

# Fortis Healthcare



## Transition behind, growth ahead

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Strong backing of IHH, a strategic anchor for FORH



- ❖ After acquisition by IHH Healthcare in FY19, Fortis Healthcare (FORH) has transformed from a governance-stressed asset into a professionally managed platform, driven by balance sheet clean-up and operational restructuring.
- ❖ Operating performance has improved significantly, with revenue/EBITDA/PAT rising from INR45b/INR2b/(INR1.5b loss) in FY18 to INR90b/INR20.5b/INR10.8b over FY26E, implying ~33% EBITDA CAGR.
- ❖ Growth has been driven by both capacity addition and operational efficiencies, with strong internal accruals enabling capacity expansion of ~400-500 beds/year over the medium term.
- ❖ Diagnostics growth has been relatively moderate (~10% EBITDA CAGR), though mix improvement and integration are expected to support a gradual recovery.
- ❖ We expect ~17% EBITDA CAGR and ~22% PAT CAGR over FY26-FY28E, driven by bed additions, ARPOB growth and operating leverage.
- ❖ We initiate coverage on FORH with a BUY rating and a TP of INR1,100, based on SoTP (30x hospitals/23x diagnostics EV/EBITDA).

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Financials and valuations

# Fortis Healthcare

 BSE Sensex  
77,664

 S&P CNX  
24,173

**CMP: INR927**
**TP: INR1,100 (+19%)**
**Buy**

**Stock Info**

	FORH IN
Bloomberg	FORH IN
Equity Shares (m)	755
M.Cap.(INRb)/(USD\$)	699.7 / 7.4
52-Week Range (INR)	1105 / 623
1, 6, 12 Rel. Per (%)	9/-5/38
12M Avg Val (INR M)	1998

**Financials Snapshot**

Y/E MARCH	FY26E	FY27E	FY28E
Sales (INRb)	89.9	103.9	118.3
EBITDA (INRb)	20.6	24.5	28.1
Adj PAT (INRb)	10.8	13.1	15.9
EPS (INR)	14.2	17.4	21.0
EPS Gr. (%)	24.1	22.1	21.0
BV/Sh (INR)	131.2	147.4	167.3

**Ratios**

RoE (%)	11.4	12.5	13.4
RoCE (%)	11.0	11.9	12.8
Payout (%)	8.3	6.8	5.6

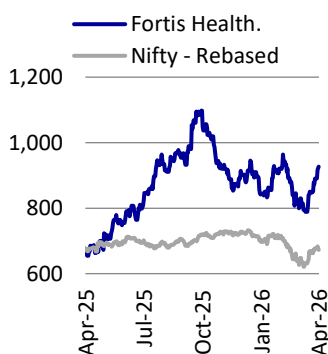
**Valuations**

P/E (x)	65.0	53.2	44.0
P/BV (x)	7.1	6.3	5.5
EV/EBITDA (x)	34.9	29.2	25.2
Div Yield (%)	0.1	0.1	0.1

**Shareholding Pattern (%)**

As On	Mar-26	Dec-25	Mar-25
Promoter	31.2	31.2	31.2
DII	31.4	29.3	29.5
FII	26.0	27.8	27.4
Others	11.5	11.7	12.0

FII Includes depository receipts

**Stock performance (one-year)**


## Transition behind, growth ahead

### Hospitals drive core growth, while diagnostics recovery adds incremental upside

- After the change in promoter ownership to IHH Healthcare in FY19, Fortis Healthcare (FORH) has undergone a structural transformation, from a stressed, governance-challenged asset to a professionally managed, execution-led hospital platform. The transition was marked by balance sheet clean-up, exit of non-core assets, and strengthening of governance practices.
- Since then, FORH has delivered a steady improvement in operating performance, from sales/EBITDA of INR45b/INR2b and a loss of INR1.5b in FY18 to sales/EBITDA/PAT of INR90b/INR20.5b/INR10.8b over FY26E.
- During FY18-FY26, FORH has significantly increased its bed capacity and improved its operational efficiency, driving a 33% CAGR in EBITDA.
- Interestingly, FORH is now in a comfortable position to fund brownfield bed additions of 400-500 annually over the next five years through internal accruals and explore any inorganic opportunities.
- Agilus Diagnostics, its diagnostics division, is emerging from a transition-heavy phase (brand migration, litigation and portfolio rationalization), with early recovery visible in volumes and realization (~8% YoY sales growth for 9MFY26 vs. 4% in FY25). Utilization-led growth, an improving test mix and hospital integration are expected to drive steady revenue growth and gradual margin expansion ahead.
- Overall, we estimate FORH to deliver a CAGR of 17%/22% in EBITDA/PAT over FY26-28, driven by a) healthy patient volume growth, b) bed additions to support a higher number of patient treatments, c) price hikes and optimization of case mix and payor mix, and d) steady growth in test volume in diagnostics business.
- We value FORH on the SoTP basis, valuing the hospital business at 30x 12M fwd EV/EBITDA and the diagnostics business at 23x 12M fwd EV/EBITDA, to arrive at a TP of INR1,100. We have assigned EV/EBITDA multiple in line with peers (MAXH/APHS) to factor in a) the robust transformation in the existing business, b) a brownfield strategy of bed additions driving faster EBITDA break-even, and c) subsequently driving better return ratios. We initiate coverage on FORH with a BUY rating.

### Hospitals: Core growth engine with improving mix and scalable expansion

- FORH operates a diversified pan-India hospital network (36 facilities, 6,000+ beds), with strong regional presence (North: 3,443 beds; South: 1,400 beds), providing a resilient and scalable growth base.
- The portfolio is increasingly tilted toward higher-acuity specialties, with CONGO mix at ~55% (+650bp vs. FY22), supporting ARPOB growth (~INR24-26m; ~10% CAGR) and improved revenue quality. CONGO represents a specialty mix of Cardiac, Onco, Neuro, Gastro, and Orthopedic services.
- Occupancy is stable at ~65-70%, indicating strong demand absorption and utilization.
- Expansion is driven by a cluster-led brownfield strategy and operations & management (O&M) partnerships, with 3,200+ bed additions planned by FY30, enabling a capital-efficient scale-up.

- Profitability is improving, with ~64% of beds operating at >20% EBITDA margins (vs. ~57% bed in FY22) and a sharp reduction in low-margin beds, while new facilities (Manesar, Jaipur) provide further upside through ramp-up.
- Over FY26-FY28E, we expect growth to be led by capacity expansion, with operating bed capacity estimated to expand at ~13% CAGR and ARPOB expected to clock ~2% CAGR, together driving revenue/EBITDA CAGRs of ~16%/19%, with margins trending toward ~23%.

### **Diagnostics: Transition behind, recovery underway with utilization-led upside**

- Agilus operates a large diagnostics network (400+ labs across ~500+ districts), conducting ~39m tests for ~16m patients (FY25), indicating relatively low throughput per lab and underutilized infrastructure.
- The FY23-25 period represented a transition phase, impacted by brand-related disruptions. The company incurred annual costs of ~INR500-600m related to brand transition (Agilus brand creation), alongside legal overhangs of the SRL brand, which delayed execution and impacted growth and profitability, particularly in the B2C segment and clinician adoption.
- Execution challenges during this phase, including litigation-led pauses in brand migration, led to slower volume growth (patients ~16-16.5m) and subdued profitability, despite the underlying scale of the network.
- Additionally, the business exited low-ticket government contracts such as Mohalla Clinic partnerships, which impacted volumes in the near term but helped improve overall revenue quality and realizations.
- With these issues largely resolved, including the re-acquisition of the SRL brand, the business has started to show early signs of recovery in FY26, supported by stabilizing volumes and improving realizations (ARPP/ARPT of INR894/INR369 in 9MFY26 vs. INR808/INR344 in FY23).
- Mix is gradually improving, with specialized tests at ~34% and wellness tests at ~12-13%, supporting realization-led growth. Integration with hospitals provides a captive referral funnel to drive utilization.
- Over FY26-FY28E, diagnostics revenue/EBITDA are expected to clock a CAGR of ~9%/11%, with margins gradually improving toward ~24%, driven by post-transition normalization, utilization ramp-up and hospital integration.

### **IHH as parent: Strategic sponsor enabling integration, scale and execution**

- FORH is backed by IHH Healthcare, which operates 80+ hospitals across 10+ countries, providing global clinical expertise and operating frameworks.
- IHH has delivered ~10.7% revenue CAGR over FY21-25, with stable EBITDA margins (22-25%) and moderate leverage (Net Debt/EBITDA ~2.4x), supporting capital deployment.
- India is a core strategic market, with Fortis positioned as the primary platform for expansion under IHH's 2030 strategy.
- The Fortis-Gleneagles O&M integration (900+ beds under Gleneagles India) positions Fortis as the operational hub, enabling asset-light expansion and clinical synergies.
- Gleneagles' transplant expertise and global brand presence (Singapore, Malaysia, Brunei, Hong Kong, India) enhance Fortis' clinical positioning and international patient flows.

### Financials: Improving trajectory with near-term investment phase

- Revenue and EBITDA are expected to clock ~15% and ~17% CAGR, respectively, over FY26-FY28E, driven primarily by hospital expansion and ARPOB growth.
- EBITDA margins are projected to expand to ~23-24%, supported by case mix improvement and operating leverage. Effectively, Adj. PAT is expected to clock 21.5% CAGR over FY26-28 to INR16b.
- FORH is expected to generate strong operating cash flows (~INR15-20b annually), supporting 750-1,000 beds/year expansion with controlled leverage.
- The company is entering a higher capex phase (INR12-13b annually), which may moderate FCF in the near term (e.g., ~INR3.6b in FY26E) before recovering to ~INR8-9b by FY28E.
- Return ratios are improving, with ROE expected to increase from ~10% (FY25) to ~13% (FY28E) and ROCE to ~12-13%, driven by better utilization, margins and asset turns.

### Valuation and view: Initiate coverage with BUY rating

- **We model** EBITDA CAGR of 19%/11% for Hospitals/Diagnostics over FY26-28E under our **base case scenario**. We also assign a 24-month forward EV/EBITDA multiple of 30x/23x for Hospitals/Diagnostics to arrive at our TP of INR1,100, implying a potential upside of 19%.
- The **bull case scenario** estimates EBITDA CAGR of 22%/14% for Hospitals/Diagnostics over FY26-28, driven by an improving hospital case mix, timely ramp-up of new facilities, and a favorable diagnostics product mix, supported by stronger operational efficiencies. Applying a 24-month forward EV/EBITDA multiple of 33x/25x for Hospitals/Diagnostics, we derive a TP of INR1,260, implying a 36% upside from the current levels.
- The **bear case scenario** builds in EBITDA CAGR of 16%/8% for Hospitals/Diagnostics over FY26-28, reflecting higher competitive intensity, an unfavorable hospital case mix, weaker diagnostics product mix, slower-than-expected ramp-up of facilities, and higher operational inefficiencies. Applying a 24-month forward EV/EBITDA multiple of 24x/19x for Hospitals/Diagnostics, we derive a TP of INR790, implying a 15% downside from the current levels.
- **We initiate coverage on FORH with a BUY rating.**

### Key risks

- Changes in healthcare regulations, pricing controls, or compliance requirements that could affect operations and profitability.
- Shortages of skilled doctors, nurses, and specialists, along with increasing compensation costs.
- Delays, cost overruns, or underperformance in hospital expansions, acquisitions, or restructuring initiatives.
- Rising costs of medical consumables, equipment, energy, and technology that may pressure margins.
- Fluctuations in patient volumes, especially for elective procedures, due to economic or public health factors.
- Disputes, unfavorable terms, or delayed payments from insurance partners affecting cash flows and patient access.
- Regional geopolitical tensions or cross-border disruptions impacting demand and operations.

**STORY IN CHARTS**

Transition behind, growth ahead

**01**

**Hospitals: Core growth engine with improving mix and scalable expansion**

**02**

**Diagnostics: Transition behind, recovery underway with utilization-led upside**

**03**

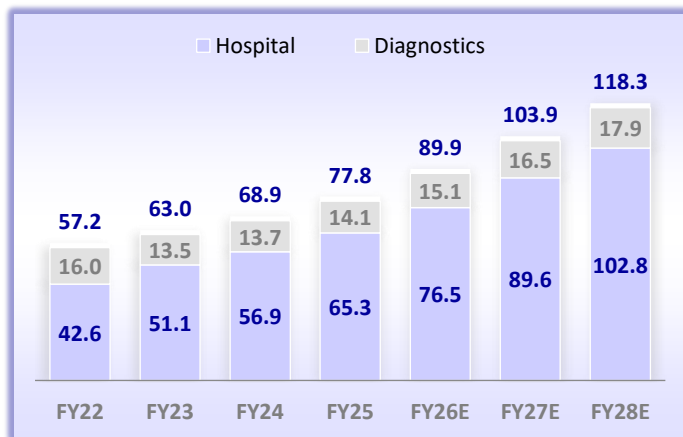
**IHH as parent: Strategic sponsor enabling integration, scale and execution**

**04**

**Financials: Improving trajectory with near-term investment phase**

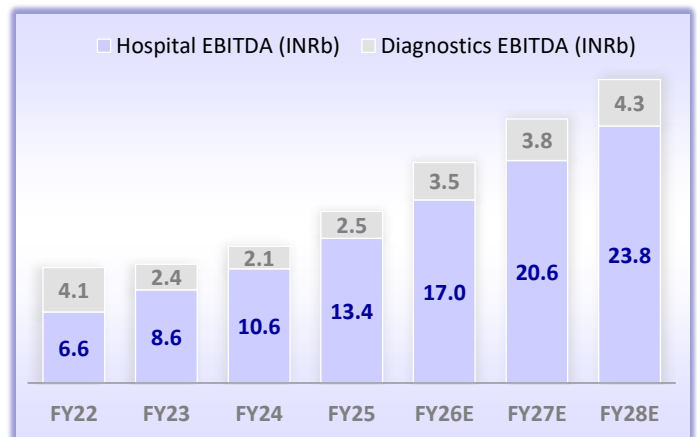
**Initiate coverage with BUY rating**

Revenue to post ~15% CAGR over FY26-28E, driven by ARPOB and capacity expansion (INRb)



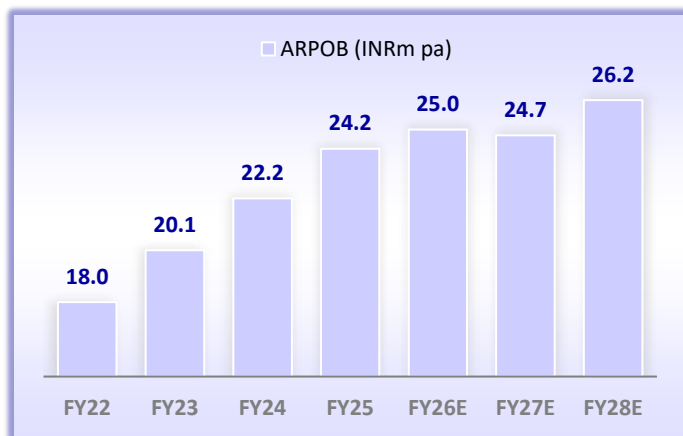
Source: MOFSL, Company

EBITDA to clock ~17% CAGR over FY26-28E, driven by operating leverage and margin expansion



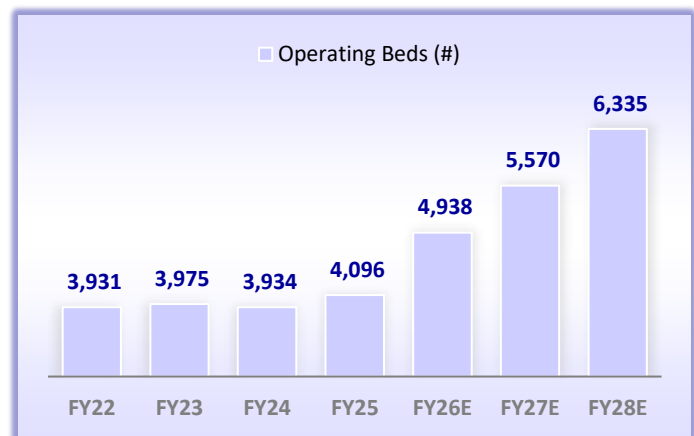
Source: MOFSL, Company

ARPOB to see ~2% CAGR over FY26-28E, driven by richer case mix and realizations



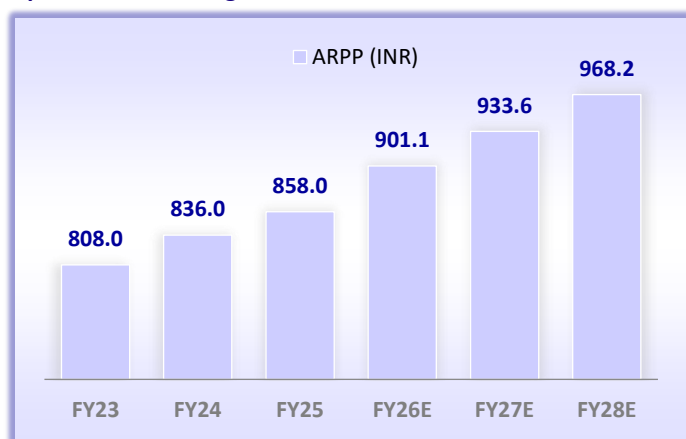
Source: MOFSL, Company

Operating bed capacity to expand at ~13% CAGR over FY26-28E, majorly driven by brownfield expansion



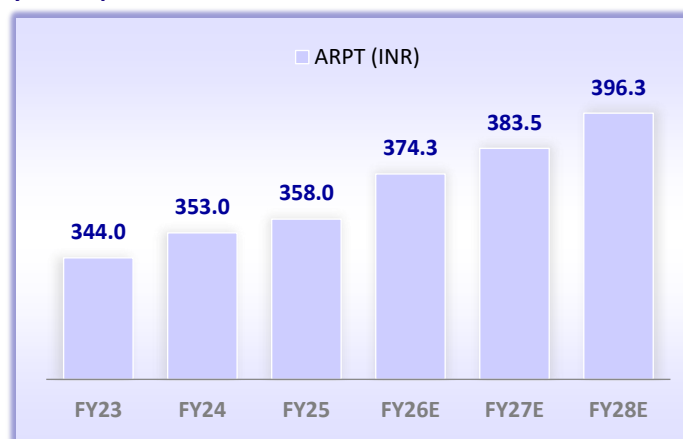
Source: MOFSL, Company

**ARPP to see ~4% CAGR over FY26-28E, driven by mix improvement and higher-value tests**



Source: MOFSL, Company

**ARPT to record ~3% CAGR over FY26-28E, driven by gradual yield improvement and mix**



Source: MOFSL, Company

### Hospital valuation snapshot

Companies	MCap (INR b)	CMP (INR)	FY26E (INRb)			CAGR % (FY26-28E)			PE (x)			EV/EBITDA(x)		
			Sales	EBITDA	PAT	Sales	EBITDA	PAT	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Apollo Hospital	1,118	7,773	251	37	19	17	21	26	59	47	37	32	26	22
Max Healthcare	975	1002	100	26	17	21	23	23	58	47	38	38	31	25
Medanta	299	1,112	44	9	5	14	23	24	54	42	35	32	26	22
<b>Fortis Health</b>	<b>698</b>	<b>925</b>	<b>90</b>	<b>21</b>	<b>11</b>	<b>15</b>	<b>17</b>	<b>22</b>	<b>65</b>	<b>53</b>	<b>44</b>	<b>35</b>	<b>29</b>	<b>25</b>
Narayana	368	1,800	74	16	9	21	20	22	41	33	28	24	19	16
AsterDM	357	689	46	9	4	32	44	59	93	62	46	41	25	20
KIMS	263	657	39	8	3	25	35	62	96	54	36	36	26	20
Rainbow	129	1270	17	5	3	17	17	20	49	39	33	25	21	18
HCG	85	568	26	5	0	15	21	113	146	58	36	22	18	15
Yatharth	73	758	12	3	2	33	36	36	42	30	23	25	18	13
Jupiter	83	1263	15	3	2	20	20	24	44	37	29	24	21	17
Artemis	37	232	11	2	1	29	31	31	34	24	17	19	16	11

