



Global Health Limited (Medanta)
Initial Public Offering (IPO)

Global Health IPO Details

IPO Details	November 3, 2022 to November 7, 2022
Listing Date	November 16, 2022
Face Value	₹2 per share
Price	₹319 to ₹336 per share
Lot Size	44 Shares
Offer For Sale	50,761,000 shares of ₹2 (aggregating up to ₹1,705.57 Cr)
Listing At	BSE, NSE
Issue Type	Book Built Issue
QIB Share Offered	Not more than 50% of the Offer
NII Share Offered	Not less than 15% of the Offer
Retail Shares Offered	Not less than 35% of the Offer
Company Promoter	Dr. Naresh Trehan is the company promoter.

Global Health Preliminary Timetable

Event	Tentative Date
Opening Date	November 3, 2022
Closing Date	November 7, 2022
Basis Of Allotment	November 11, 2022
Initiation Of Refunds	November 14, 2022
Credit Of Shares To Demat	November 15, 2022
Listing Date	November 16, 2022

Global Health Holding Structure

Pre-Issue Holding	35%
Post-Issue Holding	33%

About The Company

It is one of the largest private tertiary care providers in India in 30 specialties with a presence in northern and eastern regions. The company runs hospitals under the reputed brand name 'Medanta' which specializes in cardiology and cardiac science, neurosciences, oncology, digestive and hepatobiliary sciences, orthopaedics, liver transplant, and kidney and urology. It currently has five hospitals in operation and one is under construction. Apart from this, the company also launched outpatient pharmacy and homecare services in FY20 which have scaled up well in the last two years. As of June 30, 2022, the company provides healthcare services in over 30 medical specialties and engages over 1,300 doctors led by experienced department heads, spanning an area of 4.7 million sq. ft., our operational hospitals have 2,467 installed beds. In addition to that, the company also operates six multi-specialty clinics at DLF Cybercity Gurugram, Delhi Airport, south Delhi, Darbhanga, Patna, and Subhash Chowk Gurugram.

Key Branches of The Company

- I. The Medanta Heart Institute.
- II. The Medanta Institute of Neurosciences.
- III. The Cancer Institute.
- IV. The Institute of Digestive and Hepatobiliary Sciences.
- V. Medanta Institute of Kidney and Urology.
- VI. Institute of Musculoskeletal Disorders and Orthopaedics.
- VII. The Medanta Institute of Liver Transplantation and Regenerative Medicine.
- VIII. Internal Medicine Division at Medanta.

Sectoral Overview

The government of India has taken additional measures to improve the healthcare segment. An open platform for National Digital Health Ecosystem to be rolled out. The healthcare budget has increased year-over-year, with a budget for the Ministry of Health and Family Welfare clocking an 11% CAGR between fiscal 2011 and fiscal 2023.

CRISIL Research estimates the Indian healthcare delivery market to reach approximately Rs 5.5 – 5.7 trillion in value, terms by end of fiscal 2023, with growth being contributed by stabilization of regular treatments, surgeries, and OPD, amid minimization of disruption due to the pandemic and expansion of Average revenue per occupied bed for the sector.

Government expenditure on healthcare has remained range bound at 20-30% of the current healthcare expenditure from 2010 to 2016. However, moving forward, 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

Financial Highlight

- I. It has posted ROE above 15% and ROCE above 18% in any of the last 3 years.
 - II. Net debt to equity as of June 30, 2022 is 0.3.
 - III. Reported a positive operating cash flow in all periods.
 - IV. Due to the nature of its business, the company receives money immediately from its patients which gives it a cushion for working capital needs.
 - V. Operating earnings yield of 4.1%.
 - VI. Will trade at a P/E of 42.3 times against peers median of 48.8.
 - VII. Will trade at a P/B of 4.1 times against peers average of 7.6 times.
 - VIII. Out-patient to in-patient ratio is 17.4 : 82.6.
 - IX. Domestic to international patient revenue ratio is 94.5 : 5.5.
- Out of the installed bed capacity of 2,467 beds, as on June 30, 2022, 1,866 are operational and 1,111 are occupied.

