

Global Health | BUY

Healthy Q4; Strategic expansion to sustain growth

Global Health Ltd. (Medanta) delivered a 15% YoY topline growth in 4QFY25, aided by consistent volume growth throughout the network. The revenue, EBITDA and Adj. PAT (one-off INR 0.5bn merger cost) grew 15%/25%/9% YoY (in line with the expectations). EBITDA margin was 24.1% (+195bps YoY). The overall growth was led by developing hospital, which grew 24% YoY during the quarter. It was primarily on account of uptick in new patients at the Lucknow and Patna facilities. Lucknow operations have now stabilized and Patna saw high growth numbers. The mature hospitals grew a moderate 8% YoY on a large base, with a slight dip in occupancy 62% (vs 63% Q4FY25). The year ended with a ~3,000 bed capacity across the network, with plans of adding ~1,000 beds in the next 2 years and another ~2,000 beds announced till FY29/30. The company has earmarked INR 4bn towards the growth needs. The Noida and Ranchi O&M facilities will see commissioning in FY26; while the Mumbai, South Delhi, Pitampura and Guwahati units are expected to take 3 years. In our view, Medanta enjoys a strong brand equity, which coupled with the precise targetting of upcoming Medical hubs, positions it for a strong growth period ahead. We expect the Revenue & EBITDA to grow at a CAGR of 15% and 19% over FY25-28, respectively. Thus, we maintain BUY on the stock with an updated TP of INR 1,536.

- **Key metrics:** ARPOBs were largely flat for FY25 (INR 62.7k) and Q4 (INR 63.6k) due to increased patient flow from government schemes. However, revenue growth was supported by increased patient volumes. The IPD grew by 12%/15% YoY and OPD grew by 10%/13% YoY during FY25/Q4. Average occupied bed days increased 12% YoY with the occupancy of approximately 61% on increased bed capacity the quarter. During the quarter, revenue from international patients increased 17% YoY to INR 557mn. For FY, 82% of payer mix came from the cash TPA market across the group. In Lucknow and Patna markets, this number may be even closer to 90%.
- **Mature Hospitals:** During the quarter, the mature hospitals contributed INR 6.5bn to topline, a 8% YoY growth. The EBITDA stood at INR 1.7bn, up 13% YoY, with a margin expansion to 25.8% from 24.7% in 4QFY25. The average occupied bed days increased by 2%, representing an occupancy of 62%. ARPOB was INR 69.6k, a 6% YoY growth due to change in the case mix.
- **Developing Hospitals:** The topline stood at INR 2.8bn, a 24% YoY growth. Growth primarily due to uptick in the new patients at Patna and Lucknow. EBITDA of INR 871mn during the quarter, a 40% YoY growth with an improved EBITDA margin of 31%. The average occupied bed days increased by 36% year-on-year, leading to improved occupancy of 60% on increased bed capacity. ARPOB for 4QFY25 was INR 53,818 vs 57,696 for 4QFY24. Lucknow operations have stabilized, the management remains committed to further strengthening clinical capabilities. In line with this, Medanta has added 7 new directors and ~20 senior clinicians across various specialties. The company also commissioned Da Vinci XI surgical robot and a new cath lab. Additionally, the facility was enrolled with the Ayushman Bharat, CGHS and other schemes. The company added



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,536
Upside/(Downside)	27.9%
Previous Price Target	1,465
Change	4.8%

Key Data – MEDANTA IN

Current Market Price	INR1,201
Market cap (bn)	INR322.6/US\$3.8
Free Float	46%
Shares in issue (mn)	268.2
Diluted share (mn)	268.2
3-mon avg daily val (mn)	INR323.5/US\$3.8
52-week range	1,444/936
Sensex/Nifty	82,331/25,020
INR/US\$	85.5

Price Performance

%	1M	6M	12M
Absolute	-5.4	11.1	-14.5
Relative*	-9.7	4.7	-23.1

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	32,268	36,411	42,628	49,649	55,736
Sales Growth (%)	19.8	12.8	17.1	16.5	12.3
EBITDA	7,991	8,771	10,447	13,209	14,875
EBITDA Margin (%)	24.4	23.8	24.2	26.3	26.4
Adjusted Net Profit	4,781	4,814	6,388	8,359	9,553
Diluted EPS (INR)	17.8	18.0	23.8	31.2	35.6
Diluted EPS Growth (%)	28.2	0.7	32.7	30.9	14.3
ROIC (%)	23.1	21.4	21.1	22.5	22.2
ROE (%)	17.9	15.3	17.2	18.8	17.9
P/E (x)	67.4	66.9	50.4	38.5	33.7
P/B (x)	11.1	9.5	8.0	6.6	5.5
EV/EBITDA (x)	39.3	35.8	30.1	23.6	20.6
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 16/May/2025

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~600 & ~320 census beds in Lucknow and Patna during FY25, respectively. The year saw strong financial performance in Patna despite the lower realizations and with extremely high revenue and EBITDA growth numbers.