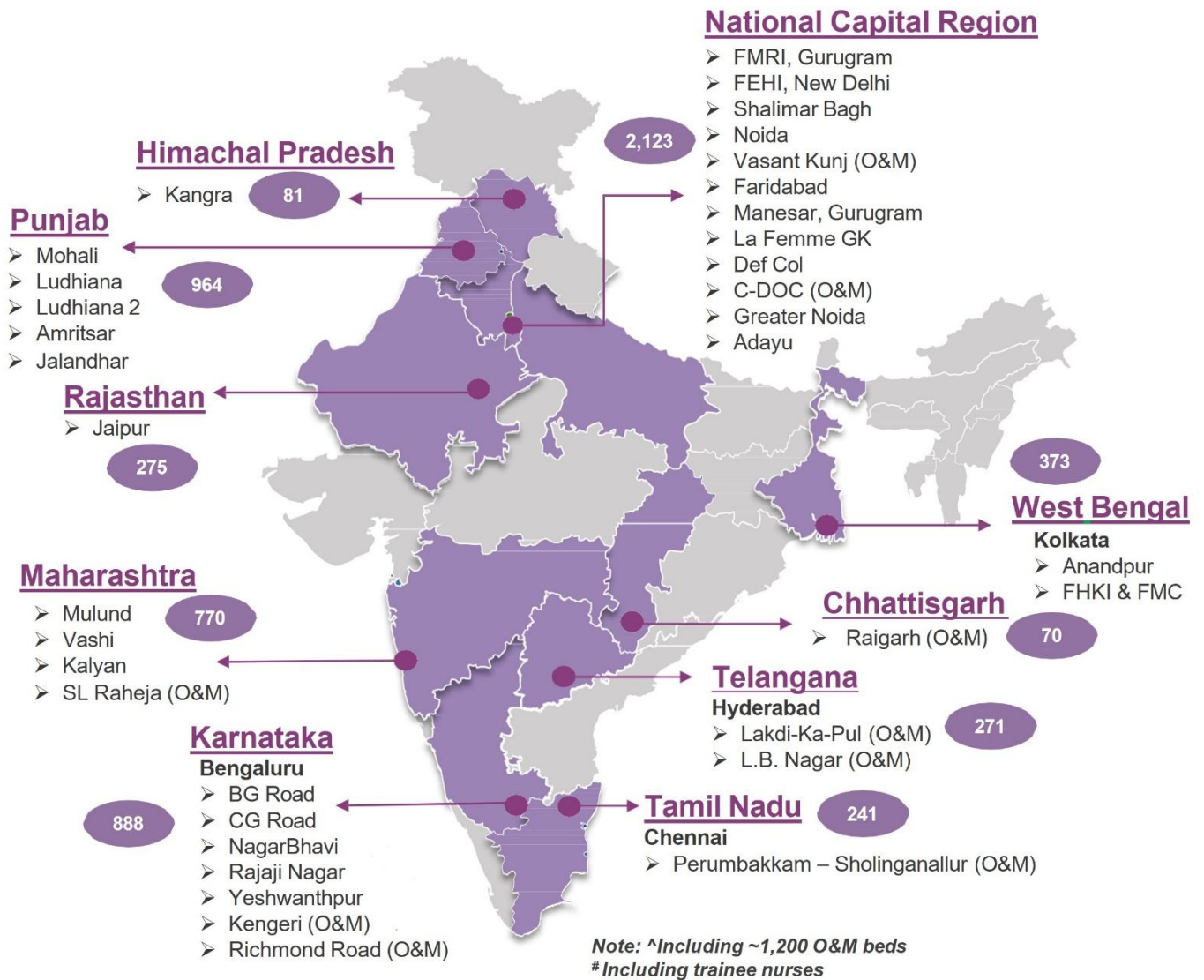
Source: MOFSL, Bloomberg, Company

36 facilities, 6,000+ beds,  
400+ labs – A truly  
integrated healthcare  
network

## A multi-engine healthcare institution with national reach

- Incorporated in Feb'96, FORH established its first healthcare facility in 2001 in Mohali, Punjab. The company is an integrated healthcare services provider present across hospitals, diagnostics, day care, and specialty facilities, operating through both owned and managed hospital models.
- FORH is majority owned by IHH Healthcare, a leading multinational healthcare provider. IHH operates ~140 healthcare facilities across 10 countries, including 80+ hospitals, clinics, and ambulatory care centers with 10+ brands.
- FORH operates 36 healthcare facilities with 6,000+ operational beds (including ~1,200 O&M beds) in India with global footprints in Africa, CIS, Mongolia, Pacific Islands, Southeast Asia, SAARC, Gulf & Middle East, and others.
- The company maintains a significant presence across regions with 19 hospitals in North India (3,443 beds), 10 in South India (1,400 beds), four in West India (770 beds), and three in East India (443 beds), backed by 7,600+ doctors and 9,400+ nurses.
- Focus specialties include Cardiac/Onco/Neuro/Ortho, contributing 16.9%/16.1%/8.4%/8.8% of hospital revenue as of 9MFY26. Revenue from international patients stood at INR4.5b/INR5.4b in 9MFY26/FY25, representing 7.9%/8.3% of hospital business revenue.
- The diagnostics brand, Agilus, operates 400+ laboratories with 40+ NABL in 500+ districts across 30+ states and UTs, offering 3,600+ routine and specialized diagnostics tests. FORH holds an 88.3% stake in Agilus as of FY25.
- FORH added 353 beds through two hospital acquisitions in the last 12 months – 1) the 228-bed Shrimann Superspecialty Hospital in Jalandhar, strengthening its presence in Punjab, and 2) the 125-bed People Tree Hospital in Bengaluru, expanding its footprint in South India. Both assets also offer headroom for future capacity expansion.
- In addition to acquisitions, FORH has actively expanded through multiple O&M partnerships over the past 12 months, including an agreement with Gleneagles Healthcare India to manage five hospitals and one clinic, and a collaboration with Ekana Group to operate a 550-bed greenfield super-specialty hospital in Lucknow, reflecting FORH asset-light strategy to expand its hospital network and geographic reach across India.

**Exhibit 1: Strong national footprint comprising 36 facilities across India**



Note: Map as of Dec'25; Source: Company, MOFSL

**Exhibit 2: Agilus presence across India, Nepal, and the UAE through ~4,370 CTPs**



Note: Map as of Mar'25; Source: MOFSL, Company

## Multiple structural catalysts to boost growth and returns

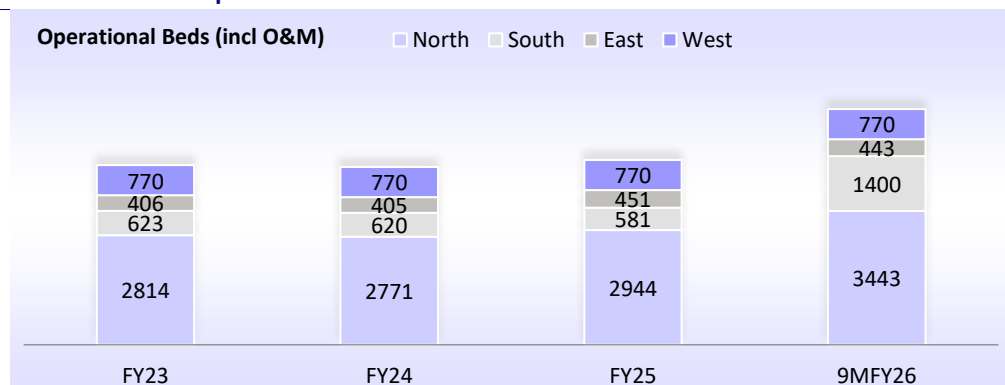
- FORH’s diversified pan-India hospital network (36 facilities, 6,000+ beds; North: 3,443/ South: 1,400/West: 770/East: 443) provides a resilient growth base, with key facilities driving consistent double-digit growth.
- The company has improved the case mix (CONGO ~55%, +650bp vs. FY22) and maintained an occupancy rate of ~65-70%, supporting ~10% CAGR in ARPOB and driving operating leverage.
- Its cluster-led brownfield and O&M-driven expansion strategy (3,200+ beds by FY30; ~10-11% CAGR) enables a capital-efficient scale-up, backed by strong internal cash generation of ~INR15-20b annually, sufficient to fund ~750-1,000 beds per year.
- Margin expansion is underway, with ~64% of beds operating at >20% EBITDA margins (vs. ~57% beds in FY22) and low-margin beds (<10%) declining materially. Newer hospitals (e.g., Manesar, Jaipur) provide further upside through ramp-up and clinical augmentation.
- As scale increases and utilization improves, return ratios are trending upward (ROE ~5% in FY22 to ~10% in FY25; ~13% by FY28E), supported by improving asset turns (~0.5x to ~0.7x) and a richer case mix.
- Additionally, hospitals remain the primary driver, while integration with diagnostics and IHH’s global platform supports incremental operating leverage, with IHH’s clinical frameworks, procurement scale and India-focused expansion strategy strengthening execution visibility.

### Diversified hospital network provides a strong and resilient growth base

- FORH operates a geographically diversified hospital network with 33 hospitals and 6,000+ beds, with a well-balanced regional presence of 3,443/1,400/770/443 operational beds in North/South/West/East, supporting broad-based growth and mitigating concentration risk across markets.

Top 10 facilities drive ~80% revenue; concentration down ~200bp over FY25-9MFY26

**Exhibit 3: ~80% of operational beds are in Northern and Southern India**

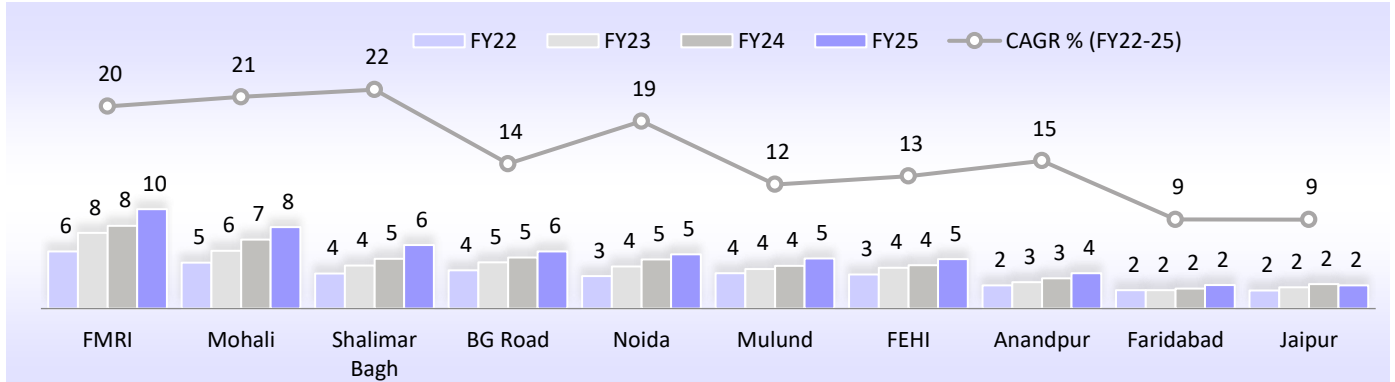


Source: MOFSL, Company

- The hospital portfolio spans major urban healthcare clusters across North, South, West and East India, allowing the company to capture structural demand growth across multiple metropolitan regions.
- Revenue remains concentrated across the top 10 facilities, including FMRI, Mohali, Shalimar Bagh and BG Road, which together account for ~80%/82% of 9MFY26/FY25 hospital revenue. However, this marks a ~200bp reduction in concentration, indicating gradual diversification. Notably, these facilities

comprise ~70% of total operating beds and contribute ~78% of revenue, highlighting strong operating efficiency and resilience of the core hospital network, supported by consistent double-digit growth over FY22-25.

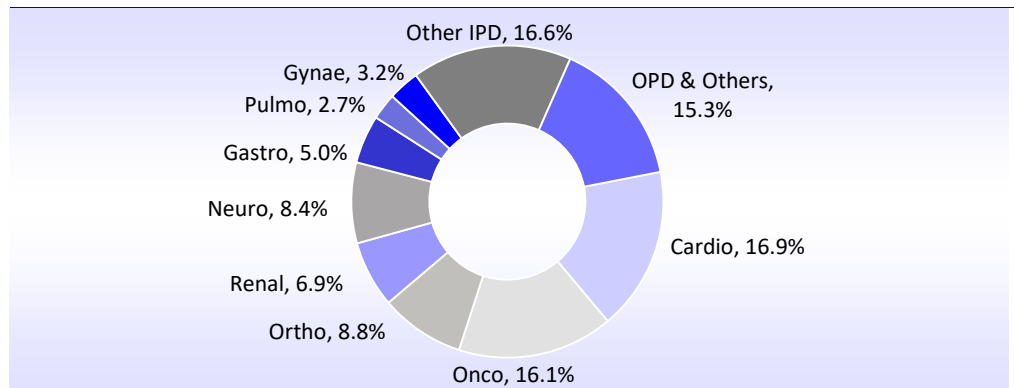
**Exhibit 4: Key hospitals (~82% of FY25 revenue) delivered double-digit growth over FY22-FY25**



Source: MOFSL, Company

- Diversification across key therapy areas, particularly rising contribution from oncology (10.3% in FY22 to 16.1% in 9MFY26), along with steady growth in ortho and gastro, has driven a richer specialty mix. This shift has led to an expansion in the CONGO mix by ~650bp to 55.2% from FY22 to 9MFY26, supporting improved realizations.

**Exhibit 5: 55.2% CONGO mix in 9MFY26**

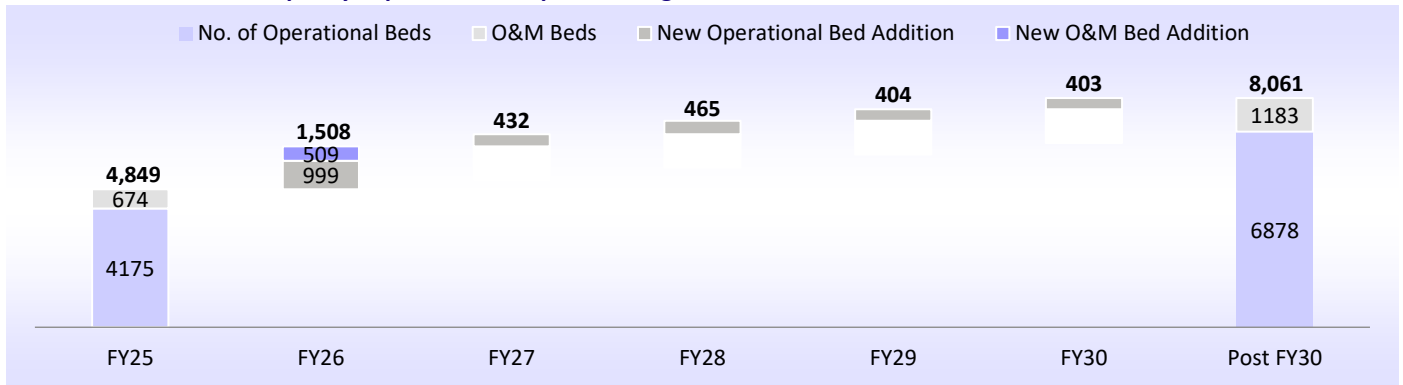


Source: MOFSL, Company

**Cluster-led brownfield expansion enables capital-efficient capacity growth**

- FORH has outlined a 3,200+ bed expansion plan for FY25-30, which would take total operational capacity to roughly 8,000+ beds, implying capacity growth of ~10-11% CAGR over the period.

**Exhibit 6: Planned bed capacity expansion and operational growth**



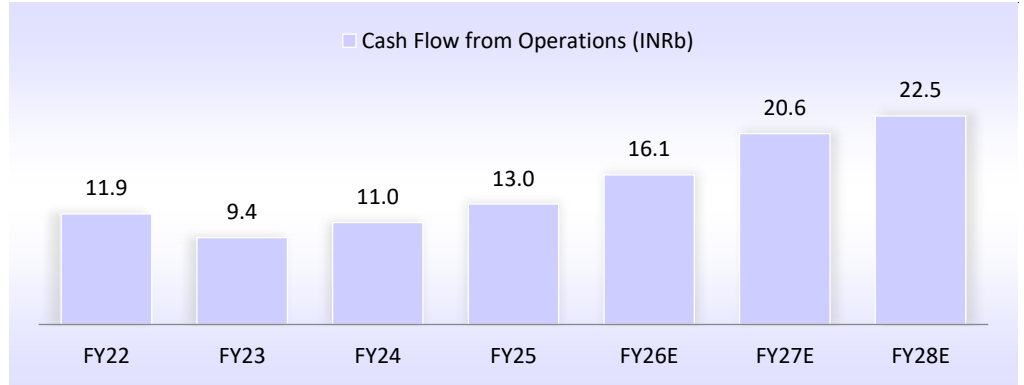
Source: MOFSL, Company

- Expansion is largely brownfield-led and executed through a cluster-based approach, where additional beds are added around existing hospital hubs to leverage established physician networks, referral ecosystems and brand presence within key cities.
- The cluster strategy allows FORH to deepen presence in core healthcare markets such as NCR, Punjab, Maharashtra and Karnataka, strengthening regional dominance while improving referral flows across facilities.
- Occupancy levels have remained close to ~70% across the network, indicating healthy demand and providing a natural trigger for incremental capacity additions at mature hospitals.
- Strategic backing from IHH enhances execution visibility by providing capital support and operational expertise for the expansion program.

**Strong internal cash generation supports steady annual bed additions**

- Improving operating metrics, including rising ARPOB and stable occupancy levels, are supporting healthy cash generation across the hospital portfolio.
- Additionally, cash flow generation is expected to strengthen further as relatively lower-margin facilities continue to scale up and improve profitability, driving EBITDA expansion.
- This trend, already visible in past performances, should enhance internal accruals and incrementally improve cash flow available for reinvestment.
- Strong internal accruals, with operating cash flow of INR15-20b annually, imply a funding capacity for at least 750-1,000 beds per year at an estimated INR15-20m per bed, providing ample headroom to sustain organic capacity expansion while maintaining a conservative balance sheet.

**Exhibit 7: FORH to generate ~INR60b cumulative operating cash flow over FY26-28**



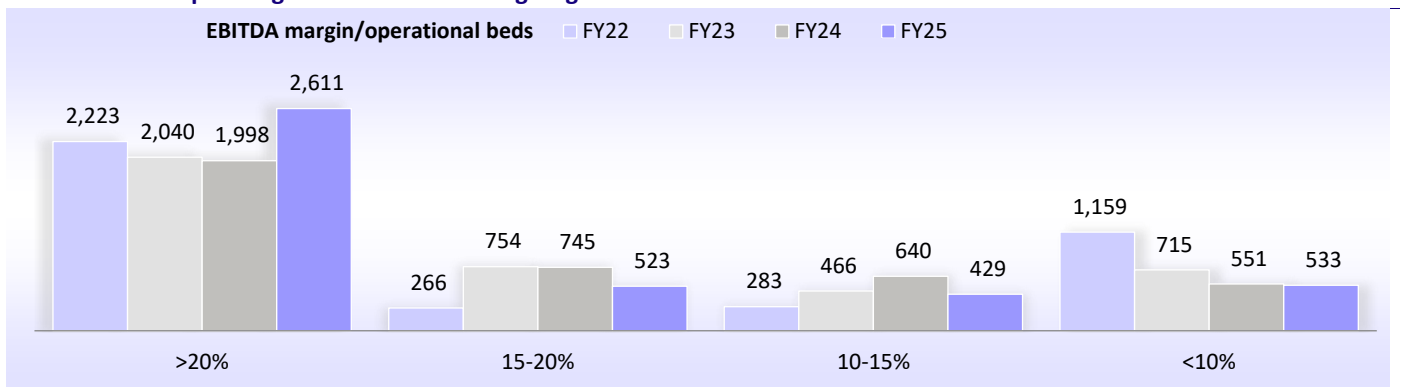
Source: MOFSL, Company

- The O&M arrangement with Gleneagles Healthcare India expands FORH’s managed hospital network without capital deployment while generating incremental management fee income.

**Shift toward a higher-margin bed mix is expected to persist as lower-margin facilities continue to mature**

- Beds operating at >20% EBITDA margins increased by 720bp from FY22 to 64% of total operational beds in FY25, reflecting steady improvement in hospital profitability across the network.
- Low-margin capacity has declined materially, with the number of beds generating <10% EBITDA margins falling from 1,159 in FY22 to 533 in FY25, reducing drag from underperforming hospitals.
- Facilities currently operating below ~15% EBITDA margins are largely new or recently ramping up, where occupancies continue to scale up and fixed costs remain under-absorbed. As these facilities mature, occupancy ramp-up, improved operating leverage, and a richer case mix (with rising CONGO contribution) are expected to drive a transition into higher EBITDA margin tiers.
- Additionally, key underperforming units such as Manesar and Jaipur are also expected to clock high EBITDA margins. The natural ramp-up of a new facility in Manesar and planned clinical augmentation (including oncology addition) and scale-up in Jaipur should improve realizations and ancillary specialty flows.

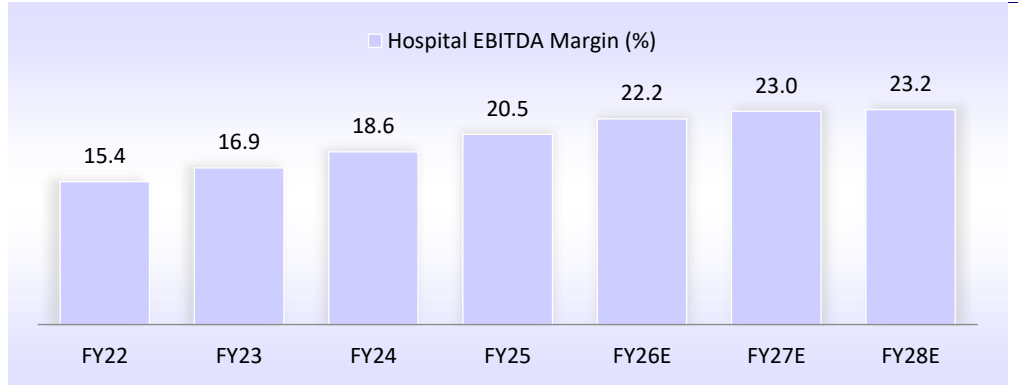
**Exhibit 8: Beds operating at >20% EBITDA margins grew ~6% CAGR over FY22-25**



Source: MOFSL, Company

- Standardization of clinical protocols, procurement efficiencies and operating practices under IHH integration should further support margin expansion across the hospital portfolio.

