

Medplus Healthcare Services Ltd.

Nifty: 24,723

CMP: Rs. 919

Healthcare

MedPlus delivered a solid performance in 1QFY26 with revenue up 4% YoY to ₹15,426 mn (slightly below estimates) and EBITDA up 39% YoY to ₹1,307 mn. EBITDA margin expanded by 218 bps YoY to 8.5%, though declined 56 bps QoQ on seasonal factors. PAT rose 195% YoY to ₹423 mn, beating estimates by 14%. Growth was led by private label segments: pharma (+45% YoY) and others (+34% YoY), while branded pharma declined 6% YoY. Private label now forms ~13.1% of revenue and 20.4% of GMV. The store network expanded with 101 net additions (4,813 total), and ROCE at mature stores remains healthy (~60%).

Management call highlights

- Pharma GMV grew 6.8% YoY. Management targets 0.5-1% quarterly PL share gain, with every 0.5% contributing ~20 bps to gross margin
- Subscale at present, with 1.64 lakh lives covered. Target is 2.5 lakh lives before deeper investment. Renewal rate stood at 24% vs 27% YoY.
- 40 warehouses (each serves 350-450 stores). 600 stores targeted for FY26; 100 to be franchisee-operated.
- Rs 7-8 lakh capex/store, Rs 3-4 lakh in deposits. New stores temporarily raise inventory days. Warehousing issues resolved.
- Employees now rewarded for topline and PL growth.

Valuation and outlook

MedPlus remains structurally well-positioned in India's organized pharmacy space, backed by its scalable hybrid model, strong private label traction, and capital-efficient expansion strategy. Key value drivers include:

- Private label momentum: Rising mix (~23% of GMV), expected to reach ~30% in 12-18 months, supporting gross margin expansion.
- Operating leverage from scale: ~78% of stores are ≥2 years old with 5-month breakeven and ~60% ROCE, aiding margin improvement.
- Net cash position and strong FCF (Rs 4.8 bn in FY25) reduce

equity dilution risk and support reinvestment.

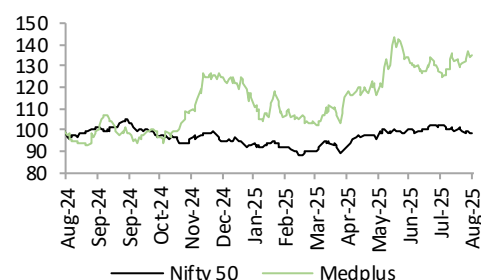
We estimate a Revenue / EBITDA / PAT CAGR of 14% / 23% / 36% over FY25-28E. Rolling forward to June FY28E EBITDA of Rs 7,690 mn and assigning a 20x EV/EBITDA multiple, we derive a target price of Rs 1,224, implying a 36% upside from the CMP of Rs 901. We believe this premium multiple is justified due to expanding private label contribution, with high gross margin delta, improving unit economics from store maturity and backend efficiency and scalable growth model with internal funding and prudent capital deployment. With improving PL mix, mature store contribution, and internal funding of growth, the business is well placed for sustained value creation. We recommend a BUY with a target price of ₹1,224.

Risks to the outlook

- Private label growth may slow due to consumer resistance or regulation.
- Franchise model may face execution issues or impact brand experience.
- Delays in store additions or lack of margin expansion could hurt earnings.
- Rising competition from larger peers may pressure pricing and delivery.

| Shareholding (%) | Jun-25 |
|------------------|--------|
| Promoters | 40.32% |
| FII | 16.43% |
| DII | 26.03% |
| Public | 17.18% |
| Others | 0.05% |

Relative Price Performance



| Key Data | | (RS. mn) | FY25 | FY26E | FY27E | FY28E | CAGR |
|---------------------------|-----------|---------------|--------|--------|--------|--------|--------|
| NSE Symbol | Medplus | Sales | 61,360 | 69,667 | 80,058 | 93,284 | 14% |
| Bloomberg Code | Medplus | EBITDA | 4,871 | 5,643 | 7,365 | 9,328 | 23% |
| Share outstanding (Rs mn) | 120 | EBITDA Margin | 7.9% | 8.1% | 9.2% | 10.0% | 127bps |
| Mcap (Rs mn) | 107,890 | Net Profit | 1,503 | 1,942 | 2,776 | 3,929 | 36% |
| 52 week H/L | 1,052/603 | EPS (Rs) | 12.6 | 16.2 | 23.2 | 32.5 | 36% |