- **FY25 expansion:** The company undertook CAPEX of INR 6,449mn during FY25, of which INR 1,367mn was towards the Mumbai hospital, while the remaining was spent towards expanding bed capacity, upgrading technology and Noida construction. Medanta added 219 new beds across network, a 7.8% YoY growth in capacity. This includes - 49 bed for mother and child at Gurugram; 112 beds in Patna; and 58 beds in Lucknow. The company also launched Medanta clinics at Golf Course Road in Gurgaon and at Ranchi.
- **Future expansion:** Medanta has a strong pipeline to add ~1,000 beds over the next 2 years and another ~2,000 beds by FY29/30. The company earmarked the total capital outlay of ~INR 4bn for this expansion, along with a maintenance CapEx of about INR 4.5bn. The majority of this investment is expected to be back-ended, and the projects will be funded through a combination of internal approvals and the debt financing. The company announced this year 3 large greenfield hospitals in high growth regions – Mumbai, Pitampura, and most recently, Guwahati. Medanta also signed an O&M agreement this year to operate a 110-bed hospital with advanced OT and critical care facilities in Ranchi, expected to operationalize in Q1FY '26. This is in addition to existing 200-bed hospital in Ranchi. Noida 550-bed greenfield hospital is in full swing, expected to be operational in Q2FY '26.
- **Financial Highlights:**
 - Revenue grew 15%YoY to INR 9.3bn (in line);
 - EBITDA came in at INR 2.2bn, up 25%YoY (in line);
 - EBITDA margin were at 24.1%, expanded 195bps YoY;
 - Reported PAT stood at INR 1bn, -20% YoY (miss);
 - Adj. PAT at INR 1.4bn, up 9% YoY. Adjusted for merger stamp duty (in line).

Exhibit 1. Valuation chart



Source: Bloomberg

Exhibit 2. 4QFY25 Review

Medanta - P&L (INR mn)	4Q24A	4Q25A	% YoY	4Q25E (cons)	% Delta vs. cons	3Q25A	% QoQ
Net Sales	8,086	9,312	15%			9,434	-1%
Other op income	0	0				0	
Total Revenue	8,086	9,312	15%	9,251	1%	9,434	-1%
COGS	1,937	2,136	10%			2,292	-7%
Gross Profit	6,149	7,176	17%			7,142	0%
Gross Profit %	76.0%	77.1%	102 bps			75.7%	136 bps
Staff Cost	1,878	2,041	9%			2,050	0%
Other expenses	2,360	2,889	22%			2,680	8%
Impairment of Financial assets	118	0	-100%			34	-100%
EBITDA	1,793	2,247	25%	2,290	-2%	2,378	-5%
EBITDA margin (%)	22.2%	24.1%	195 bps	24.8%	-63 bps	25.2%	-107 bps
Other Income	274	229	-16%			160	43%
Finance Cost	182	150	-18%			163	-8%
Depreciation	455	493	8%			484	2%
PBT	1,431	1,833	28%			1,891	-3%
Exceptional Items	0	-499				0	
Tax	157	321	104%			462	-31%
Tax Rate (%)	11.0%	24.0%				24.4%	
Minority Interest	0	0				0	
PAT (Reported)	1,273	1,014	-20%	1,355	-25%	1,429	-29%
PAT margin (%)	15.7%	10.9%		14.6%		15.1%	
PAT (Adjusted)	1,273	1,393	9%	1,355	3%	1,429	-3%
Adjusted PAT margin (%)	15.7%	15.0%		14.6%			
Diluted EPS (INR)	4.7	3.8	-20%			5.3	-29%
Adjusted Diluted EPS (INR)	4.7	5.2	9%			5.3	-3%
Medanta - Cost margins	4Q24A	4Q25A	% YoY			3Q25A	% QoQ
COGS/sales	24.0%	22.9%	-102 bps			24.3%	-136 bps
Staff cost/sales	23.2%	21.9%	-131 bps			21.7%	18 bps
Other expenditure/sales	29.2%	31.0%	184 bps			28.4%	261 bps

