

Issue Details

Issue Opens	3rd November, 2022
Issue Closes	7th November, 2022
Issue Size (Rs. Crs)- OFS & Fresh	2,119 - 2,206
Issue Size - OFS (Shares)	5,07,61,000
Authorized Shares	66,76,24,992
Issued, Subscribed and Paid Up Sh. Pre offer	25,33,03,930
Offer for Sale (Rs. Crs)	1,619 - 1,706
Fresh Issue (Rs. Crs)	500
Face Value	2.00
Lot Size (Sh)	44
Price Band	319 - 336
Issue Type	Book Built
Book Value (in Rs.)(FY22)	63.58
BRLMs	Kotak Mahindra, Credit Suisse, Jefferies, JM Financial
Registrar	KFin Technologies Pvt. Ltd
Listing Venue	BSE and NSE
Finalization of Allotment	On or about 11/11/2022
Initiation of refund	On or about 14/11/2022
Credit to Demat Account	On or about 15/11/2022
Listing	On or about 16/11/2022

Issue Structure

Categories	Allocation
QIBs	50%
Non-Institutional	15%
Retail Portion	35%
Total	100%

Shareholding Pattern

Categories	Pre issue	Post Issue
Promoter & Promoter Group	35.03	33.08
Public	64.97	66.92
Total	100.00	100.00

Recommendation
SUBSCRIBE
Company Background

Global Health Ltd is one of the largest private multi-specialty tertiary care providers with its span of operations spread across the north and eastern regions of India. It has a network of five hospitals located in Gurugram, Indore, Ranchi, Lucknow, Patna and Noida operating under the "Medanta" brand. As of June 30, 2022, it is providing healthcare services in over 30 medical specialties through engagement of over 1,300 doctors led by experienced department heads and an area of 4.7 million sq. ft having 2,467 operational beds.

Objects of the Issue

- Investment in two of its subsidiaries, Global Health Patliputra Pvt. Ltd (GHPPL) and Medanta Holdings Pvt. Ltd (MHPL) in the form of debt or equity for repayment/prepayment of borrowings, in full or part, of such subsidiaries.
- General Corporate purposes.

Key Points

- Global Health Ltd was established in the year 2009, by Dr Naresh Trehan, a world renowned cardiovascular and cardiothoracic surgeon who had practiced in leading hospitals in USA for 20 years and later in India. Dr Trehan has the distinction of getting a number of international awards in the field of medical science as well as prestigious civilian awards like Padma Bhushan and Padma Shri.
- The IPO is a combination of fresh issue and OFS portion. Global Health will not receive any proceeds from the OFS portion. Of the proposed Rs 500 Cr fresh issue to be raised, Global Health intends to use Rs 375 Cr for investments in its subsidiaries and the rest for corporate purposes.
- One of the selling investors i.e. Anant Investments (an affiliate of Carlyle Group) held 25.66% stake in the company. On 20th Oct. 2022, it entered into a share purchase agreement to offload 1.434cr shares (representing 5.66% of the pre-IPO equity share capital) at Rs. 336 per share to RJ Corp Ltd. (one of the existing investor in Global Health with 3.95% stake); and to two new investors i.e. SBI Mutual Fund and Novo Holdings A/S. Through this IPO, Anant Investments will fully offload its residual stake in Global Health
- Global Health possesses state of the art medical infrastructure coupled with latest technologies as Artificial Intelligence and 3D to detect and treat complex diseases. It is working with Qure.ai (a company that specializes in using Artificial Intelligence to make healthcare more accessible and affordable) to develop artificial intelligence algorithms with the aim of increasing productivity and improving the speed and accuracy of medical diagnosis. **Medanta had the distinction of becoming the first hospital in the country to offer robotic surgeries way back in 2010.**

Recommendation --

Global Health Ltd through its flagship brand "Medanta" is looking to fortify its presence in the country by expanding its reach to Tier 2 & 3 cities. It has established goodwill amongst foreign patient due to its quality treatments and care facilities. The valuations seem reasonable and attractive compared to its listed peers and hence we would recommend a "SUBSCRIBE".

Particulars (₹ Crs.)	FY19	FY20	FY21	FY22
Net Sales	1,441.13	1,500.42	1,446.74	2,166.59
Other Income	64.86	43.85	31.42	39.23
Operating Profit	207.07	235.49	228.32	496.60
Interest	21.14	56.56	72.64	86.32
PBDT	185.93	178.93	155.68	410.27
Depreciation	90.71	115.04	123.21	129.71
Profit Before Tax	95.22	63.89	32.47	280.56
Provision For Tax	34.22	27.54	3.66	84.36
PAT	61.00	36.35	28.81	196.20
EPS	2.48	1.47	1.16	7.75

Source: Company's RHP. Ace Equitv. AUM Research

Key Business Strategies

Turning its focus on increasing its presence in top cities with high population density

- NCR (National Capital Region), Lucknow and Patna have only 1.9, 3.3 and 4.3 beds per 1000 people signifying the deep under penetration of the healthcare facilities in top cities. 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 the Ayushman Bharat scheme to serve the lower income class people.
- Global Health Ltd intends to leverage its presence in these cities where healthcare is under-served to expand its offerings and improve the healthcare infrastructure in its upcoming hospitals in Lucknow and Patna as it specializes in Tertiary and Quaternary care dealings.

