

MEDANTA (NSE)

| BUY @ | Stop Loss | Target | Duration | Potential |
|-----------|---------------------|-----------|----------|-----------|
| 1000-1050 | 720 (Closing basis) | 2070-2750 | 2 Year+ | 97%+ |

About the Company:

Medanta (Global Health Limited) is one of the largest private multi-specialty tertiary care providers operating in the North and East regions of India. The company has key specialties in cardiology and cardiac science, neurosciences, oncology, digestive and hepatobiliary sciences, orthopedics, liver transplant, and kidney and urology.

Global Health has 5 hospitals in operation (Gurugram, Indore, Ranchi, Lucknow, and Patna), and 1 hospital under construction (Noida) under the “Medanta” Brand. Company provides healthcare services in 30+ medical specialties and engages 1,300+ doctors, spanning an area of 4.7 msf. Operational hospitals have 2,467 installed beds. They also operate 6 multi-specialty clinics at DLF Cybercity Gurugram, Delhi Airport, south Delhi, Darbhanga, Patna, and Subhash Chowk Gurugram.

Medanta and DLF plan to develop ~400 beds super-specialty hospital in South Delhi, via a JV of equal proportion (50:50). Medanta will run the hospital and have operational control while DLF will be a strategic investor

Revenue Bifurcation – Services Q2FY24

Heart Institute - 23%
 Institute of Neuroscience – 11%
 Orthopaedics – 5%
 Kidney & Urology Institute – 8%
 Cancer Institute – 12%
 Institute of Digestive and Hepatobiliary Sciences – 12%
 Liver Transplant – 3%
 Medanta’s Internal Medicine Division – 6%
 Others – 20%

Capex

Medanta Global Health Limited has been strategically expanding its capital expenditure (capex) to support growth in both facilities and technology, with an emphasis on high-tech equipment and infrastructure in key regions across India. In recent fiscal periods, Medanta’s investments have focused on several projects, including constructing a new 550-bed hospital in Noida, which is expected to open by FY2025, and expanding its Patna and Lucknow facilities, which added over 290 new beds in 2023. Additionally, a 300-bed facility in Indore is being developed through an asset-light partnership expected to be ready by FY2027.

Fundamental Snapshot:

| | | | | | |
|---------------------|--------------|--------------------|-----------|------------------|---------------|
| Market Cap | ₹ 29,156 Cr. | Current Price | ₹ 1,083 | High / Low | ₹ 1,514 / 778 |
| Stock P/E | 60.4 | Book Value | ₹ 108 | Dividend Yield | 0.00 % |
| ROCE | 19.3 % | ROE | 17.9 % | Face Value | ₹ 2.00 |
| Price to book value | 10.0 | Debt to equity | 0.28 | Promoter holding | 33.0 % |
| Industry PE | 55.3 | Current ratio | 2.44 | ROE 3Yr | 16.2 % |
| Enterprise Value | ₹ 28,782 Cr. | Debt | ₹ 802 Cr. | PEG Ratio | 1.08 |
| Interest Coverage | 9.51 | Mar Cap 10yrs back | | Price to Earning | 60.4 |
| OPM 5Year | 20.4 % | Return over 5years | % | OPM | 23.7 % |

- ❖ ROE 3 Year > 15%
- ❖ OPM 5 Year >20%
- ❖ D/E Ratio < 0.50

The company has shown robust financial performance, with revenues rising to ₹3,350 crore in the latest fiscal year and a compound annual growth rate (CAGR) in profits of 56% over the past five years. Medanta's stock performance has also been stable, yielding about 38% growth in the past year, aligning with the healthcare industry's positive trends. Its main competitors in India include Apollo Hospitals, Max Healthcare, and Fortis Healthcare, with Medanta positioned competitively due to its focus on specialty care and advanced medical services.





❖ Consistent Increasing Growth in Revenue and Net Profit (YoY)

Technical Chart View:



- ❖ On Weekly chart, Stock taking Support @ Fibo Ratio 0.50
- ❖ 1000- 1050 Price range looking great addition to long term portfolio

Medanta (Global Health Limited) has seen significant financial and operational growth over the last five years. This growth has been driven by a strategic expansion of facilities, increased patient volumes, and a focus on specialty services such as cardiac, neurology, and oncology care. As of FY23, Medanta's total income rose by 25.1% year-over-year to ₹27,592 million, and EBITDA grew by 38.3% with a margin increase to 24.5%. The company's recent expansions, like Medanta Lucknow and Medanta Patna, contributed notably to this income, reflecting its approach to capturing growth in developing markets.

SWOT Analysis:

Strengths

- **Specialized Care:** Medanta is renowned for its specialty services, especially in cardiac care, organ transplants, and complex surgeries, which differentiates it in the healthcare market.
- **Expansion and Infrastructure:** With a strong infrastructure across multiple cities, Medanta's growing network allows for more patients and higher revenue potential.
- **Financial Performance:** Medanta has shown steady revenue growth, improved EBITDA margins, and significant profitability increases, positioning it financially strong

Weaknesses

- **Dependency on Key Markets:** A significant portion of Medanta's revenue is concentrated in specific regions, like its flagship hospital in Gurugram, making it susceptible to market fluctuations in these areas.
- **High Operating Costs:** Maintaining state-of-the-art facilities and specialized medical equipment incurs high costs, impacting operating margins.

Opportunities

- **Growing Demand for Private Healthcare:** Rising income levels and increased health awareness in India drive demand for quality healthcare, particularly in tertiary and specialty services.
- **Regional Expansion:** New projects, such as hospitals in Noida and Indore, offer Medanta the chance to capture underserved markets, enhancing patient access and revenue.

Threats

- **Regulatory Challenges:** Potential pricing regulations on treatments and medications can impact revenue. The sector is also subject to evolving healthcare laws and compliance standards.
- **Intense Competition:** Competitors like Apollo and Max Healthcare are expanding similarly, creating competitive pressures in attracting patients and talent

This SWOT analysis highlights Medanta's potential for growth and areas where it must navigate challenges to maintain its market position.

Disclosures:

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