

May 22, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	785		760	
Sales (Rs. m)	87,494	98,881	88,013	1,00,474
% Chng.	(0.6)	(1.6)		
EBITDA (Rs. m)	19,532	23,311	19,431	22,831
% Chng.	0.5	2.1		
EPS (Rs.)	13.0	16.9	13.2	16.4
% Chng.	(1.8)	2.6		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	68,930	77,827	87,494	98,881
EBITDA (Rs. m)	12,677	15,879	19,532	23,311
Margin (%)	18.4	20.4	22.3	23.6
PAT (Rs. m)	5,829	8,635	9,783	12,733
EPS (Rs.)	7.7	11.4	13.0	16.9
Gr. (%)	13.2	48.1	13.3	30.2
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	7.8	10.4	10.5	12.3
RoCE (%)	11.2	12.2	13.3	15.3
EV/Sales (x)	7.4	6.7	6.0	5.2
EV/EBITDA (x)	40.2	33.0	26.8	22.2
PE (x)	87.0	58.8	51.9	39.8
P/BV (x)	6.6	5.7	5.2	4.7

Key Data

FOHE.BO | FORH IN

52-W High / Low	Rs.745 / Rs.406
Sensex / Nifty	81,597 / 24,813
Market Cap	Rs.507bn/ \$ 5,924m
Shares Outstanding	755m
3M Avg. Daily Value	Rs.1268.42m

Shareholding Pattern (%)

Promoter's	31.17
Foreign	27.40
Domestic Institution	29.46
Public & Others	11.97
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	2.4	(1.3)	45.4
Relative	(0.3)	(6.6)	31.8

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Strong FY26 guidance

Quick Pointers:

- Guided for 150-200bps improvement in hospital EBITDA margins in FY26.
- Diagnostic biz's margins to reach 23% in FY26 and 25% by FY27.

Fortis Healthcare's (FORH) Q4FY25 EBITDA at Rs4.36bn; up 14% YoY was in line with our estimates. Though hospital margins improved by 170bps/190bps YoY in FY24/FY25, we see further scope for improvement aided by 1) improving case and payor mix, 2) cost rationalization initiatives including divestment of Richmond unit in Bangalore, ramp up of Manesar unit and 3) new brownfield bed additions. Fortis consolidated 89.2% stake in Agilus in Jan'25. We expect margins and revenue growth to further pick up from FY26 in Agilus.

Our FY26E and FY27E EBITDA stands marginally increased by 1-2%. We expect EBITDA to clock 21% CAGR over FY25-27E. At CMP, the stock is trading at 23x EV/EBITDA on FY27E, adjusted for Agilus stake. Maintain 'Buy' rating with revised TP of Rs785/share, valuing the hospital segment at 27x and diagnostic at 25x EV/EBITDA on FY27E.

Higher ARPOB; occupancy improved by 200 bps QoQ to 69%: Hospital business revenue increased 14% YoY (5% QoQ) to Rs17bn, vs our estimates of Rs16.7bn. Diagnostic business net revenue grew 3% YoY to Rs3.1bn. Hospital occupancy inclined to 69% vs 67% in Q3 and Q3FY24. ARPOB further improved by 8% YoY to Rs68.8k largely driven by improved case mix.

Strong show across segments: FORH's consolidated EBITDA increased 14% YoY (16% QoQ) to Rs4.36bn, in line with our estimates. Hospital business EBITDA came in at Rs3.72bn, up 12% YoY; we estimated at Rs 3.6bn. Overall hospital OPM improved by 190 bps QoQ to 21.9%. The YoY decline in margins due to commercialization of Manesar unit and also Q4FY24 had certain positive one offs. Diagnostic business EBITDA increased 34% YoY to Rs630mn, with OPM of 20.6%. Adjusted for Rs. 190mn (vs 240mn in Q3FY25) of one-off expenses relating to rebranding, margins were at 26.8% vs 23.9% in Q3FY25. Net debt increased by Rs10.3bn QoQ to Rs16.9bn. There were Rs536mn one time impairment charges taken related to Ludhiana and Sri Lanka assets in Q4FY24