**Exhibit 9: EBITDA margin for hospitals to expand by 270bp over FY25-28**



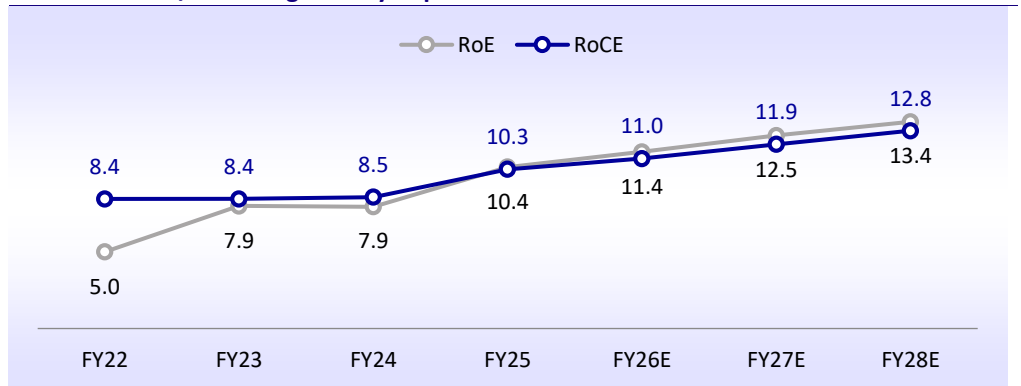
Source: MOFSL, Company

RoE doubled over FY22-25, with scope to reach peer-comparable levels

**Hospital scale-up expected to structurally improve return ratios**

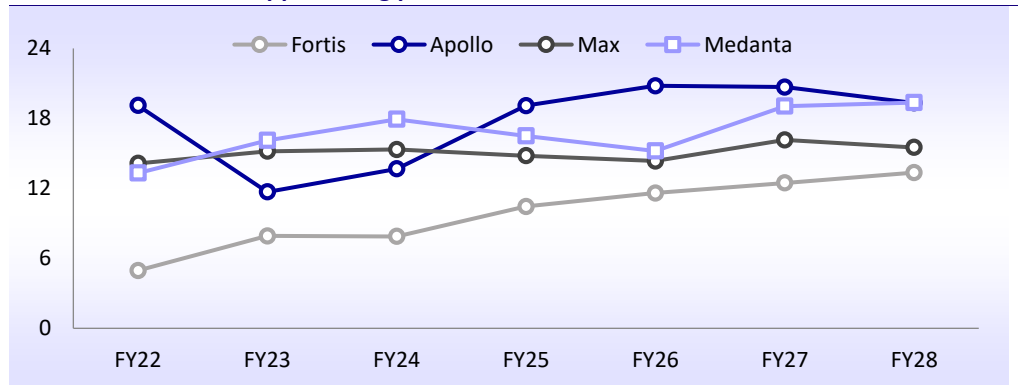
- Return ratios for FORH, while still below leading peers, have shown steady improvement, with ROE rising from ~5% in FY22 to ~10% in FY25 and ROCE from ~8% to ~10%, supported by improving operating performance.

**Exhibit 10: ROE/ROCE to gradually improve over FY26-28E**



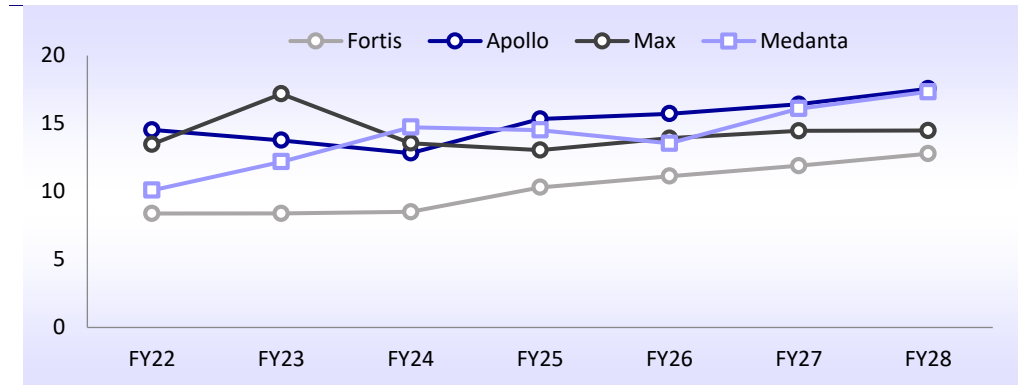
Source: MOFSL, Company

**Exhibit 11: Fortis ROE approaching peer levels**



Source: MOFSL, Company

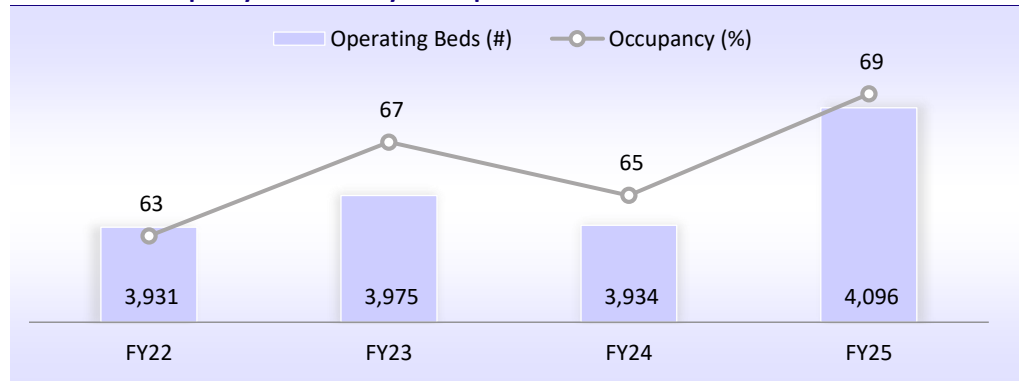
**Exhibit 12: Steady ROCE expansion expected over FY26–FY28E**



Source: MOFSL, Company

- The improvement in return ratios has been driven by the company’s ability to sustain healthy occupancy in the ~65-70% range, reflecting strong demand absorption and better asset utilization.

**Exhibit 13: Occupancy increased by ~600bp over FY22-25**

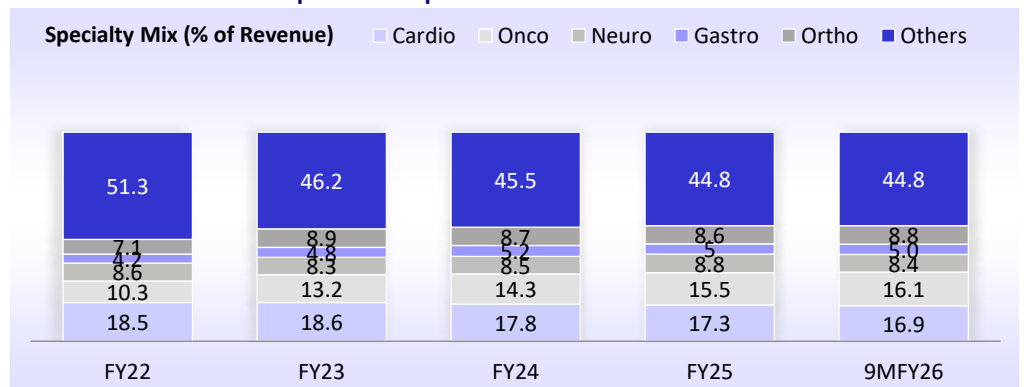


Source: MOFSL, Company

Richer case mix (CONGO ~55%) driving ARPOB growth and profitability

- Additionally, a richer case mix (CONGO mix at ~55%) has driven ARPOB expansion, supporting higher realizations and improving profitability across the network.

**Exhibit 14: CONGO mix expands 650bp to 55.2% in 9MFY26**



Source: MOFSL, Company

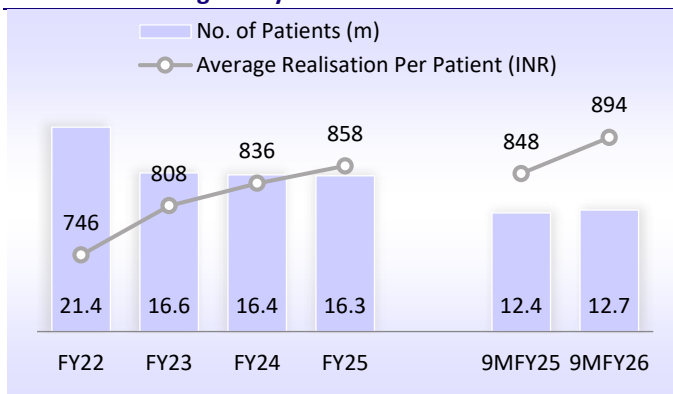
- Going forward, FORH’s focus on brownfield expansion (scaling hospitals to larger bed size) and asset-light O&M opportunities is expected to enhance capital efficiency, improve utilization, and drive operating leverage.

- As occupancy continues to strengthen alongside case mix-led ARPOB improvement, returns should gradually expand (ROCE to 12-13% and ROE to low-teens by FY28), narrowing the gap with peers over the medium term.

**Diagnostics platform offers scalable adjacencies, with continuous mix improvement**

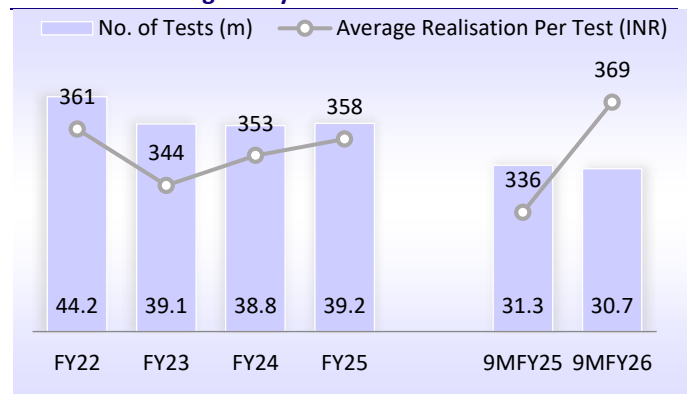
- Agilus operates one of the largest diagnostic networks in India, with 400+ laboratories in 500+ districts across 25 states, providing FORH with a nationwide diagnostics footprint and strong infrastructure for long-term growth.
- The platform benefits from strong clinical credibility through the legacy Dr. Suresh H. Advani Phadke brand heritage and a large base of accredited laboratories, supporting physician trust and patient adoption.
- While volumes have remained largely stable in recent years following post-Covid normalization and its exit from low-yield segments, the reset, along with the tapering of earlier rebranding-related costs, has improved revenue quality and profitability, with ARPP up ~20% and ARPT up ~2%, alongside a higher share of specialized (~34%) and wellness (~13%) testing.

**Exhibit 15: ARPP grew by 20% over FY22-9MFY26**



Source: MOFSL, Company

**Exhibit 16: ARPT grew by 2% over FY22-9MFY26**



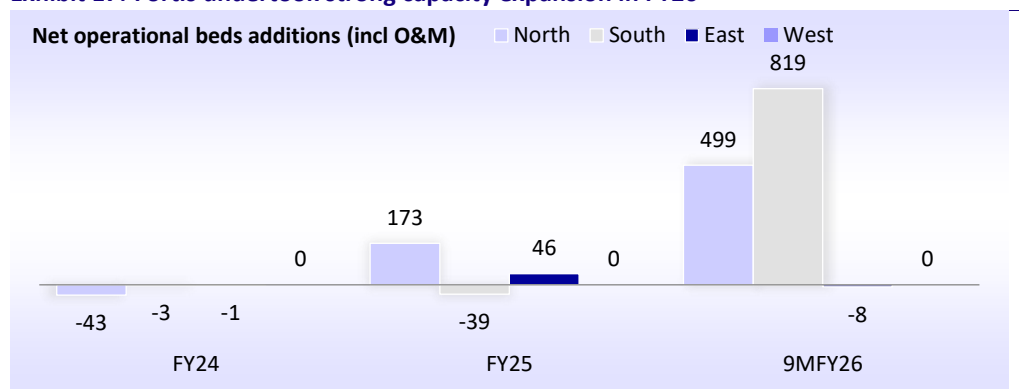
Source: MOFSL, Company

- Under-utilized infrastructure creates significant operating leverage, as higher test volumes can be absorbed with limited incremental capex across the existing lab network.
- Deeper integration with FORH hospitals is expected to drive captive referrals, increase test intensity per patient and improve utilization levels, enabling the diagnostics business to scale up revenue and margins closer to other organized diagnostic chains over the medium to long term.
- Recent expansion of the test portfolio, particularly in oncology and genomics, along with faster turnaround times, is further strengthening its positioning in high-value diagnostics and supporting future growth.

### IHH’s operational integration strengthens FORH’s growth strategy

- Since the initial investment in 2018 by IHH, FORH has seen a stabilization in governance stabilization and undergone operational restructuring, which has driven a meaningful improvement in financial performance.
- As of Nov’25, IHH holds an indirect 31.2% stake in FORH and 62.7% in Fortis Malar (MHSP), establishing itself as the controlling promoter. The appointment of four IHH nominee directors has further strengthened governance oversight and improved strategic alignment with the parent group.
- The company followed a highly conservative approach toward bed additions during FY24 and FY25, focusing primarily on operational rectification and efficiency improvements across its existing network.

**Exhibit 17: Fortis undertook strong capacity expansion in FY26**



Source: MOFSL, Company

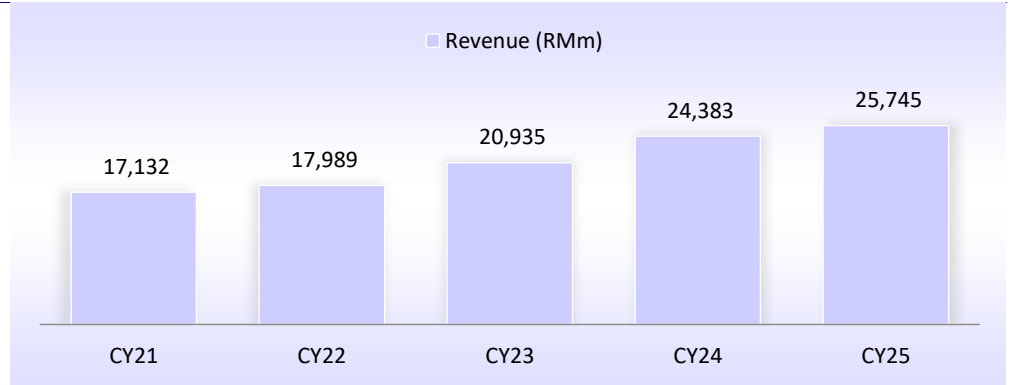
FY26 signals expansion shift with two acquisitions and two O&M deals boosting bed capacity

- In contrast, FY26 marks a clear strategic shift toward expansion, with the company undertaking two acquisitions and signing two O&M agreements, resulting in a significant increase in bed capacity. Notably, integration initiatives such as the FORH-Gleneagles O&M agreement reflect the early stages of a coordinated India platform strategy within IHH’s global hospital network.
- Alongside inorganic expansion, FORH is also focusing on brownfield additions to strengthen its existing clusters and enhance asset utilization. Following years of operational consolidation, and with increasing control by IHH, the company is well positioned to drive both organic and inorganic growth in India.

### Strong global promoter track record supports long-term execution

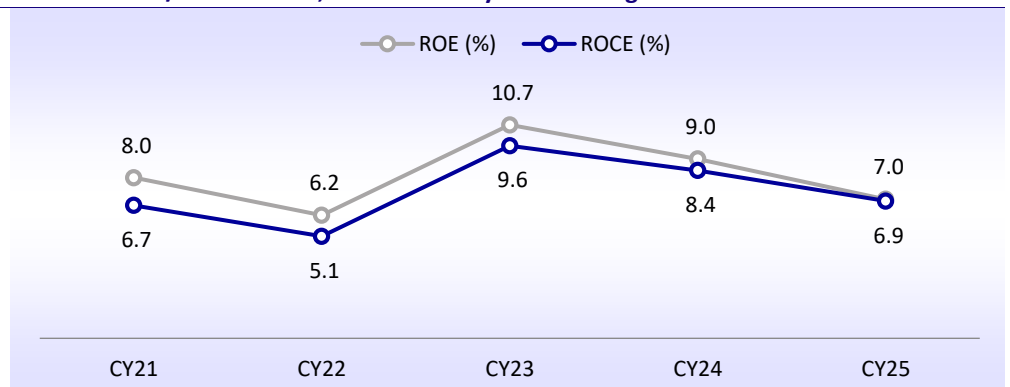
- IHH operates 80+ hospitals in more than 10 countries through globally recognized healthcare brands, such as Acibadem, Mount Elizabeth, Gleneagles, Pantai and Parkway.
- The group has delivered consistent financial performance, with revenue growing from RM17.1b in CY21 to RM25.7b in CY25 (~10.7% CAGR) while maintaining EBITDA margins in the 22-25% range.

**Exhibit 18: IHH group revenue saw 11% CAGR over CY21-25**



Source: MOFSL, Company

**Exhibit 19: ROE/ROCE at ~7%, constrained by muted margins**



Source: MOFSL, Company

Group revenue +18% and EBITDA +14% (CC), reflecting broad-based strength

- IHH delivered strong double-digit growth in most geographies in CY25 on a constant currency basis, highlighting resilient demand in its international hospital network.
- Key markets such as Turkey & Europe (+40%) and India (+15%) recorded robust revenue growth, while Malaysia continued to deliver solid double-digit growth (~16%), supporting overall group performance.
- At the group level, revenue grew ~18% and EBITDA ~14% on a constant currency basis, reflecting broad-based operating strength and improving profitability across regions.

Exhibit 20: Strong profitability with 20%+ EBITDA margins across key geographies in FY25

	Revenue (RM'mil)			EBITDA (RM'mil)			EBITDA Margin(%)
	Reported Currency	Change	Constant Currency	Reported Currency	Change	Constant Currency	
Malaysia	4,825	16% ↑	4,825	16% ↑	1,281	21% ↑	27%
Singapore	5,950	-3% ↓	6,050	1% ↑	1,666	-9% ↓	28%
Türkiye & Europe <sup>1</sup>	8,448	17% ↑	8,265	40% ↑	1,691	14% ↑	20%
India <sup>3</sup>	4,176	4% ↑	4,354	15% ↑	770	7% ↑	18%
Labs <sup>1,2</sup>	1,739	-2% ↓	1,771	7% ↑	359	-4% ↓	21%
IHH Group <sup>1</sup>	26,228	8% ↑	26,381	18% ↑	5,761	5% ↑	22%

Source: MOFSL, Company

- Institutionalized clinical governance frameworks, physician training pipelines and procurement scale provide operational advantages that can be leveraged across FORH hospitals.
- Under its IHH 2030 strategy, India has been identified as one of the group’s four core markets, positioning FORH as the primary platform for long-term expansion in the country.

## Hospital: Clinical depth, improving case mix and network optimization driving sustainable growth

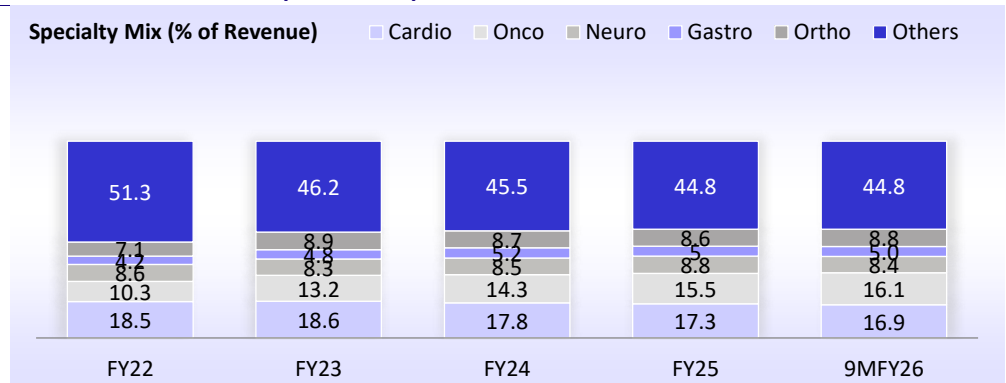
- FORH has built a strong clinical platform across high-acuity specialties (cardiac, oncology, transplants), supported by advanced infrastructure. Over FY22-FY25, FORH posted hospital revenue/EBITDA CAGR of ~15%/~27%.
- The rising contribution from specialty procedures has expanded CONGO mix to ~55% (+650bp vs. FY22), supporting ARPOB growth of ~10% CAGR (to ~INR24-26m), while occupancy remained stable at ~65-70%, reflecting strong demand and utilization.
- This operating momentum has translated into scalable growth across key hospitals, with forward growth expected to be led by capacity expansion. Over FY26-FY28E, operating bed capacity is expected to increase at ~13% CAGR, which, along with ~2% CAGR in ARPOB, should drive ~16% revenue CAGR.
- Profitability is structurally improving, with EBITDA expected to clock ~19% CAGR over FY26-FY28E, supported by operating leverage, a richer case mix and the transition of facilities into higher-margin cohorts.
- The combination of capacity expansion, improving clinical mix and stable utilization positions the hospital business well to deliver sustainable earnings growth, while international patient flows (~8% of revenues) and global partnerships provide incremental support to realizations and long-term growth.

### Improving case mix through specialty-led revenue expansion

- FORH's CONGO mix has expanded meaningfully by 650bp over FY22-9MFY26 to 55.2% of total case mix, signaling a steady pivot toward specialty-led revenue.
- This mix enrichment is underpinned by strong growth across key therapies—oncology (32% CAGR to INR10.1b), ortho (23% CAGR to INR5.6b), and gastro (22% CAGR to INR3.3b) over FY22-25, alongside steady expansion in neuro (16% CAGR). The rising scale of these higher-acuity segments has structurally lifted ARPOB through better realizations and a richer procedure mix.
- As specialty intensity continues to rise, operating leverage and pricing power should support a continued uptrend in ARPOB. This mix-led premiumization should remain a key driver of revenue quality and margin resilience over the medium term.

Mix enriched by strong growth in oncology, ortho, gastro, and neuro, driving higher ARPOB and realizations

Exhibit 21: CONGO mix expands 650bp to 55.2% in 9MFY26

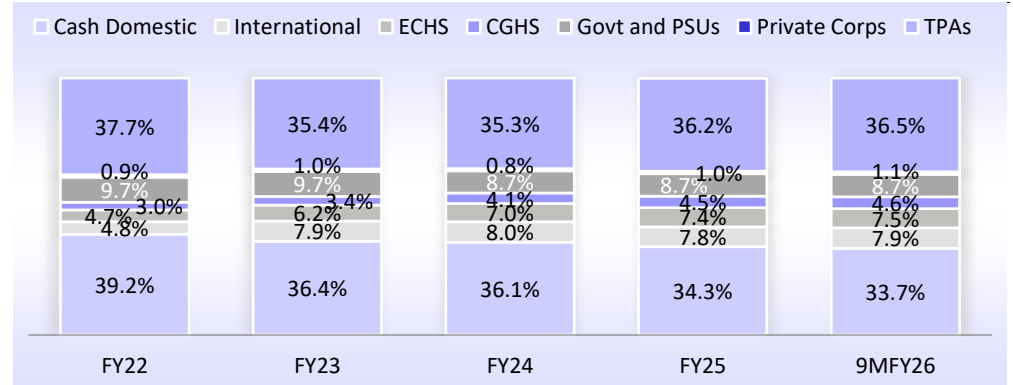


Source: MOFSL, Company

**Institutional payor shift supports ARPOB and margins**

- FORH’s payor mix is increasingly skewed toward institutional and government segments, with TPAs (~36-37%) and government schemes (ECHS+CGHS ~12%+) forming a meaningful share, improving revenue visibility and patient volumes.
- The shift away from cash domestic (down from ~39% in FY22 to ~33-34% in 9MFY26) reflects rising insurance penetration, supporting higher throughput and access to more complex procedures.

