

Company Overview

Nephrocare Health Services offers comprehensive dialysis care through its network of clinics, from diagnosis and treatment to wellness programs, including haemodialysis, home and mobile dialysis, and a pharmacy. The company also provides holiday dialysis, on-call dialysis, and dialysis-on-wheels services to its patients in India. The company is India's largest dialysis service provider, based on the number of patients served, clinics, cities covered, treatments performed, revenue, and EBITDA in FY25. Further, the company is 4.4 times the size of the next-largest organized dialysis provider in India, based on operating revenue in FY24. In FY25, the company served 29,281 patients and completed 2,885,450 treatments in India, which represented ~10% of the total dialysis patients in India. The company operates 519 clinics, forming India's most extensive dialysis network, with a presence across 288 cities in 21 States and 4 Union Territories as of September 30, 2025. 77.4% of its clinics are located in tier II and tier III cities and towns. As of September 30, 2025, 80 clinics operated through greenfield, 259 through brownfield, and 180 via PPP collaborations. The company has partnered with leading hospital chains in India, including Max Super Specialty Hospital, Fortis Escorts Hospitals, Care Hospitals, Wockhardt Hospitals, Paras Healthcare, The Calcutta Medical Research Institute, Jehangir Hospital and Grand Medical Foundation (Ruby Hall) to operate specific dialysis clinics. The company is the leader in dialysis services in FY25, with a market share of over 50% in the organised market (by number of treatments) and ~50% in revenue generated by organized dialysis service providers. The company's clinics are accredited by leading bodies in India, with 145 of its dialysis clinics accredited by NABH and three by JCI as of September 30, 2025. The company also complies with ISO standards ISO 9001:2015 for quality management systems.

Objects of the issue

Out of the total issue size of Rs. 871 crores, Rs. 518 crores comprises OFS.

The company proposes to utilize net proceeds from the issue towards the following objects:

- ⇒ Capital expenditure by company for opening new dialysis clinics in India and;
- ⇒ Pre-payment, or scheduled repayment, in full or part, of certain borrowings availed by company; and
- ⇒ General corporate purposes.

Investment Rationale

Strong market presence as India and Asia's largest dialysis provider

The company is India's largest dialysis service provider in terms of the number of patients served, clinics, cities covered, treatments performed, revenue, and EBITDA (excluding other income) in FY25, and it is 4.4 times the size of the next largest organized dialysis provider in India in terms of operating revenue in FY24. The company was also the largest dialysis service provider in Asia in 2025 and the fifth-largest globally based on the number of treatments performed in FY25. In India, the company is the leader in dialysis services in FY25, with a market share of over 50% in the organized dialysis market (by number of treatments) and ~50% in revenue generated by organized dialysis service providers. As of September 30, 2025, the company has performed over 1.87 million treatments, with the number of treatments growing at a CAGR of 20.1% between FY23 and FY25. Additionally, as of September 30, 2025, the company had 5,562 dialysis machines, up from 5,068, 4,714, and 3,662 as of March 31, 2025, March 31, 2024, and March 31, 2023, respectively. As of September 30, 2025, the company operated clinics in 3 countries other than India. The company commenced international operations in 2018 with its entry into Nepal, an extension of its cluster-based approach in India. The company entered the Philippine market in October 2020, following its acquisition of a majority stake in Royal Care Dialysis Centre Inc. (RCDC) and Asialife Healthcare Corp (Asialife). Through these acquisitions, the company gained access to RCDC's and Asialife's network of six clinics across the Philippines. Over the next 2 years, the company subsequently acquired 100% ownership of RCDC and expanded its footprint to 10 clinics. As of September 30, 2025, the company operated 51 clinics in the Philippines. The company was the 3rd-largest dialysis service provider in the Philippines by the number of clinics in 2024. The company won a USD 75+ million PPP tender issued by the Ministry of Health, Republic of Uzbekistan, to establish four clinics, including a 165-bed dialysis clinic in Tashkent, the largest dialysis clinic globally.

