

# GLOBAL HEALTH LIMITED

## Issue highlights

- ❑ Founded by Dr. Naresh Trehan, **Global Health Ltd (“Medanta”)** was incorporated on August 13, 2004. Medanta is one of the largest private multi-speciality tertiary care providers operating in the North and East regions of India, with key specialties of cardiology and cardiac science, neurosciences, oncology, digestive and hepatobiliary sciences, orthopaedics, liver transplant, and kidney and urology.
- ❑ Medanta has a network of 5 hospitals currently in operation (Gurugram, Indore, Ranchi, Lucknow and Patna), and 1 hospital (Noida), which is under construction. As of June 30, 2022, they provide healthcare services in over 30 medical specialties and engages over 1,300 doctors led by highly experienced department heads and, spanning an area of 4.7 msf, their operational hospitals have 2,467 installed beds.
- ❑ As of March 31, 2020, Medanta had 2,141 installed beds, which grew to 2,467 installed beds as of June 30, 2022, representing a growth of 15.23%. Upon operation of their Noida hospital, Medanta expects the number of total installed beds to exceed 3,500 at the end of Fiscal 2025, which will cater to domestic and international patients as part of their strategy to capitalize on medical tourism.
- ❑ Their hospital at Gurugram was ranked as the best private hospital in India for 3 consecutive years in 2020, 2021 and 2022, and was the only Indian private hospital to be featured in the list of Top-200 global hospitals in 2021 and was featured in the list of Top-250 global hospitals in 2022 by Newsweek.
- ❑ In Fiscal 2021, Medanta took the out-patient department pharmacies in-house at their Gurugram, Lucknow, Indore, and Ranchi hospitals, and launched out-patient department pharmacy at south Delhi clinic and home care services in Gurugram and New Delhi. In Fiscal 2022, they launched the out-patient department pharmacy at their Patna hospital.

## Brief Financial Details\*

(₹ In Cr)

	As at Jun' 30,		As at Mar' 31,		
	2022(03)	2021(03)	2022(12)	2021(12)	2020(12)
Equity Share Capital	50.65	49.80	50.65	49.59	49.35
Instruments entirely equity in nature	-	32.50	-	32.50	32.50
Reserves	1,624.91	1,343.08	1,565.37	1,300.26	1,267.69
Net worth	1,675.55	1,425.38	1,616.01	1,382.34	1,349.54
Revenue from Operations	617.21	485.49	2,166.59	1,446.74	1,500.42
Revenue Growth (%)	27.13%	-	49.76%	(3.58)%	
EBITDA	141.65	105.77	489.76	222.85	230.45
Profit before Tax	87.03	58.19	280.56	32.46	63.87
Net Profit for the period	58.71	41.76	196.20	28.81	36.33
Net Profit Margin (%)	9.51%	8.60%	9.06%	1.99%	2.42%
EPS – Basic (₹)	2.32^	1.67^	7.78	1.15	1.45
EPS – Diluted (₹)	2.31^	1.67^	7.77	1.14	1.44
RoNW (%)	3.50%^	2.93%^	12.14%	2.08%	2.69%
Net Asset Value (₹)	66.17	57.25	63.82	55.76	54.70

Source: RHP \*Restated Consolidated, ^ not annualised

## Issue Details

**Fresh Issue of Equity shares aggregating upto ₹ 500 Cr and offer for sale of 50,761,000 Equity Shares.**

**Issue size: ₹ 2,119 -2,206 Cr**

**No. of shares: 66,434,981-65,641,952 Shares**

**Face value: ₹ 2/-**

**Price Band: ₹ 319 - 336**

**Bid Lot: 44 Shares and in multiple thereof**

**Post Issue Implied Market Cap = ₹ 8,580 – 9,011 Cr**

**BRLMs:** Kotak Mahindra Capital, Credit Suisse, Jefferies India, JM Financial  
**Registrar:** KFin Technologies Ltd.

**Issue opens on: Thursday, 3<sup>rd</sup> Nov'2022**

**Issue closes on: Monday, 7<sup>th</sup> Nov'2022**

## Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	11-11-2022
Refunds/Unblocking ASBA Fund	14-11-2022
Credit of equity shares to DP A/c	15-11-2022
Trading commences	16-11-2022

## Issue break-up

	No. of Shares		₹ In Cr		% of Issue
	@Lower	@Upper	@Lower	@Upper	
QIB	33,217,489	32,820,975	1,059.64	1,102.78	50%
NIB	9,965,248	9,846,293	317.89	330.84	15%
-NIB1	3,321,749	3,282,098	105.96	110.28	-
-NIB2	6,643,499	6,564,195	211.93	220.56	-
RET	23,252,244	22,974,684	741.70	771.90	35%
<b>Total</b>	<b>66,434,981</b>	<b>65,641,952</b>	<b>2,119.23</b>	<b>2,205.52</b>	<b>100%</b>

NIB-1=NII Bid between ₹ 2 to 10 Lakhs

NIB-2 =NII Bid Above ₹ 10 Lakhs

## Listing: BSE & NSE

## Shareholding (No. of Shares)

Pre issue	Post issue~	Post issue^
253,303,930	268,977,911	268,184,882

~Lower price Band ^Upper Price Band

## Shareholding (%)

	Pre-Issue	Post-Issue
Promoters	35%	33%
Public – Investor Selling S/h	26%	5%
Public – Individual Selling S/h	13%	13%
Public - Others	26%	67%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## BACKGROUND

### Company and Directors

The company was incorporated as 'Global Health Private Ltd' on August 13, 2004, at New Delhi. The company was promoted by Dr. Naresh Trehan. Currently the Promoter holds, 88,725,240 (including 34,460,375 Equity Shares held by Dr. Naresh Trehan jointly with Madhu Trehan, where Dr. Naresh Trehan is the first holder), representing 35% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the company.

