JM FINANCIAL

Global Health | BUY

Beat across metrics; Developing units drive growth

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Global Health delivered a strong 1Q, beating expectations across metrics. Revenue/ EBITDA/ Pat grew 20%/22%/50% YoY. The EBITDA margins came in at 22%, 38bps YoY improvement. The Top-line growth was enabled by increased patient volumes and improved realisations, with strength across both Mature and Developing units. The Developing units posted a 35.9% YoY growth, led by scheme business. Further, the segment managed to deliver a ~440bps expansion in the EBITDA margin on account of the fixed cost model enabling operating leverage. The improving profile of the Developing units has led to upwards revision in our estimates. Parallelly, the Mature units registered a 10.7% YoY growth – largely driven by ARPOB growth of 9.2%. The flagship Gurgaon unit enabled the realisation growth, facilitated by increasing oncology contribution and ALOS management. On the expansion front, 1Q saw commissioning of the new 110 bed Ranchi unit, with the 500 bed Noida unit expected to begin operations in the coming week. Global Health seems to be on schedule to attain the ~2000 bed expansion guidance it set out. This, along with faster ramp-up in the Developing units, builds in our expected growth of 17%/22%/25% CAGR in revenue/EBITDA/PAT over FY25-28. Thus, we value the company at 32x the June'27 EBITDA to arrive at a TP of INR 1,682. Maintain Buy.

- **Key metrics:** The company reported a 13.3% increase in occupied days, leading to 63.2% occupancy on higher bed capacity. ARPOB at INR 66,584 was +4% YoY, growth enabled by increase in Gurugram realization and specialty mix change. IP/OP count increased by 14.2%/13.1%. ALOS was largely flat at 3.03 vs 3.05 in 1QFY25.

- **Developing Hospitals:** The developing units posted a stellar 35.9% YoY growth in top-line, reporting INR 3.2bn revenue. The units saw a stronger 59.8% YoY growth in EBITDA (at 29.3%, expansion of ~440bps YoY). The rampant increase in developing hospitals is on account of sustained inflow of scheme business in both units, leading to 39.3% YoY growth in occupied days. However, the dependence on scheme led to 2.6% decrease in ARPOB in these units. Yet, the company was able to expand the margins in these units owing to fixed cost model the units operate on, leading to operating leverage. Noida has been included in developing, operational cost of INR 30mn (50% towards staff cost).

- **Mature Hospitals:** The units registered INR 7.0bn top-line, a 10.7% YoY growth led by increase in ARPOB. ARPOBs came at INR 73,256, a 9.2% YoY increase. EBITDA saw a YoY growth of 6.7% (margins contracted by ~90bps). The occupied days saw a 1.4% increase YoY, leading to occupancy of 62% on higher capacity.

- **Expansion traction:** The company commissioned the new Ranchi unit (110 beds) in July. The Noida unit (550 beds) remains on schedule to be commissioned in coming weeks with 300 beds in first phase. The company has already on-boarded 230+ staff for the same. The quarter saw addition 20 beds in the Patna unit, with construction of additional beds in tower B still in progress. During the quarter, the company on-boarded 150+ doctors across the network (including 30+ senior clinicians).

Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,682
Upside/(Downside)	19.4%
Previous Price Target	1,536
Change	9.5%

Key Data – MEDANTA IN	
Current Market Price	INR1,409
Market cap (bn)	INR382.4/US$4.4
Free Float	46%
Shares in issue (mn)	268.2
Diluted share (mn)	268.2
3-mon avg daily val (mn)	INR389.0/US$4.4
52-week range	1,457/936
Sensex/Nifty	79,858/24,363
INR/US$	87.7

