

Issue Highlights

Industry	Pharma
Total Issue (Shares) - Offer for sale	50,761,000
Total Issue (Shares) - Fresh Issue	14,880,952
Net Offer to the Public	65,641,952
Issue Size (Rs. Cr.)	2093.98-2205.57
Price Band (Rs.)	319 - 336
Offer Date	3-Nov-22
Close Date	7-Nov-22
Face Value	2
Lot Size	44

Issue Composition

	In shares
Total Issue for Sale	65,641,952
QIB	32,820,976
NIB	9,846,293
Retail	22,974,683

About the company

Global Health Limited is one of the largest private multi-speciality tertiary care providers operating in the North and East regions of India. The company has key specialities in cardiology and cardiac science, neurosciences, oncology, digestive and hepatobiliary sciences, orthopaedics, liver transplant, and kidney and urology. Global Health Limited have a network of four hospitals currently in operation (Gurugram, Indore, Ranchi and Lucknow) under the "Medanta" brand. The company established "The Medanta Institutional Tissue Repository" in 2017 to promote biomarker and other tissue-based research. As at June 30, 2022, the company provides healthcare services in over 30 medical specialties and engage over 1,300 doctors led by experienced department heads and, spanning an area of 4.7 million sq. ft., its operational hospitals have 2,467 installed beds.

Strength

Tertiary and quaternary care provider in India, recognized for clinical expertise in particular in dealing with complicated cases: For the last three years (2022, 2021 and 2020), Global Health Limited in Gurugram has been rated as the best private hospital in India by Newsweek. It is also the only private hospital in India to feature in Newsweek's list of the top 200 global hospitals in 2021 and was featured in the list of top 250 global hospitals in 2022 by Newsweek. It believes that it has achieved this leadership position by the focus of its experienced doctors on treating complicated cases and also ensuring at the same time the best quality of care. For the last three years (2022, 2021 and 2020), its hospital in Gurugram has been rated as the best private hospital in India by Newsweek. It is also the only private hospital in India to feature in Newsweek's list of the top 200 global hospitals in 2021 and was featured in the list of top 250 global hospitals in 2022 by Newsweek.

Focus on Clinical Research and Academics: The hospital also focused on clinical research and academics. Established in 2009, its clinical research facility is another driving force behind its high standard of care. It has on-going research studies and is currently working with Qure.ai to develop artificial intelligence algorithms with the aim of increasing productivity and improving the accuracy and speed of medical diagnoses, particularly in radiology scans. It covers 37 specialties under the Diplomate of National Board ("DNB") and Fellowship in National Board programs with over 100 approved seats. Since the inception of its academic program, it has successfully graduated 325 students across 36 specialties for the DNB and, as at June 30, 2022, it had 184 students undergoing training at its hospitals.

Large-scale hospitals with sophisticated infrastructure, medical equipment and technology: Its Greenfield hospital at Gurugram has been designed with a focus on creating a safe and efficient environment for patient treatment. It was designed to comply with JCI requirements and encompassing all major medical specialties under one roof. The Gurugram hospital has a built-up structure of more than 2.0 million sq. ft. with 40 operating rooms, and installed bed capacity of 1,391 including 285 ICUs beds, as of June 30, 2022. In Lucknow, it has over 1.3 million sq. ft. and installed bed capacity of 473 as of June 30, 2022 with capacity to accommodate over 900 beds, while Patna has approximately 1 million sq. ft. with 228 installed beds as of June 30, 2022 (designed to accommodate over 500 beds).