### Brief Biographies of Directors

**Dr. Naresh Trehan** is the Chairman and Managing Director of the company. He was appointed on the Board since incorporation. He is the Promoter and has also been appointed as the 'Chairman - Heart Institute & 'Chief Cardiac Surgeon' for a period of 5 years with effect from August 1, 2021.

**Sunil Sachdeva** is the Non-Executive Director of the company. He was appointed on the Board on August 13, 2004. He has experience in healthcare, infrastructure, and finance. He currently serves as the managing director of Ramsons Projects Ltd.

**Ravi Kant Jaipuria** is the Non-Executive Nominee Director of the company. He was appointed on the Board with effect from October 6, 2015. He has over 30 years of experience in conceptualising, executing, developing, and expanding food, beverages and dairy business in South Asia and Africa. He currently serves as the promoter, non-executive director and chairman at Varun Beverages Ltd.

**Venkatesh Ratnasami** is the Non-Executive Nominee Director of the company. He was appointed to the Board on March 23, 2021. He currently serves as the chief executive officer of Sheares India Healthcare Management Pvt Ltd and in the past, has worked at Cipla Ltd, Sundram Information Systems, Kotak Mahindra Capital Co., Ernst & Young Pvt Ltd and Temasek Holdings Advisors India Pvt Ltd.

**Praveen Mahajan** is the Non-Executive Independent Director of the company. She was appointed on the Board on July 10, 2020. She has over 43 years of experience in the fields of public administration, tax policy and tax administration. She currently serves as a designated partner at PSJ Advisory LLP and in the past, she served as a member and chairperson (in 2012) of the Central Board of Excise & Customs.

**Vikram Singh Mehta** is the Non-Executive Independent Director of the company. He was appointed on the Board on January 25, 2021. He serves as independent director on the boards of various companies including Colgate-Palmolive (India) Ltd and Apollo Tyres Ltd.

**Hari Shanker Bhartia** is the Non-Executive Independent Director of the company. He was appointed on the Board on March 23, 2021. He has over 37 years of experience in the pharmaceuticals, life science and food service industries. He currently serves as co-chairman and managing director at Jubilant Pharmova Ltd.

**Rajan Bharti Mittal** is the Non-Executive Independent Director of the company. He was appointed on the Board on July 8, 2021. He currently serves as Vice Chairman at Bharti Enterprises Ltd.

**Ravi Gupta** is the Non-Executive Independent Director of the Company. He was appointed on the Board on July 8, 2021. He has over 34 years of experience in teaching.

### Key Managerial Personnel

**Pankaj Prakash Sahni** is the Chief Executive Officer of the company. He has been associated with the company since December 1, 2010.

**Sanjeev Kumar** is the Group Chief Financial Officer of the company. He has been associated with the company since July 14, 2018.

**Ambili Vijayaraghavan** is the Hospital Director at Medanta – the Medicity, Gurugram. She has been associated with the company since July 7, 2022.

**Dr. Sanjeev Gupta** is the Medical Director – Medical Administration and Clinical Operations at Medanta – the Medicity, Gurugram. He has been associated with the company since September 20, 2021.

**Rajiv Sikka** is the Senior Vice President and Head – IT of the company. He has been associated with the company since November 6, 2014.

**Bhuvander Kaul** is the Senior Vice President of the company. He has been associated with the company since May 19, 2007.

**Vinodh Krishnankutty** is the Director - Nursing of the company. He has been associated with the company since January 8, 2020.

**Manoj Gupta** is the Senior Vice President and Head – Human Resources of the company. He has been associated with the company since March 2, 2020.

**Dr Sanjay Geed** is the Medical Superintendent at Medanta Super Speciality Hospital, Indore. He has been associated with the company since January 5, 2015.

**Vishvajeet Kumar** is the Hospital Director at Medanta Abdur Razzaque Ansari Memorial Weavers’ Hospital, Ranchi. He has been associated with the company since April 14, 2022.

**Richa Singh** is the General Counsel of the company. She has been associated with the company since December 1, 2008.

**Sumanta Ray** is the Chief Marketing and Growth Officer of the company. He has been associated with the company since June 21, 2021.

**Rahul Ranjan** is the Company Secretary and Compliance officer of the company. He has been associated with the company since July 8, 2021.

