

Global Health (MEDANTA IN)

Rating: BUY | CMP: Rs1,108 | TP: Rs1,375

February 5, 2026

Q3FY26 Result Update

☒ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

Rating	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY	BUY	BUY	BUY
Target Price	1,375	1,375	1,375	1,375
Sales (Rs. m)	50,491	58,226	50,862	58,185
% Chng.	(0.7)	0.1		
EBITDA (Rs. m)	11,286	13,267	11,775	13,662
% Chng.	(4.2)	(2.9)		
EPS (Rs.)	25.2	29.8	26.0	30.4
% Chng.	(3.0)	(1.9)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	36,923	43,925	50,491	58,226
EBITDA (Rs. m)	8,771	8,969	11,286	13,267
Margin (%)	23.8	20.4	22.4	22.8
PAT (Rs. m)	4,814	5,666	6,782	8,017
EPS (Rs.)	17.9	21.1	25.2	29.8
Gr. (%)	0.6	17.7	19.7	18.2
DPS (Rs.)	0.6	1.2	1.7	2.3
Yield (%)	0.1	0.1	0.2	0.2
RoE (%)	16.9	14.6	16.1	16.4
RoCE (%)	17.5	15.6	17.8	18.5
EV/Sales (x)	7.8	6.6	5.7	4.9
EV/EBITDA (x)	33.0	32.4	25.5	21.5
PE (x)	61.8	52.5	43.9	37.1
P/BV (x)	8.8	7.7	6.6	5.7

Key Data

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52-W High / Low	Rs.1,457 / Rs.1,010
Sensex / Nifty	83,314 / 25,643
Market Cap	Rs.298bn / \$ 3,295m
Shares Outstanding	269m
3M Avg. Daily Value	Rs.300.97m

Shareholding Pattern (%)

Promoter's	33.01
Foreign	10.53
Domestic Institution	13.99
Public & Others	42.47
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(10.5)	(16.5)	(3.9)
Relative	(8.2)	(19.1)	(9.7)

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Faster ramp up in Noida unit will be key

Quick Pointers:

- Reiterated long-term ARPOB growth guidance of ~5–7% annually
- Expansion plan largely on track; capex guidance at Rs 5bn for FY27E.

MEDANTA's Q3FY26 EBITDA was largely in line with growth of 9% YoY. MEDANTA's EBITDA growth over FY24-26E is likely to be moderate at 8% CAGR, due to issues at Lucknow unit and start-up losses related to Noida unit in FY26. It has a total bed capacity of ~3,579 and intends to add ~2,800 beds over the next 4 years. With Lucknow unit issues largely resolved and ramp-up in Noida to be visible from Q2FY27E, EBITDA is expected to clock ~19% CAGR over FY26-28E. Maintain 'BUY' rating on MEDANTA with TP of Rs1,375/share, valuing at 27x EV/EBITDA on FY28E.

- **In line quarter, Ex Noida EBITDA growth was 9% YoY:** MEDANTA reported EBITDA adjusted for ESOPs at Rs2.3bn, down 4% YoY; largely in line with our estimates. Margins declined by 490bps YoY (160bps QoQ) to 20.3%, impacted largely by Rs320mn of losses from new Noida unit, seasonality and higher overheads related to new project addition. Adjusted for Noida unit, EBITDA growth was 9% YoY. There was one time loss of Rs366mn in Q3 related to new labor code. Adj PAT decreased 8% YoY to Rs1.32bn.
- **Strong ARPOB; lower occupancy due to new bed additions:** Revenue grew 19% YoY to Rs11.2bn vs we estimated at Rs 10.8bn. ARPOB increased 10% YoY to Rs67.4k per day aided by better case mix and reduction in ALOS to 3 days from 3.2 days in Q3FY25. Average occupancy decreased by 460bps YoY to 59%. In Q3, MEDANTA operationalized additional 193 beds across Noida and Patna unit. Occupancy of mature units declined by 200bps YoY to 62%, while that of new units declined by 600bps YoY to 57%. IP volumes were up by 14% YoY; OP volumes improved by 20% YoY.