Key con-call takeaways: Bed expansion: Overall ~2k bed expansion plan for FY26-29E. Mgmt plans to add ~1,000 beds at Noida, Faridabad, Jalandhar, FMRI, BG Road in FY26. FORH operationalized 60 and 20 beds at Noida and FMRI units in Q1FY26. Out of the total greenfield 350 beds in Manesar, FORH commercialized 90 beds as of Q4 and plans to add another 120 beds once occupancy ramps up. Expect to break-even by H1FY26. **Jalandhar Acquisition:** FORH to finalize the deal to acquire 228 beds (potential to expand to 450 beds capacity) in FY26 which will enhance Punjab cluster capacity from 800 beds to ~1,600 beds (including Mohali & Amritsar expansions). **Capex:** Total capex incurred at Rs 7bn for FY25. **ARPOB:** growth guidance continues to be at 5-6% YoY. **Occupancy-** Management aiming at 70-72% occupancy levels for FY26 and Q1FY26 occupancy trend is healthy and

similar to Q4. Guided to continue improving operational efficiencies supported by bed expansions, better case mix, and patient demand. **Margin guidance-** Hospital margin guidance of 150-200 bps YoY improvement to 22-22.5% while guided for diagnostic margins at ~23%; respectively for FY26. **Escorts, Jaipur, Vashi** are underperformers being restructured; not factored into margin guidance. **Drivers for hospital margins:** Hospital margins to improve on ramp up in brownfield expansion, full-year benefit of cost efficiencies, improved case mix, scale up in digital revenues and ramp up in occupancies through scaling operations in underperforming hospitals (e.g. Escorts, Jaipur, Vashi). **Fortis brand acquired** Rs2bn; will eliminates 0.3% EBITDA drag (FORH was paying 0.25% + GST as royalty) from FY26. **Agilus:** No further on-off cost-related branding expenses from FY26. B2C:B2B mix was at 51:49. **Legal Costs:** 1% EBITDA impact; expected to normalize post FY26.

Exhibit 1: Q4FY25 Result Overview (Rs mn) – In line EBITDA

Y/e March	4QFY25	4QFY24	YoY gr. (%)	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Net Sales	20,072	17,859	12.4	19,283	4.1	77,827	68,930	12.9
COGS	4,630	4,137	11.9	4,535	2.1	18,302	16,187	13.1
<i>% of Net Sales</i>	<i>23.1</i>	<i>23.2</i>		<i>23.5</i>		<i>23.5</i>	<i>23.5</i>	
Employee Cost	2,873	2,715	5.8	2,942	(2.4)	11,672	11,195	4.3
<i>% of Net Sales</i>	<i>14.3</i>	<i>15.2</i>		<i>15.3</i>		<i>16.9</i>	<i>16.2</i>	
Other Expenses	8,214	7,196	14.1	8,054	2.0	31,974	28,871	10.7
<i>% of Net Sales</i>	<i>40.9</i>	<i>40.3</i>		<i>41.8</i>		<i>46.4</i>	<i>41.9</i>	
Total	15,717	14,048	11.9	15,531	1.2	61,948	56,253	10.1
EBITDA	4,355	3,810	14.3	3,752	16.1	15,879	12,677	25.3
<i>Margins (%)</i>	<i>21.7</i>	<i>21.3</i>		<i>19.5</i>		<i>20.4</i>	<i>18.4</i>	
Other Income	198	98	102.0	209	(5.2)	669	383	75.0
Interest	676	347	94.8	452	49.6	1,844	1,310	40.8
Depreciation	1,022	922	10.8	973	5.0	3,856	3,425	12.6
PBT	2,855	2,639	8.2	2,536	12.6	10,848	8,325	30.3
Tax	485	682	(28.9)	251	93.4	1,977	2,128	(7.1)
<i>Tax rate %</i>	<i>17.0</i>	<i>25.9</i>		<i>9.9</i>		<i>18.2</i>	<i>25.6</i>	
PAT	2,370	1,957	21.1	2,285	3.7	8,872	6,198	43.1
Share in (loss)/profit of associate	46	43	7.4	21		115	95	21.1
Minority Interest	41	244	(83.1)	64		352	463	(24.1)
EO items	536	(31)	(1,806.1)	(238)		893	(160)	(657.7)
Reported PAT	1,839	1,787	2.9	2,479	(25.8)	7,742	5,990	29.3