## OBJECTS OF THE ISSUE

Objects	(₹ In Cr)
	Amount
<ul style="list-style-type: none"> <li>Investment in two of their subsidiaries, GHPPL and MHPL, in the form of debt or equity for repayment /prepayment of borrowings, in full or part, of such Subsidiaries;</li> </ul>	375.00
<ul style="list-style-type: none"> <li>General Corporate Purposes</li> </ul>	[ • ]
<b>Total</b>	<b>[ • ]</b>

## SHAREHOLDING PATTERN

Shareholders	Pre-offer		No. of Shares offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
<i>Promoters</i>	88,725,240	35%		88,725,240	33%
<b>Total for Promoter and Promoter Group</b>	<b>88,725,240</b>	<b>35%</b>		<b>88,725,240</b>	<b>33%</b>
<i>Public - Investor Selling Shareholder</i>	65,000,000	26%	50,661,000	14,339,000	5%
<i>Public - Individual Selling Shareholder</i>	34,000,000	13%	100,000	33,900,000	13%
<i>Public – Others</i>	65,578,690	26%	-	131,220,642	49%
<b>Total for Public Shareholder</b>	<b>164,578,690</b>	<b>65%</b>	<b>50,761,000</b>	<b>179,459,642</b>	<b>67%</b>
<b>Total Equity Share Capital</b>	<b>253,303,930</b>	<b>100%</b>	<b>50,761,000</b>	<b>268,184,882</b>	<b>100%</b>

## BUSINESS OVERVIEW

Global Health Ltd (“Medanta”) is one of the largest private multi-speciality tertiary care providers operating in the North and East regions of India, with key specialties of cardiology and cardiac science, neurosciences, oncology, digestive and hepatobiliary sciences, orthopaedics, liver transplant, and kidney and urology. Under the “Medanta” brand, they have a network of 5 hospitals currently in operation (Gurugram, Indore, Ranchi, Lucknow, and Patna), and 1 hospital (Noida), which is under construction. As of June 30, 2022, they provide healthcare services in over 30 medical specialties and engages over 1,300 doctors led by highly experienced department heads and, spanning an area of 4.7 million sq. ft. (“msf”), their operational hospitals have 2,467 installed beds.

Medanda was founded by Dr. Naresh Trehan, a world-renowned cardiovascular and cardiothoracic surgeon. He has been awarded the prestigious Padma Bhushan and the Padma Shri, the 3<sup>rd</sup> and 4<sup>th</sup> highest civilian awards in India, and the BC Roy award, in recognition of his distinguished contribution to medicine. Dr. Trehan is the driving force behind the hospitals. Medanta strive to deliver world-class healthcare by establishing institutes of excellence that integrate medical care, teaching and research all while providing affordable medical services to patients. Their hospital at Gurugram was ranked as the best private hospital in India for 3 consecutive years in 2020, 2021 and 2022, and was the only Indian private hospital to be featured in the list of Top-200 global hospitals in 2021 and was featured in the list of Top-250 global hospitals in 2022 by Newsweek. Their hospital at Gurugram was also featured in the list of world's best specialized hospitals for cardiology and neurology in 2022 and the list of world's best specialized hospitals for cardiology in 2021 by Newsweek and was awarded the 'Best Multi-Speciality Hospital – National' at the 'Economic Times Healthcare Awards 2021' and ranked as the best multispecialty private hospital in North India by 'The Week' in 2021.

CRISIL Report notes that India's bed density (bed count per 10,000 population) of 15 beds (as estimated by CRISIL for 2020) not only falls far behind the global median of 29 beds but also lags behind other developing countries such as Brazil (21 beds for 2017), Malaysia (19 beds for 2017). It states that with its population growing at almost 1% annually, India is expected to have more than 1.4 billion people by 2026, stressing the need for increased number of hospital bed capacity. This need was accentuated during the Covid-19 pandemic. To serve Indian and international patients, Medanta has gradually grown the number of their beds to 2,467 installed beds as at June 30, 2022. Subsequent to the opening of their flagship hospital in November 2009 in Gurugram (1,391 installed beds as at June 30, 2022), they expanded to Indore (175 installed beds as at June 30, 2022), Ranchi (200 installed beds as at June 30, 2022) and Lucknow (473 installed beds as at June 30, 2022, with capacity to accommodate up to 900 beds) in 2014, 2015 and 2019, respectively.

The outpatient department facility of their Patna hospital was launched in 2020 and the in-patient department facility of the Patna hospital was inaugurated in October 2021 and commenced operations during Fiscal 2022. As of June 30, 2022, the Patna hospital had 228 installed beds and is designed to accommodate over 500 beds.

Additionally, they have a hospital in Noida, which is under construction and intended to commence operation during Fiscal 2025 with an expected installed capacity of 300 beds. They also operate 6 multi-speciality clinics at DLF Cybercity Gurugram, Delhi Airport, south Delhi, Darbhanga, Patna and Subhash Chowk Gurugram.

As at March 31, 2020, Medanta had 2,141 installed beds, which grew to 2,467 installed beds as at June 30, 2022, representing a growth of 15.23%. Upon operation of their Noida hospital, Medanta expects the number of total installed beds to exceed 3,500 at the end of Fiscal 2025, which will cater to domestic and international patients as part of their strategy to capitalize on medical tourism.

Their facilities have received national and international accreditations, such as from the Joint Commission International ("JCI") in the case of the Gurugram hospital, the National Accreditation Board for Hospitals and Healthcare Providers ("NABH") in the case of their Gurugram and Indore hospitals, and the National Accreditation Board for Testing and Calibration Laboratories ("NABL") in the case of their Gurugram hospital, the National Accreditation Board for Hospitals and Healthcare Providers ("NABH") in the case of their Gurugram, Lucknow, Indore (such accreditation expires on November 9, 2022 and their renewal application is currently pending) and Ranchi hospitals, and the National Accreditation Board for Testing and Calibration Laboratories ("NABL") in the case of the lab at their Gurugram hospital. The blood bank facility at their Gurugram hospital is also NABH accredited.

