

Fortis Healthcare

India | Healthcare | Result Update | Rating Downgrade

Elara Capital

16 February 2026

Strength Priced In

Fortis Healthcare (FORH IN) Q3FY26 revenue and EBITDA were broadly in line with our estimates, but PAT came below by 4% as higher D&A and finance cost hurt. The hospitals segment performance remains strong with 19% YoY growth and 170bp YoY margin expansion. Additional revenue from operations & management (O&M) agreement with Gleneagles Hospital may have lifted margin. The diagnostics segment revenue growth remains unimpressive at 8.5% YoY, but EBITDA margin was strong at 23%, up 900bps YoY. Management retained FY26 target for both segments and indicated room for further growth and margin expansion in FY27; we have already built this into our estimates. We keep our FY26-FY28 EBITDA and core EPS estimates broadly unchanged. We downgrade our rating to **Reduce**, as we see limited upside after ~50% stock price performance in the past year. We keep our TP unchanged at INR 927.

Growth and margin expansion continues in the hospitals segment: Revenue and EBITDA from the hospitals segment grew at ~19.4% YoY and 29.2% YoY, respectively, in Q3FY26. Average rate per operating bed (ARPOB) growth of 6% and addition of beds at Manesar and Jalandhar bolstered top-line growth. EBITDA growth was aided further by a 170bp margin improvement YoY, in line with guidance. Additional revenue from the O&M agreement with Gleneagles Hospital may have lifted margin.

Bed additions, Gleneagles deal add to growth but largely priced in: FORH plans to add ~900 beds to its operations in FY27, including some in flagship FMRI facility. Ramp-up of these beds add to growth visibility in FY27. FORH recently signed an O&M contract involving five hospitals from its sister concern – Gleneagles. Revenue fees of 3% from these facilities would add to growth. Management expects room for further margin expansion in FY27, given the bed additions are mostly Brownfield in facilities that are doing well. However, we have already factored in most into our estimates and discounted the stock price, accordingly.

Growth likely to pick up in the diagnostics segment: EBITDA margin of 23% in Q3FY26 came in line with management's full-year target. Revenue growth of 8.5% YoY in Q3 still needs to pick up to meet guidance of double-digit growth in FY26. Rebranding exercise-related issues and associated marketing cost dragged growth and profitability in the diagnostics segment in FY25. However, those issues are behind us, and margin should improve hereafter. FORH has recently acquired the erstwhile SRL brand and management believes this will help further in customer acquisition and growth.

Downgrade to Reduce with an unchanged TP of INR 927: We keep our FY26-28E EBITDA and core EPS estimates broadly unchanged. FORH trades at 53x FY27E core P/E and 30x FY27E EV/EBITDA (pre-IndAS). We keep our TP unchanged at INR 927 on 44.8x FY27E core P/E plus cash per share. We see limited upside after ~50% stock price performance in the past year. Hence, we downgrade our rating to **Reduce** from Accumulate. Value accretive deals with promoter companies or their associates are key risks to our call.

Key financials

YE March (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR mn)	68,929	77,828	91,172	105,216	116,544
YoY (%)	9.5	12.9	17.1	15.4	10.8
EBITDA (INR mn)	12,676	15,879	21,102	24,945	28,039
EBITDA margin (%)	18.4	20.4	23.1	23.7	24.1
Adj PAT (INR mn)	5,829	8,636	10,565	13,467	16,047
YoY (%)	1.7	29.3	35.2	28.7	19.2
Fully DEPS (INR)	7.7	11.4	14.0	17.8	21.3
RoE (%)	6.2	8.7	10.9	12.5	13.9
RoCE (%)	9.1	10.5	13.7	15.4	17.2
P/E (x)	118.7	80.1	65.5	51.4	43.1
EV/EBITDA (x)	57.0	45.5	34.2	29.0	25.8

Note: Pricing as on 16 February 2026; Source: Company, Elara Securities Estimate

Rating: **Reduce**

Target Price: **INR 927**

Upside: **1%**

CMP: **INR 917**

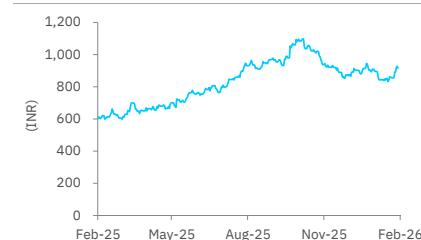
As on 16 February 2026

Key data

Bloomberg	FORH IN
Reuters Code	FOHE.NS
Shares outstanding (mn)	755
Market cap (INR bn/USD mn)	692/7,636
EV (INR bn/USD mn)	722/7,970
ADTV 3M (INR mn/USD mn)	2,712/30
52 week high/low	1,105/521
Free float (%)	69