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Quarterly Result update (consolidated)

| Particulars (Rs mn) | 1QFY26 | 1QFY25 | YoY | 4QFY25 | QoQ | Our estimate | Deviation |
|---------------------|--------|--------|--------|--------|--------|--------------|-----------|
| Revenue | 15,426 | 14,888 | 4% | 15,096 | 4% | 15,569 | -1% |
| Ebitda | 1,307 | 938 | 39% | 1,364 | 39% | 1,261 | 4% |
| Ebitda M | 8.5% | 6.3% | 218bps | 9.0% | -56bps | 8.1% | 38bps |
| PAT | 423 | 143 | 195% | 513 | 195% | 372 | 14% |
| EPS (Rs) | 3.5 | 1.2 | 195% | 4.3 | 195% | 3.1 | 14% |

- The company posted modest revenue growth (~3.6% YoY) on a high base and weak seasonality (summer quarter typically has lower footfalls).
- Diagnostic business (MedPlus Labs) contributed ~8.4 Cr to revenue but remains subscale and is expected to break even by FY26-end.
- Gross margins improved YoY (up ~150 bps) aided by a rising share of private label products (13.1% vs 9.3% YoY).
- EBITDA margins expanded 218 bps YoY to 6.4%, driven by better gross margins and operating leverage. Employee costs rose due to expansion-led hiring; management sees employee costs stabilizing in subsequent quarters.
- PAT more than tripled YoY to Rs 423 mn (+195% YoY), beating estimates by 14%.

Segment Results

| Revenue Mix | 1QFY26 | 1QFY25 | YoY | 4QFY25 | QoQ |
|----------------------|--------|--------|------|--------|-----|
| Branded Pharma | 9,526 | 10,163 | -6% | 9,435 | 1% |
| Non Branded pharma | 1,437 | 1,640 | -12% | 1,422 | 1% |
| Private label pharma | 1,936 | 1,333 | 45% | 2,014 | -4% |
| Private label others | 1,316 | 981 | 34% | 1,437 | -8% |
| Others | 590 | 513 | 15% | 504 | 17% |

- Growth was driven by the private label segment (+45% YoY), while branded and unbranded generic pharma categories were flat. Strong focus on private label continues, the company has 150+ SKUs, with robust acceptance in OTC and pharma categories
- Gross margin of private label is nearly double that of traditional branded products. Management is confident in scaling this to a 15-20% revenue contribution in the medium term.
- Continued strategic shift toward private label products, which grew 45% YoY in the pharma category and 34% YoY in other categories.

Changes to our Estimates

| Particulars (Rs mn) | Previous | | | Revised | | | Change | | |
|---------------------|----------|--------|--------|---------|--------|--------|--------|-------|------------|
| | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E/FY27 |
| Revenue | 69,667 | 80,058 | 93,284 | 67,341 | 76,830 | 91,324 | -3.3% | -4.0% | -2.1% |
| EBITDA | 5,643 | 7,365 | 9,328 | 5,512 | 7,068 | 9,132 | -2.3% | -4.0% | -2.1% |
| EBITDA M | 8.1% | 9.2% | 10.0% | 8.2% | 9.2% | 10.0% | 9bps | 1bps | 1bps |
| PAT | 1,942 | 2,776 | 3,929 | 1,888 | 2,694 | 3,859 | -2.8% | -2.9% | -1.8% |
| EPS (Rs) | 16.2 | 23.2 | 32.5 | 15.8 | 22.5 | 31.9 | -2.8% | -2.9% | -1.8% |