	Fiscal 2020	Fiscal 2021	Fiscal 2022 ⁽⁷⁾	Three months ended June 30, 2021	Three months ended June 30, 2022 ⁽⁷⁾
Facility build-up area (in million sq. ft.)	3.70	3.70	4.70	4.70	4.70
Bed capacity/installed beds ⁽¹⁾	2,141	2,176	2,404	2,176	2,467
Operational beds ⁽²⁾	1,517	1,579	1,779	1,692	1,866
Total occupied bed ⁽³⁾	832	814	1,076	1,059	1,111
Average occupancy levels ⁽⁴⁾	54.85%	51.57%	60.50%	62.58%	59.57%*
Number of operating theatres	65	65	69	65	69
Number of ICU beds	489	494	504	478	523
Income from healthcare services (in ₹ millions)	14,805.71	14,178.41	21,003.95	4,732.10	5,960.89
Average revenue per occupied bed (ARPOB) ⁽⁵⁾ (in ₹)	50,166.34	47,730.59	54,547.29	49,123.97	58,960.99
Average length of stays in hospitals (ALOS) ⁽⁶⁾	3.52	3.89	3.76	4.65	3.22**
OPD volumes	1,305,559	1,101,780	1,971,260	420,034	559,125
IPD volumes	83,901	76,450	102,359	20,732	31,351
Revenue from outpatient pharmacy business (in ₹ millions)	-	114.83	536.30	98.48	186.03

Note:

⁽¹⁾ Total beds available in the hospital (including census (bed available for mid-night occupancy) and non-census beds (all other bed available other than census beds, i.e., day-care beds).

⁽²⁾ Operational beds are calculated based on quarterly averages for a fiscal year. Further, in case of a new unit, the average for a quarter is considered as same as the number of operational beds implemented during the quarter.

⁽³⁾ Total count of patients at midnight at each day.

⁽⁴⁾ Total occupied beds divided by total operational beds (excluding day care bed, emergency beds, dialysis beds, pre-post-catheterisation and observation room).

⁽⁵⁾ Income from Health Care Services revenue divided by occupied bed days.

⁽⁶⁾ Average number of days spent by admitted inpatients.

Source: DHRP

Peer Comparison

Name of Company	As of and for the financial year ended March 31, 2022					
	Face value per equity share (₹)	Total Income (₹ million)	EPS (₹)		NAV (₹ per share) ⁽¹⁾	RoNW (%) ⁽²⁾
			Basic	Diluted		
Global Health Limited*	2	22,058.17	7.78	7.77	63.82	12.14
Listed Comparable Industry Peers						
Apollo Hospitals Enterprise Limited**	5	147,408.00	73.42	73.42	408.78	18.86
Fortis Healthcare Limited**	10	57,449.48	7.35	7.35	92.83	11.27
Max Healthcare Institute Limited**	10	40,588.20	6.25	6.24	64.79	9.63
Narayana Hrudayalaya Limited**	10	37,358.76	16.85	16.84	72.88	22.97

Source: DHRP

Name Of The Company	PAT Margin (%)	Price To Earnings	ROCE
<u>Global Health</u>	9%	42.3	16.3
<u>Apollo Hospitals</u>	7.6%	58.5	25.5
<u>Fortis Healthcare</u>	14%	37.3	29.7
<u>Max Healthcare</u>	16%	68.6	32.9
<u>Narayana Hrudalaya</u>	9.2%	43.3	27.2

Strengths

- The company has established multiple institutions to focus on Clinical Research and Academics.
- The company has large-scale hospital chains with sophisticated infrastructure, medical equipment, and technology.
- The company has focused on under-served areas with dense populations and is also looking to diversify into new service areas such as digital health
- The company is a Tertiary and quaternary care provider in India, that is recognized for its clinical expertise in particular in dealing with complicated cases.
- Government of India has taken additional measures to improve the healthcare segment.

Weakness

- Developing or under construction facilities may experience delays in construction, in reaching full operational capacity, and may not achieve the synergies and other benefits as expected.
- The company is heavily dependent on a few hospitals that generate a significant portion of its revenue. Any changes in that will lead to a decline. High dependency on healthcare professionals could impact business in case of inability to retain them.
- The company is subject to incurring heavy costs such as manpower cost, infrastructure maintenance & repair cost, and high medical equipment cost. The inability to recover these costs can lead to a decline in profits.
- The company has certain outstanding litigation against them, their directors, Subsidiaries, and Promoter.
- Any social, political, economic disruption, natural calamities or civil disruptions can impact demand for services.
- High competition. They have to compete with government-owned hospitals, other private hospitals, clinics and hospitals operated by non-profit organizations.

Grey Market Premium

The shares of Global Health traded at a premium of 4.46% in the grey market on November 3rd, 2022. The shares traded at Rs 351. This gives it a premium of Rs 15 per share over the cap price of Rs 336.

**This research has been done by the
Core Fundamental Research Team of InvAsset PMS Desk.**

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