In Fiscal 2021, Medanta took the out-patient department pharmacies in-house at their Gurugram, Lucknow, Indore and Ranchi hospitals, and launched outpatient department pharmacy at south Delhi clinic and home care services in Gurugram and New Delhi. In Fiscal 2022, they launched the out-patient department pharmacy at their Patna hospital. Their pharmacies provide convenient access to necessary pharmaceuticals for patients. For their home-care services, they have scaled up their telemedicine and remote delivery of healthcare services, and the monthly average consultation via video and telephone in Gurugram increased by 1,419.33% from 419 in Fiscal 2020 to 6,366 in Fiscal 2021 and by 33.60% to 8,505 in Fiscal 2022 and was 5,070 in the 3 months ended June 30, 2022. Their home-care sample collection services ("**Home Care Services**") provide sample collection, delivery of medicine, preventive health checks, paediatric vaccinations and nursing services (by transaction), all at the convenience of the patient's home.

## COMPANY'S FACILITY

The revenue from operations<sup>^</sup> of the company and Material Subsidiaries along with the hospitals operated by them:

Entity	Hospital/ Clinics operated by the entity	3 months ended June 30,		Fiscal		
		2022	2021	2022	2021	2020
		Revenue (₹ in Cr)	Revenue (₹ in Cr)	Revenue (₹ in Cr)	Revenue (₹ in Cr)	Revenue (₹ in Cr)
<b>GHL (standalone)</b>	<ul style="list-style-type: none"> <li>Medanta – The Medicity, Gurugram</li> <li>Medanta Super Speciality Hospital, Indore</li> <li>Medanta Abdur Razzaque Ansari Memorial Weavers' Hospital, Ranchi</li> <li>Multi-speciality clinics and out-patient facilities at DLF Cybercity Gurugram, Delhi Airport, south Delhi, Darbhanga, Patna and Subhash Chowk, Gurugram*</li> </ul>	472.43	408.31	1,764.25	1,227.40	1,472.09
<b>MHPL (standalone)</b>	<ul style="list-style-type: none"> <li>Medanta Lucknow Hospital</li> </ul>	116.99	77.22	379.33	219.63	28.49
<b>GHPPL (standalone)</b>	<ul style="list-style-type: none"> <li>Jay Prabha Medanta Super Specialty Hospital, Patna</li> </ul>	28.03	0.16	23.77	0.23	-
<b>Total</b>		<b>617.45</b>	<b>485.69</b>	<b>2,167.35</b>	<b>1,447.26</b>	<b>1,500.58</b>

<sup>^</sup> Figures are based on the audited standalone financial statements of the respective entities.

\*Subhash Chowk, Gurugram clinic commenced operations after June 30, 2022.

Facility	Details
<ul style="list-style-type: none"> <li><b>Medanta – The Medicity, Gurugram</b></li> </ul>	Company's flagship hospital is located in Gurugram. Established in 2009, the Gurugram hospital has a gross area size of over 2 msf and had 40 operating theatres and 285 ICU beds, as at June 30, 2022. As at June 30, 2022, it had an installed bed capacity of 1,391 beds and employed over 800 doctors.
<ul style="list-style-type: none"> <li><b>Medanta Lucknow Hospital</b></li> </ul>	The Lucknow hospital opened in 2019 to cater to the demand for quality healthcare in central and eastern Uttar Pradesh as well as parts of Bihar and Nepal. It has a gross area size of over 1.3 msf and had 12 operating theatres and 93 ICU beds, as at June 30, 2022. As at June 30, 2022, it had 473 installed beds with capacity to accommodate over 900 beds and employed over 200 doctors.
<ul style="list-style-type: none"> <li><b>Medanta Super Speciality Hospital, Indore</b></li> </ul>	The Indore hospital commenced operations under the "Medanta" brand in 2014 with a gross area size of approximately 73,727 sq. ft. and had 5 operating theatres and 53 ICU beds, as at June 30, 2022. As at June 30, 2022, it had 175 installed beds and employed over 50 doctors.
<ul style="list-style-type: none"> <li><b>Medanta Abdur Razzaque Ansari Memorial Weavers' Hospital, Ranchi</b></li> </ul>	The Ranchi hospital commenced operations under the "Medanta" brand in 2015 and operates a state-of-the-art facility with a gross area size of approximately 187,000 sq. ft. and had 8 operating theatres and 64 ICU beds, as at June 30, 2022. It is a multi-speciality hospital and serves large catchment areas in Jharkhand. As at June 30, 2022, it had 200 installed beds and employed over 50 doctors across key specialties.
<ul style="list-style-type: none"> <li><b>Jai Prabha Medanta Super Specialty Hospital, Patna</b></li> </ul>	The Patna hospital opened its out-patient department in 2020 and its in-patient department was inaugurated in October 2021 and commenced operations during Fiscal 2022. It intends to capture what they expect to be a sizeable healthcare demand from north-east India, parts of Jharkhand and Nepal. The hospital has a gross area size of approximately 1 msf and had 4 operating theatres and 28 ICU beds, as at June 30, 2022. The Patna hospital had 228 installed beds and employed over 125 doctors as at June 30, 2022 and is designed to accommodate over 500 beds. Further, on July 7, 2022, the Patna hospital was granted approval by the Government of Bihar for operation of 300 beds.
<ul style="list-style-type: none"> <li><b>Medanta Hospital, Noida</b></li> </ul>	The Noida hospital, which will be the 2 <sup>nd</sup> facility in Delhi NCR, is at its planning stage and is expected to commence operations in Fiscal 2025 with facilities spanning approximately 800,000 sq. ft. With approximately 300 planned beds to be installed in phase 1, this hospital will cater to demands from western Uttar Pradesh.
<ul style="list-style-type: none"> <li><b>Clinics</b></li> </ul>	Medanta operates 6 multi-speciality clinics and out-patient facilities across northern and eastern India (DLF Cybercity Gurugram, Delhi Airport, south Delhi, Darbhanga, and Patna). At their clinics and out-patient facilities, patients are able to be referred to their doctors at their hospitals in a convenient and efficient manner. Certain of their clinics also provide dialysis, day care surgery (e.g., ophthalmology), general consultation and diagnostic services.