Source: Company, PL

Exhibit 2: Hospital revenues grew 14% YoY, while diagnostic revenues grew +3% YoY

Revenues	4QFY25	4QFY24	YoY gr. (%)	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Hospital	17,012	14,900	14.2	16,230	4.8	65,280	56,860	14.8
<i>% of Total Sales</i>	<i>84.8</i>	<i>83.4</i>		<i>84.2</i>		<i>83.9</i>	<i>82.5</i>	
Diagnostic	3,060	2,960	3.4	3,052	0.3	12,539	12,070	3.9
<i>% of Total Sales</i>	<i>15.2</i>	<i>16.6</i>		<i>15.8</i>		<i>16.1</i>	<i>17.5</i>	
Total Revenues	20,072	17,860	12.4	19,282	4.1	77,819	68,930	12.9

Source: Company, PL

Exhibit 3: Hospital/ Diagnostic EBITDA improved ~12%/ 34% YoY

EBITDA	4QFY25	4QFY24	YoY gr. (%)	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Hospital	3,720	3,330	11.7	3,250	14.5	13,390	10,580	26.6
OPM (%)	21.9	22.3		20.0		20.5	18.6	
Diagnostic	630	470	34.0	490	28.6	2,490	2,090	19.1
OPM (%)	20.6	15.9		16.1		19.9	17.3	
Total EBITDA	4,350	3,800	14.5	3,740	16.3	15,880	12,670	25.3

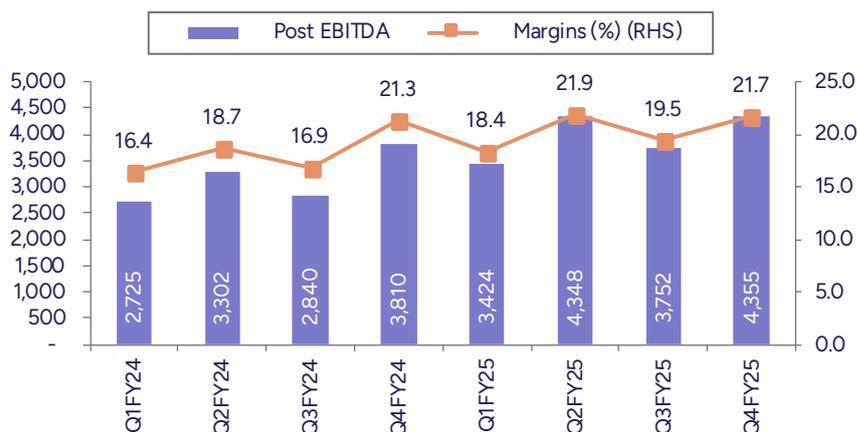
Source: Company, PL

Exhibit 4: 10 hospitals in +20% margin bracket contribute to ~73% of revenues

EBITDA for 9MFY25	No. Of facilities (#)	Revenue contribution (%)	Beds (#)	ARPOB (INR mn)	Occupancy (%)
>20%	10	73	2,611	26.7	72
15-20%	4	8	487	14.9	75
10-15%	2	9	346	25.5	70
<10%	5	9	652	18.0	52
Total/Average	21	99	4,096	21.3	67

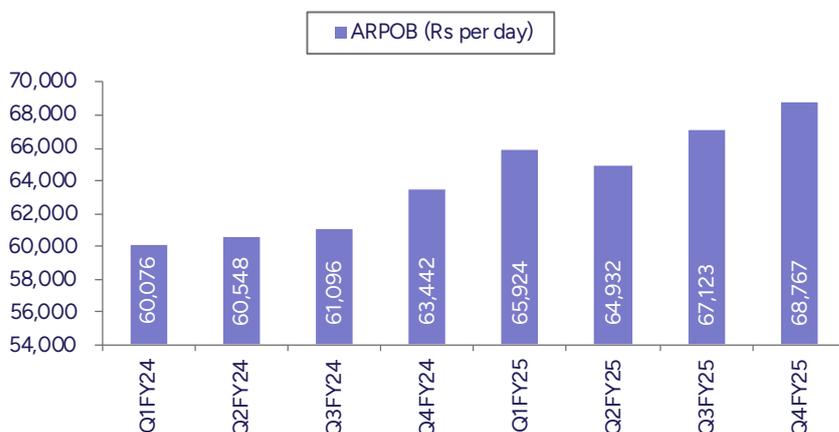
Source: Company, PL; Note: <10% EBITDA Margin facilities include Ludhiana 2 (commissioned in Dec'23) and Manesar (commissioned in Sep'24).

