

Global Health | BUY

Healthy 2Q; developing units drive growth

Medanta delivered a healthy performance in 2QFY26 with rev./EBITDA/PAT growing at 15%/1%/21% YoY, and EBITDA margins coming in at 21%. The quarter was led by stellar performance in developing units, growing +28% YoY (excl. Noida) and primarily volume led. Mature units reported +5% YoY growth (+7.9% adjusted for pharmacy shift) with margins of 23.5% (-120bps YoY). However, start-up losses at Noida (INR 197mn), and elevated employee costs (due to Ranchi expansion) impacted margins, which contracted 286bps YoY. On the expansion front, the newly commissioned 226-bed Noida facility became operational in Sep'25, Medanta also secured FSI for its Mumbai hospital, upgrading the plan from 500 beds to 750 beds, and acquired land in Guwahati for a greenfield unit. The company has outlined a cumulative capex of INR 41.2bn planned over the next 3–5 years. We remain positive on Medanta due to its high growth visibility, superior operational matrix, execution and operating leverage potential post Noida scale up. In our understanding, the company will deliver 17%/21%/24% CAGR in revenue/EBITDA/PAT over FY25–28. Thus, we value the company at 32x the Sept'27 EBITDA to arrive at a TP of INR 1707. Maintain Buy.

- **Key metrics:** The Occupied bed days increased by 7.7% YoY, representing an occupancy of ~64% on increased bed capacity. ARPOB grew by 5.5% YoY to INR 65,570 in 2QFY26. Volume growth remained robust, with In-patient count increased by 12.7% and Out-patient count increased by 14.9% YoY. International Patients Revenue increased by 48.5% YoY to INR 762mn in 2QFY26. OPD Pharmacy (Hospital & Retail) revenue increased by 23.9% YoY to INR 456mn in 2QFY26.
- **Developing hospitals:** The developing hospitals, excl. Noida, reported revenue at INR 3.5bn (+28% YoY), growth of 28.3% YoY. The recently commercialised Noida generated INR 39mn in 2QFY26. The growth was primarily volume led. For the segment, volume grew 26% YoY and ARPOB grew 2%. While Patna saw fairly strong ARPOB growth on account of complex offerings, Lucknow ARPOB growth was moderate due to addition of lower ARPOB offerings which were not there earlier (eg Pediatrics). Occupancy was at 67% (70% excl. Noida) vs 60% in 2QFY25, reflecting strong growth. Margins excluding Noida came in at 34%, while Noida gave a INR 197mn EBITDA loss bringing the segmental EBITDA margin to 25.6%.
- **Mature hospitals:** The mature hospitals reported INR 7.2bn in sales (+5% YoY). Adjusting for Gurgaon unit's OPD pharmacy business now being parked under a separate subsidiary, growth was 7.9% YoY. Growth was led by a mix of ARPOB and volume. ARPOB grew 10%, while IP volumes grew by 5% with occupancy falling to 61% vs 67% in 2QFY25. Volumes were impacted on account of lower vector borne diseases this quarter vis-à-vis 2QFY25. The EBITDA margins saw a minor contraction, coming in at 23.5% vs 24.7% in 2QFY25. The contraction was due to employee costs, primarily in staffing the new 110 bed Ranchi unit and some addition in Gurugram unit.
- **Expansion traction:** The 226 bed Noida unit became operational in September 2025, commercial within 3 years of announcement. Medanta also received additional FSI approval for the Bombay hospital, upgrading plans from 500 beds to 750 beds. Medanta has planned INR 15.3bn CAPEX approved for hospital (INR 8.5bn towards staff quarters). Further, the company acquired a 3.5 acre plot in Guwahati for the new greenfield unit for the cost of INR 600mn. Over the next 3–5 years, the company expects a cumulative INR 41.2bn in CAPEX; including INR 36.7bn for projects and is expected to be funded by combination of debt and internal accruals.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,707
Upside/(Downside)	44.2%
Previous Price Target	1,682
Change	1.5%