Key con-call takeaways:

- **Bed expansion plan and upcoming new units update-** Management highlighted potential ~496 incremental beds can be added via brownfield expansions across **Lucknow (193), Patna (81) and Noida (222)** with minimal incremental capex. **Guwahati** has completed barricading with drawings submitted for approvals; **Mumbai** has completed land acquisition, received incremental FSI approvals and submitted drawings for sanction; **South Delhi** has commenced construction following completion of site surveys and soil testing; and the **Pitampura** project is currently in the regulatory approval stage.
- **Bed additions in 9MFY26:** MEDANTA has added 144 beds in Q3FY26, taking cumulative additions to 537 beds in 9MFY26. Patna added 42 beds in Q3 FY26 (99 beds in 9MFY26), while Noida added 102 beds in Q3FY26, taking its total bed capacity to 328 beds as of Q3FY26.

- **Capex** – The company incurred Rs 6.25bn of capex in 9MFY26; FY27 capex is guided at <Rs 5bn, with limited near-term spending as most of new projects remain in early excavation/construction stages, implying capex is largely back-ended over the next 2–3 years.
- **Matured units** – Mature hospitals (Gurugram, Indore, Ranchi) reported 9% YoY revenue growth and 3.4% YoY EBITDA (ex other income) growth, with margins at ~21.4% in Q3 FY26. Mgmt cited muted margins was attributed to higher employee costs, higher overheads related to new project addition and repairs & maintenance expenses, with management indicating no structural margin concern. **ALOS** for matured units declined to ~2.9–3.0 days, driven by a higher share of oncology and daycare procedures along with lower dengue cases in Q3.
- **Developing units** – Ex of Noida delivered 22% YoY revenue growth and 13% YoY EBITDA growth, with ~31.7% EBITDA margins in Q3FY26. Over 9MFY26, Lucknow and Patna continued to post double-digit revenue and EBITDA growth, with Lucknow margins expanding by over 150bps YoY, while Patna margins remained stable for 9M.
- **Noida unit** reported revs of Rs 343mn with EBITDA loss of Rs320mn in Q3 and for 9MFY26, reported revenues and EBITDA loss at Rs 382mn and Rs 547mn; respectively.
- **CGHS Benefit** – Mgmt highlighted CGHS rate revisions, implemented around Oct'25, have started reflecting in financials, contributing ~Rs 70–100mn incremental revenue over 9MFY26. The full benefit is yet to be realized.
- **Guidance** – Mgmt reiterated long-term ARPOB growth guidance of ~5–7% annually. For Noida, management indicated that peak EBITDA losses are likely behind, with improving revenue run-rates since December and steady onboarding of insurance panels. EBITDA breakeven for large hospitals is typically achieved at ~40–50% occupancy over the medium term, though mgmt emphasized volume-led growth over occupancy targets.

Exhibit 1: Q3FY26 Result Overview (Rs mn) – In line quarter

Y/e March	3QFY26	3QFY25	YoY gr. (%)	Q3FY26E	% Var	2QFY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Net Sales	11,210	9,434	18.8	10,765	4.1	10,992	2.0	32,511	27,611	17.7
COGS	2,557	2,292	11.5	2,476	3.3	2,556	0.0	7,503	6,661	12.6
% of Net Sales	22.8	24.3		23.0		23.2		23.1	24.1	
Employee Cost	2,807	2,050	36.9	2,637	6.4	2,743	2.3	8,193	6,205	32.0
% of Net Sales	25.0	21.7		24.5		25.0		25.2	22.5	
Other Expenses	3,674	2,715	35.4	3,402	8.0	3,384	8.6	10,142	8,161	24.3
% of Net Sales	32.8	28.8		31.6		30.8		31.2	29.6	
Total	9,038	7,057	28.1	8,515	6.1	8,683	4.1	25,838	21,026	22.9
EBITDA	2,173	2,378	(8.6)	2,250	(3.4)	2,309	(5.9)	6,673	6,585	1.3
Margins (%)	19.4	25.2		20.9		21.0		20.5	23.8	
Other Income	218	160	35.9	200	8.9	197	10.4	620	562	10.3
Interest	215	163	32.2	175	22.9	171	25.7	524	502	4.3
Depreciation	612	484	26.3	520	17.7	497	23.1	1,560	1,506	3.6
PBT	1,564	1,891	(17.3)	1,755	(10.9)	1,838	(14.9)	5,209	5,138	1.4
Tax	248	462	(46.4)	448	(44.7)	414	(40.2)	1,153	1,339	(13.9)
Tax rate %	15.8	24.4		25.5		22.5		22.1	26.1	
PAT	1,316	1,429	(7.9)	1,307	0.7	1,424	(7.6)	4,055	3,799	6.7
Extraordinary items	366	-	NA	-		(160)	NA	10	-	NA
Minority Interest	0	(0)		-		NA	(0)	(1)	(1)	NA
Reported PAT	950	1,429	(33.5)	1,307	(27.3)	1,584	(40.0)	4,046	3,800	6.5