Price Performance

%	1M	6M	12M
Absolute	16.8	21.8	21.2
Relative*	20.7	16.3	21.0

* To the BSE Sensex

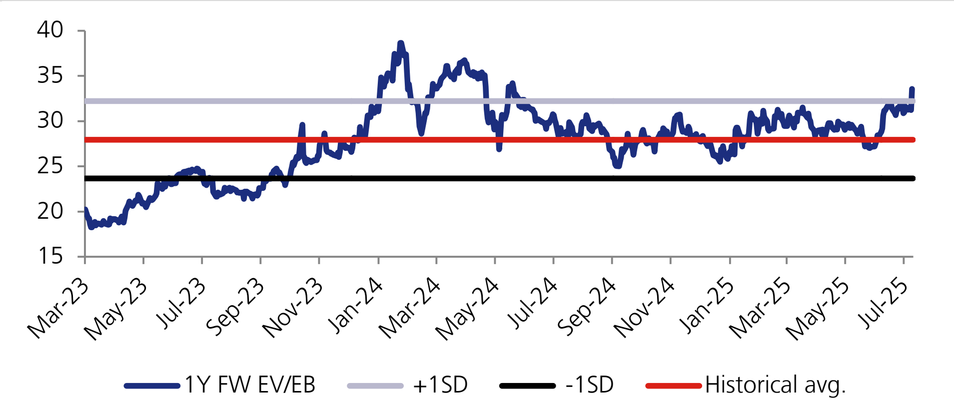
Financial Summary (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	32,268	36,411	44,220	51,623	58,614
Sales Growth (%)	19.8	12.8	21.4	16.7	13.5
EBITDA	7,991	8,771	10,609	13,363	15,931
EBITDA Margin (%)	24.4	23.8	23.7	25.6	26.9
Adjusted Net Profit	4,781	4,814	6,516	8,502	10,368
Diluted EPS (INR)	17.8	18.0	24.3	31.7	38.7
Diluted EPS Growth (%)	28.2	0.7	35.4	30.5	21.9
ROIC (%)	23.1	21.4	21.5	22.9	24.2
ROE (%)	17.9	15.3	17.6	19.1	19.2
P/E (x)	79.8	79.3	58.6	44.9	36.8
P/B (x)	13.1	11.3	9.5	7.8	6.5
EV/EBITDA (x)	46.8	42.6	35.3	27.8	22.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 08/Aug/2025

- Financial highlights:
  - Revenue at INR 10.3bn, up 20% YoY (+6% vs both street and JMFe)
  - Gross Profit of INR 7.9bn, +21% YoY, with gross margin at 77% (+107bps YoY vs +104bps JMFe)
  - EBITDA at INR 2.3bn, up 22% YoY (In-line with street est. and +3% vs JMFe)
  - EBITDA Margin at 22%, +38bps YoY (-149bps/-66bps vs street/JMFe)
  - EBITDA margins excluding ESOPs at 22.8% (+114bps YoY, -74bps/+10bps vs street/JMFe)
  - PAT at INR 1.6bn, +50% YoY (+18%/+22% vs street/JMFe)
  - PAT is higher due to non-recurring exceptional income of INR 196 million (reversal of earlier accrued potential interest liability on EPCG following transfer of EPCG licenses from MHPL to GHL)
  - The international patients' revenue increased 33.8% YoY, driven by volume growth. OPD pharmacy sustained double digit growth at +21.6% YoY.
- Our view: On account of higher than anticipated performance of the Developing units (Lucknow and Patna) in a historically weak quarter, priamrily driven by volumme increase, we have upgraded our revenue by 5%/5%/6% and EBITDA by 1.5%/1.7%/7.1% for FY26/27/28 (Exhibit 2). With the occupancy overhang at the Lucknow unit now behind us, we expect the investor confidence to return. Coupled with improved growth visiblity, driven by commissioning of the Noida unit, we anticipate further valuation expansion. Thus, we value Global Health Ltd at 32x (vs hitherto 30x) the June'27 EBITDA, arriving at a TP of INR 1,682 (Exhibit 3).

Exhibit 1. Valuation chart



Source: Bloomberg

Exhibit 2. Change in estimates

(INR mn)	FY26E				FY27E				FY28E			
	Old	New	growth	change %	Old	New	growth	change %	Old	New	growth	change %
Total operating revenue	42,628	44,763	21%	5.0%	49,649	52,198	17%	5.1%	55,736	59,224	13%	6%
EBITDA	10,447	10,609	21%	1.5%	13,209	13,363	26%	1.2%	14,875	15,931	19%	7.1%
% margin	24.2%	23.7%	-5 bps		26.3%	25.6%	190 bps		26.3%	26.9%	130 bps	
PAT	6,388	6,320	19%	-1.1%	8,359	8,502	35%	1.7%	9,553	10,368	22%	8.5%
% margin	14.8%	14.1%	-27 bps		16.6%	16.3%	217 bps		16.6%	17.5%	122 bps	
Diluted EPS (INR)	23.8	24.3	35%	2.0%	31.2	31.7	30%	1.7%	35.6	38.7	22%	8.6%

Source: JM Financial

Exhibit 3. Stock Valuation

Valuation	Particulars	Units
June'27 EBITDA	14,004	INR mn
EV/EBITDA	32	x
Enterprise Value	**4,48,156**	INR mn
Less: Net Debt	(2,967)	INR mn
Equity Value	**4,51,123**	INR mn
No of shares	268	Mn
June'26 Price Target	**1,682**	**INR**
CMP	INR 1,409	INR
Upside	**19.4%**	**%**