Exhibit 5: Margins inclined ~220bps QoQ led by both segments



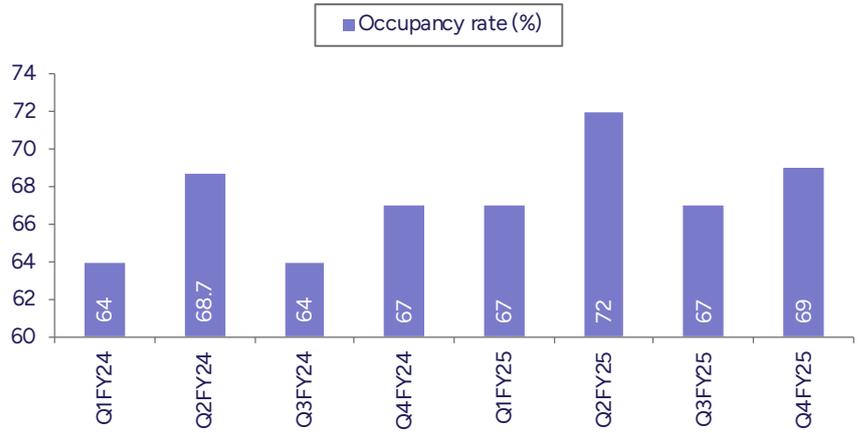
Source: Company, PL

Exhibit 6: Strong ARPOB growth of 8% YoY largely due to improved case mix



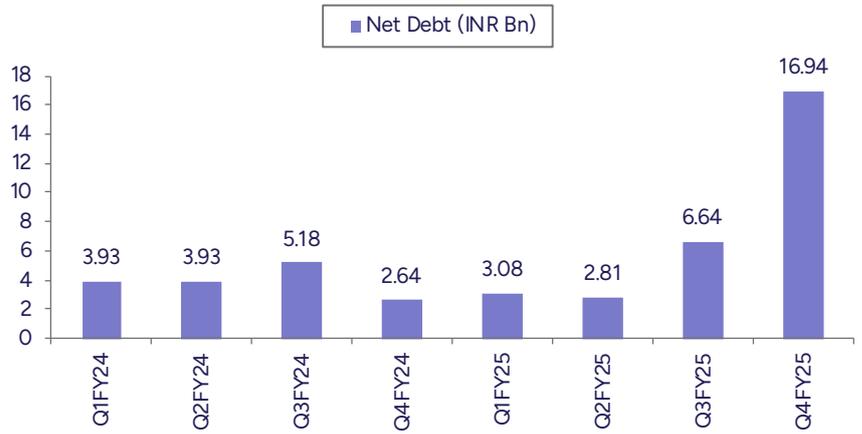
Source: Company, PL

Exhibit 7: Occupancy improved YoY and QoQ due to seasonality



Source: Company, PL

Exhibit 8: Net debt increased by Rs10.3bn QoQ due to Agilus stake buy out



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	68,930	77,827	87,494	98,881
YoY gr. (%)	9.5	12.9	12.4	13.0
Cost of Goods Sold	16,187	18,302	20,561	23,237
Gross Profit	52,743	59,525	66,933	75,644
Margin (%)	76.5	76.5	76.5	76.5
Employee Cost	11,195	11,672	16,624	18,787
Other Expenses	28,871	31,974	30,777	33,545
EBITDA	12,677	15,879	19,532	23,311
YoY gr. (%)	15.1	25.3	23.0	19.4
Margin (%)	18.4	20.4	22.3	23.6
Depreciation and Amortization	3,425	3,856	4,197	4,533
EBIT	9,252	12,023	15,335	18,778
Margin (%)	13.4	15.4	17.5	19.0
Net Interest	1,310	1,844	2,724	2,334
Other Income	383	669	700	800
Profit Before Tax	8,325	10,848	13,311	17,245
Margin (%)	12.1	13.9	15.2	17.4
Total Tax	2,128	1,977	3,328	4,311
Effective tax rate (%)	25.6	18.2	25.0	25.0
Profit after tax	6,198	8,872	9,983	12,933
Minority interest	463	352	350	350
Share Profit from Associate	95	115	150	150
Adjusted PAT	5,829	8,635	9,783	12,733
YoY gr. (%)	13.2	48.1	13.3	30.2
Margin (%)	8.5	11.1	11.2	12.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5,829	8,635	9,783	12,733
YoY gr. (%)	13.2	48.1	13.3	30.2
Margin (%)	8.5	11.1	11.2	12.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,829	8,635	9,783	12,733
Equity Shares O/s (m)	755	755	755	755
EPS (Rs)	7.7	11.4	13.0	16.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	94,085	1,03,442	1,11,442	1,19,442
Tangibles	94,085	1,03,442	1,11,442	1,19,442
Intangibles	-	-	-	-
Acc: Dep / Amortization	37,290	41,146	45,343	49,876
Tangibles	37,290	41,146	45,343	49,876
Intangibles	-	-	-	-