Increasing existing facilities without much significant investment

- Global Health Ltd, at present has adequate land bank and space to increase its existing infrastructure without incurring any major capital outlay. It has the ability to add 100 beds at Gurugram Hospital, and 400-500 beds at Lucknow Hospital. In addition to that, it 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).
- Additional services like home care, outpatient pharmacy services and telemedicine-based remote care have been initiated. It is in the process of getting future ready to scale up its 'out of hospital' services using both the home delivery and the technology backed remote delivery model.
- Global Health has recently incorporated a wholly-owned subsidiary, GHM Pharma & Diagnostic Private Limited ("GHM Pharma") through which it aims to run its out-patient pharmacies at its hospitals and clinics as well as exploring opportunities for expanding its 'out-of-hospital' laboratory diagnostic services.

Collaboration with foreign and domestic institutes to improve patient experience and grow its digital services

- Global Health Ltd aims to strengthen its collaboration with domestic and international clinical development experts and institutions to continually implement advanced technology to improve its hospital offerings.
- Adoption of automation facilities and digital care services with the goal of improving the quality of patient experience and cost efficiency remains one of the primary objectives.
- Creation of a healthcare ecosystem with a full suite of distinctive digital healthcare service offerings that are fully integrated to track a person's medical health and wellness journey is in the process of being created. The proposed collaborations could be in the form of investments and strategic partnerships either in the form of capital infusion or sharing of technical know-how.
- Focus on Clinical Research and Academics are an important aspect for Global Health. Since its establishment in 2009, a number of peer indexed review journals have been published by its doctors'. The research department covers 37 specialties under the Diplomate of National Board (DNB) and Fellowship in National Board Programs.

Growing medical tourism in the country

- Medical tourism is a term used to describe the rapidly-growing practice of travelling across international borders to seek healthcare services. Services typically sought by travelers include elective procedures as well as complex surgeries. Gurgaon is the medical tourism hub followed by Chennai. Medanta Medicity Gurgaon is a renowned name in the medical world, providing international patients and medical tourists with treatments at a reasonable cost. It is estimated that more than 20,000 patients from 15 countries visit the hospital every year opting for complex cardiosurgery, neurosurgery procedures, organ transplants, cancer treatment, and orthopedics.

Healthy Financials

- Global Health's top line has grown at a 5 Year CAGR of 11.6% from Rs 1,277 Cr in FY17 to Rs 2,167 Cr in FY22. PAT during the same period has shown a CAGR growth of 30.90% from Rs 51 Cr in FY17 to Rs 196 Cr in FY22.
- EBIDTA margins have improved from 14.80% in FY17 to 22.92% at the end of FY22 while PAT margins have gone up from 3.96% to 9.06% during the same period.
- ROCE and ROE were reported at 16.38% and 13.40% respectively at the end of FY22. The balance sheet is fairly leveraged with a Debt to Equity Ratio of 0.52x and Current Ratio of 1.94x.

Financial Highlights				
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PBDT	185.93	178.93	155.68	410.27
PAT	61.00	36.35	28.81	196.20
EPS	2.48	1.47	1.16	7.75
Share Capital	81.63	81.85	82.09	50.65
Share Warrants Outstanding	53.68	48.44	32.32	5.52
Total Reserves	1,169.86	1,219.26	1,267.93	1,559.85
Shareholders' Funds	1,305.17	1,349.54	1,382.34	1,616.01
Secured Loans	588.97	605.52	551.43	717.17
Unsecured Loans	-	-	26.27	50.46
Total Non-Current Liabilities	675.60	1,008.81	1,299.73	1,586.27
Total Current Liabilities	278.60	357.66	404.66	419.48
Total Liabilities	2,259.37	2,716.01	3,086.73	3,621.76
Net Block	1,029.93	1,703.11	1,615.67	1,775.87
Capital Work In Progress	655.96	381.73	463.82	439.25
Total Non-Current Assets	1,768.91	2,237.41	2,584.60	2,810.03
Total Current Assets	490.46	478.60	502.13	811.72
Total Assets	2,259.37	2,716.01	3,086.73	3,621.76
Cash Flow From Operations	150.07	175.07	241.77	311.26
Cash Flow From Investing Activities	-243.50	-87.07	-239.15	-420.89
Cash Flow From Financing Activities	112.51	-0.88	-80.72	159.59
Net Cash Inflow/(Outflow)	19.09	87.12	-78.11	49.97
Opening Cash Balance	46.63	60.46	147.57	69.47
Closing Cash Balance	65.71	147.57	69.47	119.43

Source: Company's RHP, Ace Equity, AUM Research

Aum Capital RESEARCH DESK

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