PL Capital PRABHUDAS LILLADHER

Fortis Healthcare (FORH IN)

Event Update

September 07, 2026

■ Estimate Change | ☑ Target | ■ Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	1,050		1,120	
Sales (INR mn)	105,001	119,014	105,001	119,014
% Chng.	-	-		
EBITDA (INR mn)	23,602	28,731	23,602	28,731
% Chng.	-	-		
EPS (INR)	16.2	21.8	16.2	21.8
% Chng.	-	-		

Key Data	FOHE.BO | FORH IN
BSE Code	532843
NSE Code	FORTIS
52-W High / Low	INR 1,105 / INR 766
Face Value	10
Sensex / Nifty	76,515 / 23,898
Market Cap	INR 687 bn / $ 7,270 mn
Shares Outstanding	754.96 mn
3M Avg. Daily Value	INR 1,536.61 mn

Shareholding Pattern (%)

Promoters	31.17
FIIs	25.20
Mutual Funds	25.81
Fomestic Institutions	6.42
Public & Others	11.40
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(2.4)	(3.3)	(0.1)	(4.2)
Relative	0.0	(6.0)	3.3	1.1

Key Financials - Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	77,827	91,278	105,001	119,014
EBITDA (INR mn)	15,879	20,849	23,602	28,731
Margin (%)	*20.4*	*22.8*	*22.5*	*24.1*
PAT (INR mn)	8,635	10,640	12,211	16,438
EV (INR mn)	702,641	709,085	706,582	697,713
Total Debt (INR mn)	21,953	28,727	25,727	19,727
C&C Eq. (INR mn)	5,080	5,437	5,190	8,309
EPS (INR)	11.4	14.1	16.2	21.8
Gr. (%)	*48.1*	*23.2*	*14.8*	*34.6*
DPS (INR)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	*10.4*	*11.3*	*11.7*	*14.1*
RoCE (%)	*12.2*	*13.7*	*14.2*	*16.8*
EV/Sales (x)	9.0	7.8	6.7	5.9
EV/EBITDA (x)	44.2	34.0	29.9	24.3
PE (x)	79.1	64.2	56.0	41.6
P/BV (x)	7.7	6.9	6.2	5.5

Lingering legal overhang

Quick Pointers

- No immediate impact on operations, financials or M&A from Delhi HC forensic audit
- Continue with merge plans of Gleneagles hospitals & IHH's stake increase commitment

With the latest order by Delhi HC for forensic audit, we see no impact on Fortis Healthcare (FORH) operating trajectory, with capex, brownfield expansion plans likely to be unaffected as also cited by management. FORH–Gleneagles integration will continue to remain a potential future consideration. The timing of this event will be key monitorable (street was expecting closure in FY27) as it will increase IHH stake in FORH and thereby may put aside concerns of IHH commitment to increase stake in FORH. The forensic audit involves four key areas and six months' timeframe to submit reports by auditor.

FORH reported hospital margin improvement by 530bps over FY23-FY26 to 22.2%, we see further scope for improvement aided by 1) improving case and payor mix, 2) cost rationalization initiatives and ramp-up of Manesar and Greater Noida unit, and 3) new brownfield bed additions. Additionally, we expect margin to expand further, driven by the recent acquisition of People Tree Hospital, Shrimann Hospital and the O&M agreement with Gleneagles. We expect FORH to clock 20% EBITDA CAGR ex ESOP over FY26-28E. At CMP, the stock is trading at 24.4x EV/EBITDA on FY28E, adjusted for Agilus stake and ESOP. Maintain 'BUY' rating with revised TP of INR 1,050/ share; valuing at 28x EV/EBITDA (30x earlier) for hospital segment on FY28E.

Forensic audit has four key areas: (1) reconstruction of FHHPL's shareholding evolution during FY16–18; (2) review of IHH/NTK's acquisition of control in FORH and subsequent use of proceeds for the RHT Health Trust acquisition; (3) examination of any role of FORH/KMPs in the erstwhile promoters' share-dissipation transactions; and (4) role of the 17 banks/FIs involved in dissipation of shares in FORH

Tokyo litigation; IHH/NTK vs Daiichi Sankyo: IHH's Singapore subsidiary, Northern TK Venture (NTK), has sued Daiichi Sankyo in the Tokyo District Court, alleging that Daiichi obstructed IHH's proposed acquisition of a controlling stake in FORH. NTK, which acquired ~31% of FORH in 2018, is seeking ~JPY200bn (~INR118.5bn) in damages, revised from JPY20bn, for alleged interference and related losses. The Tokyo court has completed hearings, with the judgment scheduled for 10 Sep'26. A favourable ruling for IHH/NTK could improve prospects for resolving the long-pending dispute and completing IHH's ~26% open offer, while an adverse ruling could strengthen Daiichi's position in the ongoing Indian proceedings. Resolution of the litigation remains a key overhang for IHH's move to majority ownership of FORH and a potential catalyst for the stock.