Track record of operational and financial performance: It has grown to hospitals with 2,467 installed beds across five cities as at June 30, 2022. It believes that it has consistently

Shareholding Pattern (%)

Particulars	Pre-issue	Post-issue
Promoters & promoters group	35.03%	33.08%
QIB	0.00%	12.24%
NIB	64.97%	46.11%
Retail	0.00%	8.57%
Total	100.00%	100.00%

*calculated on the upper price band

Objects of the Issue

- Investment in two of its Subsidiaries, GHPPL and MHPL, in the form of debt or equity for repayment/prepayment of borrowings, in full or part, of such Subsidiaries.
- General corporate purposes

Book Running Lead Manager

- Kotak Mahindra Capital Company Limited
- Credit Suisse Securities (India) Private Limited
- Jefferies India Private Limited
- JM Financial Limited

Name of the registrar

- KFin Technologies Limited (formerly known as KFin Technologies Private Limited)

delivered high operational and financial performance through high patient volumes, cost efficiency and diversified revenue streams across medical specialities. Over the years of service to patients, its dedication has helped the company in enhancing the “Medanta” brand and it believes that its patients have placed a high degree of trust in the company. It was able to achieve revenue of over Rs.50 Crore in nine specialities indicating the diversified revenue streams across multiple specialities in Fiscals 2020, 2021 and 2022. Patient volume in Fiscals 2020, 2021 and 2022 and the 3 months ended June 30, 2021 and 2022 was 1,389,460, 1,178,230, 2,073,619, 440,766 and 590,476, respectively. Its newer hospitals have benefited from the established image and credibility of the “Medanta” brand, able to tap into their potential for growth.

Focus on under-served areas with dense population and presence in top or capital cities of large states (NCR, Lucknow and Patna): Medanta is present in major markets which as being under-served in terms of healthcare services i.e. NCR, Lucknow and Patna, which had 1.9, 3.3 and 4.3 beds per 1,000 people, respectively. Barring the momentary setbacks in fiscal 2021, the Indian healthcare delivery industry is estimated to post a healthy 13-15% CAGR between fiscals 2022 and 2026, driven by the long term structural factors, strong fundamentals, increasing affordability and potential of Ayushman Bharat scheme, the national health insurance scheme launched in 2018 to provide access to healthcare for low-income earners in India. Its presence in these under-served markets present it with great potential to expand its offering and improve the healthcare infrastructure, which developing hospital in Lucknow and planned hospital in Patna aim to target. Developing hospital (in operation for less than 6 years) includes its Lucknow and Patna hospital, which are well invested and present significant room for medium-term growth and profit margin expansion. Its Lucknow hospital and Patna hospital are supported by the mature hospitals’ track record and experience.

Growth opportunities in existing facilities and diversification into new services, including digital health: The hospital’s strength is its ability to leverage on land space, new products and services and digital health. Hospitals incur capital costs for expanding/entering into top cities is for the procurement of land in the city. Medanta has an inherent advantage to expand services in the locations they are in. In terms of its expansion capacity, the number of beds that can be added without significant further major investments in infrastructure is 100 beds at Gurugram Hospital, and 400-500 beds at Lucknow Hospital. In particular at Gurugram Hospital, the hospital has a remaining floor area of 103,703.22 square meter available at the Medicity plot as well as an additional land bank of 13 acres available for ancillary services (i.e., residential and guest house). The permitted usage at this additional land bank provides it with flexibility in complementing its core business.

Strategy

Continue to invest in bed capacity expansion in existing facilities and develop further super-specialities, employ new technology and focus on preventive healthcare: Medanta is continually looking for value-accretive opportunities while strengthening its presence in the key growth markets. Its goal will be to carefully increase its bed capacity in existing facilities as well as consider utilizing the land available for ancillary services, while at the same time complement such expanded bed capacity with improved quality and efficiency of its healthcare services, by providing cost-effective care through efficient, optimal utilization of processes, information, technology, research, innovation and other resources. The hospital will continue to leverage its scale and leading position to further enhance its operational efficiency and profitability at its facilities. The company intends to develop super-specialities, such as bringing in new fields of practice such as chest surgery and add capabilities and specialities (e.g. robotic or automated surgeries in specialities that do not already regularly employ it at its hospitals). It also plans to on-board new doctors and employ new technology, machines and treatments by analyzing what can complement its current offering.