**Exhibit 22: International contribution increased by 310bp over FY22-9MFY26**



Source: MOFSL, Company

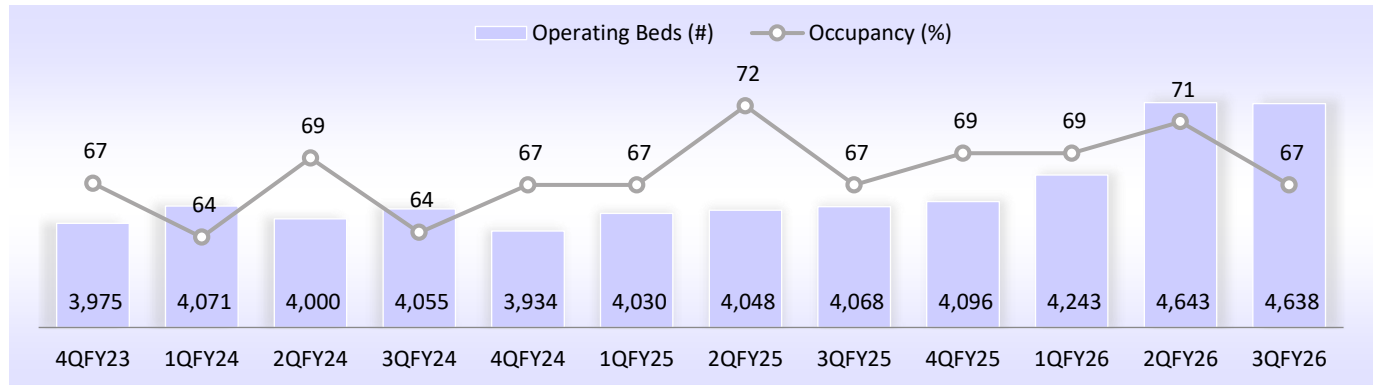
CGHS rate hike (25-30%) adds margin tailwind, especially given FORH’s exposure

- A higher share of institutional and government patients is also positive for case mix, as it enables greater intake of tertiary/quaternary treatments, thereby supporting ARPOB growth despite relatively lower pricing per case.
- Additionally, the recent CGHS rate revision (25-30% increase in procedure pricing, with premiums for accredited/super-specialty hospitals) provides a margin tailwind, particularly given FORH’s exposure to this segment.

**Improving utilization and case mix drive operating momentum**

- FORH’s growth over recent years has been supported by healthy and stable trends in both ARPOB and occupancy, reflecting improving demand, better case mix and stronger utilization across its hospital network.
- Occupancy levels have remained resilient in the 64-69% range, even as operating beds expanded by 10-15% over the period. From ~59-65% in FY23, occupancy improved to high-60s/low-70s in FY24-FY25 and remained steady at ~69%/71%/67% in 1Q/2Q/3QFY26. Its ability to sustain ~70% occupancy despite capacity addition reflects strong demand absorption and supports better utilization-led margin expansion.

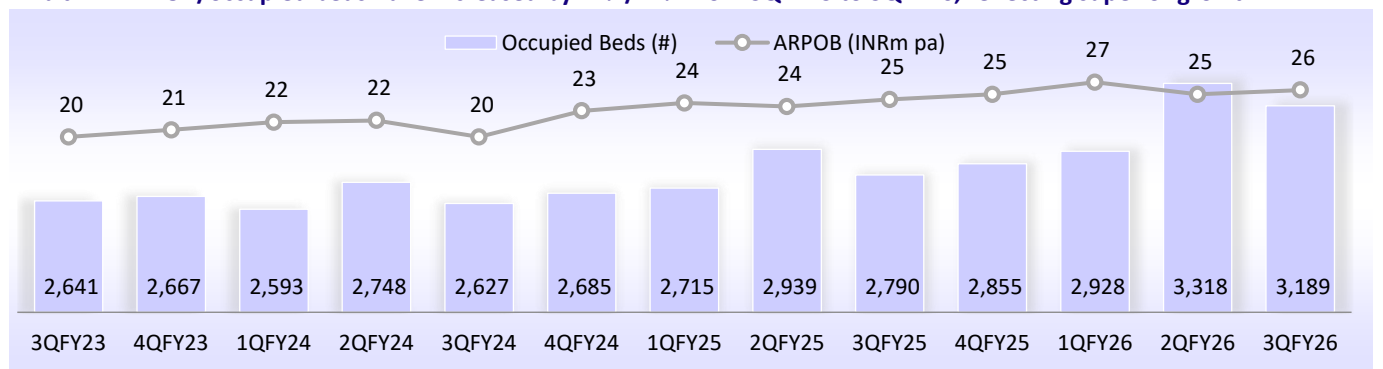
**Exhibit 23: FORH has maintained occupancy around 70% over the last few quarters, despite increase in operation beds**



Source: MOFSL, Company

- Alongside stable occupancy, FORH has seen superior and steady growth in ARPOB, rising from ~INR20m/year in 3QFY23 to ~INR26m by 3QFY26, representing a ~27% increase over the period. This reflects a favorable shift in specialty mix, higher complexity procedures, improved pricing and increasing contribution from mature, high-performing hospitals.

**Exhibit 24: ARPOB/occupied beds have increased by 27%/21% from 3QFY23 to 3QFY26, reflecting superior growth**



Source: MOFSL, Company

**Robust clinical and technology platform across core specialties**

- FORH delivered 37,200+ cardiac procedures and 550+ transplants in 1HFY26, underscoring its focus on high-acuity, complex and high-margin specialties such as cardiology, oncology and advanced transplant care.
- The network also recorded strong and diversified volumes across other core specialties, with ~18,400 orthopaedic procedures, 5,100+ neuro and spine surgeries, and 9,300 radiation therapy patients.
- The adoption of advanced and minimally invasive interventions continues to scale up, with 4,900+ robotic surgeries performed during the period.
- This procedural strength is supported by a robust base of state-of-the-art medical equipment, including 11 Da Vinci robots, 17 ortho robots, MR LINAC, Gamma Knife, 41 Cath labs and 14 neuro-navigation systems.

**Exhibit 25: Advanced clinical infrastructure and high-end medical equipment**


**MR LINAC : 1**  
**LINAC: 10**



**Gamma Knife : 1**



**Ortho Robot : 17**



**PET CT : 8**



**Cath Lab : 41**



**Neuro Navigation System : 14**



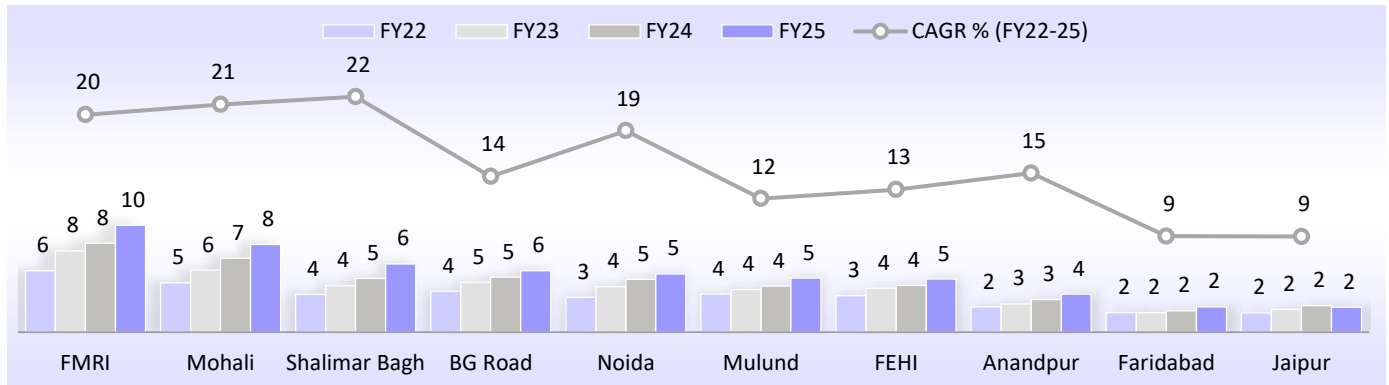
**Da Vinci Robot : 11**

Source: MOFSL, Company

**Broad-based revenue growth highlights strength of core hospital portfolio**

- FORH's key hospitals have demonstrated consistent and broad-based revenue growth over FY22-25, reinforcing the quality and durability of the hospital portfolio. Aggregate revenue from these hospitals increased from INR33.7b in FY22 to INR53.6b in FY25, representing steady YoY expansion and underscoring the scalability of the core network.
- FMRI, Mohali and Shalimar Bagh reported strong CAGRs of 20%, 21% and 22%, respectively. FMRI saw a rebound in FY23 (+32%) and maintained momentum into FY25 (+20%), while Mohali and Shalimar Bagh delivered consistently high double-digit growth.
- BG Road, Noida, Mulund and FEHI posted steady, uninterrupted growth, with CAGRs ranging from 12% to 19%. Noida stood out with a 30% YoY increase in FY23, followed by sustained growth thereafter, while Mulund and FEHI accelerated in FY25, indicating operating leverage as volumes scaled.
- Anandpur, Faridabad and Jaipur also contributed meaningfully. Anandpur recorded a 15% CAGR with improving YoY growth in FY24 and FY25, while Faridabad showed a clear recovery trajectory with 19% growth in FY25 after a flat FY23. Although Jaipur saw a modest decline in FY25, its overall CAGR of 9% reflects stable long-term progression.

**Exhibit 26: Key hospitals (~82% of FY25 revenue) delivered double-digit growth over FY22-FY25**

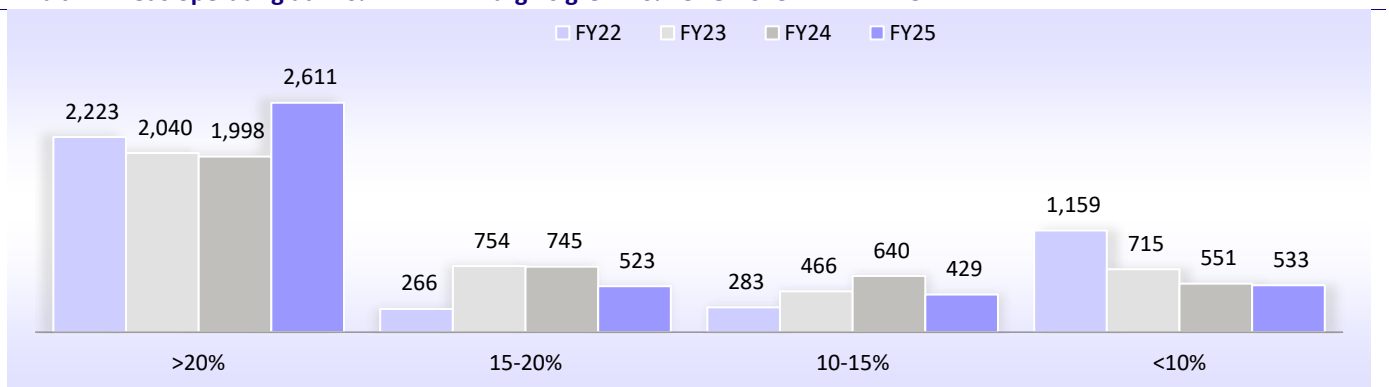


Source: MOFSL, Company

**Improving bed and facility mix underpins margin expansion**

- FORH has materially improved EBITDA margins through a clear shift in the mix of operational capacity toward higher-margin beds. The number of beds in the >20% EBITDA margin category increased from 2,223 to 2,611, raising their share of total operational beds by 700bp to 64% in FY25, which structurally lifted the blended margin profile.

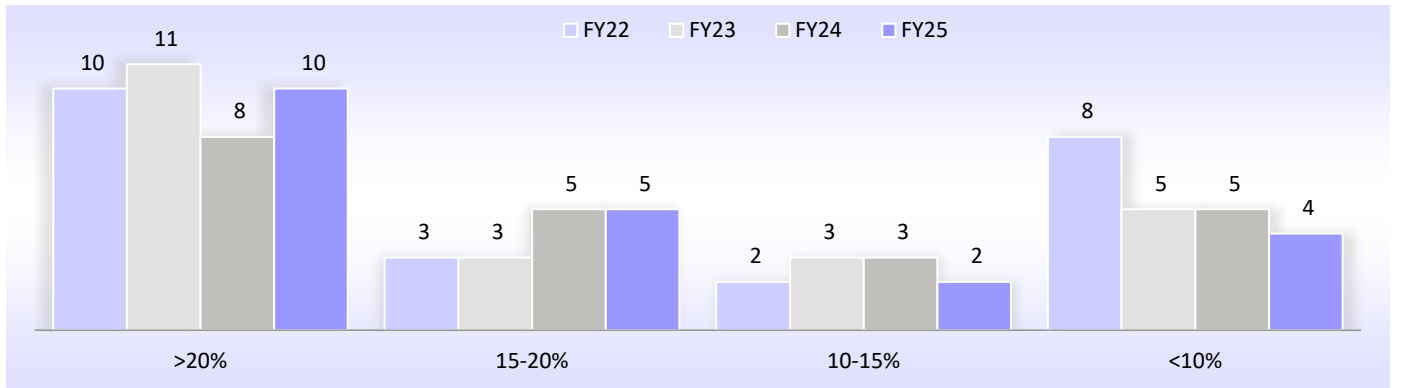
**Exhibit 27: Beds operating at >20% EBITDA margins grew ~6% CAGR over FY22-FY25**



Source: MOFSL, Company

- At the same time, there has been a sharp reduction in low-margin capacity. The number of beds operating at <10% EBITDA margins declined from 1,159 to 533, and their share fell by 1,600bp to 13%, significantly reducing margin dilution from underperforming hospitals.
- This improvement is also visible at the facility level, where the number of hospitals delivering >15% EBITDA margins increased from 13 to 15, while facilities in the <10% margin bucket reduced from 8 to 4, indicating a successful turnaround and stabilization of weaker units.
- Additionally, the shrinking share of beds in the 10-20% margin range suggests upward migration of several hospitals into the >20% margin bucket over time, reinforcing the sustainability of FORH’s EBITDA margin expansion.

**Exhibit 28: ~48%/72% of facilities recorded EBITDA margins above 20%/15% in FY25**

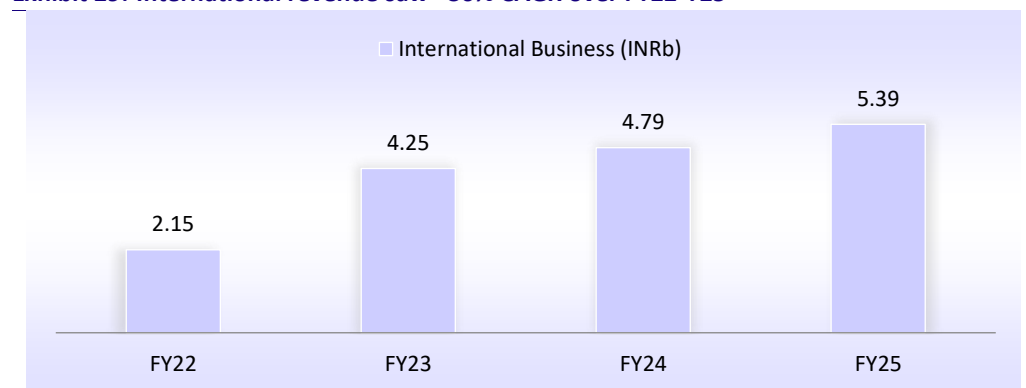


Source: MOFSL, Company

**Expanding international presence supports sustainable growth trajectory**

- FORH has a global footprint with patient presence across Africa, the CIS region, Mongolia, the Pacific Islands, Southeast Asia, SAARC countries, the Gulf & Middle East, and select markets in the rest of the world. This geographic diversification strengthens revenue visibility and reduces dependence on any geography.
- The company has established partnerships with several international insurance and medical assistance providers, including Aetna, Asia Rescue and Medical Services, Asia Travel and Medical Services, Falck, Paramount Health, Allianz Partners, Assist Card, WellBe, Prestige International, and East West Rescue. These partnerships enhance FORH’s attractiveness to overseas patients and support steady growth in international case mix.
- Fortis Hospital, Bannerghatta Road, Bengaluru, is an authorized partner for conducting visa medical check-ups for immigration requirements to multiple countries, including Canada, Australia, New Zealand, South Korea, and the UK. It is also the only Indian hospital to be featured among the world’s top five medical tourism destinations by the Medical Travel Quality Alliance (MTQUA).
- Fortis Escorts Hospital, Jaipur, is an authorized partner for conducting visa medical check-ups for immigration requirements to Australia and New Zealand, further expanding the group’s role in the structurally growing medical travel and immigration-linked healthcare segment.

**Exhibit 29: International revenue saw ~36% CAGR over FY22-Y25**

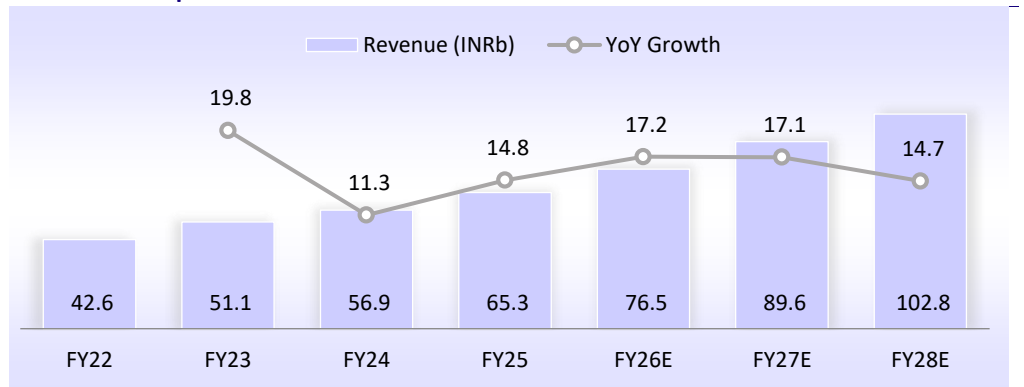


Source: MOFSL, Company

**Hospital revenue/EBITDA to deliver ~16%/19% CAGR over FY26-28E**

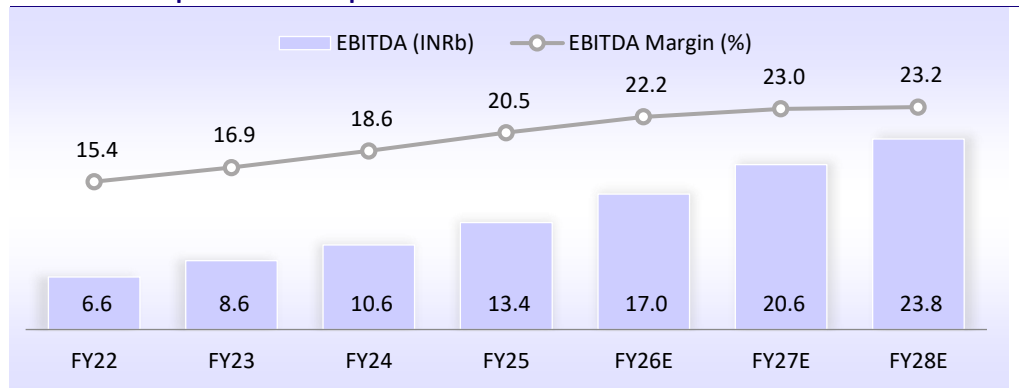
- Hospital revenue is expected to clock a ~16% CAGR over FY26-28E to ~INR103b, driven by brownfield capacity additions, ramp-up of acquired hospitals, and steady improvement in occupancy and realizations.
- EBITDA is projected to grow faster at ~19% CAGR to ~INR24b by FY28E, with margins improving to ~23%, supported by the transition of low-margin facilities to higher-margin cohorts, better case mix, and operating efficiencies.
- Overall, the combination of scale expansion and margin migration across the hospital network is expected to drive sustained earnings growth.