Source: JM Financial

Exhibit 4. 1QFY26 Review

Medanta - P&L (INR mn)	1Q25A	1Q26A	% YoY	1Q26E	% Delta vs. JMFe	1Q26E (cons)	% Delta vs. cons	4Q25A	% QoQ
Net Sales	**8,611**	**10,308**	**20%**	**9,700**				**9,312**	**11%**
Other op income	0	0		0				0	
Total Revenue	**8,611**	**10,308**	**20%**	**9,700**	**6%**	**9,688**	**6%**	**9,312**	**11%**
COGS	2,089	2,391	14%	2,350	2%			2,136	12%
Gross Profit	6,522	7,918	21%	7,350	8%			7,176	10%
Gross Profit %	75.7%	76.8%	107 bps	75.8%	104 bps			77.1%	-25 bps
Staff Cost	2,012	2,564	27%	2,250	14%			2,041	26%
Other expenses	2,598	3,084	19%	2,900	6%			2,889	7%
Impairment of Financial assets	49	0	-100%	0				0	#DIV/0!
EBITDA	**1,863**	**2,270**	**22%**	**2,200**	**3%**	**2,278**	**0%**	**2,247**	**1%**
EBITDA margin (%)	**21.6%**	**22.0%**	**38 bps**	**22.7%**	**-66 bps**	**23.5%**	**-149 bps**	**24.1%**	**-211 bps**
Other Income	219	205	-7%	225	-9%			229	-11%
Finance Cost	180	138	-23%	155				150	-8%
Depreciation	466	451	-3%	495				493	-8%
PBT	**1,437**	**1,885**	**31%**	**1,775**	**6%**			**1,833**	**3%**
Exceptional Items	0	196		0				-499	
Tax	374	492	31%	470				321	53%
Tax Rate (%)	26.0%	23.6%		26.5%				24.0%	
Minority Interest	0	0		0				0	
PAT (Reported)	**1,063**	**1,590**	**50%**	**1,305**	**22%**	**1,348**	**18%**	**1,014**	**57%**
PAT margin (%)	12.3%	15.4%		13.5%		13.9%		10.9%	
PAT (Adjusted)	**1,063**	**1,440**	**36%**	**1,305**	**10%**	**1,348**	**7%**	**1,393**	**3%**
Adjusted PAT margin (%)	12.3%	14.0%		13.5%		13.9%		15.0%	
Diluted EPS (INR)	**4.0**	**5.9**	**50%**	**4.9**	**22%**			**3.8**	**57%**
Adjusted Diluted EPS (INR)	**4.0**	**5.4**	**36%**	**4.9**	**10%**			**5.2**	**3%**
Medanta - Cost margins	1Q25A	1Q26A	% YoY	1Q26E	% Delta vs. JMFe			4Q25A	% QoQ
COGS/sales	24.3%	23.2%	-107 bps	24.2%	-104 bps			22.9%	25 bps
Staff cost/sales	23.4%	24.9%	151 bps	23.2%	168 bps			21.9%	296 bps
Other expenditure/sales	30.2%	29.9%	-26 bps	29.9%	2 bps			31.0%	-110 bps

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	32,268	36,411	44,220	51,623	58,614
Sales Growth	19.8%	12.8%	21.4%	16.7%	13.5%
Other Operating Income	483	512	543	575	610
Total Revenue	**32,751**	**36,923**	**44,763**	**52,198**	**59,224**
Cost of Goods Sold/Op. Exp	7,594	8,797	10,743	12,110	13,444
Personnel Cost	7,349	8,245	9,848	11,066	12,378
Other Expenses	9,818	11,110	13,563	15,660	17,471
EBITDA	**7,991**	**8,771**	**10,609**	**13,363**	**15,931**
EBITDA Margin	24.4%	23.8%	23.7%	25.6%	26.9%
EBITDA Growth	23.7%	9.8%	21.0%	26.0%	19.2%
Depn. & Amort.	1,727	1,937	2,012	2,395	2,758
EBIT	6,263	6,833	8,597	10,967	13,173
Other Income	747	791	855	937	1,168
Finance Cost	739	653	646	568	518
PBT before Excep. & Forex	6,271	6,972	8,806	11,336	13,824
Excep. & Forex Inc./Loss(-)	0	-499	0	0	0
PBT	6,271	6,473	8,806	11,336	13,824
Taxes	1,490	1,659	2,290	2,834	3,456
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	-1	0	0	0
Reported Net Profit	4,781	4,814	6,516	8,502	10,368
Adjusted Net Profit	**4,781**	**4,814**	**6,516**	**8,502**	**10,368**
Net Margin	14.6%	13.0%	14.6%	16.3%	17.5%
Diluted Share Cap. (mn)	268.2	268.2	268.2	268.2	268.2
Diluted EPS (INR)	**17.8**	**18.0**	**24.3**	**31.7**	**38.7**
Diluted EPS Growth	28.2%	0.7%	35.4%	30.5%	21.9%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	29,056	33,875	40,195	48,698	59,066
Share Capital	537	537	537	537	537
Reserves & Surplus	28,519	33,338	39,658	48,161	58,529
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	4,193	3,279	3,279	1,779	1,279
Def. Tax Liab. / Assets (-)	-372	-330	-330	-330	-330
Total - Equity & Liab.	**32,878**	**36,824**	**43,144**	**50,146**	**60,015**
Net Fixed Assets	26,235	30,473	37,524	42,441	46,584
Gross Fixed Assets	31,881	36,375	43,638	50,950	57,850
Intangible Assets	55	113	113	113	113
Less: Depn. & Amort.	9,565	11,300	13,311	15,707	18,464
Capital WIP	3,863	5,285	7,085	7,085	7,085
Investments	7,507	8,948	8,948	8,948	8,948
Current Assets	8,686	7,910	7,593	10,071	16,167
Inventories	669	671	814	949	1,077
Sundry Debtors	2,153	2,919	3,538	4,126	4,681
Cash & Bank Balances	4,246	2,302	1,223	2,977	8,391
Loans & Advances	0	0	0	0	0
Other Current Assets	1,618	2,018	2,018	2,018	2,018
Current Liab. & Prov.	9,550	10,508	10,922	11,314	11,685
Current Liabilities	6,022	6,245	6,658	7,050	7,421
Provisions & Others	3,528	4,264	4,264	4,264	4,264
Net Current Assets	-864	-2,598	-3,329	-1,244	4,482
Total – Assets	**32,878**	**36,824**	**43,144**	**50,146**	**60,015**

