

PICK OF THE WEEK

28th February, 2026

Fortis Healthcare Limited

Sector: Hospital

BUY

CMP

943

Target Price

1,038

Upside

10%

CMP as on 27th February, 2026 | Time horizon: 6-9 Months

Why Fortis Ltd.

- Healthy Track Record
- Operational Excellence
- Multi-Speciality Focused

About the Company

Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India, with presence across hospitals, diagnostics, and day-care speciality facilities. The company operates 36 healthcare facilities (including JVs and O&M hospitals) across 12 states, with a network of over 6,000 operational beds and ~400 diagnostics laboratories.

Investment Rationale

A. Strong Growth Driven By Hospital Segments

- Fortis has delivered a strong performance in 9MFY26, supported by structural growth momentum in the healthcare industry. Consolidated revenue and EBITDA margins stood at Rs 6,763 Cr and 22.9%, respectively, registering a robust 17.1% YoY growth, primarily driven by the hospital segment, which reported 19.1% YoY growth. Segment margins expanded to 22.2% from 20.0% in the same period last year. Operational KPIs remained healthy, with average occupancy at 69% and ARPOB at Rs 70,500.

B. Diagnostic Arm Agilus Rebounding

- Following the rebranding of its diagnostics business from SRL to Agilus Diagnostics Limited, the division reported revenue growth of 7.7% YoY to Rs 1,139 Cr. Operating EBITDA increased to Rs 275 Cr from Rs 185 Cr, resulting in margin expansion to 24.1% (vs 17.5% YoY). The business conducted 30.7 Mn tests (vs 29.6 Mn last year), supported by the addition of 550+ customer touchpoints and network expansion through 8 new stat labs and 9 HLMS, strengthening its presence across focus cities and emerging micro-markets.

C. Expansion Strategy on Track

- Fortis continues to execute its cluster-based growth strategy, adding ~750 operational beds YTD through acquisitions and leases. The Rs 430 Cr acquisition of People Tree Hospitals provides an immediate 125-bed presence in a key Bengaluru micro-market, with adjacent land offering potential expansion to over 300 beds. In addition to inorganic growth, the launch of specialised facilities such as Adayu (mental health) enhances clinical depth and strengthens Fortis' positioning in high-demand urban clusters. Further, the company has announced 3200+ beds over the next 3 years, largely brownfield in nature.

Outlook & Valuation

- We remain confident about the strong momentum in the hospital segment through H2FY26. Hospital revenue growth is expected to remain in line with H1 levels, supported by a 4–6% increase in ARPOB, driven by a richer speciality mix and a higher share of complex procedures such as oncology and robotic surgeries. Operating EBITDA margins are likely to exceed the FY26 guidance range of 22–22.5%, supported by operational efficiencies and margin maturity in newer facilities. Over the medium term, management targets a 25% EBITDA margin, which is a positive strategic development.
- Fortis is currently trading at 27x/23x EV/EBITDA for FY27E/FY28E.

Analyst Insights

We recommend a **BUY** with a target price of Rs 1,038, implying an upside of ~10% from the CMP.

Research Analysts

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Research Associate

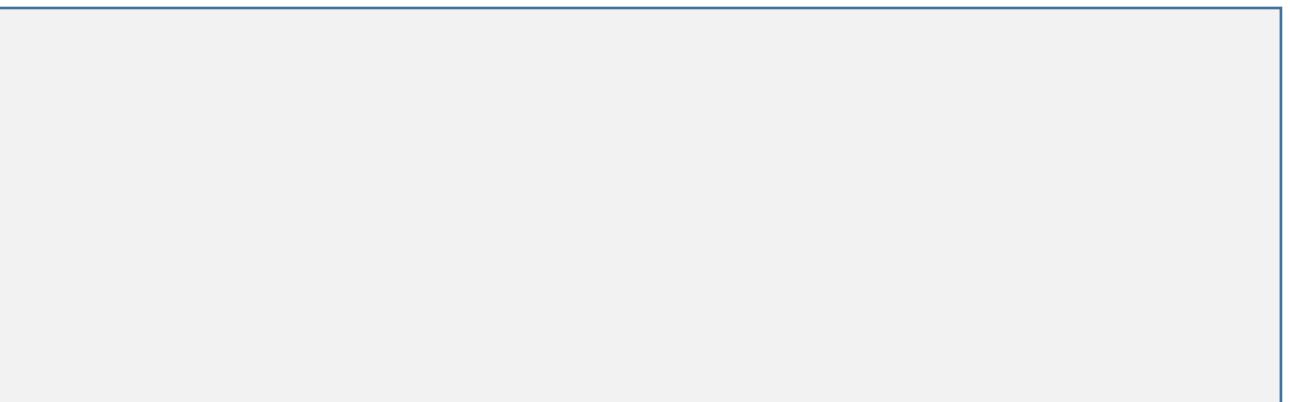
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Financial Summary

	FY25	FY26E	FY27E
Net Sales (Rs Cr)	7,783	9,090	11,296
EBITDA (Rs Cr)	1,588	2,109	2,641
Net Profit (Rs Cr)	809	1,053	1,550
EPS (Rs)	11	14	21
PER (x)	87.7	67.4	45.8
EV/EBITDA (x)	45.8	34.1	26.8
P/BV (x)	8.0	7.2	6.2
RoE (%)	9.1	10.6	13.6

Market Data

No. of Shares	75.5 Cr
Market Cap (Rs Cr)	70,951
52-week High	1,104
52-week Low	589
PER(x)	71.6
BSE Code	532843
NSE Code	FORTIS



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