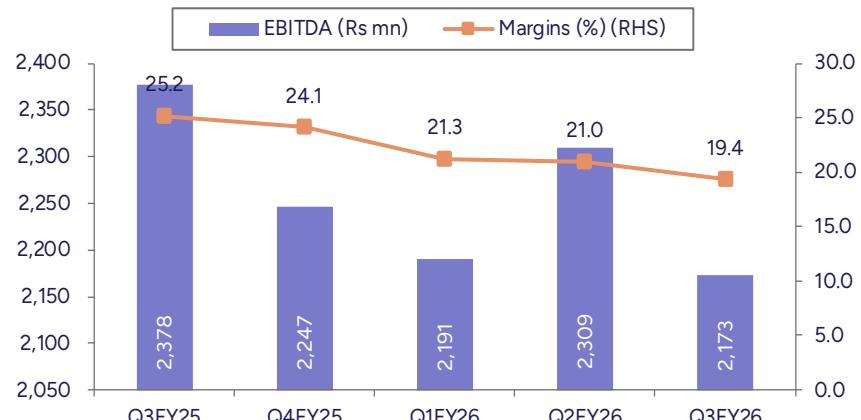
Source: Company, PL

Exhibit 2: Lucknow and Patna continue to ramp up

Y/e March	3QFY26	3QFY25	YoY gr. (%)	2QFY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Matured Hospitals								
Revenues (in mn)	7,020	6,418	9.4	7,200	(2.5)	21,226	19,579	8.4
EBITDA (in mn)	1,675	1,569	6.8	1,696	(1.2)	5,011	4,796	4.5
Margins (%)	23.9	24.4		23.6		23.6	24.5	
Developing Hospitals								
Revenues (in mn)	3,994	3,004	33.0	3,570	11.9	10,783	8,126	32.7
EBITDA (in mn)	836	1,021	(18.1)	915	(8.6)	2,693	2,440	10.4
Margins (%)	20.9	34.0		25.6		25.0	30.0	