Key Data – MEDANTA IN

Current Market Price	INR1,184
Market cap (bn)	INR318.2/US\$3.6
Free Float	46%
Shares in issue (mn)	268.2
Diluted share (mn)	268.2
3-mon avg daily val (mn)	INR519.5/US\$5.9
52-week range	1,457/995
Sensex/Nifty	83,535/25,574
INR/US\$	88.7

Price Performance

%	1M	6M	12M
Absolute	-12.3	1.2	10.9
Relative*	-13.4	-3.8	5.5

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	32,268	36,411	43,295	51,050	58,448
Sales Growth (%)	19.8	12.8	18.9	17.9	14.5
EBITDA	7,991	8,771	10,083	12,906	15,532
EBITDA Margin (%)	24.4	23.8	23.0	25.0	26.3
Adjusted Net Profit	4,781	4,814	6,074	8,135	10,023
Diluted EPS (INR)	17.8	18.0	22.6	30.3	37.4
Diluted EPS Growth (%)	28.2	0.7	26.2	33.9	23.2
ROIC (%)	23.1	21.4	20.5	22.0	23.5
ROE (%)	17.9	15.3	16.5	18.5	18.9
P/E (x)	66.4	66.0	52.3	39.0	31.7
P/B (x)	10.9	9.4	7.9	6.6	5.5
EV/EBITDA (x)	38.8	35.3	30.8	23.8	19.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 10/Nov/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

■ Financial highlights:

- Revenue at INR 11.2bn, a growth of 15% YoY, primarily led by 8% increase in OBDs and 6% increase in ARPOBs
- Occupied bed days increased by 7.7% YoY, representing an occupancy of ~64% on increased bed capacity
- ARPOB grew by 5.5% YoY to INR 65,570 in 2QFY26. Mature/Developing hospitals reported 10%/2% YoY growth
- Volume growth remained robust, In-patient count increased by 12.7% and Out-patient count increased by 14.9% YoY. Mature/Developing hospitals reported 5%/26% YoY growth
- Matured hospitals revenue was INR 7.2bn, growth of 5.4% YoY.
- Developing hospitals ex Noida, Revenue was INR 3.5 bn, growth of 28.3% YoY.
- Noida hospital generated Revenue of INR 39 mn
- International Patients Revenue increased by 48.5% YoY to INR 762 mn in 2QFY26
- OPD Pharmacy (Hospital & Retail) revenue increased by 23.9% YoY to INR 456 mn in 2QFY26
- EBITDA (ex-Noida) grew 13.7 % YoY to INR 2.8bn with margins of 25.2% compared to 25.3% in 2QFY25. Including Noida, EBITDA was INR 2.6bn, up 5.7% YoY, with margins at 23.3%. Noida's EBITDA loss was of INR 197 mn
- Matured hospitals EBITDA was INR 1.7bn, growth of 0.4% YoY
- Developing hospitals EBITDA stood at INR 915 mn, up 10.2% YoY, with margin of 25.6%, reflecting the impact of initial ramp-up costs of Noida
- Profit After Tax was INR 1.6bn, growth of 21.1% YoY. PAT margins improved to 14.2% from 13.4% in 2QFY25