**Exhibit 30: Hospital revenue to clock 16% CAGR over FY26-28E**



Source: MOFSL, Company

**Exhibit 31: Hospital EBITDA to post 19% CAGR over FY26E-28E**



Source: MOFSL, Company

## Diagnostics: A scalable, value-accretive platform positioned to benefit from better integration

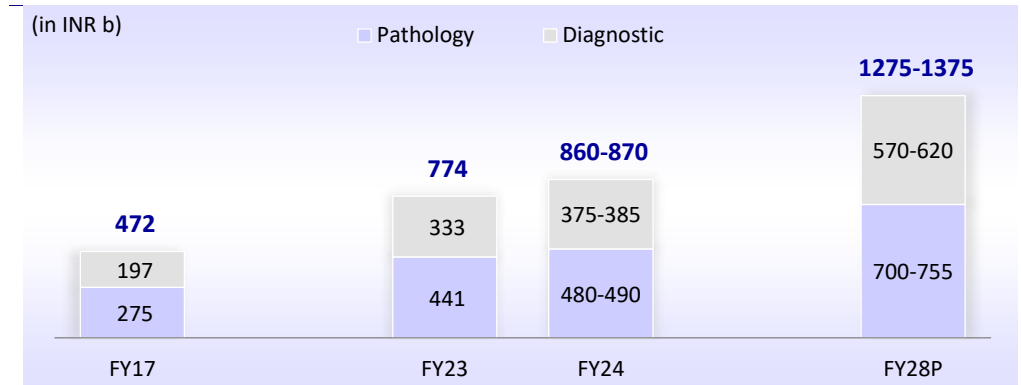
- The Indian diagnostics industry is entering a structurally favorable phase, with market size expected to grow at ~10-12% CAGR through FY28, supported by rising preventive care, chronic disease burden and increasing healthcare awareness.
- Agilus Diagnostics provides FORH with a nationwide platform (400+ labs, ~500+ districts), processing ~39m tests for ~16m patients in FY25, though utilization remains below peers, indicating operating leverage potential.
- FY23-25 represented a transition phase, impacted by brand-related disruptions and legal overhangs (SRL/Agilus transition), with ~INR500-600m annual costs and exit from low-ticket contracts such as Mohalla Clinic, which impacted volumes but improved revenue quality.
- Despite volume stabilization (~16-16.5m patients), realization has improved, with ARPP increasing to ~INR858 (~5% CAGR in FY22-25) and ARPT growing to ~INR358 (~2% CAGR), driven by a better mix (specialized ~34%, wellness ~12-13%).
- With transition-related issues largely behind, including the re-acquisition of the SRL brand in FY26, the business is seeing early recovery, with growth expected to gradually normalize toward ~9% CAGR over FY26-28E, supported by hospital integration and utilization ramp-up.
- Deeper integration with hospitals provides a captive referral funnel, while investments in genomics, AI diagnostics and advanced testing platforms support long-term positioning. However, near-term growth remains dependent on the execution of volume ramp-up and utilization improvement, with margins expected to recover toward ~24% over the medium term.

Indian diagnostics market seen at INR1.28-1.38t by FY28 (10-12% CAGR)

### Indian diagnostics industry entering a double-digit growth phase

- The market size of the Indian diagnostics industry is expected to increase to INR1.28-1.38t over FY24-28 at a 10-12% CAGR (as per Crisil), up from a historical 9-10% CAGR during FY17-24, reflecting steady structural demand for diagnostic services.
- Over the past decade, growth has been supported by urbanization, rising disposable incomes, broader test menus, and increasing prevalence of non-communicable and lifestyle diseases, reinforcing diagnostics as a critical pillar of the healthcare value chain.
- Forward growth is underpinned by higher healthcare awareness, rising literacy levels, ageing population, and increased focus on preventive and evidence-based medicine, driving demand for early, accurate, and repeat diagnostic testing.

**Exhibit 32: Indian diagnostics industry to deliver ~10-12% CAGR over FY24-28**



Source: MOFSL, Crisil

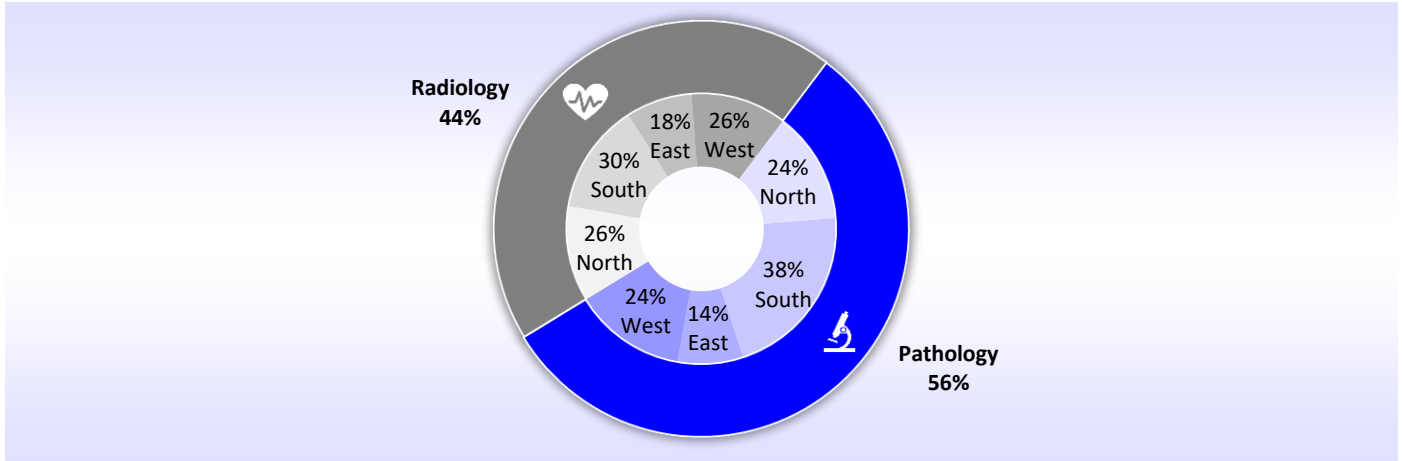
- Pathology, which recorded ~8-9% CAGR over FY17-24, is projected to clock 9-11% CAGR over FY24-28, supported by rising chronic disease incidence, higher test frequency, and continued expansion of routine and specialized test offerings.
- Radiology is expected to outpace pathology, accelerating from ~9.5-10.5% CAGR historically to 11-13% CAGR over FY24-28, driven by technological advancements, wider clinical adoption of imaging, and increasing complexity of disease diagnosis.

**Pathology-led market with structural radiology upside and regional white spaces**

East/Northeast India show lowest diagnostic penetration, highlighting gaps

- India’s diagnostics industry is structurally divided into pathology and radiology services, with pathology involving laboratory-based analysis of biological samples and radiology comprising imaging modalities ranging from basic X-rays and ultrasounds to advanced CT and PET-CT scans.
- Pathology constitutes the larger share of the market at ~56% (FY24), driven by high test volumes and the common practice of prescribing multiple tests as part of a single diagnostic panel, despite relatively low per-test pricing.
- Radiology accounts for the remaining ~44% of industry value, although imaging test volumes are lower than pathology, significantly higher average realizations, often 2-3x that of routine pathology tests. This supports its revenue contribution.
- Regionally, diagnostic activity is skewed, with East and Northeast India exhibiting the lowest penetration levels for both pathology (~14%) and radiology (~18%) as per HMIS data, reflecting gaps in healthcare infrastructure, accessibility, and socioeconomic conditions.

Exhibit 33: Southern India leads, with pathology driving over half of industry revenue

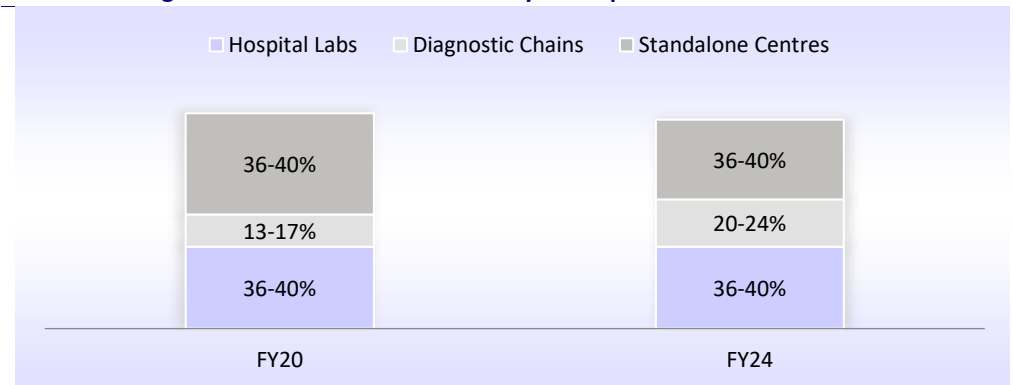


Note: Segmental/Geographical revenue as of FY24/FY21; Source: MOFSL, Crisil

**Organized diagnostic chains likely to outperform industry growth**

- The Indian diagnostics industry remains highly fragmented, dominated by standalone centers and hospital laboratories, while organized diagnostic chains—split between regional and multi-regional players—account for a relatively smaller but rapidly expanding share of the market.
- Industry profitability is driven by high test volumes and optimal laboratory utilization; however, low entry barriers and limited regulatory oversight have led to intense competition, pressuring margins and sustainability for standalone diagnostic centers.
- Standalone players face structural disadvantages in scaling, given high capex requirements for advanced pathology and radiology technologies, limited negotiating power with suppliers, and operational inefficiencies, constraining long-term profitability.
- In contrast, diagnostic chains benefit from superior financial discipline, scale advantages, stronger supplier bargaining power, and access to capital, enabling sustained investment in technology, quality systems, and administrative infrastructure.

Exhibit 34: Diagnostic chains’ share increased by ~700bp over FY20-24



Source: MOFSL, Crisil

- The shift toward diagnostic chains has been structurally reinforced after Covid, as chains demonstrated operational scalability, quality assurance, home collection capabilities, and digital access, driving their market share up to 20-

24% in FY24 from 13-17% in FY20, with multi-regional chains leading share gains and positioned to outgrow the broader industry.

### Agilus strengthens FORH’s strategic positioning in diagnostics

- Agilus provides FORH a ready, nationwide diagnostics platform. It operates the largest lab network in India with 404 laboratories, well ahead of all listed peers. Despite this unmatched physical footprint, Agilus serves only 16m patients and conducts 39m tests (FY25), highlighting substantial under-utilization of its infrastructure.
- The network includes 40 NABL-accredited labs, among the highest in the industry and comparable with the most credible diagnostic players. This strengthens its clinical reliability while creating scope to expand accreditation across the broader network, which should progressively enhance physician trust, referral flows, and high-end test penetration.
- Relatively lower throughput per lab and moderate monetization levels (ARPP INR858; ARPT INR358) indicate latent operating leverage rather than structural demand weakness. With a large fixed-cost base already in place, incremental volumes can be absorbed with minimal capex, creating strong margin expansion potential.
- The most powerful growth driver is the embedded cross-selling opportunity in the FORH hospital ecosystem, which offers a captive and high-acuity patient funnel across key urban markets. As integration deepens, Agilus is positioned to boost referral-led volumes, improve utilization across accredited labs, and materially enhance profitability, thereby making diagnostics a more meaningful and scalable vertical within FORH’s overall healthcare platform.

**Exhibit 35: Agilus operates one of the India’s largest diagnostic networks (400+ Labs)**

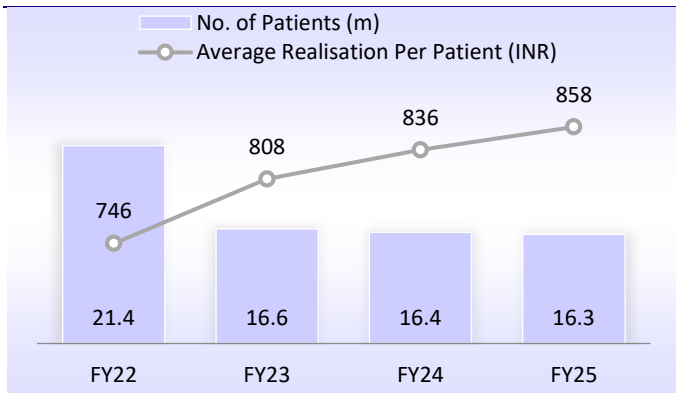
Parameters (FY25)	Agilus Diagnostics	Dr Lal PathLabs	Metropolis Healthcare	Thyrocare	Vijaya Diagnostics
Number of Labs	404	298	210	29	151
NABL-accredited Labs	40+	40	27	29	17
Number of Patients (Mn)	16	29	13	17	4
Number of Tests (Mn)	39	86	26	168	15
ARPP	858	855	1,051	367	1,626
ARPT	358	288	504	37	461

Note: As of FY25; Source: MOFSL, Company

### Agilus transitioning into a higher-quality, better-monetized platform

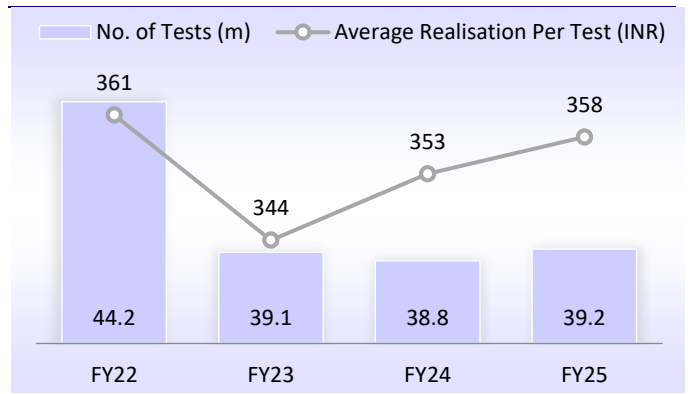
- Agilus saw a deliberate volume reset in FY23, with patients declining from 21.4m in FY22 to 16.6m and tests moderating from 44.2m to 39.1m, largely due to post-Covid normalization and its exit from low-yield segments. This temporarily reduced ARPT to INR344 but helped clean up the revenue base.
- Since FY23, the business has shown a clear recovery in core operating metrics. ARPP grew steadily from INR808 in FY23 to INR858 in FY25 and ARPT recovered to INR358, driven by an improving test mix, a higher share of specialized diagnostics, and disciplined portfolio optimization rather than pricing actions.
- Although patient volumes remained broadly stable in FY24-25 (~16.3-16.4m), test volumes have begun to inch up again, indicating early signs of utilization recovery on a structurally stronger revenue base. This reflects management’s strategy of prioritizing value over volume before scaling throughput.

**Exhibit 36: ARPP delivered ~5% CAGR over FY22-FY25**



Source: MOFSL, Company

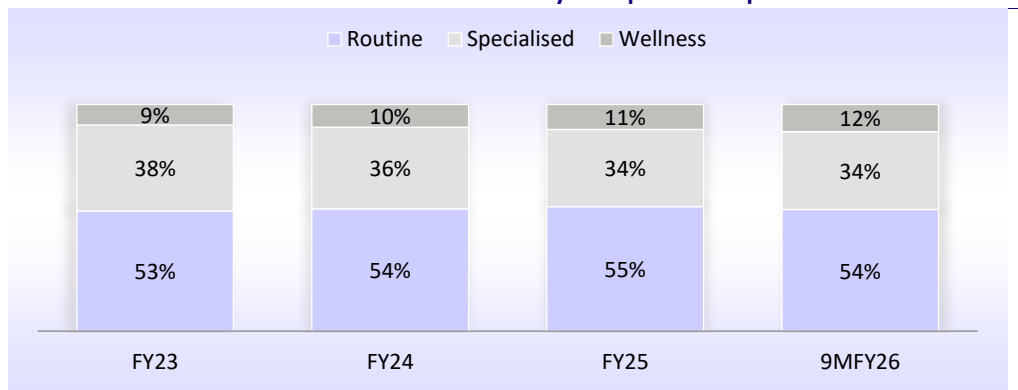
**Exhibit 37: ARPT recorded stable CAGR over FY22-25**



Source: MOFSL, Company

- The mix shift toward higher-margin segments is becoming increasingly visible, with specialized testing contributing 34% of revenue and wellness forming 12% in 9MFY26. Growth in bundled wellness packages has materially lifted ticket sizes and supported steady improvement in ARPP/ARPT.

**Exhibit 38: Wellness contribution has increased by 300bp over the period**



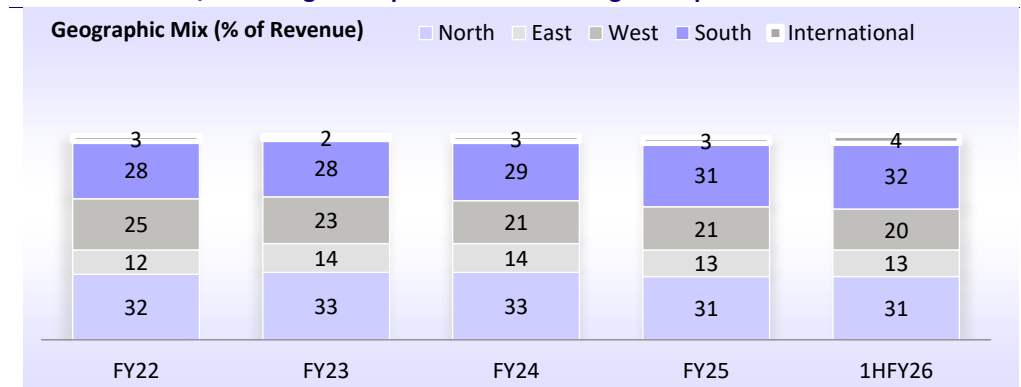
Source: MOFSL, Company

- Further, discontinuation of the low-ticket Mohalla Clinic contracts in Jun'25 has structurally improved blended realizations and profitability.

**Healthy geographic diversification supports long-term scalability**

- Agilus operates 400+ labs in 532+ districts across 25 states and 5 UTs, comprising 1 global reference lab and 5 regional labs, supported by 3 centers of excellence, 4 radiology units, 25 wellness centers, and 40+ NABL and 2 CAP-accredited labs.
- Geographic diversification remains broad-based with revenue contribution split across South (33%), North (30%), West (20%), East (12%) and International (4%), reflecting a well-balanced pan-India presence and reduced regional concentration risk. The expanding footprint is expected to act as a structural enabler for future volume ramp-up as new centers mature.

**Exhibit 39: North/South regions represent 50%+ of diagnostic portfolio**



Source: MOFSL, Company

Revenue ~9% CAGR;  
margins expand to ~24% by  
FY28E

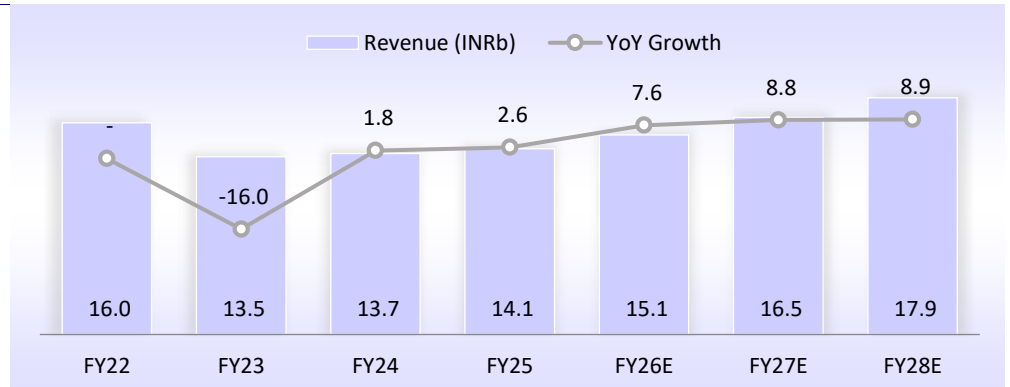
**Advanced genomics and AI-led diagnostics differentiate Agilus**

- Agilus is deploying one of the few clinically operational, end-to-end automated NGS platforms in India capable of delivering liquid biopsy in 24 hours, myeloid NGS in 72 hours, and MRD (minimum residual disease) within 5 days, dramatically faster than legacy workflows that take weeks and limiting competitive replication.
- The FORH collaboration provides rare real-world validation that rapid genomics directly improves clinical outcomes: targeted therapy usage increased from 11% to >40%, transplant timelines shortened by nearly a month, early mortality reduced by more than half, and one-year survival improved by 8%, demonstrating tangible medical and economic value.
- Agilus’ national lab infrastructure allows centralized scaling of advanced genomic testing across India without requiring hospitals to invest in their own molecular platforms, positioning the company to rapidly capture oncology volumes as precision medicine adoption accelerates.
- Expansion into AI-enabled genomics and integrated tumor boards embeds Agilus deeper into treatment decision pathways, strengthening physician dependence, enabling higher-value service layers, and opening future monetization through companion diagnostics and pharma collaborations.

**Mix-led growth accelerates revenue and margin expansion**

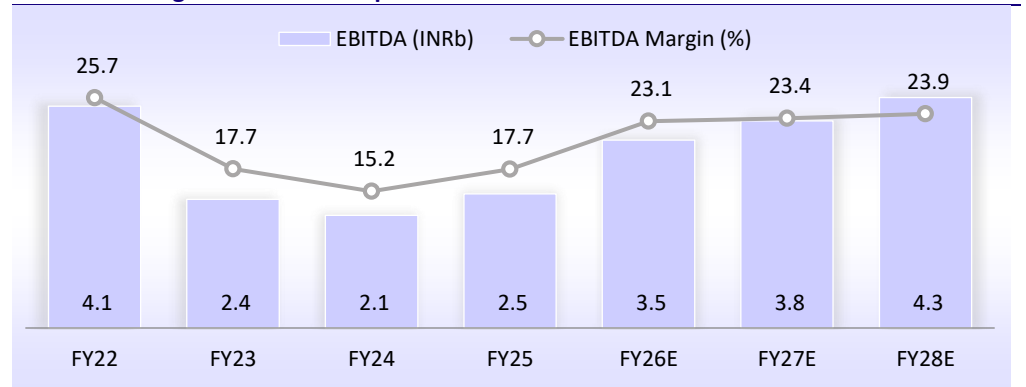
- Diagnostics revenue is expected to post ~9% CAGR over FY26-28E to reach ~INR18b by FY28E, driven by steady improvement in ARPP/ARPT through a richer case mix and increasing contribution from new diagnostic offerings, alongside gradual volume growth supported by deeper hospital integration.
- EBITDA is projected to grow faster to ~INR4.3b by FY28E, with margins improving to ~24%, supported by higher share of specialized and wellness testing, improved realizations, and the benefit of low-margin business exits now largely behind.
- Overall, the diagnostics business is expected to deliver steady growth led by mix-driven monetization improvement and stronger integration with the hospital ecosystem.