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Conference Call Highlights

Order Investigative; operations unaffected: Delhi High Court's forensic audit is limited to historical shareholding changes and related transactions, with no impact on FORH's capex, brownfield expansion or M&A plans.

Management expects limited risk from forensic audit: Management reiterated that FORH was neither a party to the original arbitration nor a judgment debtor and had no involvement in the promoters' share-dissipation transactions. Management does not expect material adverse findings, citing prior internal reviews and full regulatory disclosures.

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Six months audit timeline: The auditor has four weeks to seek information, followed by two weeks for responses and six months to submit the report. Management highlighted that the six-month timeframe may be challenging, particularly for the bank-related workstream.

Legal cost guidance: Management guided no direct financial impact as the order does not establish any liability and hence does not require provisioning or create a P&L/balance-sheet impact. FORH incurred ~INR250mn of litigation costs in FY26 and expects a similar budget for FY27; while the forensic audit cost will be borne by Daiichi Sankyo.

IHH reaffirmed its commitment to increase stake: IHH continues to target a 50%+ stake in Fortis over the next 3–5 years and remains committed to providing growth capital as required, subject to legal/regulatory requirements. FORH–Gleneagles integration will continue to remain a potential future consideration. Mgmt cited that biggest impediment was mandatory open offer which was completed previous year with SEBI and thereby recent audit should not have any likely hurdle on IHH stake increase or Gleneagle merger.

Growth plans continue and internally funded: Management sees no impact on patient care, doctor retention, brownfield expansion or M&A execution, with growth investments expected to be funded primarily through internal accruals.

Forensic audit potential closure for litigation: Management views the forensic audit as the likely closure point for this litigation thread, barring emergence of new findings. The legal team is evaluating potential remedies/appeal options over the next few weeks, with escalation to higher courts if advised.

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	**77,827**	**91,278**	**105,001**	**119,014**
YoY gr. (%)	*12.9*	*17.3*	*15.0*	*13.3*
Cost of Goods Sold	18,302	20,887	24,675	27,968
Gross Profit	59,525	70,391	80,325	91,046
Margin (%)	*76.5*	*77.1*	*76.5*	*76.5*
Employee Cost	11,672	12,966	19,950	22,613
Other Expenses	31,974	36,576	36,773	39,702
EBITDA	**15,879**	**20,849**	**23,602**	**28,731**
YoY gr. (%)	*25.3*	*31.3*	*13.2*	*21.7*
Margin (%)	*20.4*	*22.8*	*22.5*	*24.1*
Depreciation and Amortization	3,856	4,494	4,916	5,303
EBIT	**12,023**	**16,355**	**18,686**	**23,428**
Margin (%)	*15.4*	*17.9*	*17.8*	*19.7*
Net Interest	1,844	3,145	3,087	2,367
Other Income	669	507	600	700
Profit Before Tax	**10,848**	**13,717**	**16,199**	**21,761**
Margin (%)	*13.9*	*15.0*	*15.4*	*18.3*
Total Tax	1,977	3,017	3,888	5,223
Effective Tax Rate (%)	*18.2*	*22.0*	*24.0*	*24.0*
Profit After Tax	**8,872**	**10,700**	**12,311**	**16,538**
Minority Interest	352	224	250	250
Share Profit from Associate	115	164	150	150
Adjusted PAT	**8,635**	**10,640**	**12,211**	**16,438**
YoY gr. (%)	*48.1*	*23.2*	*14.8*	*34.6*
Margin (%)	*11.1*	*11.7*	*11.6*	*13.8*
Extra Ord. Income / (Exp)	(893)	(222)	95	-
Reported PAT	**7,742**	**10,417**	**12,306**	**16,438**
YoY gr. (%)	*29.3*	*34.6*	*18.1*	*33.6*
Margin (%)	*9.9*	*11.4*	*11.7*	*13.8*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	7,742	10,417	12,306	16,438
Equity Shares O/s (mn)	**755**	**755**	**755**	**755**
EPS (INR)	**11.4**	**14.1**	**16.2**	**21.8**