Exhibit 1. Stock trading at attractive valuations



Source: Bloomberg, JM Financial

Exhibit 2. 2QFY26 review

Medanta - P&L (INR mn)	2Q25A	2Q26A	% YoY	2Q26E	% Delta vs. JMFe	2Q26E (cons)	% Delta vs. cons	1Q26A	% QoQ
Net Sales	9,566	10,992	15%	11,279				10,308	7%
Other op income	0	0		0				0	
Total Revenue	9,566	10,992	15%	11,279	-3%	11,016	0%	10,308	7%
COGS	2,280	2,556	12%	2,550	0%			2,391	7%
Gross Profit	7,286	8,437	16%	8,729	-3%			7,918	7%
Gross Profit %	76.2%	76.8%	58 bps	77.4%	-64 bps			76.8%	-6 bps
Staff Cost	2,143	2,743	28%	2,650	4%			2,564	7%
Other expenses	2,799	3,384	21%	3,500	-3%			3,084	10%
Impairment of Financial assets	61	0	-100%	0				0	#DIV/0!
EBITDA	2,283	2,309	1%	2,579	-10%	2,531	-9%	2,270	2%
EBITDA margin (%)	23.9%	21.0%	-286 bps	22.9%	-185 bps	23.0%	-197 bps	22.0%	-101 bps
Other Income	182	197	8%	210	-6%			205	-4%
Finance Cost	160	171	7%	150				138	24%
Depreciation	494	497	1%	500				451	10%
PBT	1,811	1,838	2%	2,139	-14%			1,885	-3%
Exceptional Items	0	160		0				196	
Tax	503	414	-18%	642				492	-16%
Tax Rate (%)	27.8%	20.7%		30.0%				23.6%	
Minority Interest	0	0		0				0	
PAT (Reported)	1,308	1,584	21%	1,497	6%	1,562	1%	1,590	0%
PAT margin (%)	13.7%	14.4%		13.3%		14.2%		15.4%	
Medanta - Cost margins	2Q25A	2Q26A	% YoY	2Q26A	% Delta vs. JMFe			1Q26A	% QoQ
COGS/sales	23.8%	23.2%	-58 bps	22.6%	64 bps			23.2%	6 bps
Staff cost/sales	22.4%	25.0%	256 bps	23.5%	146 bps			24.9%	8 bps
Other expenditure/sales	29.3%	30.8%	152 bps	31.0%	-25 bps			29.9%	87 bps

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	32,268	36,411	43,295	51,050	58,448
Sales Growth	19.8%	12.8%	18.9%	17.9%	14.5%
Other Operating Income	483	512	543	575	610
Total Revenue	32,751	36,923	43,838	51,626	59,058
Cost of Goods Sold/Op. Exp	7,594	8,797	10,083	11,977	13,406
Personnel Cost	7,349	8,245	10,959	11,874	12,697
Other Expenses	9,818	11,110	12,713	14,868	17,422
EBITDA	7,991	8,771	10,083	12,906	15,532
EBITDA Margin	24.4%	23.8%	23.0%	25.0%	26.3%
EBITDA Growth	23.7%	9.8%	15.0%	28.0%	20.3%
Depn. & Amort.	1,727	1,937	2,012	2,395	2,758
EBIT	6,263	6,833	8,071	10,511	12,775
Other Income	747	791	899	903	1,107
Finance Cost	739	653	610	568	518
PBT before Excep. & Forex	6,271	6,972	8,361	10,846	13,364
Excep. & Forex Inc/Loss(-)	0	-499	0	0	0
PBT	6,271	6,473	8,361	10,846	13,364
Taxes	1,490	1,659	2,090	2,712	3,341
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	-1	-196	0	0
Reported Net Profit	4,781	4,814	6,074	8,135	10,023
Adjusted Net Profit	4,781	4,814	6,074	8,135	10,023
Net Margin	14.6%	13.0%	13.9%	15.8%	17.0%
Diluted Share Cap. (mn)	268.2	268.2	268.2	268.2	268.2
Diluted EPS (INR)	17.8	18.0	22.6	30.3	37.4
Diluted EPS Growth	28.2%	0.7%	26.2%	33.9%	23.2%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	6,271	6,972	8,165	10,846	13,364
Depn. & Amort.	1,727	1,937	2,012	2,395	2,758
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	-531	-997	-307	-346	-330
Others	429	-32	-289	-335	-589
Taxes Paid	-1,775	-1,642	-2,090	-2,712	-3,341
Operating Cash Flow	6,121	6,238	7,489	9,849	11,861
Capex	-2,786	-6,506	-9,063	-7,313	-6,900
Free Cash Flow	3,335	-268	-1,573	2,536	4,961
Inc (-) / Dec in Investments	-2,226	-1,405	0	0	0
Others	603	702	899	903	1,107
Investing Cash Flow	-4,408	-7,209	-8,163	-6,409	-5,793
Inc / Dec (-) in Capital	0	13	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-4,459	-343	0	-1,500	-500
Others	-680	-642	-610	-568	-518
Financing Cash Flow	-5,139	-972	-610	-2,068	-1,018
Inc / Dec (-) in Cash	-3,426	-1,944	-1,284	1,371	5,050
Opening Cash Balance	7,672	4,246	2,302	1,018	2,389
Closing Cash Balance	4,246	2,302	1,018	2,389	7,439