**Exhibit 40: Diagnostic revenue to clock 9% CAGR over FY26-28E**



Source: MOFSL, Company

**Exhibit 41: Diagnostic EBITDA to post 11% CAGR over FY26-28E**



Source: MOFSL, Company

## Strong backing of IHH, a strategic anchor for FORH

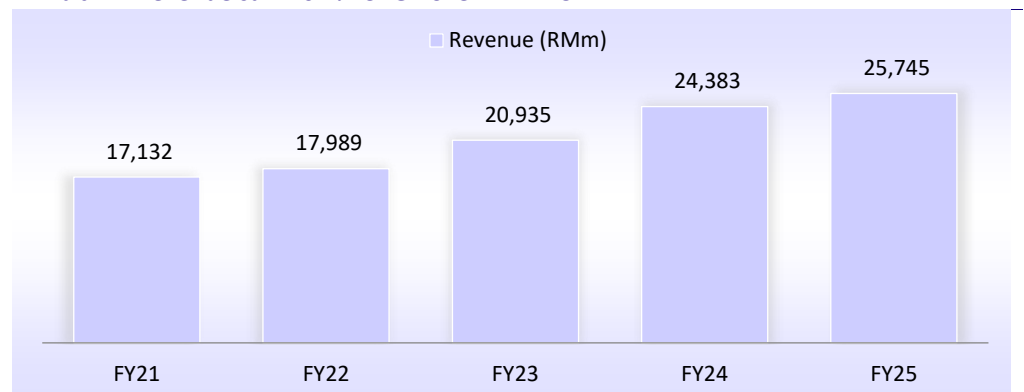
- IHH provides FORH with deep operational expertise, global clinical best practices, and platform scale, supporting quality of care, efficiency improvements, and network expansion.
- The group has delivered steady growth (revenue CAGR ~10.7% from FY21-25) while maintaining EBITDA margins above 20% and conservative leverage, giving it capacity to fund expansion.
- Through its global hospital network across 10+ countries, IHH brings in clinical governance systems, physician training and operational best practices that strengthen FORH’s clinical ecosystem.
- India is a key strategic market for IHH, with Fortis serving as its main growth platform. It plans to expand capacity significantly over the coming years.
- Increasing ownership and operational integration with Gleneagles signal IHH’s long-term commitment to building a large unified healthcare platform in India.

## IHH brings financial scale, operational resilience and balance-sheet capacity

- IHH has delivered consistent revenue expansion, with group revenue increasing from RM17.1b in CY21 to RM25.7b in CY25, implying a ~10.7% CAGR over the period.
- Profitability has remained resilient despite ongoing expansion investments, with EBITDA rising from RM4.3b in FY21 to RM5.6b in FY25, while margins have remained broadly stable in the 22-25% range.
- The ability to maintain margins through a period of cost pressures and capacity build-out reflects disciplined cost management and operating leverage across the group’s hospital network.
- Balance sheet leverage remains conservative, with net debt-to-equity of ~0.5x and net debt-to-EBITDA of ~2.4x in FY25, leaving meaningful financial headroom for future investments.
- The combination of steady revenue growth, stable operating margins and manageable leverage positions IHH as a strategic parent capable of supporting FORH’s multi-year expansion strategy.

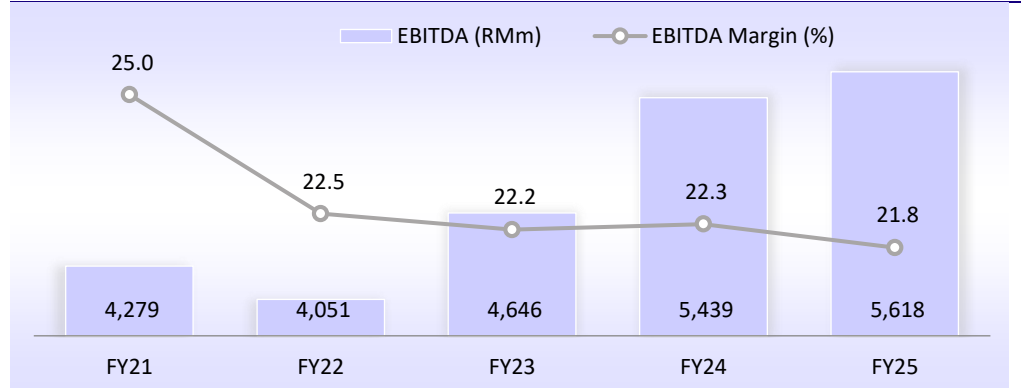
Strong parent with steady growth, stable margins, and low leverage to support expansion

**Exhibit 42: Revenue saw 10.7% CAGR over FY21-25**



Source: MOFSL, Company

**Exhibit 43: EBITDA margin sustained >20% over the period**



Source: MOFSL, Company

**Global healthcare platform strengthens FORH’s clinical ecosystem**

- IHH operates across 10+ countries through a portfolio of globally recognized hospital brands, including Acibadem, Mount Elizabeth, Prince Court, Gleneagles, Fortis, Pantai and Parkway.
- The group’s network comprises 80+ hospitals and ~70,000 employees, making it one of the largest private healthcare providers globally.
- IHH’s global platform provides Fortis access to institutionalized clinical governance frameworks, physician training pipelines and best-practice operating protocols.
- The group’s established clinical quality benchmarking systems and procurement scale enable operational standardization and cost efficiencies across hospital networks.
- Flagship hospitals in Singapore and Malaysia attract significant international medical tourism flows, creating brand equity that strengthens Fortis’ positioning in India’s premium hospital segment.

**Exhibit 44: IHH maintains a multi-geography presence with a broad healthcare service offering**



Source: MOFSL, Company

### India represents a strategically important growth market for IHH

- The completion of IHH’s mandatory open offer for FORH, following a seven-year regulatory delay linked to the Daiichi Sankyo case, marks a major milestone in the group’s India strategy.
- Management has described the completion as the beginning of the “next phase of growth in India”, signaling stronger operational focus and capital deployment in the market.
- IHH currently operates 34 hospitals and more than 5,500 beds in India through FORH and Gleneagles Healthcare India.
- The India business generated RM4.2b in revenue in FY25, contributing ~16% of group revenue, underscoring its growing strategic importance.
- The group plans to add ~2,000 beds by 2028, taking total India capacity to roughly 7,000 beds, primarily through brownfield expansions and selective greenfield projects.

India contributes ~16% of IHH’s revenue, with 34 hospitals and 5,500+ beds

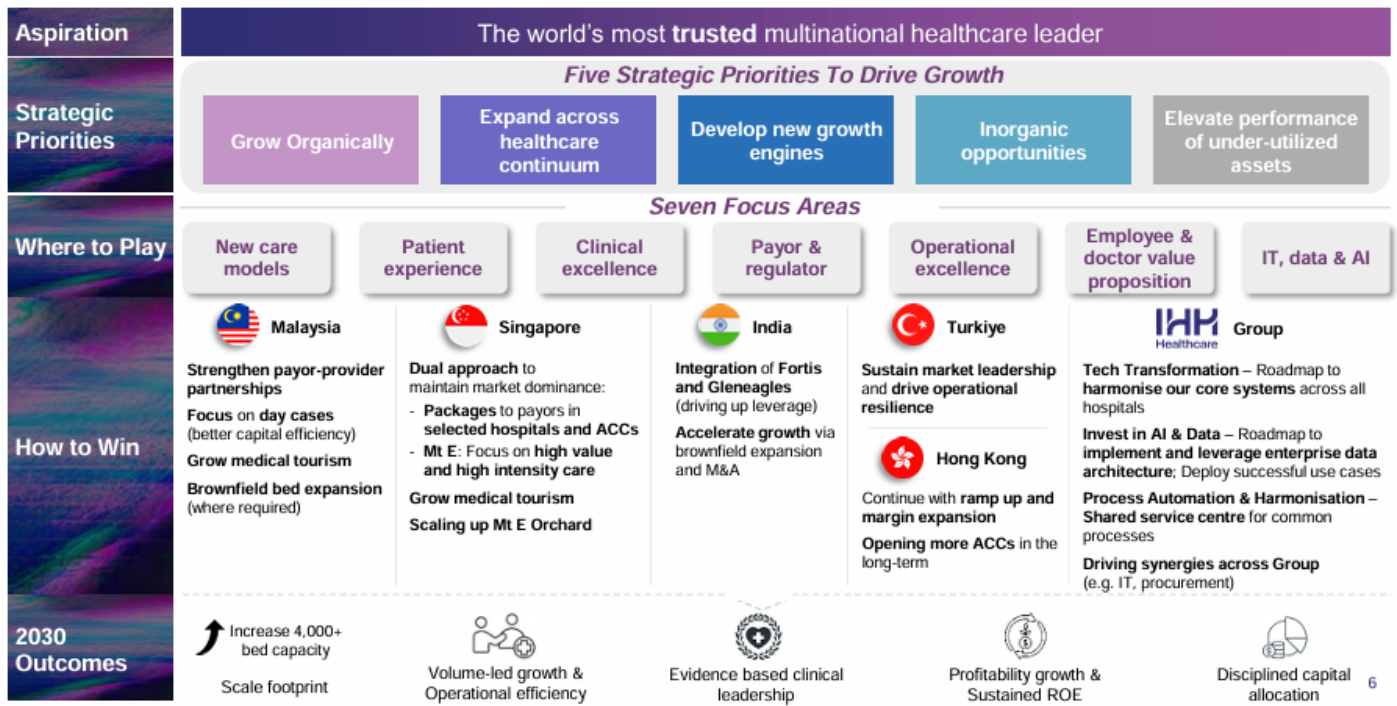
### Increasing ownership reinforces IHH’s long-term commitment to Fortis

- As of Nov’25, IHH holds an indirect 31.2% stake in FORH and 62.7% in Fortis Malar Hospitals, establishing it as the controlling promoter.
- The stake was acquired through subsidiary Northern TK Venture, which purchased 235.3m Fortis shares via preferential allotment.
- The transaction signals strong strategic commitment and long-term capital support for Fortis’ expansion and operational transformation.
- Following the investment, IHH appointed four nominee directors to the Fortis board, strengthening governance oversight and strategic alignment.
- Since IHH’s initial investment in 2018, Fortis’ share price has increased more than five-fold, reflecting operational improvements and governance stabilization.

### Fortis is central to IHH’s long-term multinational healthcare strategy

- Under its IHH 2030 strategy, the group aims to become a leading multinational healthcare provider through organic growth, disciplined capital allocation and expansion across the care continuum.
- India has been identified as one of four core strategic markets, alongside Malaysia, Singapore and Türkiye.
- Within this framework, Fortis serves as IHH’s primary growth platform in India, anchoring the group’s expansion in the country.

Exhibit 45: IHH 2030 strategy



Source: MOFSL, Company

- The strategy includes closer integration between Fortis and Gleneagles Healthcare India, creating a unified operating platform to improve scale efficiencies and clinical capabilities.
- IHH also plans to add 4,000+ beds across its global network by 2030, with a meaningful share expected to come from India through Fortis-led expansion.

### IHH integrating Fortis and Gleneagles to build a unified India healthcare platform

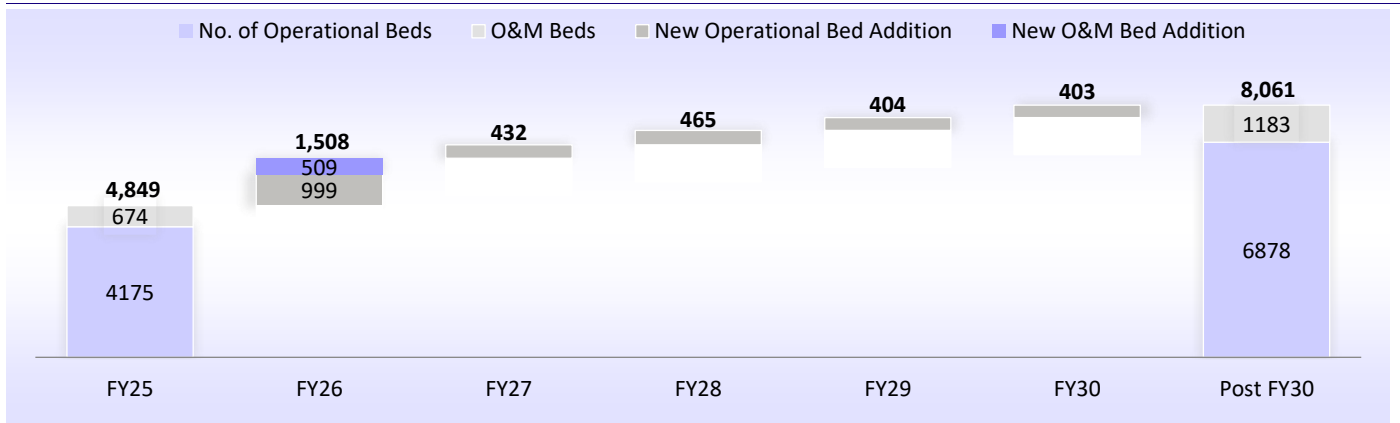
- In Jul'25, IHH announced an O&M agreement between FORH and Gleneagles Healthcare India, representing a key step toward integrating its India hospital portfolio into a coordinated operating platform.
- Under the arrangement, Fortis manages the operations of five Gleneagles hospitals and one clinic, while the Mumbai facility (Gleneagles Hospital, Parel) is currently not included in the agreement.
- Gleneagles Healthcare India operates a network of multi-specialty hospitals across Chennai, Bengaluru and Hyderabad with more than 900 operational beds, and is widely recognized for its expertise in kidney, liver, heart and lung transplants.
- The Gleneagles brand has a strong international presence, originating with the first hospital in Singapore in 1959 and subsequently expanding across Malaysia, Brunei, Hong Kong and India. This global footprint enhances brand credibility and provides Fortis access to international patient flows, clinical expertise and cross-border referral networks.
- Gleneagles India's hospital business generated ~INR7.2b in revenue in FY25. Under the O&M structure, Fortis earns a monthly management fee of 3% of consolidated hospital revenue, implying an annualized fee pool of ~INR210-220m at current revenue levels, with scope to increase as Gleneagles scales.

- Early integration is already visible: Fortis reported ~INR50m in O&M fees in the most recent quarter, while Gleneagles hospitals generated ~INR1.7b of revenue during the quarter (excluding the Mumbai facility). The arrangement therefore provides incremental, asset-light revenue while expanding Fortis’ managed network without additional capital deployment.

**Strong IHH parentage supports financial flexibility and long-term capacity expansion**

- With a legacy global healthcare player like IHH as parent, having diversified exposure across multiple geographies, FORH benefits from enhanced financial resilience and balance-sheet strength, alongside the potential for future capital infusion to support expansion, deleverage, and optimize leverage over time.
- FORH’s expansion strategy remains aligned with IHH’s long-term growth ambitions for India, which the parent views as a key structural growth market.
- IHH has outlined plans to scale India capacity to ~7,000 beds by 2028, reflecting strong conviction in the market.
- FORH is targeting 3,200+ additional beds (including O&M) over FY25-30, implying ~10.7% CAGR in capacity to ~8,061 beds.
- While expansion is primarily driven by internal accruals and disciplined capital allocation (brownfield + O&M), IHH’s presence provides strategic financial flexibility and optionality to accelerate growth or strengthen the balance sheet if required.

**Exhibit 46: Planned bed capacity expansion and operational growth**



Source: MOFSL, Company

## Growth outlook supported by capacity expansion and margin expansion

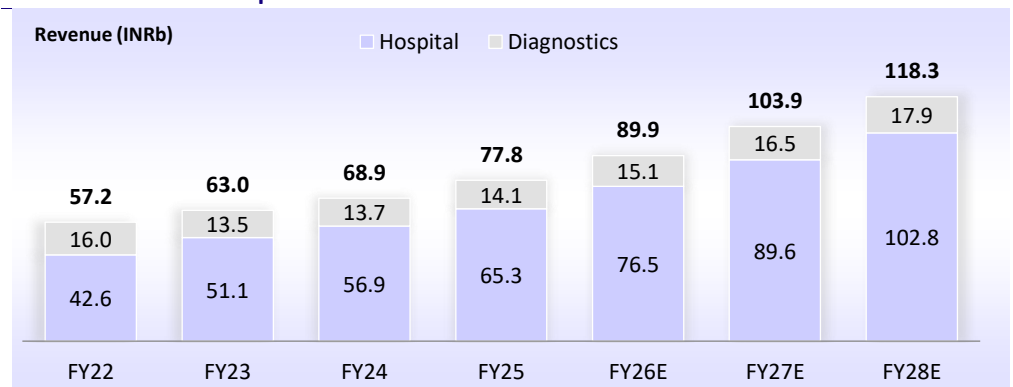
- Revenue is expected to clock ~15% CAGR over FY26-FY28E, supported by operating bed expansion (4,096 in FY25 to ~6,335 by FY28E) and continued ARPOB growth, reflecting a richer case mix and stronger pricing in tertiary care services.
- EBITDA is projected to post ~17% CAGR over FY26-FY28E, driven by operating leverage in the hospital segment, improving utilization, and gradual stabilization in the diagnostics business, with margins expected to expand to ~24%.
- FORH is entering a capex cycle of INR12-13b annually over FY26-FY28E, primarily focused on brownfield expansion across existing hospitals, including new bed additions and infrastructure upgrades, along with selective inorganic opportunities.
- While the elevated capex cycle may temporarily moderate free cash flow, improving operating performance is expected to support FCF recovery and gradual deleveraging, with net debt projected to decline to ~INR8b by FY28E while maintaining a conservative leverage profile.

## Hospital capacity expansion and ARPOB growth to support revenue momentum

- FORH’s consolidated revenue saw 10.8% CAGR over FY22-25, primarily driven by a stronger 15.3% CAGR in the hospital segment, while diagnostics declined (4.3% CAGR), reinforcing that growth is concentrated in hospital operations.
- Growth is not volume-led, as OPD footfall rose marginally (2.4% CAGR) and IPD discharges were flat at 0.3m, indicating limited expansion in patient throughput.
- Hospital revenue growth has been supported by a sharp increase in the number of occupied beds (4% CAGR), reflecting capacity additions and better utilization rather than higher patient counts.

Revenue CAGR ~10.8% (FY22-25), driven by strong hospital growth (15.3%)

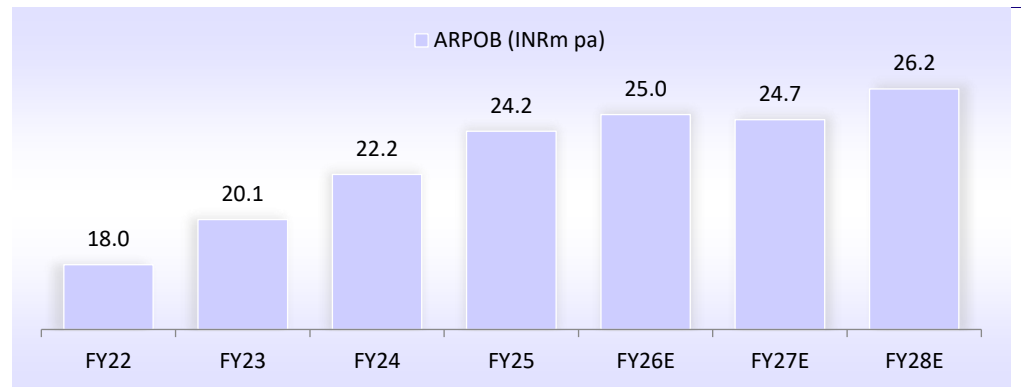
Exhibit 47: Revenue to post 15% CAGR over FY26-28E



Source: MOFSL, Company

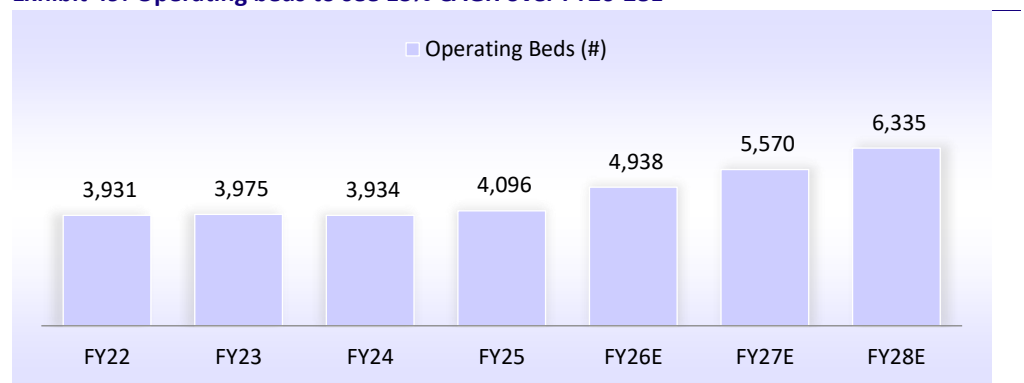
- Improved monetization per bed has been a key driver, with ARPOB rising at 10.4% CAGR, due to a shift toward higher-acuity cases and a richer case mix rather than incremental footfall.
- During FY22-25, occupancy improved from 63% to 69%, further supporting revenue growth.

**Exhibit 48: ARPOB to clock 2% CAGR over FY26-28E**



Source: MOFSL, Company

**Exhibit 49: Operating beds to see 13% CAGR over FY26-28E**



Source: MOFSL, Company

Growth to be driven by capacity expansion and ARPOB improvement

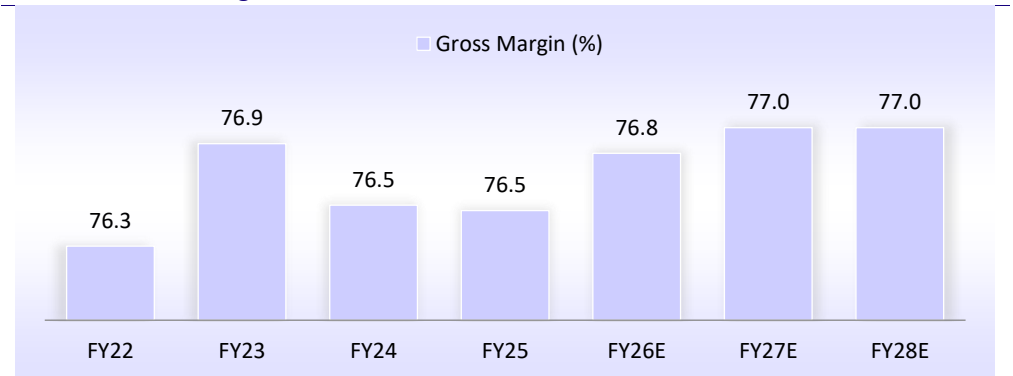
- Looking ahead, hospital revenue is projected to clock a ~16% CAGR over FY26-28E, supported by continued capacity expansion and ARPOB growth. Operating bed capacity is expected to increase from 4,096 in FY25 to 6,335 by FY28E, while ARPOB is projected to rise from INR25m to INR26m, reflecting better case mix and pricing.
- While occupancy is expected to normalize to 62-65% levels, increased bed capacity and continued ARPOB improvement are expected to remain the key drivers of FORH’s revenue growth over the forecast period.
- The diagnostics segment is expected to stabilize and gradually recover, increasing from INR15.1b in FY26E to INR17.9b in FY28E, supported by growing demand for preventive healthcare and routine testing services.