Net fixed assets	56,795	62,296	66,099	69,566
Tangibles	56,795	62,296	66,099	69,566
Intangibles	-	-	-	-
Capital Work In Progress	5,420	4,065	4,065	4,065
Goodwill	41,942	41,942	41,942	41,942
Non-Current Investments	2,298	1,691	1,691	1,691
Net Deferred tax assets	(1,119)	(1,253)	(1,253)	(1,253)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	1,074	1,153	1,306	1,483
Trade receivables	6,278	7,845	9,244	10,498
Cash & Bank Balance	5,984	5,080	4,988	8,109
Other Current Assets	9,893	9,657	10,623	11,685
Total Assets	1,32,888	1,36,915	1,43,144	1,52,226
Equity				
Equity Share Capital	7,550	7,550	7,550	7,550
Other Equity	69,079	81,616	90,516	1,01,482
Total Network	76,629	89,165	98,065	1,09,032
Non-Current Liabilities				
Long Term borrowings	7,409	20,857	19,857	16,857
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	1,175	1,096	1,096	1,096
Trade payables	7,278	8,076	9,614	10,918
Other current liabilities	24,205	7,996	4,437	3,898
Total Equity & Liabilities	1,32,888	1,36,915	1,43,144	1,52,226

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	8,325	10,848	13,311	17,245
Add. Depreciation	3,425	3,856	4,197	4,533
Add. Interest	1,310	1,844	2,724	2,334
Less Financial Other Income	383	669	700	800
Add. Other	(37)	(115)	-	-
Op. profit before WC changes	13,023	16,434	20,232	24,111
Net Changes-WC	106	(218)	(4,539)	(1,728)
Direct tax	(2,128)	(1,977)	(3,328)	(4,311)
Net cash from Op. activities	11,001	14,239	12,365	18,072
Capital expenditures	(8,600)	(26,525)	(8,000)	(8,000)
Interest / Dividend Income	-	-	-	-
Others	(263)	954	150	150
Net Cash from Invt. activities	(8,864)	(25,571)	(7,850)	(7,850)
Issue of share cap. / premium	-	-	-	-
Debt changes	1,552	13,369	(1,000)	(3,000)
Dividend paid	(860)	(1,089)	(883)	(1,767)
Interest paid	(1,310)	(1,844)	(2,724)	(2,334)
Others	837	(9)	-	-
Net cash from Fin. activities	220	10,427	(4,607)	(7,101)
Net change in cash	2,357	(905)	(92)	3,122
Free Cash Flow	2,401	(12,286)	4,365	10,072