Facility	Details
• <b>Home Care Service</b>	Company's Home Care Services provides sample collection, preventive health checks, paediatric vaccinations, and nursing services (by transaction), all at the convenience of the patient's home.
• <b>Pharmacies</b>	Medanta has taken in-house and operate pharmacies at their Gurugram, Lucknow, Indore and Ranchi hospitals as well as launched an outpatient department pharmacy at south Delhi clinic in Fiscal 2021 and at the Patna hospital in Fiscal 2022. It provides convenient access to branded prescription drugs and over-the-counter medication as well as a range of nutritional, lifestyle and beauty products. They have also recently incorporated a wholly-owned subsidiary, <b>GHL Pharma</b> , through which they aim to run all of their out-patient pharmacies in their hospitals and clinics.
• <b>Air Ambulance</b>	Medanta has partnered with third party service providers, <b>Flying Doctors India Pvt Ltd</b> and <b>Air Charter Services Pvt Ltd</b> , to operate an air ambulance aircraft based in New Delhi. The air ambulance aircraft is equipped with neonatal ventilators and intra-aortic balloon pump and can fly in patients from different locations to any one of their hospitals for emergency care. The air ambulance aircraft is made available 24 hours a day and 365 days a year depending on weather and other conditions.

## KEY FINANCIAL AND OPERATIONAL INFORMATION

	3 months ended June 30,		Fiscal		
	2022	2021	2022	2021	2020
Facility build-up area (in million sq. ft.)	4.70	4.70	4.70	3.70	3.70
Bed capacity/installed beds	2,467	2,176	2,404	2,176	2,141
Operational beds	1,866	1,692	1,779	1,579	1,517
Total occupied bed	1,111	1,059	1,076	814	832
Average occupancy levels (%)	59.57%	62.58%	60.50%	51.57%	54.85%
Number of operating theatres	69	65	69	65	65
Number of ICU beds	523	478	504	494	489
Income from healthcare services (in ₹ Cr)	596.09	473.21	2,100.40	1,417.84	1,480.57
Average revenue per occupied bed (ARPOB) (in ₹)	58,960.99	49,123.97	54,547.29	47,730.58	50,166.34
Average length of stays in hospitals (ALOS)	3.22	4.65	3.76	3.89	3.52
OPD volumes	559,125	420,034	1,971,260	1,101,780	1,305,559
IPD volumes	31,351	20,732	102,359	76,450	83,901
Revenue from outpatient pharmacy business (in ₹ Cr)	18.60	9.85	53.63	11.48	-

### The key financial and operational information for the mature and developing hospitals:

	3 months ended June 30,				Fiscal					
	2022		2021		2022		2021		2020	
	Amount (₹ Cr)	% to Total	Amount (₹ Cr)	% to Total	Amount (₹ Cr)	% to Total	Amount (₹ Cr)	% to Total	Amount (₹ Cr)	% to Total
<b>Income from Healthcare Services Breakdown by Out-patient vs In-patient Type</b>										
Out-patient department	103.75	17.40%	70.01	14.79%	359.80	17.13%	231.25	16.31%	286.49	19.35%
In-patient department	492.34	82.60%	403.20	85.21%	1,740.60	82.87%	1,186.59	83.69%	1,194.08	80.65%
<b>Total</b>	<b>596.09</b>	<b>100.00%</b>	<b>473.21</b>	<b>100.00%</b>	<b>2,100.40</b>	<b>100.00%</b>	<b>1,417.84</b>	<b>100.00%</b>	<b>1,480.57</b>	<b>100.00%</b>
<b>Income from Healthcare Services Breakdown by Specialty Type</b>										
Heart Institute	144.97	24.32%	68.33	14.44%	439.61	20.93%	292.78	20.65%	388.21	26.22%
Institute of Neurosciences	70.40	11.81%	43.06	9.10%	234.40	11.16%	148.73	10.49%	154.13	10.41%
Institute of Musculoskeletal Disorders and Orthopaedics	34.75	5.83%	11.83	2.50%	94.10	4.48%	52.18	3.68%	93.28	6.30%
Kidney & Urology Institute	45.00	7.55%	26.45	5.59%	151.65	7.22%	112.72	7.95%	122.00	8.24%
Cancer Institute	70.99	11.91%	45.81	9.68%	227.26	10.82%	173.83	12.26%	171.75	11.60%
Institute of Digestive and Hepatobiliary Sciences	69.50	11.66%	35.77	7.56%	214.03	10.19%	166.03	11.71%	175.30	11.84%
Institute of Liver Transplantation and Regenerative Medicine	22.00	3.69%	15.99	3.38%	74.77	3.56%	56.43	3.98%	64.40	4.35%
Medanta's Internal Medicine Division	35.05	5.88%	115.70	24.45%	236.51	11.26%	154.69	10.91%	82.76	5.59%
Others	103.42	17.36%	110.31	23.31%	427.85	20.37%	260.46	18.37%	228.75	15.45%
<b>Total</b>	<b>596.09</b>	<b>100.00%</b>	<b>473.21</b>	<b>100.00%</b>	<b>2,100.40</b>	<b>100.00%</b>	<b>1,417.84</b>	<b>100.00%</b>	<b>1,480.57</b>	<b>100.00%</b>