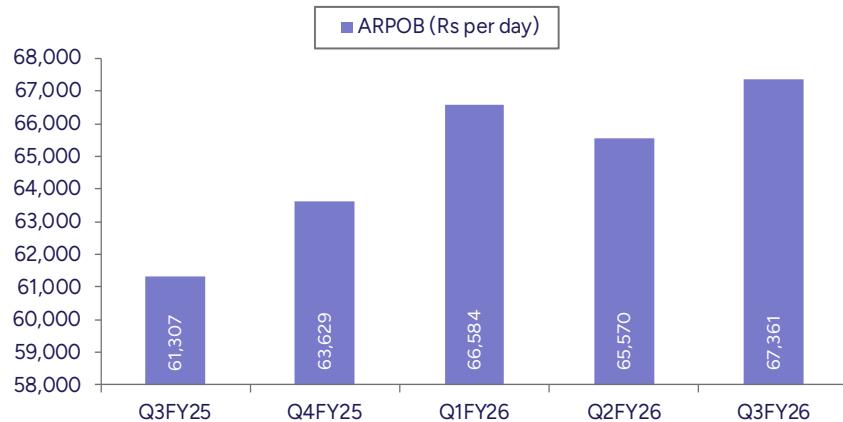
Source: Company, PL

Exhibit 3: Margins decline ~490bps YoY due to losses from Noida & seasonality



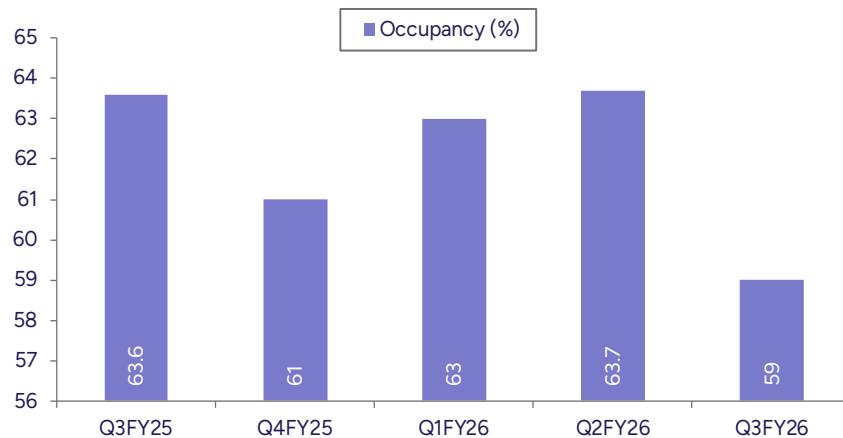
Source: Company, PL

Exhibit 4: Strong ARPOB due to reduced ALOS & improved case mix



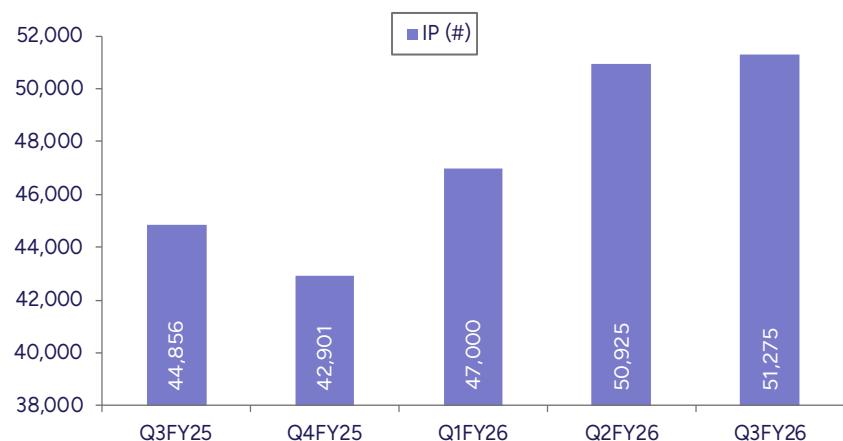
Source: Company, PL

Exhibit 5: Occupancy declines by ~460bps YoY largely due to new bed addition



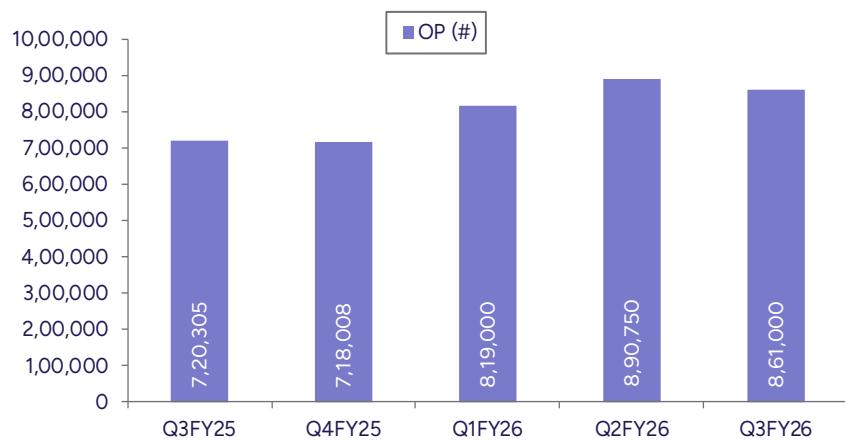
Source: Company, PL

Exhibit 6: IP volumes increased by 14% YoY



Source: Company, PL

Exhibit 7: OP volumes improved by ~20% YoY



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	36,923	43,925	50,491	58,226
YoY gr. (%)	12.7	19.0	14.9	15.3
Cost of Goods Sold	8,797	10,103	11,613	13,392
Gross Profit	28,126	33,822	38,878	44,834
Margin (%)	76.2	77.0	77.0	77.0
Employee Cost	8,245	9,842	11,105	12,540
Other Expenses	11,110	15,011	16,488	19,027
EBITDA	8,771	8,969	11,286	13,267
YoY gr. (%)	9.8	2.3	25.8	17.6
Margin (%)	23.8	20.4	22.4	22.8
Depreciation and Amortization	1,937	2,165	2,546	3,002
EBIT	6,833	6,804	8,740	10,265
Margin (%)	18.5	15.5	17.3	17.6
Net Interest	653	739	718	668
Other Income	791	830	900	950
Profit Before Tax	6,972	6,894	8,922	10,547
Margin (%)	18.9	15.7	17.7	18.1
Total Tax	1,659	1,586	2,141	2,531
Effective tax rate (%)	23.8	23.0	24.0	24.0
Profit after tax	5,312	5,309	6,781	8,016
Minority interest	(1)	(1)	(1)	(1)
Share Profit from Associate	-	-	-	-
Adjusted PAT	4,814	5,666	6,782	8,017