Note: as on 16 February 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Promoter	31.2	31.2	31.2	31.2
% Pledge	0.0	0.0	0.0	0.0
FII	27.4	27.2	27.9	27.8
DII	29.5	29.8	29.1	29.3
Others	11.9	11.9	11.8	11.7

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(1.7)	3.4	11.1
Fortis Healthcare	(2.2)	(1.6)	51.8
NSE Mid-cap	(1.8)	3.8	15.5
NSE Small-cap	(6.4)	(4.0)	10.3

Source: Bloomberg

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Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Total Revenue	68,929	77,828	91,172	105,216	116,544
Gross Profit	52,742	59,526	70,071	80,776	89,447
EBITDA	12,676	15,879	21,102	24,945	28,039
EBIT	9,251	12,023	16,608	20,143	22,996
Interest expense	1,310	1,844	3,105	2,492	1,869
Other income	383	669	583	583	583
Exceptional/ Extra-ordinary items	160	(893)	(98)	-	-
PBT	8,485	9,955	13,988	18,234	21,710
Tax	2,128	1,977	3,405	4,558	5,427
Minority interest/Associates income	(368)	(237)	(116)	(209)	(235)
Reported PAT	5,989	7,742	10,467	13,467	16,047
Adjusted PAT	5,829	8,636	10,565	13,467	16,047
Balance Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Shareholders' Equity	96,820	89,165	98,761	111,264	113,818
Minority Interest	8,932	2,529	2,645	2,853	2,880
Trade Payables	7,278	8,076	9,109	10,435	11,506
Provisions & Other Current Liabilities	3,058	6,901	4,204	4,816	5,310
Total Borrowings	8,583	21,953	27,380	19,400	17,505
Other long term liabilities	8,216	8,291	8,291	8,291	8,291
Total liabilities & equity	132,888	136,915	150,390	157,060	159,310
Net Fixed Assets	58,080	62,521	67,587	72,918	73,278
Goodwill	41,942	41,942	41,942	41,942	41,942
Intangible assets	4,135	3,841	13,141	13,141	13,141
Business Investments / other NC assets	14,526	13,899	13,899	13,899	13,899
Cash, Bank Balances & treasury investments	6,000	5,097	1,969	1,483	1,900
Inventories	1,074	1,153	1,823	2,104	2,331
Sundry Debtors	6,278	7,845	8,206	9,469	10,489
Other Current Assets	854	618	1,823	2,104	2,331
Total Assets	132,888	136,915	150,390	157,060	159,310
Cash Flow Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Cashflow from Operations	11,001	14,239	12,629	19,177	21,411
Capital expenditure	(9,280)	(8,296)	(8,794)	(9,321)	(9,881)
Acquisitions / divestitures	1,480	(1,778)	(9,300)	-	-
Other Business cashflow	-	(42)	-	-	-
Free Cash Flow	3,201	4,123	(5,465)	9,856	11,530
Cashflow from Financing	(845)	(5,026)	2,337	(10,342)	(11,113)
Net Change in Cash / treasury investments	2,356	(902)	(3,128)	(486)	417
Key assumptions & Ratios	FY24	FY25	FY26E	FY27E	FY28E
Dividend per share (INR)	1.0	1.0	1.0	1.0	1.0
Book value per share (INR)	128.2	118.1	130.8	147.4	150.8
RoCE (Pre-tax) (%)	9.1	10.5	13.7	15.4	17.2
ROIC (Pre-tax) (%)	9.6	11.1	14.1	15.6	17.4
ROE (%)	6.2	8.7	10.9	12.5	13.9
Asset Turnover (x)	1.3	1.3	1.4	1.5	1.6
Net Debt to Equity (x)	0.0	0.2	0.3	0.2	0.1
Net Debt to EBITDA (x)	0.2	1.1	1.2	0.7	0.6
Interest cover (x) (EBITDA/ int exp)	9.7	8.6	6.8	10.0	15.0
Total Working capital days (WC/rev)	21.4	(1.3)	2.2	(0.3)	0.8
Valuation	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	118.7	80.1	65.5	51.4	43.1
P/Sales (x)	10.0	8.9	7.6	6.6	5.9
EV/ EBITDA (x)	57.0	45.5	34.2	29.0	25.8
EV/ OCF (x)	65.7	50.7	57.2	37.7	33.7
FCF Yield	0.4	0.6	(0.8)	1.4	1.6
Price to BV (x)	7.1	7.8	7.0	6.2	6.1
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1