Continue to attract, engage and train prominent, skilled doctors and other healthcare professionals: The hospital intends to strengthen its integrated human resources management system to further enhance the recruitment, training and retention of high-quality medical

professionals. It continues to leverage its relationship with schools and medical institutions that it collaborates with for recruitment to source entry-level medical professionals. It also utilizes other recruitment channels such as professional medical talent recruiting agencies and internal referrals to attract experienced medical professionals in order to strengthen its existing departments.

Enhance clinical capabilities and improve operating efficiencies: Medanta intends to improve occupancy rates and equipment utilization at its hospitals by continuing to maintain and recruit new medical professionals of high caliber in specified fields and focus on clinical excellence. It also plans to reduce its average length of stay in hospitals (ALOS) by continuing to improve its clinical practices and use of technology. It will also look to optimize operations through improving employee productivity and streamlining technology and processes. It also intends to apply principles of lean management across all of its administrative and management layers, and optimize the use of technology to build greater efficiencies in its ways of working.

Extend clinical services outside the hospital and across the lifetime of the patient: Medanta intends to extend its clinical services outside the hospital by growing its home care business across sample collection, medicine delivery and all possible aspects of care at home. It also intends to expand the delivery of care both before and after acute interventions by focusing on preventive health and wellness as well as post hospitalization continuing care and lifetime management of patients (particularly for those suffering from chronic diseases). It plans to carry out this strategy across all cities and regions where it currently operates and may leverage technology and other asset light business models to expand these services into new territories

Leverage technology to improve patient experience and grow its digital health services: It will continue to seek to add key technological advancements in healthcare and surgical products at its facilities. It expects this will further enhance its total speciality healthcare services. It also plans to further strengthen its collaboration with domestic and international clinical development experts and institutions to continually implement advanced technology to improve its hospitals' offering. It will endeavor to equip its health-care facilities with latest equipment, which it believes is essential in increasing automation wherever appropriate, and ensuring reliability as well as cost competitiveness. It will leverage technology in its operations with the goal of improving the quality of patient experience and cost efficiency

Build on its thought leadership through increased focus on academics and research: The hospital intends to increase further its academics and research, which will help it to enhance the talent and expertise of its doctors to effectively treat its patients and thereby support its business growth. In addition, further investments in academics and research will enable it doctors and other healthcare personnel to improve themselves through focused learning opportunities. It also aims to maintain its strategic partnerships with internationally renowned institutes to further enhance its research efforts.

Risk factor

- Unfavorable government policies & regulations
- Lower hospital bed occupancy rate
- Strong Competition

Peer comparison

Company	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Apollo Hospitals Enterprise Limited	14698.03	883.44	61.44	73.54	11.57	390.55	5	4518.15	64964.06
Fortis Healthcare Limited	5795.14	413.82	5.4	51.33	3.39	81.84	10	277.2	20927.44
Max Healthcare Institute Limited	3999.09	630.96	6.58	69.29	7.04	64.79	10	455.9	44207.59
Narayana Hrudayalaya Limited	3874.23	376.3	18.41	42.95	10.85	72.91	10	790.75	16159.83
Global Health Limited	2166.59	196.20	7.32	45.93	0.54	621.22	2	336.00	9011.01

* TTM Numbers

Valuation

Considering the P/E valuation on the upper end of the price band of Rs. 336, the stock is priced at pre issue P/E of 43.38x on its FY22 EPS of Rs. 7.75. Post issue, the stock is priced at a P/E of 45.93x on its EPS of Rs. 7.32. Looking at the P/B ratio at Rs. 336 the stock is priced at P/B ratio of 5.27x on the pre issue book value of Rs.63.8 and on the post issue book value of Rs. 78.9 the P/B comes out to 4.26x.

On the lower end of the price band of Rs.319 the stock is priced at pre issue P/E of 41.18x on its FY22 EPS of Rs. 7.75. Post issue, the stock is priced at a P/E of 43.60x on its EPS of Rs. 7.32. Looking at the P/B ratio at Rs.319, the stock is priced at P/B ratio of 5x on the pre issue book value of Rs. 63.8 and on the post issue book value of Rs. 78.9, the P/B comes out to 4.04x.

