

About the Company

Global Health Ltd. (MEDANTA) has built strong brand equity, established by Dr. Trehan, a globally recognized cardiovascular and cardiothoracic surgeon. The company has fortified its position with a strong moat by providing the highest standard of care and specializing in high-complexity procedures. A diverse revenue mix, driven primarily by complex specialties such as Cardiac, Digestive, Oncology, and Neuro, contributes ~60% of overall revenue, significantly strengthening its financial profile. Additionally, the Institute of Liver Transplantation, Kidney and Urology, Orthopedics, and Internal Medicine involve intricate procedures, further enhancing its expertise and reputation.

Investment Rationale

- Healthy Momentum in the Healthcare Segment:** The company is witnessing strong momentum in both mature and developing units, with topline growing by 12.8% YoY and realisations rising by 1.2%. In Q3FY25, Medanta reported revenue of Rs 943 Cr, driven by stable ARPOB and an impressive increase in occupancies. ARPOB increased to Rs 61,307, up 1.2% YoY, while occupancies improved by 551 bps YoY. Management anticipates a strong performance for Q4FY25. The higher occupancy rates were primarily driven by a 13% YoY growth in IPD volumes and a 9% YoY increase in outpatient volumes. **The insurance payer mix improved by 300 bps, contributing to better revenue realisation.**
- Signs of Recovery in the Developing Units Margins:** EBITDA margins stood at 25.6%, down 95 bps YoY, but showed a sequential improvement of 105bps. Reported PAT, the highest quarterly ever, stood at Rs 143 Cr, reflecting a 15.3% YoY increase driven by improved operating profitability and lower depreciation costs. In developing hospitals, topline growth showed gradual recovery, rising 4.2% YoY. Occupancies improved by 800bps QoQ and 400bps YoY, with occupied bed days increasing 14.5% YoY. However, ARPOB declined by 5.9% due to a shift in the payer mix. During the period, 66 beds were added to the Patna unit and 52 beds to the Lucknow unit.
- Expected Pipeline Further Set to Add Fuel:** Medanta has signed a long-term lease for a 110-bed hospital in Ranchi to expand its presence in Jharkhand. Additionally, the 550-bed Noida hospital is set to begin operations within six months, with expected revenue from this hospital, initially with 300 beds in the first year, projected to add Rs 270-300 Cr to the topline annually, further strengthening Medanta's regional footprint. With these expansions, Medanta is adding 1,000 beds over the next two years, including Noida, Lucknow, and Patna, while also working on three greenfield projects—Mumbai (500+ beds), Pitampura (700+ beds), and South Delhi (400 beds)—which are expected to be operational in 3-4 years.

Valuation/Analyst recommendation:

- Medanta remains focused on sustainable growth through operational excellence and capacity expansion. The Noida hospital is expected to begin operations within the next six months, contributing to future revenue growth. Management remains cautiously optimistic about ARPOB trends, highlighting a shift in case mix and improvements in the payer mix as key revenue drivers. With the anticipated improvements in ARPOB and the addition of incremental bed capacity, along with the Noida hospital now expected to be operational by the end of H1FY26E, **we recommend a BUY on the stock with a target price of Rs 1,390/share, implying an upside of 10% from the CMP.**

Financial Summary

Y/E March	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)
FY24	3,275	799	478	18	71	16.5	23.0	42.0
FY25E	3,805	951	534	20	63	15.5	25.6	34.8
FY26E	4,635	1,126	633	24	54	15.5	26.0	29.2
FY27E	5,179	1,264	701	26	48	14.7	25.2	25.8

 Source: Axis Securities; CMP as on 21st March, 2025

Duration: 3-6 Months

CMP (Rs)	1,263
Target Price (Rs)	1,390
Upside (%)	10%

| Why Global Health Ltd

- ✓ **Insurance Penetration**
- ✓ **Momentum & Awareness in Healthcare Sector**
- ✓ **Expansion of Beds**
- ✓ **Improving ARPOB & Occupancies**

| Key risks

- ✓ **Impacted by Govt. Regulations**
- ✓ **Delay in Capex and Commercialization New Beds**
- ✓ **Risk Associated with New Facilities**

MARKET DATA

No. of Shares	26.82 Cr
Market Cap	33,650 Cr
52-week High / Low	1,511/936
BSE Code	543654
NSE Code	MEDANTA

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| OBJECTIVE

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| Axis PUNCH is strong research based idea based on

Events Based: Our recommendations are based on the following critical factors, providing a comprehensive approach to medium-term investment opportunities:

- **Company-Specific Events:** Recommendations consider significant company-specific events such as new orders, product launches, acquisitions, management changes, and the commissioning of new plants.
- **Commodity Price Fluctuations:** We analyze changes in commodity prices, including metals, cement, chemicals, and pharmaceutical materials.
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- **Earnings Surprises:** We identify companies expected to report better-than-anticipated earnings in upcoming quarters.
- **Corporate Actions:** Corporate actions such as mergers and acquisitions, capital raising programs, and regulatory announcements that impact a company or its industry form crucial elements for our recommendations.

Strategic Insights: Benefit from insights based on a blend of critical business events, economic trends, and thorough company valuations.

Informed Decisions: Make well-informed investment decisions backed by the expertise of our dedicated research team.

Medium-term Horizon: Enjoy the medium-term investment strategy, perfectly suited for those looking to optimize returns over 3 to 6 months.

| Why to choose Axis PUNCH

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