Mature Hospitals and Developing Hospitals	3 months ended June 30,		Fiscal		
	2022	2021	2022	2021	2020
<b>Mature Hospitals (in operation for more than 6 years from commencement of operations, as of June 30, 2022) include the hospitals at Gurugram, Indore and Ranchi</b>					
- Total Income contribution to total income (%)	76.70%	84.22%	81.60%	84.95%	98.15%
- EBITDA Margin (%)	22.62%	21.92%	22.81%	15.67%	16.97%
- Operational Beds	1,430	1,412	1,431	1,284	1,377
- ARPOB (₹)	59,291.14	49,376.30	54,272.99	47,682.69	50,302.80
<b>Developing hospitals (in operation for less than 6 years from commencement of operations, as of June 30, 2022) include the hospitals at Lucknow and Patna</b>					
- Total Income contribution to total income (%)	23.43%	15.82%	18.45%	15.02%	1.92%
- EBITDA Margin (%)	22.55%	19.23%	19.55%	15.36%	(81.29)%
- Operational Beds	335	280	298	295	280
- ARPOB (₹)	56,499.73	47,897.04	55,883.03	48,062.62	44,223.59

#### The No. of Doctors, Operating Theatres, installed beds and ICU beds at each of the hospitals as of June 30, 2022:

	As of June 30, 2022			
	No. of Doctors	Operating Theatres	Installed Beds	ICU Beds
Medanta – The Medicity, Gurugram	800	40	1391	285
Medanta Lucknow Hospital	200	12	473	93
Medanta Super Speciality Hospital, Indore	50	5	175	53
Medanta Abdur Razzaque Ansari Memorial Weavers’ Hospital, Ranchi	50	8	200	64
Jay Prabha Medanta Super Specialty Hospital, Patna	125	4	228	28

The IPD facility of the Patna hospital, which was inaugurated in October 2021, has commenced operations during Fiscal 2022.

## COMPETITIVE STRENGTHS

- **Tertiary and quaternary care provider in India, well recognised for clinical expertise in particular in dealing with complicated cases**

For the last 3 years (2020 to 2022), company’s hospital in Gurugram has been rated as the best private hospital in India by Newsweek. They achieved this leadership position by the focusing of their experienced doctors on treating complicated cases and ensuring at the same time the best quality of care. Medanta focuses on quality tertiary and quaternary care, treatment of lifestyle diseases, provision of value-based treatments and work on a high number of critical, complex cases. These procedures have included a number of complex surgeries, including a paediatric liver transplant for a 3-month-old infant in 2020, a 3D printed titanium spine implant procedure in 2017, and a successful intestinal transplant in 2013.

- **Focus on Clinical Research and Academics**

Medanta is also focused on clinical research and academics. Established in 2009, their clinical research facility is another driving force behind their high standard of care. They established “The Medanta Institutional Tissue Repository” in 2017 to promote biomarker and other tissue-based research. Doctors associated with their hospitals have published 451 peer reviewed indexed journal publications between January 2021 and June 2022. They have on-going research studies and are currently working with **Qure.ai** to develop artificial intelligence algorithms with the aim of increasing productivity and improving the accuracy of medical diagnoses. Medanta 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 their academic program, Medanta has successfully graduated 325 students across 36 specialties for the DNB and, as at June 30, 2022, they had 184 students undergoing training at their hospitals

- **‘Doctor-led’ hospitals driven by skilled and experienced doctors in the healthcare space**

As at June 30, 2022, they had a team of more than 6,000 medical professionals, including over 1,300 doctors and over 3,700 nurses and 1,000 paramedical personnel.

Medanta has adopted a ‘doctor-led’ model of management. Dr. Trehan leads the entire organization. The day-to-day operational governance of their hospitals is overseen by a committee comprising the Heads of the major clinical specialties, the Medical Director/CEO/CMD. Each speciality operates on a departmental concept with all doctors in

the department working together as a team, thus enabling sub-specialisation, a joint rewards system and a combined team-based approach to patient care. A large amount of autonomy is given to each departmental head to drive their clinical practice. Their doctors are among the best in their fields and almost all their clinical department heads are recognized by their peers in the industry as among the leaders in their specializations. Company's world-class infrastructure, the advanced technology and, most importantly, the doctor-driven culture of the organization have allowed them to attract and retain some of the best clinical leaders in India.