YoY gr. (%)	0.7	17.7	19.7	18.2
Margin (%)	13.0	12.9	13.4	13.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,814	5,666	6,782	8,017
YoY gr. (%)	0.7	17.7	19.7	18.2
Margin (%)	13.0	12.9	13.4	13.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,814	5,666	6,782	8,017
Equity Shares O/s (m)	269	269	269	269
EPS (Rs)	17.9	21.1	25.2	29.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	35,989	43,989	49,989	57,989
Tangibles	35,989	43,989	49,989	57,989
Intangibles	-	-	-	-
Acc: Dep / Amortization	10,914	13,079	15,625	18,627
Tangibles	10,914	13,079	15,625	18,627
Intangibles	-	-	-	-
Net fixed assets	25,075	30,910	34,364	39,362
Tangibles	25,075	30,910	34,364	39,362
Intangibles	-	-	-	-
Capital Work In Progress	5,398	5,398	5,398	5,398
Goodwill	-	-	-	-
Non-Current Investments	27	27	27	27
Net Deferred tax assets	330	332	333	334
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	671	842	968	1,117
Trade receivables	2,919	3,610	4,150	4,786
Cash & Bank Balance	11,223	10,151	12,891	14,131
Other Current Assets	1,829	2,011	2,213	2,434
Total Assets	47,663	53,473	60,534	67,778
Equity				
Equity Share Capital	537	537	537	537
Other Equity	33,327	38,325	44,640	52,033
Total Networth	33,864	38,862	45,177	52,570
Non-Current Liabilities				
Long Term borrowings	2,641	2,641	2,641	1,641
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	638	638	638	638
Trade payables	1,948	2,407	2,767	3,190
Other current liabilities	4,662	5,015	5,403	5,829
Total Equity & Liabilities	47,663	53,472	60,534	67,778

