kotak Securities

Dated: 11 Nov 2025

Global Health (MEDANTA) - ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1,184	**Rs.1,360**

Rationale:

- Muted Q2FY26, with margins being impacted due to lower incidence of seasonal infections and investments in clinical talent, besides losses at the new Noida facility.
- Aided by volume uptick in mature hospitals & improved traction in Lucknow & Patna, partially offset by a near-term margin hit due to Noida. We forecast a ~19% EBITDA CAGR over FY25-28E.
- We would keep a close eye on the impact of higher competitive intensity in Delhi NCR on the Gurugram and Noida facilities.
- Overall, we expect Medanta's strong brand equity, doctor engagement and high upcountry mix to hold it in relatively good stead. ADD.

Positives:

- Overall ARPOB growth of ~6% yoy was led by 4% yoy reduction in ALOS and healthy ARPP growth in Gurugram and Patna.
- We expect a steady outlook in mature hospitals as well as improving visibility in Lucknow and Patna to drive a robust ~19% EBITDA CAGR over FY25-28E.
- Intends to add ~82% to its existing bed capacity to reach ~6,382 beds over 3-3.5 years.
- Expect it to report cumulative FCF of ~Rs200 cr over FY26-28E.

Negatives:

- Medanta posted Q2FY26 sales of Rs1100 cr (+15% yoy), missing our estimates by 5%.
- Factoring in a drag from new hospitals in Noida and Ranchi.
- There is a possibility of higher doctor attrition in the flagship facility of Gurugram.

(FCF – Free Cash Flow; EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization; CAGR – Compound Annual Growth Rate; ARPOB – Average Revenue Per Occupied Bed; ALOS – Average Length of Stay)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
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NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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