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	6,271	6,972	8,806	11,336	13,824
Depn. & Amort.	1,727	1,937	2,012	2,395	2,758
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	-531	-997	-349	-331	-312
Others	429	-32	-209	-369	-651
Taxes Paid	-1,775	-1,642	-2,290	-2,834	-3,456
Operating Cash Flow	**6,121**	**6,238**	**7,971**	**10,198**	**12,163**
Capex	-2,786	-6,506	-9,063	-7,313	-6,900
Free Cash Flow	3,335	-268	-1,092	2,886	5,263
Inc (-) / Dec in Investments	-2,226	-1,405	0	0	0
Others	603	702	855	937	1,168
Investing Cash Flow	**-4,408**	**-7,209**	**-8,208**	**-6,376**	**-5,732**
Inc / Dec (-) in Capital	0	13	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-4,459	-343	0	-1,500	-500
Others	-680	-642	-646	-568	-518
Financing Cash Flow	**-5,139**	**-972**	**-646**	**-2,068**	**-1,018**
Inc / Dec (-) in Cash	**-3,426**	**-1,944**	**-883**	**1,755**	**5,413**
Opening Cash Balance	7,672	4,246	2,302	1,223	2,977
Closing Cash Balance	4,246	2,302	1,419	2,977	8,391

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	14.6%	13.0%	14.6%	16.3%	17.5%
Asset Turnover (x)	0.9	0.9	1.0	1.0	1.0
Leverage Factor (x)	1.4	1.3	1.2	1.2	1.1
RoE	17.9%	15.3%	17.6%	19.1%	19.2%

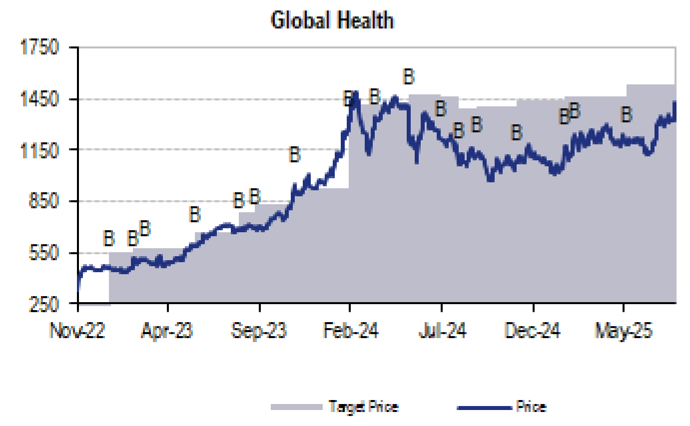
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	108.3	126.3	149.9	181.6	220.2
ROIC	23.1%	21.4%	21.5%	22.9%	24.2%
ROE	17.9%	15.3%	17.6%	19.1%	19.2%
Net Debt/Equity (x)	-0.3	-0.2	-0.2	-0.2	-0.3
P/E (x)	79.8	79.3	58.6	44.9	36.8
P/B (x)	13.1	11.3	9.5	7.8	6.5
EV/EBITDA (x)	46.8	42.6	35.3	27.8	22.9
EV/Sales (x)	11.4	10.1	8.4	7.1	6.2
Debtor days	24	29	29	29	29
Inventory days	7	7	7	7	7
Creditor days	28	25	25	26	26

Source: Company, JM Financial

History of Recommendation and Target Price

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

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081
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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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