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	**103,442**	**120,727**	**129,727**	**138,727**
Tangibles	103,442	120,727	129,727	138,727
Intangibles	-	-	-	-
Acc: Dep / Amortization	**41,146**	**45,640**	**50,556**	**55,859**
Tangibles	41,146	45,640	50,556	55,859
Intangibles	-	-	-	-
Net Fixed Assets	**62,296**	**75,086**	**79,170**	**82,867**
Tangibles	62,296	75,086	79,170	82,867
Intangibles	-	-	-	-
Capital Work In Progress	4,065	4,343	4,343	4,343
Goodwill	41,942	47,213	47,213	47,213
Non-Current Investments	1,691	2,253	2,253	2,253
Net Deferred Tax Assets	(1,253)	(3,787)	(3,787)	(3,787)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	173	173	173
Inventories	1,153	1,353	1,568	1,786
Trade Receivables	7,845	10,438	11,262	12,828
Cash & Bank Balance	5,080	5,437	5,190	8,309
Other Current Assets	9,657	11,980	13,178	14,496
Total Assets	**136,915**	**159,662**	**165,737**	**175,654**
Equity				
Equity Share Capital	7,550	7,550	7,550	7,550
Other Equity	81,616	91,406	101,945	115,733
Total Networth	**89,165**	**98,956**	**109,495**	**123,283**
Non-Current Liabilities				
Long Term Borrowings	20,857	24,012	21,012	15,012
Provisions	-	-	-	-
Other Non Current Liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	1,096	4,715	4,715	4,715
Trade Payables	8,076	9,431	11,713	13,341
Other Current Liabilities	7,996	8,699	4,703	4,953
Total Equity & Liabilities	**136,915**	**159,662**	**165,737**	**175,654**

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	10,848	13,717	16,199	21,761
Add. Depreciation	3,856	4,494	4,916	5,303
Add. Interest	1,844	3,145	3,087	2,367
Less Financial Other Income	669	507	600	700
Add. Other	(109)	(667)	95	-
Op. Profit before WC Changes	16,439	20,689	24,297	29,431
Net Changes-WC	(218)	(1,658)	(3,953)	(1,223)
Direct Tax	(1,977)	(3,017)	(3,888)	(5,223)
Net Cash from Op. Activities	**14,245**	**16,014**	**16,457**	**22,986**
Capital Expenditures	(26,525)	(9,627)	(9,000)	(9,000)
Interest / Dividend Income	-	-	-	-
Others	954	(5,757)	150	150
Net Cash from Invt. Activities	**(25,571)**	**(15,384)**	**(8,850)**	**(8,850)**
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	13,369	6,773	(3,000)	(6,000)
Dividend Paid	(1,089)	(777)	(1,767)	(2,650)
Interest Paid	(1,844)	(3,145)	(3,087)	(2,367)
Others	(14)	(3,125)	-	-
Net Cash from Fin. Activities	**10,422**	**(273)**	**(7,854)**	**(11,017)**
Net Change in Cash	**(904)**	**357**	**(247)**	**3,119**
Free Cash Flow	(12,281)	6,387	7,457	13,986

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Net Revenues	**23,314**	**22,650**	**23,647**	**25,450**
YoY gr. (%)	*17.3*	*17.5*	*17.8*	*17.5*
Raw Material Expenses	5,396	5,161	5,189	5,729
Gross Profit	17,919	17,489	18,458	19,721
Margin (%)	*76.9*	*77.2*	*78.1*	*77.5*
EBITDA	**5,563**	**5,057**	**5,323**	**5,371**
YoY gr. (%)	*27.9*	*34.8*	*22.2*	*9.5*
Margin (%)	*23.9*	*22.3*	*22.5*	*21.1*
Depreciation / Depletion	1,058	1,201	1,220	1,219
EBIT	**4,505**	**3,855**	**4,104**	**4,152**
Margin (%)	*19.3*	*17.0*	*17.4*	*16.3*
Net Interest	749	857	843	804
Other Income	226	83	44	145
Profit before Tax	**3,982**	**3,081**	**3,305**	**3,493**
Margin (%)	*17.1*	*13.6*	*14.0*	*13.7*
Total Tax	966	683	530	904
Effective Tax Rate (%)	*24.3*	*22.2*	*16.0*	*25.9*
Profit After Tax	**3,016**	**2,398**	**2,775**	**2,589**
Minority Interest	69	37	53	64
Share Profit from Associate	37	35	62	44
Adjusted PAT	**2,984**	**2,396**	**2,783**	**2,569**
YoY gr. (%)	*26.3*	*6.9*	*17.2*	*3.7*
Margin (%)	*12.8*	*10.6*	*11.8*	*10.1*
Extra Ord. Income / (Exp)	235	(459)	(125)	95
Reported PAT	**3,219**	**1,937**	**2,659**	**2,664**
YoY gr. (%)	*82.4*	*(21.9)*	*44.6*	*2.3*
Margin (%)	*13.8*	*8.6*	*11.2*	*10.5*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**3,219**	**1,937**	**2,659**	**2,664**
Avg. Shares O/s (mn)	-	-	-	-
EPS (INR)	**4.3**	**2.6**	**3.5**	**3.5**