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	18,588	19,884	19,283	20,072
YoY gr. (%)	12.2	12.3	14.8	12.4
Raw Material Expenses	4,529	4,608	4,535	4,630
Gross Profit	14,059	15,276	14,748	15,442
Margin (%)	75.6	76.8	76.5	76.9
EBITDA	3,424	4,348	3,752	4,355
YoY gr. (%)	25.7	31.7	32.1	14.3
Margin (%)	18.4	21.9	19.5	21.7
Depreciation / Depletion	910	951	973	1,022
EBIT	2,514	3,398	2,778	3,332
Margin (%)	13.5	17.1	14.4	16.6
Net Interest	353	364	452	676
Other Income	130	132	209	198
Profit before Tax	2,294	2,568	2,774	2,319
Margin (%)	12.3	12.9	14.4	11.6
Total Tax	561	680	251	485
Effective tax rate (%)	24.4	26.5	9.0	20.9
Profit after Tax	1,733	1,889	2,523	1,834
Minority interest	80	166	64	41
Share Profit from Associates	6	42	21	46
Adjusted PAT	1,659	1,765	2,479	1,839
YoY gr. (%)	48.4	1.6	84.1	2.9
Margin (%)	8.9	8.9	12.9	9.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,659	1,765	2,479	1,839
YoY gr. (%)	48.4	1.6	84.1	2.9
Margin (%)	8.9	8.9	12.9	9.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,659	1,765	2,479	1,839
Avg. Shares O/s (m)	-	-	-	-
EPS (Rs)	2.2	2.3	3.3	2.4

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	7.7	11.4	13.0	16.9
CEPS	12.3	16.5	18.5	22.9
BVPS	101.5	118.1	129.9	144.4
FCF	3.2	(16.3)	5.8	13.3
DPS	-	-	-	-
Return Ratio(%)				
RoCE	11.2	12.2	13.3	15.3
ROIC	7.3	9.1	11.1	13.0
RoE	7.8	10.4	10.5	12.3
Balance Sheet				
Net Debt : Equity (x)	0.0	0.2	0.2	0.1
Net Working Capital (Days)	0	4	4	4
Valuation(x)				
PER	87.0	58.8	51.9	39.8
P/B	6.6	5.7	5.2	4.7
P/CEPS	54.8	40.6	36.3	29.4
EV/EBITDA	40.2	33.0	26.8	22.2
EV/Sales	7.4	6.7	6.0	5.2
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Hospital	56,860	65,280	73,952	83,984
Diagnostic	12,070	12,539	13,542	14,896

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	BUY	760	636
2	11-Feb-25	BUY	760	628
3	08-Jan-25	BUY	710	735
4	10-Nov-24	BUY	710	621
5	07-Oct-24	BUY	515	581
6	08-Aug-24	BUY	515	486
7	08-Jul-24	BUY	515	460
8	26-May-24	BUY	515	462

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,100	6,683
2	Aster DM Healthcare	BUY	620	476
3	Aurobindo Pharma	BUY	1,510	1,097
4	Cipla	BUY	1,730	1,520
5	Divi's Laboratories	Accumulate	6,800	6,280
6	Dr. Reddy's Laboratories	Reduce	1,225	1,156
7	Eris Lifesciences	BUY	1,740	1,444
8	Fortis Healthcare	BUY	760	636
9	HealthCare Global Enterprises	BUY	555	523
10	Indoco Remedies	Hold	325	233
11	Ipca Laboratories	Accumulate	1,700	1,316
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,641
13	Jupiter Life Line Hospitals	BUY	1,720	1,422
14	Krishna Institute of Medical Sciences	BUY	725	656
15	Lupin	BUY	2,400	2,073
16	Max Healthcare Institute	BUY	1,300	1,084
17	Narayana Hrudayalaya	BUY	1,560	1,644
18	Rainbow Children's Medicare	BUY	1,785	1,406
19	Sun Pharmaceutical Industries	BUY	2,275	1,677
20	Sunteck Realty	BUY	650	401
21	Torrent Pharmaceuticals	Accumulate	3,750	3,234
22	Zydus Lifesciences	Accumulate	1,050	841

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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