**Procurement efficiency to keep gross margins stable**

- FORH maintained stable gross margins during FY22-25, with raw material costs remaining around 23-24% of revenue, indicating effective management of direct medical costs such as pharmaceuticals, implants, and consumables.
- A stability in direct costs highlights the company’s strong procurement capabilities and pricing discipline, which helped maintain margin stability despite inflationary pressures in healthcare inputs.
- Over FY26-28, gross margins are expected to remain broadly stable as raw material costs continue to account for ~23% of revenue, suggesting that FORH will continue benefiting from scale advantages and efficient supply chain management.

- Stable gross margins provide a strong base for operating leverage, allowing incremental revenue growth to translate more effectively into operating profit expansion.

**Exhibit 50: Gross margin to remain stable over FY28**



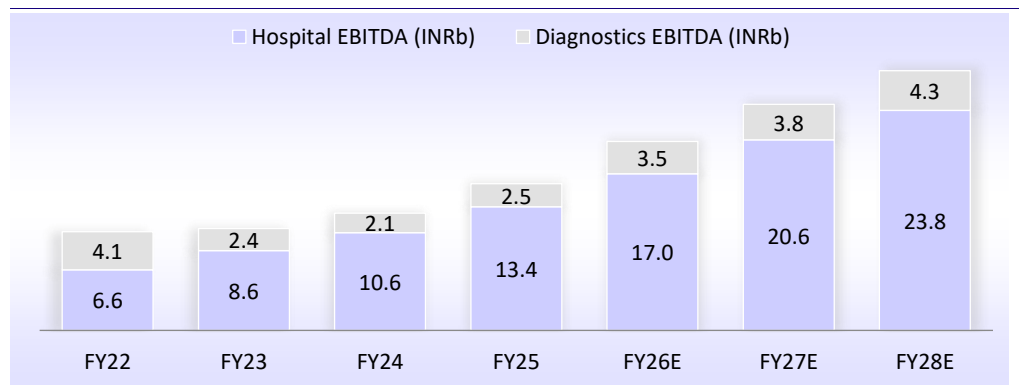
Source: MOFSL, Company

Earnings momentum building up, with strong margin expansion led by broad based growth

**Hospital strength and diagnostics recovery to support EBITDA growth**

- FORH’s consolidated EBITDA reported a CAGR of ~14% over FY22-25, with margins expanding from 18.7% to 20.4%, reflecting improved operational performance as hospital occupancy and procedure volumes normalized following the pandemic.
- Growth was primarily driven by the hospital segment, which saw EBITDA CAGR of ~27% during FY22-25, supported by higher ARPOB, improved patient throughput, and better utilization of hospital infrastructure. Hospital EBITDA margins also expanded from 15% to 21% during FY22-25.
- In contrast, the diagnostics segment witnessed a contraction during the same period, with EBITDA posting a negative CAGR of ~15%, largely due to normalization of Covid-related testing demand that had temporarily boosted diagnostic profitability during the pandemic.
- Looking ahead, consolidated EBITDA is projected to post ~17% CAGR over FY26-FY28E, reaching margins of ~24%. The hospital segment is expected to remain the primary growth driver, with hospital EBITDA projected to see ~19% CAGR, supported by improving occupancy, higher case complexity, and continued ARPOB growth.

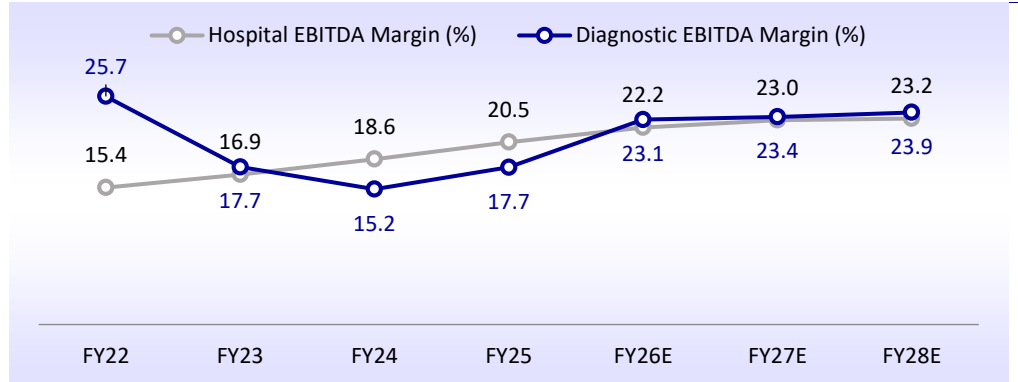
**Exhibit 51: EBITDA to clock 17% CAGR over FY26-28E**



Source: MOFSL, Company

- Meanwhile, the diagnostics segment is expected to recover gradually, with EBITDA projected to report ~11% CAGR over FY26-28E, as testing volumes stabilize and operating efficiencies improve.

**Exhibit 52: Segment EBITDA margins projected to sustain in the 23-24% range**



Source: MOFSL, Company

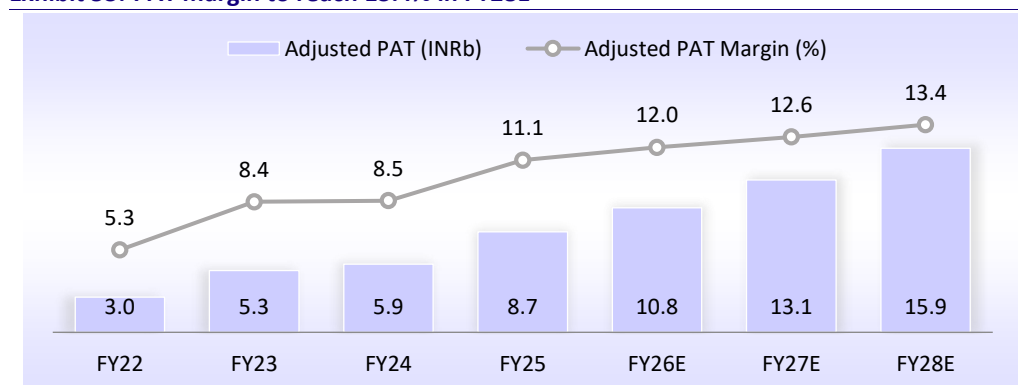
- Overall, the EBITDA outlook reflects continued operating leverage in hospitals and gradual normalization in diagnostics, supporting sustained margin expansion over FY26-28E.

**Margin expansion to support strong earnings growth**

PAT to clock 21% CAGR, driven by operating leverage and hospital growth

- FORH’s reported PAT grew from INR5.5b in FY22 to INR8.7b in FY25, implying a ~17% CAGR, supported by improving operating margins and stable financing costs. However, extraordinary items in earlier years affected comparability, making adjusted PAT a better indicator of underlying profitability, which increased from INR3b in FY22 to INR8.7b in FY25 (~42% CAGR).
- Over FY26-FY28E, PAT is projected to post ~22% CAGR to INR15.9b, driven by operating leverage, margin expansion, and sustained growth in the hospital segment.
- Adjusted PAT margins improved from 5.3% in FY22 to 11.1% in FY25 as hospital operations normalized. Margins are expected to expand further to ~13.4% by FY28E, supported by rising EBITDA margins and improved cost absorption.

**Exhibit 53: PAT margin to reach 13.4% in FY28E**



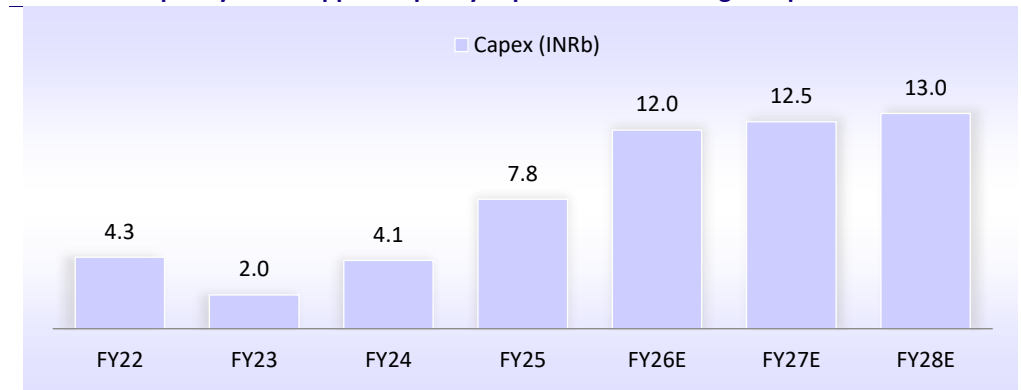
Source: Company, MOFSL

**Capex-led expansion with improving free cash flow and deleveraging**

- FORH generated healthy free cash flows over FY22-25, supported by improving operating profitability, although FCF remained volatile due to ongoing capital investments. Free cash flow stood at INR7.5b in FY22, declined to INR1.7b in FY24 due to higher capex requirements, and recovered to INR5.9b in FY25 as operating earnings strengthened.
- The company’s capex is expected to increase from INR7.8b in FY25 to INR12-13b annually during FY26-28E. This capex will largely be directed toward brownfield expansion across existing hospital facilities, including capacity additions through new beds and selective inorganic opportunities.

Capex rising to INR12-13b annually, focused on brownfield expansion and capacity additions

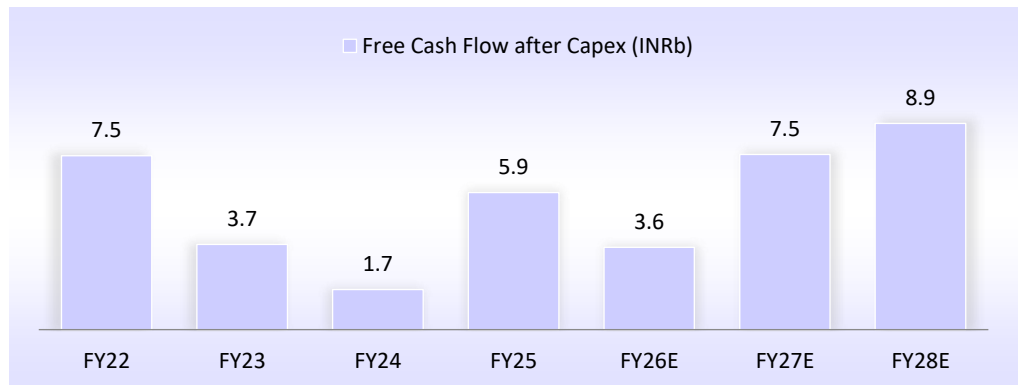
**Exhibit 54: Capex cycle to support capacity expansion and strategic acquisitions**



Source: MOFSL, Company

- As a result of the elevated investment cycle, free cash flow is expected to moderate to INR3.6b in FY26E, before improving to INR7.5b in FY27E and INR8.9b in FY28E, as incremental capacity additions begin contributing to revenue and operating profitability.

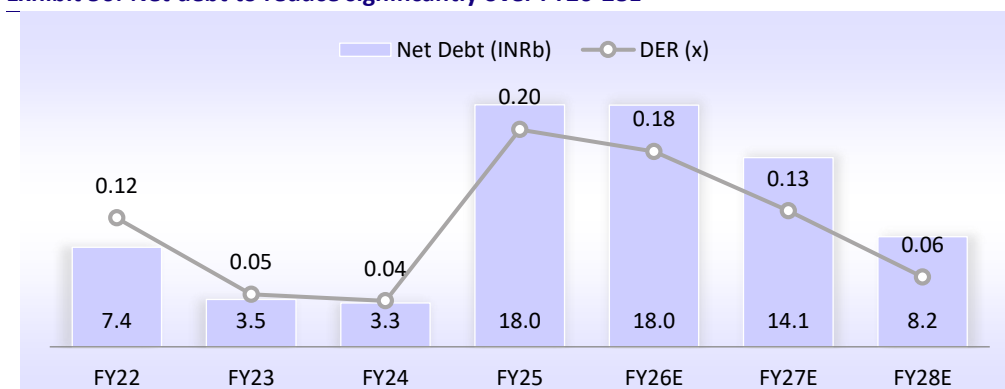
**Exhibit 55: Free cash flow to increase over FY26-28E**



Source: MOFSL, Company

- FORH’s net debt jumped to INR18b in FY25, reflecting the funding requirements of its expansion plans. However, with improving operating cash flows and moderating capex intensity beyond FY26, net debt is projected to decline to INR8b by FY28E.

**Exhibit 56: Net debt to reduce significantly over FY26-28E**



Source: MOFSL, Company

- Despite the temporary increase in leverage, the company’s balance sheet remains conservatively positioned, with net debt-to-equity expected to remain around 0.1-0.2x, indicating adequate financial flexibility to support its expansion strategy while maintaining a relatively low leverage profile.

**Margin expansion and structural improvements support rising ROE**

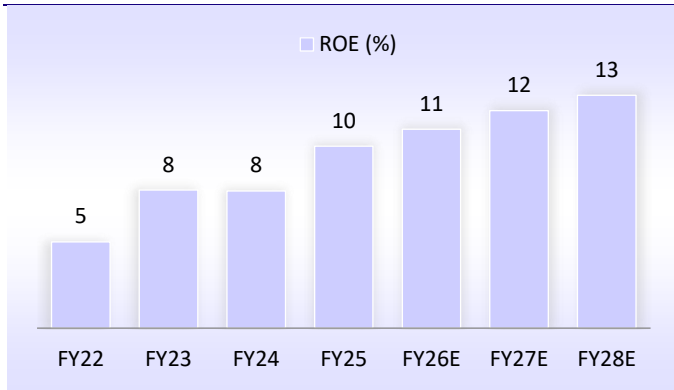
- ROE has doubled from 5% in FY22 to 10% in FY25, driven primarily by stronger operating profitability and improving asset utilization.
- EBIT margins expanded from 13% to 15%, while asset turnover improved from 0.5x to 0.6x, indicating better hospital capacity utilization and operating leverage from higher patient volumes.
- Financial leverage declined from 1.9x to 1.6x, implying that the improvement in equity returns has been achieved despite balance sheet deleveraging, highlighting the quality and sustainability of the earnings improvement.
- Additionally, minority interest declined sharply from INR2,107m in FY22 to INR237m in FY25, resulting in a higher share of consolidated profits accruing to FORH shareholders, which further lifted reported ROE.
- ROE is expected to improve further to ~13% by FY28, supported by continued EBIT margin expansion to ~20%, asset turnover improving to ~0.7x, and strong earnings growth.
- This improvement is expected to occur despite gradual deleveraging, indicating that future ROE expansion will be primarily driven by operational efficiency, scale benefits, and stronger profitability of the hospital network.

**Exhibit 57: DuPont analysis**

Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Tax Burden (%)	47	74	71	80	76	76	75
Interest Burden (%)	85	91	90	90	84	86	91
EBIT Margin (%)	13	12	13	15	19	19	20
Asset Turnover Ratio	0.5x	0.5x	0.5x	0.6x	0.6x	0.7x	0.7x
Financial Leverage	1.9x	1.8x	1.7x	1.6x	1.5x	1.5x	1.4x
<b>ROE (%)</b>	<b>5</b>	<b>8</b>	<b>8</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>

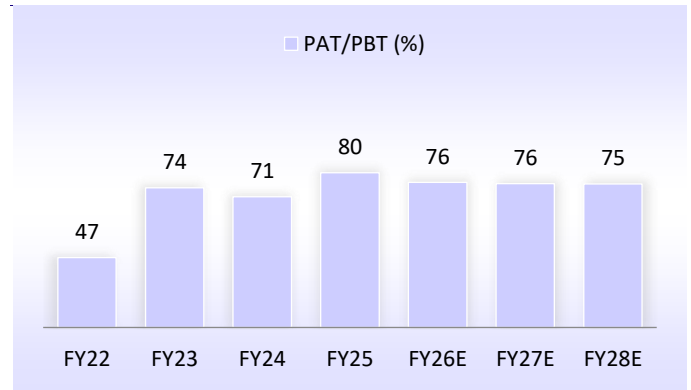
Source: MOFSL, Company

**Exhibit 58: ROE to expand by 300bp over FY25-28**



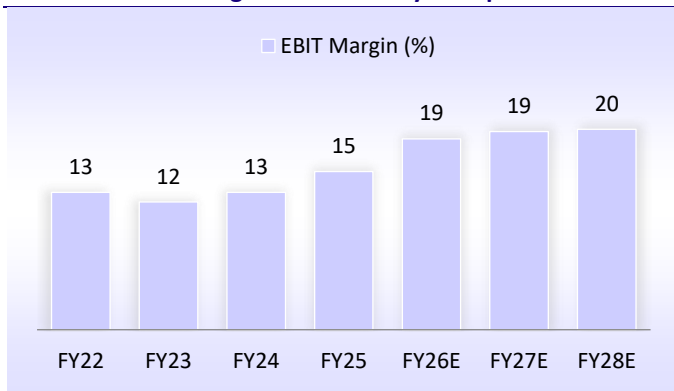
Source: MOFSL, Company

**Exhibit 59: PAT/PBT (%) to stabilize over FY25-28**



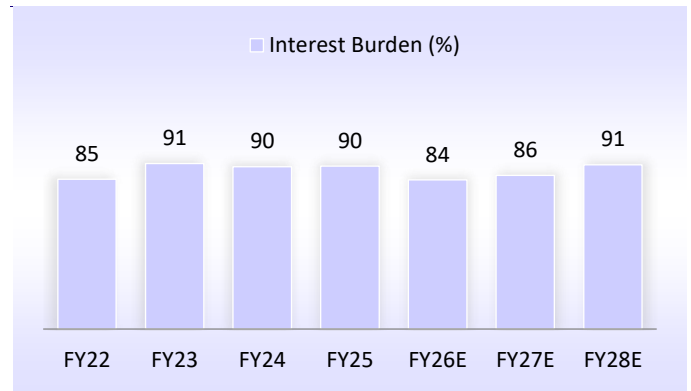
Source: MOFSL, Company

**Exhibit 60: EBIT margin to increase by 400bp over FY25-28**



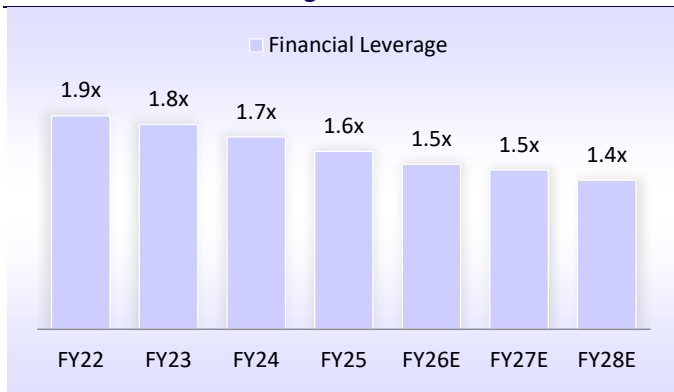
Source: MOFSL, Company

**Exhibit 61: Interest burden to remain stable**



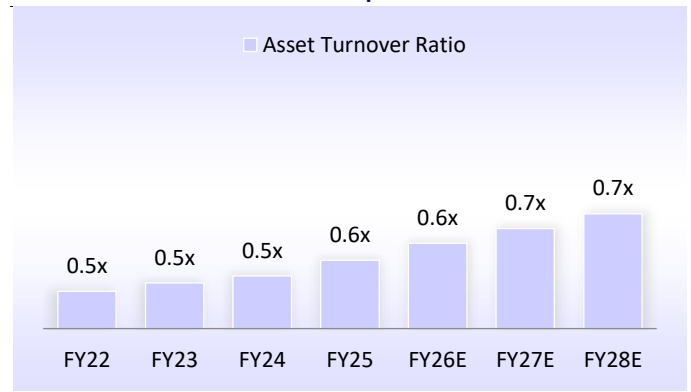
Source: MOFSL, Company

**Exhibit 62: Financial leverage to decrease over FY25-28**



Source: MOFSL, Company

**Exhibit 63: Asset turnover to improve over FY25-28**



Source: MOFSL, Company

**3QFY26 performance: Hospital growth drives revenue and EBITDA**

- In 3QFY26, FORH reported sales of INR22.7b, up 17.5% YoY, driven primarily by strong growth in the hospital segment. Hospital revenue increased 19.4% YoY to INR19.4B, supported by higher ARPOB and stable occupancy levels.
- EBITDA stood at INR5.1b with margins at 22.3%, reflecting healthy operating performance. Hospital EBITDA grew 28.9% YoY to INR4.2b, with margins improving to 21.7% vs. 20.0% in 3QFY25, supported by operating leverage and better case mix.

- ARPOB increased 4.5% YoY to INR25.6m, while occupancy remained stable at 67%, indicating revenue growth was driven by improved monetization per bed rather than higher patient volumes.
- Adjusted PAT stood at INR2.3b, broadly stable YoY.
- Diagnostics segment reported 8.3% YoY revenue growth, with EBITDA margins improving to 23.1%, reflecting improved operating efficiency.