Note: Pricing as on 16 February 2026; Source: Company, Elara Securities Estimate

FY26 margin is set to be at ~23%

Exhibit 1: Quarterly results

YE March (INR mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Net Sales	22,650	19,283	17.5	23,314	(2.8)
Gross Profit	17,489	14,748	18.6	17,919	(2.4)
Gross Margin (%)	77.2	76.5	73.0	76.9	35.5
EBITDA	5,057	3,751	34.8	5,563	(9.1)
EBITDA Margin (%)	22.3	19.5	287.1	23.9	(153.8)
Other Income	83	209	(60.3)	226	(63.3)
Interest	857	452	89.9	749	14.5
Depreciation	1,201	973	23.4	1,058	13.5
PBT	3,081	2,535	21.5	3,982	(22.6)
Tax	683	251	172.1	966	(29.3)
Tax Rate (%)	22.2	9.9	1,226.8	24.3	(209.0)
PAT	2,398	2,284	5.0	3,016	(20.5)
Minority Interest	(1)	(43)	(96.8)	(32)	(95.7)
PAT	2,396	2,241	6.9	2,984	(19.7)
Adjusted Net Income	1,937	2,479	(21.9)	3,219	(39.8)
NPM (%)	8.6	12.9	(430.3)	13.8	(525.5)

Source: Company, Elara Securities Research

Exhibit 2: Valuation based on core earnings

	FY24	FY25	FY26E	FY27E	FY28E
Core EPS (INR)	7.3	10.7	13.4	17.3	20.7
Core EPS growth (%)	18.3	45.9	25.2	28.7	19.8
Cash per share (INR)	7.9	6.8	2.6	2.0	2.5
Current Core P/E (x)	123.3	84.5	67.5	52.5	43.8
Core ROIC (%)	11.0	11.1	15.3	15.9	18.1

Source: Company, Elara Securities Estimate

Conference call highlights**Financial highlights**

- ▶ Consolidated revenue for Q3FY26 stood at ~INR 22.7bn, up 17.5% YoY, with operating EBITDA margin improving to 22.3% (vs. 19.4% in Q3FY25), supported by a richer case mix and the addition of new specialties in recent quarters.
- ▶ Exceptional item of INR 97.5mn includes INR 550mn on account of new Labor Code changes, which got offset by reversal of impairment on investment in an associate company.
- ▶ As on 31 December 2025, net debt stood at ~INR 25.5bn, translating to a net debt/EBITDA ratio of 1.24x, compared to 0.41x as on 31 December 2024 (based on annualized Q3 EBITDA).
- ▶ The rise in debt was primarily due to the funds raised to partly finance acquisition of the PE stake in Agilus Diagnostics and the acquisition of the Shrimann Hospital at Jalandhar, in Punjab, among other investments.
- ▶ During the quarter, FORH acquired a 100% stake in TMI Healthcare along with the underlying land and building, which currently operates 125-bed People Tree Hospital at Yeshwanthpur, in Bengaluru. Also, the adjacent land was acquired enabling future expansion to 300 beds. The total cost stood at INR 4.3bn.
- ▶ In November 2025, the company launched *Adayu*, a 36-bedded specialized mental health care facility at Gurugram, offering evidence-based treatments through a multidisciplinary approach to deliver comprehensive and compassionate care.

Hospitals business

- ▶ Hospitals business revenue in Q3FY26 grew by 19.4% YoY to INR 19.4bn, supported by a 14.3% increase in occupied beds to 3,189 beds in Q3FY26 compared to 2,790 beds in Q3FY25.
- ▶ ARPOB stood at INR 25.6mn per annum, up 4.5% YoY (vs INR 24.5mn in Q3FY25), while the occupancy level remains at 67%. Robotics surgery grew by 52% YoY.
- ▶ International patient revenue grew 19% YoY to ~INR 1.6bn, contributing 7.7% of hospitals revenue (vs 7.7% in Q2FY25).
- ▶ Focus specialties – oncology, neurosciences, cardiac sciences, gastroenterology, orthopedics, and renal sciences – grew 19% YoY, contributing 61% of hospitals revenue.
- ▶ Digital channels (website, app, and campaigns) reported 18.9% YoY growth, contributing 29.8% to hospitals revenue (vs. 29.9% in Q3FY25).
- ▶ Occupied beds increased 14.3% QoQ to 3,189 in Q3FY26 (vs. 2,790 in Q3FY25).
- ▶ ALOS stood at 4.29 days in Q3FY26 compared to 4.2 days in Q3FY25.
- ▶ The company further strengthened its medical talent with the onboarding of specialists in the areas of oncology, neurosciences and general surgery.
- ▶ Thirteen hospitals achieved EBITDA margin of >20%, collectively contributing 77% of total hospitals revenue.