Industry Outlook

India's current healthcare expenditure is skewed more towards private as against public expenditure. Government expenditure on healthcare has remained range bound at 20-30% of the current healthcare expenditure from 2010 to 2016. The rest of the expenditure is private in nature (expenditure from resources with no Government control such as voluntary health insurance and direct payments for health by corporations (profit, not-for-profit and non-Governmental organizations) and households. However, the Government aims to increase public healthcare expenditure to 2.5%-3.0% of GDP by 2025 from the current 2%, according to the National Health Policy.

Outlook

The company is a world-renowned multi-speciality healthcare centre operating under the "Medanta" brand. The company follows the need-based model of operations. Upon operation of its Noida hospital in fiscal 2025, the company's total installed beds are expected to exceed 3,500. As part of its growth strategies, the company also intends to capitalise on medical tourism. A long term Investor may opt the issue.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	02-November-22
BID/ISSUE CLOSES ON	04-November-22
Finalisation of Basis of Allotment with the Designated Stock Exchange	10-November-22
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	11-November-22
Credit of Equity Shares to demat accounts of Allottees	14-November-22
Commencement of trading of the Equity Shares on the Stock Exchanges	15-November-22

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended	Period ended	Period ended
	30-Jun-22 (3 Months)	31-Mar-22 (12 Months)	31-Mar-21 (12 Months)
Total Operating Income	617.21	2,166.59	1,446.74
Total expenditure	484.90	1,716.06	1,255.31
Operating Profit	132.31	450.53	191.44
OPM%	2.14	2.08	1.32
Other Income	9.33	39.23	31.42
PBDIT	141.65	489.76	222.85
Depreciation	36.08	129.71	123.21
PBIT	105.56	360.05	99.64
Interest	18.53	79.49	67.17
PBT before exceptional item	87.03	280.56	32.46
Tax	28.32	84.36	3.66
Profit After Tax	58.71	196.20	28.81

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Jun-22	As on 31-Mar-22	As on 31-Mar-21
Non-current assets			
Property, plant and equipment	1,437.98	1,438.47	1,259.50
Capital work-in-progress	459.07	439.25	463.82
Right of Use Assets	327.33	331.13	348.93
Intangible assets	5.89	6.27	7.25
Financial assets			
Investments	0.05	0.05	0.05
Other financial assets	46.43	19.95	26.98
Income-tax assets (net)	58.72	59.49	47.13
Deferred tax assets (net)	23.35	27.79	25.74
Other non-current assets	12.45	11.40	12.58
Total Non- Current Assets	2,371.27	2,333.79	2,191.97
Current assets			
Inventories	59.36	53.39	39.76
Financial assets			
Loans			
Trade Receivables	204.16	180.20	133.63
Cash and Bank balances	120.44	119.43	69.47
Other bank balances	397.77	392.38	219.84
Other financial assets	49.71	51.55	31.78
Other current assets	19.23	14.78	7.67
Total current assets	850.67	811.72	502.13
Total Assets	3,221.94	3,145.52	2,694.11
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	712.44	767.63	577.70
Lease liabilities	231.40	235.70	250.72
Other financial liabilities	10.72	9.84	-
Provisions	54.04	51.10	42.33
Other non-current liabilities	45.07	45.76	36.34
Total non-current liabilities	1,053.66	1,110.03	907.10
Current liabilities			
Financial liabilities			
Borrowings	82.01	70.23	66.90
Lease liabilities	35.63	35.36	36.06
Trade payables	179.99	134.33	131.55
Other financial liabilities	117.04	97.58	90.28
Provisions	17.63	19.31	27.72
Other current liabilities	60.43	62.67	52.16
Total current liabilities	492.72	419.48	404.66
Total liabilities	1,546.39	1,529.51	1,311.76
Net worth represented by:			
Equity share capital	50.65	50.65	49.59
Other equity	1,624.91	1,565.37	1,332.76
Total Equity	1,675.55	1,616.01	1,382.34

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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