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Financials

Income Statement

| Y/E Mar (Rs mn) | FY25 | FY26E | FY27E | FY28E |
|-----------------------------|---------------|---------------|---------------|---------------|
| Sales | 61,360 | 67,341 | 76,830 | 91,324 |
| Expenses | | | | |
| Cost of materials consumed | 617 | 192 | - | - |
| Purchases of stock-in-trade | 45,724 | 49,673 | 56,854 | 66,666 |
| Changes in inventories | 64 | 676 | - | - |
| Employee cost | 7,260 | 8,234 | 9,450 | 11,415 |
| Other expenses | 2,823 | 3,053 | 3,457 | 4,110 |
| EBITDA | 4,871 | 5,512 | 7,068 | 9,132 |
| EBITDA margin | 7.9% | 8.2% | 9.2% | 10.0% |
| Depreciation | 2,499 | 2,704 | 3,281 | 3,851 |
| EBIT | 2,373 | 2,808 | 3,787 | 5,282 |
| EBIT Margin | 3.9% | 4.2% | 4.9% | 5.8% |
| Other Income | 486 | 600 | 680 | 720 |
| Interest | 1,026 | 1,137 | 1,260 | 1,408 |
| Profit before tax | 1,833 | 2,272 | 3,207 | 4,594 |
| Tax expense | 331 | 383 | 513 | 735 |
| Net Profit | 1,503 | 1,888 | 2,694 | 3,859 |
| EPS | 12.6 | 15.8 | 22.5 | 31.9 |

Key Ratios

| Y/E Mar | FY25 | FY26E | FY27E | FY28E |
|--------------------------------|-----------|-----------|-----------|-----------|
| Effective Tax Rate | 18.0% | 16.9% | 16.0% | 16.0% |
| Gross Profit | 24.4% | 24.9% | 26.0% | 27.0% |
| Ebitda Margin | 7.9% | 8.2% | 9.2% | 10.0% |
| PAT Margin | 2.4% | 2.8% | 3.5% | 4.2% |
| ROE | 9.1% | 10.3% | 13.1% | 16.1% |
| ROCE | 8.5% | 9.1% | 11.0% | 13.3% |
| Balance sheet Ratios | | | | |
| Current Ratio | 3.2 | 3.3 | 3.6 | 4.0 |
| Inventory Turnover Ratio | 3.5 | 3.4 | 3.5 | 3.6 |
| Fixed Asset Turnover | 4.76 | 4.65 | 4.95 | 6.03 |
| Debt to Equity Ratio | 0.64 | 0.63 | 0.61 | 0.56 |
| Interest Coverage Ratio | 2.31 | 2.47 | 3.01 | 3.75 |
| Net (debt) /cash | (7,526) | (8,254) | (7,796) | (5,008) |
| Working Capital in days | 63 | 63 | 61 | 57 |
| Inventory | 80 | 80 | 78 | 74 |
| Trade Recievables | 1 | 1 | 1 | 1 |
| Trade Payables | 18 | 18 | 18 | 18 |
| Valuation Ratios | | | | |
| Book Value | 146 | 161 | 184 | 216 |
| Price-to-Earnings (P/E) Ratio | 72 | 57 | 40 | 28 |
| Price-to-Book (P/B) Ratio | 6.19 | 5.58 | 4.90 | 4.17 |

Balance Sheet

| Y/E Mar (Rs mn) | FY25 | FY26E | FY27E | FY28E |
|--------------------------|---------------|---------------|---------------|---------------|
| Equity | 17,399 | 19,287 | 21,981 | 25,840 |
| Lease Liabilities | 11,198 | 12,206 | 13,315 | 14,534 |
| Trade Payables | 2,990 | 3,321 | 3,789 | 4,504 |
| Provisions | 712 | 712 | 712 | 712 |
| Other Liabilities | 1,302 | 1,302 | 1,302 | 1,302 |
| Total Liabilities | 33,601 | 36,828 | 41,099 | 46,892 |
| Net Fixed Assets | 3,321 | 4,236 | 4,882 | 4,457 |
| Rou | 9,579 | 10,252 | 10,625 | 10,699 |
| CWIP | 132 | 132 | 132 | 132 |
| Inventory | 13,451 | 14,760 | 16,419 | 18,515 |
| Trade Receivables | 133 | 184 | 210 | 250 |
| Cash | 3,672 | 3,951 | 5,518 | 9,526 |
| Other current assets | 3,313 | 3,313 | 3,313 | 3,313 |
| Total Assets | 33,601 | 36,828 | 41,099 | 46,892 |

Cash Flow Statement

| Y/E Mar (Rs mn) | FY25 | FY26E | FY27E | FY28E |
|-----------------------|--------------|------------|--------------|--------------|
| Operating cash flow | 5,404 | 4,700 | 6,018 | 7,696 |
| Capital Expenditure | -595 | -4,300 | -4,300 | -3,500 |
| Free Cash Flow | 4,810 | 400 | 1,718 | 4,196 |

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