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	29,056	33,875	39,949	48,084	58,107
Share Capital	537	537	537	537	537
Reserves & Surplus	28,519	33,338	39,412	47,547	57,570
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	4,193	3,279	3,279	1,779	1,279
Def. Tax Liab. / Assets (-)	-372	-330	-330	-330	-330
Total - Equity & Liab.	32,878	36,824	42,898	49,533	59,056
Net Fixed Assets	26,235	30,473	37,524	42,441	46,584
Gross Fixed Assets	31,881	36,375	43,638	50,950	57,850
Intangible Assets	55	113	113	113	113
Less: Depn. & Amort.	9,565	11,300	13,311	15,707	18,464
Capital WIP	3,863	5,285	7,085	7,085	7,085
Investments	7,507	8,948	8,948	8,948	8,948
Current Assets	8,686	7,910	7,298	9,427	15,200
Inventories	669	671	797	939	1,074
Sundry Debtors	2,153	2,919	3,465	4,081	4,668
Cash & Bank Balances	4,246	2,302	1,018	2,389	7,439
Loans & Advances	0	0	0	0	0
Other Current Assets	1,618	2,018	2,018	2,018	2,018
Current Liab. & Prov.	9,550	10,508	10,873	11,284	11,676
Current Liabilities	6,022	6,245	6,609	7,020	7,412
Provisions & Others	3,528	4,264	4,264	4,264	4,264
Net Current Assets	-864	-2,598	-3,575	-1,857	3,523
Total - Assets	32,878	36,824	42,898	49,533	59,056

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	14.6%	13.0%	13.9%	15.8%	17.0%
Asset Turnover (x)	0.9	0.9	1.0	1.0	1.0
Leverage Factor (x)	1.4	1.3	1.2	1.2	1.1
RoE	17.9%	15.3%	16.5%	18.5%	18.9%
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	108.3	126.3	149.0	179.3	216.7
ROIC	23.1%	21.4%	20.5%	22.0%	23.5%
ROE	17.9%	15.3%	16.5%	18.5%	18.9%
Net Debt/Equity (x)	-0.3	-0.2	-0.2	-0.2	-0.3
P/E (x)	66.4	66.0	52.3	39.0	31.7
P/B (x)	10.9	9.4	7.9	6.6	5.5
EV/EBITDA (x)	38.8	35.3	30.8	23.8	19.5
EV/Sales (x)	9.5	8.4	7.1	6.0	5.1
Debtor days	24	29	29	29	29
Inventory days	7	7	7	7	7
Creditor days	28	25	25	26	26

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
7-Jan-23	Buy	550	
15-Feb-23	Buy	575	4.5
9-Mar-23	Buy	575	0.0
29-May-23	Buy	665	15.7
12-Aug-23	Buy	780	17.3
6-Sep-23	Buy	835	7.1
12-Nov-23	Buy	930	11.4
11-Feb-24	Buy	1,410	51.6
25-Mar-24	Buy	1,410	0.0
20-May-24	Buy	1,470	4.3
13-Jul-24	Buy	1,465	-0.3
12-Aug-24	Buy	1,390	-5.1
11-Sep-24	Buy	1,400	0.7
17-Nov-24	Buy	1,440	2.9
6-Feb-25	Buy	1,465	1.7
24-Feb-25	Buy	1,465	0.0
19-May-25	Buy	1,536	4.8
8-Aug-25	Buy	1,682	9.5
19-Aug-25	Buy	1,682	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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