Diagnostics business

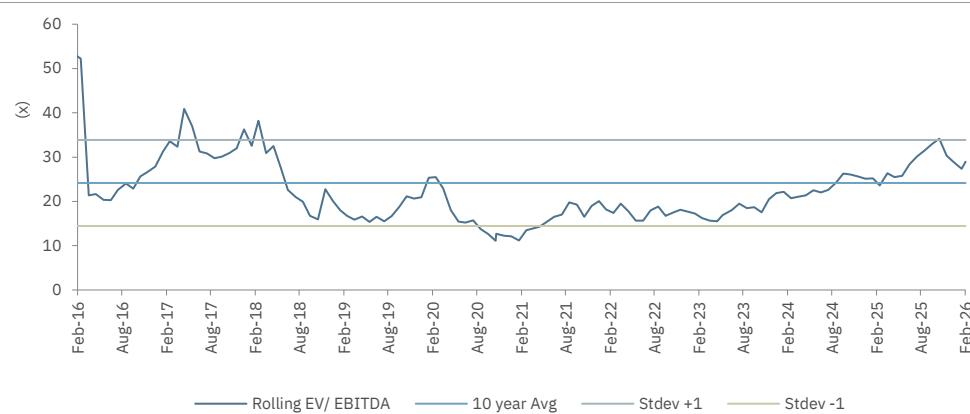
- ▶ The diagnostics business reported gross revenue of INR 3.7bn in Q3FY26, up 8.3% YoY, from INR 3.4bn in Q3FY25.
- ▶ Net revenue for the quarter stood at ~INR 3.3bn, up by 7% YoY.
- ▶ Operating EBITDA margin (on gross revenue) improved to 23.1% vs 14.4% in Q3FY25. Excluding one-offs, operating EBITDA margin stood at 21.3% in Q3FY25.
- ▶ Continuing its network expansion, Agilus increased its customer touchpoints (CTP) to 4,370 as on 31 December 2025.
- ▶ The business conducted ~9.9mn tests during the quarter, up from ~9.6mn in Q3FY25.
- ▶ The preventive health portfolio contributed 12% to overall diagnostics revenue vs 10% in Q3FY25.
- ▶ Geographically, North India contributed 29%, South India 34%, West India 20%, East India 12%, and international markets 5% to total revenue.
- ▶ By product mix, routine tests contributed 53%, specialized 35%, and wellness 12% during Q3FY26.
- ▶ B2C to B2B mix stood at 52% and 48%, respectively.

Guidance

- ▶ People Tree Hospital is running at sub-optimal level. The facility will need investment to improve margin to reach FORH level. Brownfield expansion on the adjacent land will commence soon and is expected to be completed in the next 24-30 months.
- ▶ The Manesar facility generates revenue of INR 150mn per month and is EBITDA-positive. Oncology block work has started for the facility.
- ▶ The NagerBhavi facility currently operates EBITDA of upward of 20%.
- ▶ Gleneagles Hospital is currently in the integration process. During the quarter, the facility generated revenue of ~INR 1.7bn with an EBITDA margin of 3% after absorbing 3% fees.
- ▶ Existing units grew by 15% YoY whereas new units grew by ~4% YoY during the quarter.
- ▶ The Jalandhar facility is operating at 25% EBITDA whereas the occupancy level of Mulund facility is 65%.

- ▶ ARPOB is set to grow by 4-5% yoy, driven by 2.0-2.5% price hike and the remaining from case mix in FY27.
- ▶ During 9MFY26, the company added 750 beds with 500 added through acquisitions and 250 through Brownfield across Noida, Faridabad, and Manesar.
- ▶ FMRI new block is set to commence in April 2026.
- ▶ Occupancy level during the quarter witnessed 50bp, drag due to challenges in new units.
- ▶ The company is planning to add 430 beds largely through Brownfield additions at the FMRI facility with 220 beds, which will be operationalized in a phased manner with 100-120 beds in FY26.