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	11.4	14.1	16.2	21.8
CEPS	16.5	20.0	22.7	28.8
BVPS	118.1	131.1	145.0	163.3
FCF	(16.3)	8.5	9.9	18.5
DPS	-	-	-	-
Return Ratio (%)				
RoCE	12.2	13.7	14.2	16.8
ROIC	9.1	10.6	11.7	14.0
RoE	10.4	11.3	11.7	14.1
Balance Sheet				
Net Debt : Equity (x)	0.2	0.2	0.2	0.1
Net Working Capital (Days)	4	9	4	4
Valuation (x)				
PER	79.1	64.2	56.0	41.6
P/B	7.7	6.9	6.2	5.5
P/CEPS	54.7	45.1	39.9	31.4
EV/EBITDA	44.2	34.0	29.9	24.3
EV/Sales	9.0	7.8	6.7	5.9
Dividend Yield (%)	-	-	-	-
FCFF Yield (%)	(1.8)	0.9	1.1	2.0
PEG Ratio	1.6	2.8	3.8	1.2

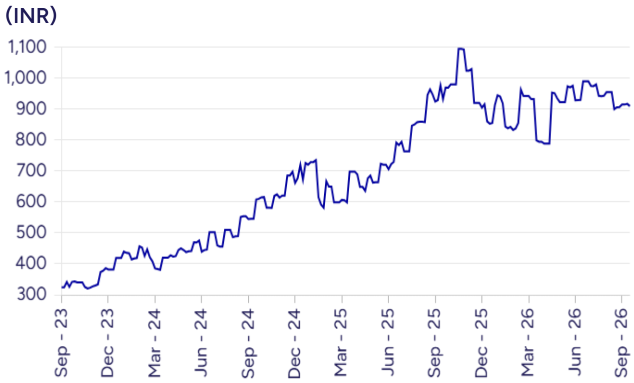
Source: Company, PL

Key Operating Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Hospital	65,280	77,730	90,098	102,621
Diagnostic	12,539	13,548	14,903	16,393

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	08-Aug-26	BUY	1120	955
2	09-Jul-26	BUY	1120	944
3	26-May-26	Buy	1120	970
4	09-Apr-26	BUY	1050	850
5	17-Feb-26	BUY	1050	916
6	06-Jan-26	BUY	1120	915
7	19-Dec-25	BUY	1120	891
8	12-Nov-25	BUY	1150	969
9	08-Oct-25	BUY	1000	1042
10	07-Aug-25	BUY	1000	884

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Ajanta Pharma	BUY	3730	3436
2	Anthem Biosciences	Buy	850	779
3	Apollo Hospitals Enterprise	BUY	10000	8600
4	Aster DM Quality Care	BUY	920	842
5	Aurobindo Pharma	HOLD	1600	1589
6	Brigade Enterprises	Buy	785	592
7	Cipla	Accumulate	1450	1393
8	Divi's Laboratories	Accumulate	8600	8056
9	Dr. Reddy's Laboratories	Accumulate	1300	1183
10	Eris Lifesciences	BUY	1700	1425
11	Fortis Healthcare	BUY	1120	955
12	Global Health	Buy	1750	1414
13	HealthCare Global Enterprises	BUY	820	670
14	Indoco Remedies	Hold	325	225
15	Ipca Laboratories	Buy	2000	1734
16	Jupiter Life Line Hospitals	BUY	360	319
17	Krishna Institute of Medical Sciences	Buy	850	796
18	Lupin	Accumulate	2500	2364
19	Max Healthcare Institute	Buy	1150	1009
20	Narayana Hrudayalaya	Buy	2350	1920
21	Oberoi Realty	Accumulate	2100	1883
22	Prestige Estates Projects	BUY	1800	1595
23	Rainbow Children's Medicare	BUY	1900	1546
24	Sun Pharmaceutical Industries	BUY	2150	1991
25	Sunteck Realty	BUY	520	291
26	Torrent Pharmaceuticals	BUY	5500	4872
27	Zydus Lifesciences	Accumulate	1200	1191

PL's Recommendation Nomenclature (Absolute Performance)

BUY	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

ANALYST CERTIFICATION

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We/I Mr. Param Desai MBA Finance, Ms. Sanketa Kohale MBA Finance, Mr. Dev Kothari BSc. Finance, Passed CFA Level II Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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