Issue Details

Offer Period	10th Dec. 2025 - 12th Dec. 2025
Price Band	Rs. 438 to Rs. 460
Bid Lot	32
Listing	BSE & NSE
Issue Size (no. of shares in Cr.)	1.9
Issue Size (Rs. in Cr.)	871
Face Value (Rs.)	2

Issue Structure

QIB	50%
NIB	15%
Retail	35%
 BRLM	ICICI Securities Ltd.; Ambit Private Ltd.; IIFL Capital Services Ltd.; Nomura Financial Advisory and Securities (India) Private Ltd.

Registrar	KFin Technologies Ltd.
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	78.9%	71.5%
Public	21.1%	28.5%
Total	100.0%	100.0%

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

Nephrocare Health Services Ltd.

Scale, coupled with an asset-light model, drives cost efficiencies and operational excellence

The company has expanded from a single clinic in India in 2010 to 519 clinics across India, Nepal, the Philippines, and Uzbekistan as of September 30, 2025, with a presence in 328 cities. Its growth strategy combines greenfield and brownfield operations with PPP collaborations, enabling efficient scaling and diverse patient coverage. As of September 30, 2025, 80 clinics operated through greenfield, 259 through brownfield, and 180 via PPP collaborations. The company follows an asset-light model, enabling lower establishment and operating costs compared to tertiary care and other single-speciality services. As of September 30, 2025, 52.4% of its 519 clinics operate on a revenue-sharing model with limited space investment, reflecting its commitment to lean operations. Initiatives such as standardized clinic formats, an in-house projects team, and an efficient supply chain have helped reduce capital expenditure and keep establishment costs low. In the 6 months ended September 30, 2025, and FY25, FY24, and FY23, capital expenditure per clinic was Rs. 1.0 crores, Rs. 1.4 crores, Rs. 1.7 crores, and Rs. 1.1 crores, respectively. The company uses a cluster-based approach to expand its network, starting with clinics in densely populated areas and then growing within cities and nearby towns. Expansion is guided by catchment demographics, market dynamics, and backend infrastructure, with clinic selection based on demand-supply gaps, nephrologist availability, dialysis volumes, government schemes, and due diligence. This approach has enabled operations in non-metro, tier II, and tier III locations, improving accessibility. As of September 30, 2025, the company had 128 clinics in tier II and 234 in tier III cities.

Valuation

The company is India's largest dialysis service provider, with market leadership across key metrics including patients served, clinics, cities covered, treatments performed, revenue, and EBITDA in FY25. Its scale advantage is significant, being 4.4 times larger than the next-largest organized player in terms of operating revenue in FY24. With operations spanning India and international markets, including Nepal, the Philippines (51 clinics), Uzbekistan, and KSA, the company has established itself as the largest dialysis chain in Asia and the fifth-largest globally, based on treatments performed in FY25. The company has also built a highly scalable hub-and-spoke model, anchored in an asset-light approach, in which it partners with hospitals and public health authorities to expand its clinic footprint without significant upfront capital. This allows rapid market entry, superior cost efficiency, and substantial operating leverage as patient volumes scale. Its international acquisitions have enabled the company to diversify revenue streams, deepen regional penetration, and replicate its successful cluster-based India strategy across Asia. India's dialysis market is structurally expanding due to rising CKD prevalence, increasing prevalence of lifestyle diseases, limited access to renal care in Tier-II/III cities, and low penetration of organized dialysis networks. The organized dialysis segment is rapidly gaining share as government programs, insurance coverage, and PPP-driven models expand patient access to affordable, reliable services. On the financial front, the company has demonstrated CAGR growth of 31.5%/85.2% in Revenue/EBITDA between FY23 and FY25, driven by rapid network expansion, rising treatment volumes, and improving revenue per treatment, supported by acquisitions, new clinic openings, and scale benefits. Overall, the company is well-positioned to sustain its growth trajectory, driven by continued clinic additions, further penetration into underserved regions, and scaling of international operations. **At the upper end of the price band at Rs. 460, the company is valued at a P/E multiple of 57.4x FY25 earnings. We, thus, recommend a "SUBSCRIBE" rating for this issue.**

Key Risks:

- ⇒ A significant share of company's revenue comes from captive clinics within private hospitals. Any cancellation or non-renewal of these contracts could materially disrupt operations and adversely impact our revenue and financial performance.
- ⇒ A meaningful portion of company's revenue is derived from PPP contracts awarded through competitive government bidding. Any inability to qualify for, win, or renew such tenders could reduce revenue visibility and adversely affect our business prospects, financial performance, and cash flows.
- ⇒ The company is exposed to operational, medical, legal, and reputational risks inherent in delivering dialysis services. Any failure to maintain required quality standards could lead to patient harm, litigation, and reputational damage, materially impacting operations and financial performance.