Exhibit 3: Currently trading at a 20% premium to its long-term average of 24.2x on a rolling EV/EBITDA



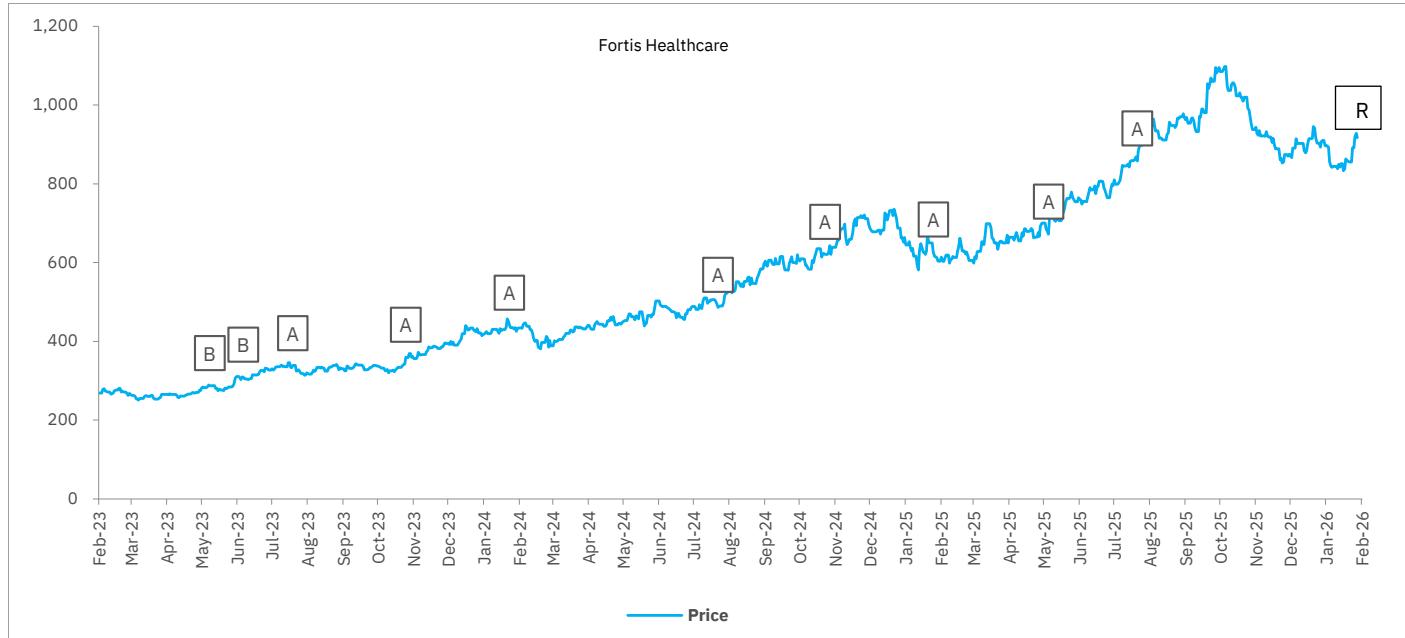
Source: Company, Bloomberg, Elara Securities Estimate

Exhibit 4: Change in estimates

(INR mn)	Old			Revised			% change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	91,277	1,05,088	1,16,425	91,172	1,05,216	1,16,544	(0.1)	0.1	0.1
EBITDA	21,289	25,100	28,224	21,102	24,945	28,039	(0.9)	(0.6)	(0.7)
PAT	11,260	14,115	16,702	10,467	13,467	16,047	(7.0)	(4.6)	(3.9)
EPS (INR)	13.8	18.1	21.5	13.4	17.3	20.7	(3.0)	(4.5)	(3.9)
Rating	Accumulate			Reduce					

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
24-May-2023	Buy	349	288
22-Jun-2023	Buy	372	309
04-Aug-2023	Accumulate	372	339
10-Nov-2023	Accumulate	390	359
08-Feb-2024	Accumulate	488	441
07-Aug-2024	Accumulate	541	486
08-Nov-2024	Accumulate	661	621
10-Feb-2025	Accumulate	686	627
21-May-2025	Accumulate	749	672
06-Aug-2025	Accumulate	927	858
16-Feb-2026	Reduce	927	917

Guide to Research Rating

BUY (B) Absolute Return >+20%

ACCUMULATE (A) Absolute Return +5% to +20%

REDUCE (R) Absolute Return -5% to +5%

SELL (S) Absolute Return < -5%

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