**Exhibit 64: Revenue grew 17.5% YoY in 3QFY26**

Y/E March	FY26				FY25	FY26E
	1Q	2Q	3Q	4QE		
<b>Gross Sales</b>	<b>21,667</b>	<b>23,314</b>	<b>22,650</b>	<b>22,260</b>	<b>77,828</b>	<b>89,891</b>
YoY Change (%)	16.6	17.3	17.5	10.9	12.9	15.5
Total Expenditure	16,761	17,751	17,594	17,225	61,948	69,331
<b>EBITDA</b>	<b>4,907</b>	<b>5,563</b>	<b>5,057</b>	<b>5,034</b>	<b>15,879</b>	<b>20,561</b>
Margins (%)	22.6	23.9	22.3	22.6	20.4	22.9
Depreciation	1,015	1,058	1,201	1,083	3,856	4,357
Interest	696	749	857	908	1,844	3,210
Other Income	154	226	83	111	669	574
<b>PBT before EO expense</b>	<b>3,350</b>	<b>3,982</b>	<b>3,081</b>	<b>3,155</b>	<b>10,849</b>	<b>13,567</b>
Extra-Ord expense	-126	-235	459	0	-147	98
<b>PBT</b>	<b>3,477</b>	<b>4,217</b>	<b>2,622</b>	<b>3,155</b>	<b>10,996</b>	<b>13,470</b>
Tax	838	966	683	789	1,977	3,275
Rate (%)	24.1	22.9	26.0	25.0	18.0	24.3
Minority Interest & Profit/Loss of Asso. Cos.	36	32	1	10	237	79
<b>Reported PAT</b>	<b>2,603</b>	<b>3,219</b>	<b>1,937</b>	<b>2,356</b>	<b>8,783</b>	<b>10,115</b>
<b>Adj PAT</b>	<b>2,507</b>	<b>3,038</b>	<b>2,277</b>	<b>2,356</b>	<b>8,662</b>	<b>10,189</b>
YoY Change (%)	51.2	37.8	0.6	4.1	47.6	17.6
Margins (%)	11.6	13.0	10.1	10.6	11.1	11.3

Source: MOFSL, Company

## Valuation

- After the change in promoter ownership to IHH Healthcare in FY19, Fortis Healthcare (FORH) has undergone a structural transformation, from a stressed, governance-challenged asset to a professionally managed, execution-led hospital platform. The transition was marked by balance sheet clean-up, exit of non-core assets, and strengthening of governance practices.
- Since then, FORH has delivered a steady improvement in operating performance, from sales/EBITDA of INR45b/INR2b and a loss of INR1.5b in FY18 to sales/EBITDA/PAT of INR90b/INR20.5b/INR10.8b over FY26E.
- During FY18-FY26, FORH has significantly increased its bed capacity and improved its operational efficiency, driving a 33% CAGR in EBITDA.
- Interestingly, FORH is now in a comfortable position to fund brownfield bed additions of 400-500 annually over the next five years through internal accruals and explore any inorganic opportunities.
- Agilus Diagnostics, its diagnostics division, is emerging from a transition-heavy phase (brand migration, litigation and portfolio rationalization), with early recovery visible in volumes and realization (~8% YoY sales growth for 9MFY26 vs. 4% in FY25). Utilization-led growth, an improving test mix and hospital integration are expected to drive steady revenue growth and gradual margin expansion ahead.
- Overall, we estimate FORH to deliver a CAGR of 17%/22% in EBITDA/PAT over FY26-28, driven by a) healthy patient volume growth, b) bed additions to support a higher number of patient treatments, c) price hikes and optimization of case mix and payor mix, and d) steady growth in test volume in diagnostics business.
- We value FORH on the SoTP basis, valuing the hospital business at 30x 12M fwd EV/EBITDA and the diagnostics business at 23x 12M fwd EV/EBITDA, to arrive at a TP of INR1,100. We have assigned EV/EBITDA multiple in line with peers (MAXH/APHS) to factor in a) the robust transformation in the existing business, b) a brownfield strategy of bed additions driving faster EBITDA break-even, and c) subsequently driving better return ratios. We initiate coverage on FORH with a BUY rating.

## Key risks

- Changes in healthcare regulations, pricing controls, or compliance requirements that could affect operations and profitability.
- Shortages of skilled doctors, nurses, and specialists along with increasing compensation costs.
- Delays, cost overruns, or underperformance in hospital expansions, acquisitions, or restructuring initiatives.
- Rising costs of medical consumables, equipment, energy, and technology that may pressure margins.
- Fluctuations in patient volumes, especially for elective procedures, due to economic or public health factors.
- Disputes, unfavorable terms, or delayed payments from insurance partners affecting cash flows and patient access.
- Regional geopolitical tensions or cross-border disruptions impacting demand and operations.

## ESG initiatives



### Environment

- Environmental initiatives in FY25 focused on improving operational resource efficiency.
- The company reported a 6.53% reduction in electricity consumption per occupied bed.
- Water metering infrastructure was deployed across ~98% of hospitals.
- Bio-medical waste management practices continued in line with regulatory requirements, with emphasis on segregation, recycling, and safe disposal.

### Social

- Health and safety training coverage increased to 89.6% in FY25 from 75.0% in FY24.
- The company conducted community outreach and awareness initiatives, including campaigns, aligned with World Environment Day.
- A sustainability assessment of key vendors was completed, indicating an initial integration of ESG considerations into procurement processes.
- Employee engagement initiatives related to ESG were implemented through internal recognition programs.

### Governance

- The company undertook its first double materiality assessment in FY25, identifying ESG priorities from both financial and stakeholder perspectives.
- BRSR Core disclosures were subject to third-party reasonable assurance in FY25, improving disclosure credibility.

**SWOT analysis**



**Strengths**

- ❖ Large hospital network across major Indian cities with a growing diagnostics business
- ❖ Improving revenue and operating margins in recent years
- ❖ Strong brand recognition in tertiary and quaternary care
- ❖ Backing from strategic investors and improved access to capital
- ❖ Ongoing expansion through acquisitions, leases, and restructuring



**Weaknesses**

- ❖ High dependence on skilled medical professionals and rising wage costs
- ❖ Capital-intensive operations with long gestation periods



**Opportunities**

- ❖ Rising healthcare demand driven by demographics and insurance penetration
- ❖ Expansion potential in Tier-2 and Tier-3 cities
- ❖ Growth opportunities in diagnostics, day care, and digital health
- ❖ Medical tourism and premium specialty services



**Threats**

- ❖ Intense competition from large private hospital chains
- ❖ Regulatory and pricing risks in the healthcare sector
- ❖ Cost inflation in manpower and medical inputs
- ❖ Economic or reimbursement pressures affecting elective procedures

## Bull and Bear cases



### Bull case

- ✔ We assume EBITDA CAGR of 22%/14% for Hospitals/Diagnostics over FY26-28, driven by an improving case mix in hospitals, timely ramp-up of new facilities, and a favorable product mix in diagnostics, supported by better operational efficiencies.
- ✔ Applying a 24-month forward EV/EBITDA multiple of 33x/25x for Hospitals/Diagnostics, we derive a TP of INR1,260, implying a potential upside of 36% from current levels.



### Bear case

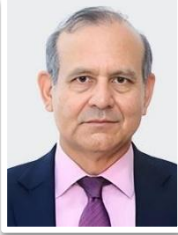
- ✘ We assume EBITDA CAGR of 16%/8% for Hospitals/Diagnostics over FY26-28, reflecting the impact of higher competitive intensity, an unfavorable case mix in hospitals, weaker product mix in diagnostics, slower-than-expected ramp-up of new facilities, and higher operational inefficiencies.
- ✘ Applying a 24-month forward EV/EBITDA multiple of 24x/19x for Hospitals/Diagnostics, we derive a TP of INR790, implying a potential downside of 15% from the current levels.

**Exhibit 65: Sensitivity analysis implies 35% upside under bull case and 15% downside under bear case**

	Base case scenario	Bull case scenario	Bear case scenario
Hospital 12M forward EBITDA (INRb)	25.2	26.2	22.6
EV/EBITDA (x)	30	33	24
Hospital EV (INRb)	757	865	543
Diagnostic 12M forward EBITDA (INRb)	4.3	4.5	4.1
EV/EBITDA (x)	23	25	19
Diagnostic EV (INRb)	99	113	77
Total EV (INRb)	857	977	620
Less Net Debt (INRb)	-25.4	-25.4	-25.4
Target Market cap (INRb)	831	952	595
Number of Shares (#b)	0.75	0.75	0.75
Target Price	1,100	1,260	790
Upside / (downside) (%)	19	36	-15
<b>Basis of Assumption</b>	<b>19% Hospital EBITDA CAGR over FY26-28</b>	<b>22% Hospital EBITDA CAGR over FY26-28</b>	<b>16% Hospital EBITDA CAGR over FY26-28</b>
	<b>11% Diagnostic EBITDA CAGR over FY26-28</b>	<b>14% Diagnostic EBITDA CAGR over FY26-28</b>	<b>8% Diagnostic EBITDA CAGR over FY26-28</b>

Source: MOFSL

## Management team



### **Mr. Leo Puri, Chairman**

He has 40+ years of experience and has held roles with Apax, JP Morgan Chase, McKinsey & Company, UTI Asset Management, and Warburg Pincus, among others. He currently holds board positions as an independent director at Tata Sons, Hindustan Unilever and Dr. Reddy's Laboratories. He holds Masters in P.P.E. from University of Oxford and a Masters in Law from University of Cambridge.



### **Dr. Ashutosh Raghuvanshi, Managing Director & CEO**

He has 26+ years of experience with several major healthcare institutions, including Narayana Health, Bombay Hospital, Apollo Hospitals, Vijaya Heart Foundation, and Manipal Heart Foundation. His achievements include the establishment of the Rabindranath Tagore International Institute of Cardiac Sciences in Kolkata. He holds M.Ch. in Cardiac Surgery from the Bombay Hospital Institute of Medical Sciences and M.S. in General Surgery from the Mahatma Gandhi Institute of Medical Sciences.



### **Mr. Vivek Kumar Goyal, CFO**

He has 25+ years of experience and has held secretarial and compliance management roles with Escorts Kubota, Spectranet – a division of Punj Lloyd, and DCM Group. He is a qualified Chartered Accountant from the ICAI and a Company Secretary from the Institute of Company Secretaries of India.



### **Mr. Satyendra Chauhan, Company Secretary & Compliance Officer**

He has 22+ years of experience and has held roles with Tata Housing and Development Company, Ballarpur Industries, Saw Pipes, and Indo Asian Fusegear. He is a qualified Company Secretary from the Institute of Company Secretaries of India and a Commerce and Law Graduate from Delhi University.



### **Mr. Anand K, Managing Director & CEO, Agilus Diagnostics**

He has 25+ years of experience and has held roles with Metropolis Health Services (India), Neuberg Diagnostics and Apollo Health and Lifestyle. He holds a PGDM from the Academic Council of the International Institute of Advanced Marketing and B.Sc. in Medical Lab Technology from Pondicherry University.

## Financials and valuations

### Consolidated - Income Statement

(INRM)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Total Income from Operations</b>	<b>57,176</b>	<b>62,976</b>	<b>68,929</b>	<b>77,828</b>	<b>89,891</b>	<b>1,03,908</b>	<b>1,18,273</b>
Change (%)	41.9	10.1	9.5	12.9	15.5	15.6	13.8
Raw Materials	13,572	14,547	16,187	18,302	20,818	23,899	27,203
Employees Cost	9,729	10,469	11,195	11,672	12,908	15,586	17,741
Other Expenses	23,197	26,947	28,871	31,974	35,604	39,971	45,230
<b>Total Expenditure</b>	<b>46,498</b>	<b>51,963</b>	<b>56,253</b>	<b>61,948</b>	<b>69,331</b>	<b>79,456</b>	<b>90,174</b>
% of Sales	81.3	82.5	81.6	79.6	77.1	76.5	76.2
<b>EBITDA</b>	<b>10,678</b>	<b>11,013</b>	<b>12,676</b>	<b>15,879</b>	<b>20,561</b>	<b>24,451</b>	<b>28,099</b>
Margin (%)	18.7	17.5	18.4	20.4	22.9	23.5	23.8
Depreciation	3,008	3,157	3,425	3,856	3,797	4,321	4,928
<b>EBIT</b>	<b>7,669</b>	<b>7,856</b>	<b>9,251</b>	<b>12,023</b>	<b>16,764</b>	<b>20,130</b>	<b>23,170</b>
Int. and Finance Charges	1,469	1,291	1,310	1,844	3,210	3,281	2,719
Other Income	285	617	383	669	574	520	591
<b>PBT bef. EO Exp.</b>	<b>6,486</b>	<b>7,182</b>	<b>8,324</b>	<b>10,849</b>	<b>14,128</b>	<b>17,368</b>	<b>21,043</b>
EO Items	-3,150	-736	-160	-147	98	0	0
<b>PBT after EO Exp.</b>	<b>9,636</b>	<b>7,918</b>	<b>8,485</b>	<b>10,996</b>	<b>14,030</b>	<b>17,368</b>	<b>21,043</b>
Total Tax	1,978	1,807	2,127	1,977	3,275	4,198	5,117
Tax Rate (%)	20.5	22.8	25.1	18.0	23.3	24.2	24.3
Minority Interest	2,107	224	368	237	79	40	40
<b>Reported PAT</b>	<b>5,551</b>	<b>5,887</b>	<b>5,989</b>	<b>8,783</b>	<b>10,675</b>	<b>13,130</b>	<b>15,886</b>
<b>Adjusted PAT</b>	<b>3,048</b>	<b>5,319</b>	<b>5,869</b>	<b>8,662</b>	<b>10,750</b>	<b>13,130</b>	<b>15,886</b>
Change (%)	-319.0	74.5	10.3	47.6	24.1	22.1	21.0
Margin (%)	5.3	8.4	8.5	11.1	12.0	12.6	13.4

### Consolidated - Balance Sheet

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	7,550	7,550	7,550	7,550	7,550	7,550	7,550
Total Reserves	54,233	64,873	69,079	81,616	91,501	1,03,745	1,18,744
<b>Net Worth</b>	<b>61,782</b>	<b>72,423</b>	<b>76,629</b>	<b>89,165</b>	<b>99,051</b>	<b>1,11,294</b>	<b>1,26,293</b>
Minority Interest	8,300	8,581	8,932	2,529	2,608	2,648	2,688
Total Loans	12,549	9,257	11,550	24,751	28,751	23,751	19,751
Deferred Tax Liabilities	3,812	4,107	4,293	4,398	4,398	4,398	4,398
<b>Capital Employed</b>	<b>86,444</b>	<b>94,368</b>	<b>1,01,404</b>	<b>1,20,843</b>	<b>1,34,808</b>	<b>1,42,092</b>	<b>1,53,131</b>
Gross Block	68,510	69,952	75,204	82,835	92,087	1,03,787	1,16,378
Less: Accum. Deprn.	15,586	17,098	18,409	20,539	24,336	28,657	33,585
<b>Net Fixed Assets</b>	<b>52,925</b>	<b>52,854</b>	<b>56,795</b>	<b>62,296</b>	<b>67,751</b>	<b>75,131</b>	<b>82,792</b>
Goodwill on Consolidation	41,232	41,410	41,942	41,942	41,942	41,942	41,942
Capital WIP	1,935	2,278	5,420	4,065	6,813	7,613	8,023
<b>Total Investments</b>	<b>1,036</b>	<b>2,103</b>	<b>2,298</b>	<b>1,691</b>	<b>2,290</b>	<b>2,290</b>	<b>2,290</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>21,720</b>	<b>25,691</b>	<b>26,434</b>	<b>26,921</b>	<b>33,930</b>	<b>35,739</b>	<b>41,523</b>
Inventory	1,229	1,228	1,074	1,153	1,520	1,742	1,976
Account Receivables	5,122	5,816	6,278	7,845	8,620	9,964	11,341
Cash and Bank Balance	4,127	3,627	5,984	5,080	8,509	7,409	9,282
Loans and Advances	11,242	15,019	13,097	12,844	15,282	16,625	18,924
<b>Curr. Liability &amp; Prov.</b>	<b>32,403</b>	<b>29,968</b>	<b>31,483</b>	<b>16,072</b>	<b>17,917</b>	<b>20,622</b>	<b>23,439</b>
Account Payables	6,609	7,143	7,278	8,076	8,927	10,231	11,611
Other Current Liabilities	23,939	20,925	21,796	5,447	6,292	7,274	8,279
Provisions	1,856	1,900	2,410	2,549	2,697	3,117	3,548
<b>Net Current Assets</b>	<b>-10,684</b>	<b>-4,277</b>	<b>-5,050</b>	<b>10,849</b>	<b>16,013</b>	<b>15,117</b>	<b>18,085</b>
<b>Appl. of Funds</b>	<b>86,444</b>	<b>94,368</b>	<b>1,01,404</b>	<b>1,20,844</b>	<b>1,34,808</b>	<b>1,42,092</b>	<b>1,53,131</b>

## Financials and valuations

### Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>4.0</b>	<b>7.0</b>	<b>7.8</b>	<b>11.5</b>	<b>14.2</b>	<b>17.4</b>	<b>21.0</b>
Cash EPS	8.0	11.2	12.3	16.6	19.3	23.1	27.6
BV/Share	81.8	95.9	101.5	118.1	131.2	147.4	167.3
DPS	0.0	0.0	0.0	0.0	1.0	1.0	1.0
Payout (%)	0.0	0.0	0.0	0.0	8.3	6.8	5.6
<b>Valuation (x)</b>							
P/E	229.1	131.3	119.0	80.6	65.0	53.2	44.0
Cash P/E	115.3	82.4	75.1	55.8	48.0	40.0	33.6
P/BV	11.3	9.6	9.1	7.8	7.1	6.3	5.5
EV/Sales	12.4	11.2	10.2	9.2	8.0	6.9	6.0
EV/EBITDA	66.2	63.9	55.5	45.2	34.9	29.2	25.2
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.1	0.1	0.1
FCF per share	9.9	4.9	2.3	7.8	4.7	10.0	11.8
<b>Return Ratios (%)</b>							
RoE	5.0	7.9	7.9	10.4	11.4	12.5	13.4
RoCE	8.4	8.4	8.5	10.3	11.0	11.9	12.8
RoIC	7.8	7.3	8.0	10.0	11.3	12.6	13.6
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	0.8	0.9	0.9	0.9	1.0	1.0	1.0
Asset Turnover (x)	0.7	0.7	0.7	0.6	0.7	0.7	0.8
Inventory (Days)	8	7	6	5	6	6	6
Debtor (Days)	33	34	33	37	35	35	35
Creditor (Days)	42	41	39	38	36	36	36
<b>Leverage Ratio (x)</b>							
Current Ratio	0.7	0.9	0.8	1.7	1.9	1.7	1.8
Interest Cover Ratio	5.2	6.1	7.1	6.5	5.2	6.1	8.5
Net Debt/Equity	0.1	0.0	0.0	0.2	0.2	0.1	0.1

### Consolidated - Cash Flow Statement

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	9,878	8,137	8,580	10,071	14,128	17,368	21,043
Depreciation	3,008	3,157	3,425	3,856	3,797	4,321	4,928
Interest & Finance Charges	1,253	1,053	1,011	1,246	3,210	3,281	2,719
Direct Taxes Paid	-2,114	-2,742	-2,218	-1,097	-3,275	-4,198	-5,117
(Inc)/Dec in WC	-102	-244	197	-1,104	-1,735	-204	-1,094
<b>CF from Operations</b>	<b>11,923</b>	<b>9,360</b>	<b>10,994</b>	<b>12,972</b>	<b>16,125</b>	<b>20,569</b>	<b>22,479</b>
Others	-3,269	-1,138	7	1,267	-574	-520	-591
<b>CF from Operating incl EO</b>	<b>8,654</b>	<b>8,223</b>	<b>11,001</b>	<b>14,239</b>	<b>15,551</b>	<b>20,049</b>	<b>21,888</b>
(Inc)/Dec in FA	-1,153	-4,554	-9,280	-8,325	-12,000	-12,500	-13,000
<b>Free Cash Flow</b>	<b>7,501</b>	<b>3,668</b>	<b>1,721</b>	<b>5,915</b>	<b>3,551</b>	<b>7,549</b>	<b>8,888</b>
(Pur)/Sale of Investments	0	7	4	3	-599	0	0
Others	-3,991	810	412	529	574	520	591
<b>CF from Investments</b>	<b>-5,144</b>	<b>-3,737</b>	<b>-8,864</b>	<b>-7,794</b>	<b>-12,025</b>	<b>-11,980</b>	<b>-12,409</b>
Issue of Shares	0	0	0	15,500	0	0	0
Inc/(Dec) in Debt	-3,703	-3,256	1,296	-2,392	4,000	-5,000	-4,000
Interest Paid	-1,470	-1,297	-1,300	-1,381	-3,210	-3,281	-2,719
Dividend Paid	0	-160	-860	-1,089	-887	-887	-887
Others	0	0	0	-17,777	0	0	0
<b>CF from Fin. Activity</b>	<b>-5,173</b>	<b>-4,712</b>	<b>-865</b>	<b>-7,139</b>	<b>-97</b>	<b>-9,168</b>	<b>-7,606</b>
Forex and Other Adjustments	1	12	-28	-5	0	0	0
<b>Inc/Dec of Cash</b>	<b>-1,663</b>	<b>-214</b>	<b>1,245</b>	<b>-697</b>	<b>3,429</b>	<b>-1,100</b>	<b>1,873</b>
Opening Balance	4,166	4,127	3,627	5,984	5,080	8,509	7,409
<b>Closing Balance</b>	<b>2,503</b>	<b>3,913</b>	<b>4,872</b>	<b>5,287</b>	<b>8,509</b>	<b>7,409</b>	<b>9,282</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

# RECENT INITIATING COVERAGE REPORTS

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 April 2026  
 Initiating coverage | Sector: Others  
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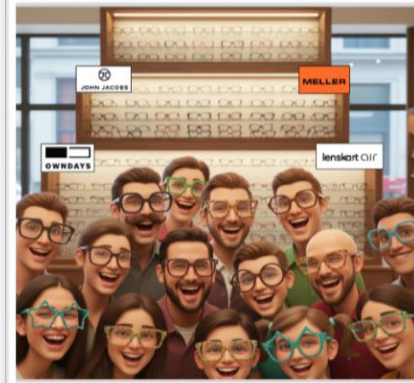


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