sheet					OPM	9.3%	10.1%	10.4%	11.3%
Equity capital	2,044	2,044	2,044	2,044	NPM	2.3%	2.1%	2.9%	4.2%
Reserves	8,314	8,768	9,289	10,405	Tax rate	34%	36%	35%	35%
Net worth	10,357	10,811	11,333	12,449	Growth Ratios (%)				
Def. Tax Liab.+Minority Int.	399	483	531	584	Net Sales	21%	25%	10%	15%
Secured loans	6,963	7,253	6,253	5,753	Operating Profit	-7%	36%	14%	25%
Unsecured loans	1,421	1,283	1,283	1,283	PAT	-38%	15%	57%	64%
Total debt	8,384	8,536	7,536	7,036					
Other Liab	1,350	1,394	1,533	1,687	Per Share (Rs.)				
CAPITAL EMPLOYED	20,490	21,224	20,933	21,756	Net Earnings (EPS)	2.52	2.90	4.55	7.46
Gross block	22,526	23,906	23,956	24,156	Cash Earnings (CPS)	7.41	9.62	11.46	14.53
Accumulated depreciation	5,409	6,782	8,194	9,638	Dividend	2.00	2.00	2.00	2.00
Net block	17,117	17,124	15,762	14,519	Book Value	50.68	52.90	55.46	60.92
Capital WIP	269	362	500	500	Free Cash Flow	-30.1	0.3	11.2	12.4
Total fixed assets	17,385	17,486	16,262	15,019	Valuation Ratios				
Other Intangible assets	703	597	597	597	P/E(x)	91.4	79.2	50.5	30.8
Goodwill	660	660	660	660	P/B(x)	4.5	4.3	4.1	3.8
Equity accounted Investees	37	29	29	29	EV/EBIDTA(x)	21.9	16.1	14.1	11.3
Investments	50	145	145	145	EV/SALES(x)	2.0	1.6	1.5	1.3
Other non current assets	1,138	1,939	2,116	2,309	Div. Yield(%)	0.9%	0.9%	0.9%	0.9%
Inventories	836	832	1,211	1,395	FCF Yield(%)	-13.1%	0.2%	4.9%	5.4%
Sundry debtors	2,790	2,664	3,460	3,986	Return Ratios (%)				
Cash & bank	860	1,204	1,985	4,100	ROE	5.0%	5.5%	8.2%	12.3%
Loans & advances	221	293	314	336	ROCE	6.4%	7.9%	9.9%	13.3%
Other current assets	593	477	524	577					
Sundry creditors	4,479	4,720	5,882	6,777					
Provisions	387	424	530	662					
Working capital	435	327	1,083	2,956					
CAPITAL DEPLOYED	20,409	21,184	20,893	21,715					



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