Source: Company Data, PL Research

Cash Flow (Rs m)					Key Financial Metrics				
Y/e Mar	FY25	FY26E	FY27E	FY28E	Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	6,972	6,894	8,922	10,547	Per Share(Rs)				
Add. Depreciation	1,937	2,165	2,546	3,002	EPS	17.9	21.1	25.2	29.8
Add. Interest	653	739	718	668	CEPS	25.1	29.2	34.7	41.0
Less Financial Other Income	791	830	900	950	BVPS	126.1	144.7	168.2	195.7
Add. Other	(1,381)	-	-	-	FCF	(0.9)	(0.1)	14.6	13.1
Op. profit before WC changes	8,180	9,799	12,186	14,217	DPS	0.6	1.2	1.7	2.3
Net Changes-WC	(283)	(234)	(119)	(155)	Return Ratio(%)				
Direct tax	(1,659)	(1,586)	(2,141)	(2,531)	RoCE	17.5	15.6	17.8	18.5
Net cash from Op. activities	6,238	7,979	9,925	11,531	ROIC	18.8	15.7	18.3	19.1
Capital expenditures	(6,479)	(8,000)	(6,000)	(8,000)	RoE	16.9	14.6	16.1	16.4
Interest / Dividend Income	-	-	-	-	Balance Sheet				
Others	(730)	-	-	-	Net Debt : Equity (x)	(0.2)	(0.2)	(0.2)	(0.2)
Net Cash from Inv. activities	(7,209)	(8,000)	(6,000)	(8,000)	Net Working Capital (Days)	16	17	17	17
Issue of share cap. / premium	-	-	-	-	Valuation(x)				
Debt changes	(343)	-	-	(1,000)	PER	61.8	52.5	43.9	37.1
Dividend paid	-	(312)	(467)	(623)	P/B	8.8	7.7	6.6	5.7
Interest paid	(653)	(739)	(718)	(668)	P/CEPS	44.1	38.0	31.9	27.0
Others	1,437	-	-	-	EV/EBITDA	33.0	32.4	25.5	21.5
Net cash from Fin. activities	441	(1,051)	(1,185)	(2,291)	EV/Sales	7.8	6.6	5.7	4.9
Net change in cash	(530)	(1,072)	2,740	1,240	Dividend Yield (%)	0.1	0.1	0.2	0.2
Free Cash Flow	(241)	(21)	3,925	3,531					

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	9,312	10,308	10,992	11,210
YoY gr. (%)	15.2	19.7	14.9	18.8
Raw Material Expenses	2,136	2,391	2,556	2,557
Gross Profit	7,176	7,918	8,437	8,654
Margin (%)	77.1	76.8	76.8	77.2
EBITDA	2,247	2,191	2,309	2,173
YoY gr. (%)	17.6	17.6	(1.5)	(8.6)
Margin (%)	24.1	21.3	21.0	19.4
Depreciation / Depletion	493	451	497	612
EBIT	1,754	1,740	1,812	1,561
Margin (%)	18.8	16.9	16.5	13.9
Net Interest	150	138	171	215
Other Income	229	205	197	218
Profit before Tax	1,833	1,806	1,838	1,564
Margin (%)	19.7	17.5	16.7	13.9
Total Tax	321	492	414	248
Effective tax rate (%)	17.5	27.2	22.5	15.8
Profit after Tax	1,513	1,315	1,424	1,316
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,014	1,511	1,584	950
YoY gr. (%)	(27.1)	42.2	15.7	(33.5)
Margin (%)	10.9	14.7	14.4	8.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,014	1,511	1,584	950
YoY gr. (%)	(27.1)	42.2	15.7	(33.5)
Margin (%)	10.9	14.7	14.4	8.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,014	1,511	1,584	950
Avg. Shares O/s (m)	-	-	-	-
EPS (Rs)	-	-	-	-

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Jan-26	BUY	1,375	1,238
2	19-Dec-25	BUY	1,375	1,170

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	8,600	7,087
3	Aster DM Healthcare	BUY	715	558
4	Aurobindo Pharma	BUY	1,300	1,235
5	Brigade Enterprises	BUY	1,045	843
6	Cipla	Accumulate	1,440	1,315
7	Divi's Laboratories	Accumulate	7,050	6,643
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	1,238
12	HealthCare Global Enterprises	BUY	850	657
13	Indoco Remedies	Hold	325	225
14	Ipcia 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	654
18	Lupin	BUY	2,400	2,214
19	Max Healthcare Institute	BUY	1,350	1,051
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	Accumulate	4,200	4,092
27	Zydus Lifesciences	Accumulate	1,020	928

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%

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