- ***Large-scale hospitals with world-class infrastructure and high-end medical equipment and technology***

The Gurugram hospital has a built-up structure of more than 2 msf with 40 operating rooms and installed bed capacity of 1,391 including 285 ICUs beds as of June 30, 2022. In Lucknow, they have over 1.3 msf designed with installed bed capacity of over 473 as of June 30, 2022., while Patna has approximately 1 msf with 228 installed beds as of June 30, 2022 (designed to accommodate over 500 beds). Seamless connectivity is ensured between doctors and patients by combining the in-patient and out-patient areas. A large amount of square-foot-to-bed ratios is maintained across all hospitals and care has been taken to provide patients with a visual connection to the outside environment.

They place a high focus on infection control practices in design and operations. They have invested in the latest medical technology and equipment to provide their doctors and medical staff with all the tools they need to practice the highest end of medical care. Their hospitals are equipped with machines and devices with sophisticated technology.

- ***Track record of strong operational and financial performance***

Medanta has grown to hospitals with 2,467 installed beds across 5 cities as at June 30, 2022. They have consistently delivered strong operational and financial performance through strong patient volumes, cost efficiency and diversified revenue streams across medical specialities. Over the years of service to patients, their dedication has helped them in enhancing the "Medanta" brand. 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. Their newer hospitals have benefited from the established image and credibility of the "Medanta" brand, able to tap into their potential for growth.

Medanta took swift measures to manage the costs and liquidity in response to the shocks of Covid-19, such as:

- Reduction in salaries for senior and middle management employees;
  - Optimization of wards, Operation Theatre space and clinic to drive facility cost reduction;
  - Negotiation with property owners/vendors for waiver/reduction in costs during impacted period;
  - Driving strong collections especially from Central Government Health Scheme, Ex-Servicemen Contributory Health Scheme and Third Party Administrators/Health Insurance providers; and
  - Tying up fresh working capital facility for meeting short-term liquidity gaps if any.
- ***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. Their presence in these under-served markets present them with great potential to expand their offering and improve the healthcare infrastructure, which their developing hospital in Lucknow and planned hospital in Patna aim to target.

Medanta has a balanced presence across the maturity spectrum of hospitals of mature, developing and planned. Mature hospitals (in operation for more than 6 years) include their hospitals at Gurugram, Indore and Ranchi, which have reached economies of scale, a strong established brand, effectively managed operational risk and stable profit margins.

Developing hospital (in operation for less than 6 years) includes their Lucknow and Patna hospital, which are well invested and present significant room for medium-term growth and profit margin expansion. Their 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***

Company's strength is their 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 their 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, they have 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 them with flexibility in complementing their core business.

In line with the thinking of 'bringing the care to the patient rather than the patient to the care' they have added additional services including home care, out-patient pharmacy services and telemedicine-based remote care. In the future they plan to continue to scale up their 'out of hospital' services using both the home delivery and the technology backed remote delivery model.

They are exploring long-term arrangements with hospitals for managing specific specialities to promote an asset-light strategy for operations and management. Medanta and Moolchand have collaborated to set up the "Medanta-Moolchand Heart Centre" at the Moolchand Hospital, New Delhi wherein the Medanta clinical team is providing cardiac services to patients at the Heart Centre.

They have also recently incorporated a wholly-owned subsidiary, GHL Pharma & Diagnostic Pvt Ltd ("**GHL Pharma**") through which they aim to run all of their out-patient pharmacies in their hospitals and clinics as well as explore opportunities for expanding their 'out-of-hospital' laboratory diagnostic services.

- ***Experienced senior management team with strong institutional shareholder support***

Medanta is led by a dedicated and experienced management team. Their management team members have solid industry and technical knowledge as well as rich management expertise gained from their long tenure and wide exposure in the healthcare industry. Their senior management team has extensive healthcare industry experience and is led by Dr. Naresh Trehan, the Chairman and Managing Director of the company.

Company's investors include The Carlyle Group (through its affiliate Anant Investments) ("**Carlyle**"), Temasek (through its indirect wholly owned subsidiary, Dunearn) and Sheares Healthcare Group Pte. Ltd., a wholly owned but independently managed portfolio company of Temasek (through its indirect wholly owned subsidiary, Polaris Healthcare Investments Pte. Ltd.). Carlyle (i.e., Investor Selling Shareholder) is a leading global investment firm with experience in providing strategic, practical, and impactful support to high-growth companies in India and globally. Carlyle is one of the first global private equity firms to invest in India and holds approximately 25.64% of equity shares of the company. Temasek, the Singapore-based investment fund, has over 15 years' history of investments in India and holds approximately 16.97% equity shares of the company.

## **KEY BUSINESS STRATEGIES**

- ***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 their presence in the key growth markets. Their goal will be to carefully increase their 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 their healthcare services, by providing cost-effective care through efficient, optimal utilization of processes, information, technology, research, innovation and other resources.

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 their hospitals). They also plan to on-board new doctors and employ new technology, machines and treatments by analyzing what can complement their current offering.

- ***Continue to attract, engage and train prominent, skilled doctors and other healthcare professionals***

Medanta intends to strengthen their integrated human resources management system to further enhance the recruitment, training, and retention of high-quality medical professionals. They utilize recruitment channels such as professional medical talent recruiting agencies and internal referrals to attract experienced medical professionals in

order to strengthen their existing departments. They also opened the Institute of Chest Surgery, Chest Oncology and Lung Transplant in Fiscal 2021 and Obstetrics and Neonatology at Lucknow in April 2022. In addition to regular training at their hospitals, they intend to continue to send selected doctors, technicians and nurses to their collaborating hospitals and medical institutions to receive additional training.