Source: JM Financial, Company

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	32,268	36,411	42,628	49,649	55,736
Sales Growth	19.8%	12.8%	17.1%	16.5%	12.3%
Other Operating Income	483	512	543	575	610
Total Revenue	32,751	36,923	43,170	50,224	56,346
Cost of Goods Sold/Op. Exp	7,594	8,797	10,145	11,652	12,960
Personnel Cost	7,349	8,245	9,497	10,647	12,058
Other Expenses	9,818	11,110	13,081	14,716	16,453
EBITDA	7,991	8,771	10,447	13,209	14,875
EBITDA Margin	24.4%	23.8%	24.2%	26.3%	26.4%
EBITDA Growth	23.7%	9.8%	19.1%	26.4%	12.6%
Depn. & Amort.	1,727	1,937	2,012	2,441	2,836
EBIT	6,263	6,833	8,436	10,768	12,039
Other Income	747	791	914	945	1,217
Finance Cost	739	653	718	568	518
PBT before Excep. & Forex	6,271	6,972	8,632	11,145	12,738
Excep. & Forex Inc./Loss(-)	0	-499	0	0	0
PBT	6,271	6,473	8,632	11,145	12,738
Taxes	1,490	1,659	2,244	2,786	3,184
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	-1	0	0	0
Reported Net Profit	4,781	4,814	6,388	8,359	9,553
Adjusted Net Profit	4,781	4,814	6,388	8,359	9,553
Net Margin	14.6%	13.0%	14.8%	16.6%	17.0%
Diluted Share Cap. (mn)	268.2	268.2	268.2	268.2	268.2
Diluted EPS (INR)	17.8	18.0	23.8	31.2	35.6
Diluted EPS Growth	28.2%	0.7%	32.7%	30.9%	14.3%
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

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	6,271	6,972	8,632	11,145	12,738
Depn. & Amort.	1,727	1,937	2,012	2,441	2,836
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	-531	-997	-278	-314	-272
Others	429	-32	-196	-377	-699
Taxes Paid	-1,775	-1,642	-2,244	-2,786	-3,184
Operating Cash Flow	6,121	6,238	7,925	10,109	11,419
Capex	-2,786	-6,506	-9,063	-7,313	-6,900
Free Cash Flow	3,335	-268	-1,137	2,796	4,519
Inc (-) / Dec in Investments	-2,226	-1,405	0	0	0
Others	603	702	914	945	1,217
Investing Cash Flow	-4,408	-7,209	-8,149	-6,367	-5,683
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	-718	-568	-518
Financing Cash Flow	-5,139	-972	-718	-2,068	-1,018
Inc / Dec (-) in Cash	-3,426	-1,944	-941	1,674	4,718
Opening Cash Balance	7,672	4,246	2,302	1,361	3,035
Closing Cash Balance	4,246	2,302	1,361	3,035	7,752

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	29,056	33,875	40,263	48,622	58,175
Share Capital	537	537	537	537	537
Reserves & Surplus	28,519	33,338	39,726	48,084	57,638
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	43,211	50,070	59,124
Net Fixed Assets	26,235	30,473	37,524	42,396	46,459
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	15,752	18,589
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	7,576	9,936	15,249
Inventories	669	671	785	913	1,025
Sundry Debtors	2,153	2,919	3,412	3,970	4,454
Cash & Bank Balances	4,246	2,302	1,361	3,035	7,752
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	10,838	11,210	11,533
Current Liabilities	6,022	6,245	6,574	6,946	7,269
Provisions & Others	3,528	4,264	4,264	4,264	4,264
Net Current Assets	-864	-2,598	-3,262	-1,274	3,716
Total - Assets	32,878	36,824	43,211	50,070	59,124

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	14.6%	13.0%	14.8%	16.6%	17.0%
Asset Turnover (x)	0.9	0.9	1.0	1.0	0.9
Leverage Factor (x)	1.4	1.3	1.2	1.2	1.1
RoE	17.9%	15.3%	17.2%	18.8%	17.9%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	108.3	126.3	150.1	181.3	216.9
ROIC	23.1%	21.4%	21.1%	22.5%	22.2%
ROE	17.9%	15.3%	17.2%	18.8%	17.9%
Net Debt/Equity (x)	-0.3	-0.2	-0.2	-0.2	-0.3
P/E (x)	67.4	66.9	50.4	38.5	33.7
P/B (x)	11.1	9.5	8.0	6.6	5.5
EV/EBITDA (x)	39.3	35.8	30.1	23.6	20.6
EV/Sales (x)	9.6	8.5	7.3	6.2	5.4
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

Recommendation History



APPENDIX I

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Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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