Nephrocare Health Services Ltd.

Income Statement (Rs. in crores)

Particulars	FY23	FY24	FY25	H1FY26
Revenue:				
Revenue from operations	437	566	756	474
Total revenue	437	566	756	474
Expenses:				
Cost of material Consumed	143	169	194	109
Employee Benefits	97	91	123	83
Healthcare professional fees	31	59	90	52
Hospital fees	48	56	68	39
Other Expenses	71	90	114	80
Total expenses	389	465	589	362
EBITDA	49	101	167	111
Depreciation & amortization	47	56	72	43
EBIT	2	45	94	69
Finance costs	16	20	21	51
Other Income	6	9	14	10
PBT	-9	33	87	28
Current Tax	0	2	17	17
Deferred tax expenses (benefit)	3	-4	3	-4
Total tax expenses	3	-2	20	14
PAT	-12	35	67	14
Diluted EPS	-1.5	4.4	8.0	1.6

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in crores)

Particulars	FY23	FY24	FY25	H1FY26
Cash Flow from operating activities	11	72	135	38
Cash flow from/(used in) investing activities	-78	-51	-125	-114
Net cash flows (used in) / from financing activities	60	27	54	17
Net increase/(decrease) in cash and cash equivalents	-7	48	65	-59
Cash and cash equivalents at the beginning of the period	19	14	61	126
Cash and cash equivalents at the end of the period	14	61	126	83

Source: RHP, BP Equities Research

Nephrocare Health Services Ltd.

Balance Sheet (Rs. in crores)

Particulars	FY23	FY24	FY25	H1FY26
Assets				
Non-Current Assets				
Property, plant and equipment	185	263	278	304
Capital Work in progress	32	1	6	11
Right-of-use of assets	34	41	46	69
Goodwill	19	41	56	76
Other intangible assets	1	11	17	25
Intangible assets under development	2	0	0	0
Financial Assets				
(i) Other financial assets	45	19	19	11
Deferred tax assets (net)	17	24	21	34
Other tax assets (net)	5	11	1	2
Other non current assets	2	5	8	9
Total Non Current assets	342	416	451	542
Current Assets				
Inventories	26	26	27	34
Financial Assets				
(i) Investments	0	0	51	123
(ii) Trade Receivables	159	203	266	329
(iii) Cash and Cash equivalents	14	61	126	83
(iv) Bank balances other than cash	0	0	30	31
(v) Other financial assets	116	86	29	3
Other current assets	10	14	17	49
Total Current Assets	324	390	545	651
Total Assets	666	806	996	1,194
Equity and Liabilities				
Equity Share Capital	2	2	2	4
Instruments entirely equity in nature	3	3	4	9
Other Equity	383	409	579	704
Total Equity	389	414	584	717
Non-Current Liabilities				
Financial Liabilities				
(i) Borrowings	81	123	96	45
(ii) Lease Liabilities	13	19	25	44
(iii) Other financial liabilities	4	4	1	1
Provisions	4	3	5	5
Deferred tax liabilities (net)	0	0	2	15
Total Non-Current Liabilities	103	150	128	109
Current Liabilities				
Financial Liabilities				
(i) Borrowings	115	120	130	162
(ii) Lease Liabilities	4	6	7	11
(iii) Trade payables	43	71	113	129
(iv) Other financial liabilities	8	41	22	49
Other current liabilities	3	4	5	4
Provisions	1	1	2	2
Current tax liabilities (net)	0	0	5	10
Total Current Liabilities	175	243	284	367
Total Liabilities	278	392	412	477
Total Equity and Liabilities	666	806	996	1,194

Source: RHP, BP Equities Research

Disclaimer Appendix**Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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