- **Enhance clinical capabilities and improve operating efficiencies**

The company intends to improve occupancy rates and equipment utilization at their hospitals by continuing to maintain and recruit new medical professionals of high caliber in specified fields and focus on clinical excellence. They also plan to reduce their average length of stay in hospitals (ALOS) by continuing to improve their clinical practices and use of technology. They will also look to optimize operations through improving employee productivity and streamlining technology and processes.

- **Extend clinical services outside the hospital and across the lifetime of the patient**

The company intends to extend their clinical services outside the hospital by growing their home care business across sample collection, medicine delivery and all possible aspects of care at home. They also intend 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.

- **Leverage technology to improve patient experience and grow the digital health services**

The company plans to further strengthen their collaboration with domestic and international clinical development experts and institutions to continually implement advanced technology to improve their hospitals' offering. They will endeavour to equip their health-care facilities with state-of-the-art equipment, which is essential in increasing automation wherever appropriate, and ensuring reliability as well as cost competitiveness. They will leverage technology in their operations with the goal of improving the quality of patient experience and cost efficiency. In addition to their home care services business, they intend to grow their digital health services by further developing their website and online communication platform to educate the public on various health topics to help solidify their brand as the 'go-to' source for medical knowledge.

- **Build on the thought leadership through increased focus on academics and research**

Training the doctors and other medical professionals in best practices and keeping up with medical advancements is critical to their leading position as a premier hospital in India. They intend to increase further their academics and research which will help them to enhance the talent and expertise of their doctors to effectively treat their patients and thereby support their business growth. In addition, further investments in academics and research will enable their doctors and other healthcare personnel to improve themselves through focused learning opportunities.

## INDUSTRY OVERVIEW

### Key Financial Ratios for Major Hospital Players (FY22)

	Operating Income (₹ Cr)	Operating Margin (%)	Net Profit Margin (%)	ROCE (%)	Interest Coverage (Times)	Gearing (Times)
Apollo Hospitals Enterprises Ltd	14,676.9	15.0	7.6	25.5	6.8	0.5
Fortis Healthcare Ltd	5,656.7	17.9	14.0	29.7	9.8	0.4
<b>Global Health Ltd (Medanta)</b>	<b>2,177.2</b>	<b>21.4</b>	<b>9.0</b>	<b>16.3</b>	<b>6.2</b>	<b>0.5</b>
Healthcare Global Enterprises Ltd	1,397.8	17.1	2.8	13.9	3.5	1.4
Max Healthcare Institute Ltd	5,218.0	26.7	16.0	NA	NA	NA
Narayana Hrudayalaya Ltd	3,701.3	17.8	9.2	27.2	10.3	0.4
Shalby Ltd	702.0	17.5	7.7	8.8	21.7	0.2

## COMPETITION

Medanta faces competition in all of their main business areas. They compete with government-owned hospitals, other private hospitals and nursing homes, such as **Fortis, Artemis, Asian Heart Institute, Apollo Hospitals and Max Healthcare**, smaller clinics, hospitals owned or operated by non-profit and charitable organizations and hospitals affiliated with medical colleges. They will also have to compete with any future healthcare facilities located in the regions in which they operate. An increase in competition could result in downward pressure on prices, lower demand for their services, reduced margins, an inability to take advantage of new business opportunities and a loss of market share.

**COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31<sup>ST</sup> MARCH 2022)**

Name of the Company	Face Value	Total Income Fiscal 2022 (₹ Cr)	Net Worth (₹ Cr)	Net Profit (₹ Cr)	EPS		NAV (₹)	P/E	RoNW (%)	Market Capitalization to Total Income	EV to EBITDA
					Basic	Diluted					
<b>Global Health Ltd*</b>	<b>2</b>	<b>2,205.82</b>	<b>1,616.01</b>	<b>196.20</b>	<b>7.78</b>	<b>7.77</b>	<b>63.82</b>	<b>[●]</b>	<b>12.14%</b>	<b>[●]</b>	<b>[●]</b>
<b>Peer Group</b>											
Apollo Hospitals Enterprises Ltd	5	14,740.80	5,877.70	1,108.36	73.42	73.42	408.78	58.53	18.86%	4.19	24.52
Fortis Healthcare Ltd	10	5,744.95	7,008.26	789.95	7.35	7.35	92.83	37.31	11.27%	3.60	14.81
Max Healthcare Institute Ltd	10	4,058.82	6,282.47	605.05	6.25	6.24	64.79	68.55	9.63%	10.22	39.31
Narayana Hrudayalaya Ltd	10	3,735.88	1,489.37	342.12	16.85	16.84	72.88	43.33	22.97%	3.99	22.30
<b>Average for listed comparable Industry peers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51.93</b>	<b>-</b>	<b>5.50</b>	<b>25.23</b>

Source: RHP, \*Financial information for the company is derived from the Restated Financial Information as at and for the year ended March 31, 2022. All the financial information for listed industry peer mentioned above is sourced from the annual report of the company for the year ended March 31, 2022 submitted to stock exchanges. P/E ratio is calculated as closing share price on October 14, 2022 as per the NSE website.

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