

# Global Health

Healthcare | India

IPO | 01 November 2022

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## Multi-Speciality Tertiary Care Providers; Strong North India Presence

### About the Company

Global Health (GHL) is one of the largest private multi-speciality tertiary care providers with a strong presence in the North and East regions of India. The company engages in cardiology & cardiac science, neurosciences, oncology, digestive and hepatobiliary sciences, orthopaedics, liver transplant and kidney & urology. As of Jun'22, the company provides healthcare services with over 30 medical specialities supported by 1,300 doctors. It has an expansive area of 4.7mn sq. ft. and the operational hospitals having 2,467 installed beds. The company is coming out with an IPO comprising fresh issue of ~14.9mn shares and OFS of ~50.8mn shares, aggregating a total of ~Rs22bn.

### Strong Brand Position

Global Health operates under the brand 'Medanta' and has a network of five hospitals which operate in Gurugram, Indore, Ranchi, Lucknow and Patna. Another hospital in Noida is under-construction and yet to commence operations. It established "The Medanta Institutional Tissue Repository" in 2017 to promote biomarker and other tissue-based research. Post the commencement of operation of the Noida hospital in FY25E, the company expects the number of total installed beds to exceed 3,500, which will cater to domestic and international patients as part of strategy to capitalize on medical tourism.

### International Recognition

GHL's hospital at Gurugram ranked No. 1 private hospital in India for three consecutive years in 2020, 2021 and 2022. It was the only Indian private hospital to be featured in the list of top 200 global hospitals in 2021 and was also featured in the list of the world's best-specialized hospitals for cardiology and neurology in 2022. As per "Best All India Multi Speciality Hospital Ranking 2022" by Outlook and NEB Research, its hospital at Gurugram was ranked as the best multi-speciality private hospital in North India and the second best private hospital in India.

### Financials

During FY20-22, its revenue and PAT clocked CAGR of 20% and 132% respectively, while EBITDA margin expanded from 12.4% in FY20 to 20.8% in FY22. The company reported revenue of Rs21.7bn in FY22, up 50% YoY, while EBITDA increased to Rs4.5bn (margin of 20.8%) in FY22 from Rs1.9bn (margin of 13.2%) in FY21. PAT for FY22 stood at Rs1.9bn, as against Rs288mn in FY21. ROE has expanded to 12.1% in FY22 against 2.1% in FY21 and 2.7% in FY20. The company's average debt-to-equity ratio stood at ~0.8x. The company is aiming to tap into growth opportunities in existing facilities and diversify into new services, including digital health.

### Our View

Based on FY22 earnings, the company is valued at 46x P/E, 21.9x EV/EBITDA and 4.5x EV/Sales. Despite the challenging macroeconomic environment, the company has leveraged its large-scale hospitals with world-class infrastructure, high-end medical equipment, and technology to record decent operational and financial performance. **In view of GHL's strong clinical expertise, focus on clinical research and academics, focus on under-served areas with dense population, presence in top capital cities of large states, decent brand equity, experienced management team and valuation comfort, we recommend a 'SUBSCRIBE' to the issue.**

### IPO Details

Price Band (Rs)	Rs319-Rs336
Face Value (Rs)	2
Issue Open/Closing Date	3-Nov-22/7-Nov-22
Fresh Issues (mn)	14.9
OFS (mn)	50.8
Total Issue (mn)*	65.6
Minimum Bid Qty. (Nos)	44
<b>Issue Size (Rs bn)</b>	<b>22.06</b>
QIB / HNI / Retail	50%/15%/35%
<b>Implied Market Cap (Rs bn)*</b>	<b>90.1</b>

\*At a higher band

### Object of the Issue

- ▶ Repayment of borrowings.
- ▶ OFS

### Key Risk

- ▶ Currently operate only five hospitals and six multi-speciality clinics.
- ▶ Highly dependent on attendance of doctors, nurses and other healthcare professionals.
- ▶ High manpower cost, infrastructure maintenance and repair cost, etc.

Shareholding (%)	Pre-Issue	Post-Issue
Promoters	35.0	33.0
Others	65.0	67.0

### Key Financials

(Rs mn)	FY20	FY21	FY22
Revenue	15,004	14,467	21,666
EBITDA	1,866	1,914	4,505
EBITDA Margin (%)	12.4	13.2	20.8
PAT	363	288	1,962
PAT Margin (%)	2.4	2.0	9.1
EPS (Rs)	1.4	1.1	7.3
P/E (x)	248	313	46
EV/EBITDA (x)	53.2	51.6	21.9
EV/Sales (x)	6.6	6.8	4.5
Net Worth	13,495	13,823	16,160
RoE (%)	2.7	2.1	12.1
Gross Debt	11,713	11,532	13,507
Net Block	17,031	16,157	17,759
Net Asset Turnover (x)	0.9	0.9	1.2

Source: RHP

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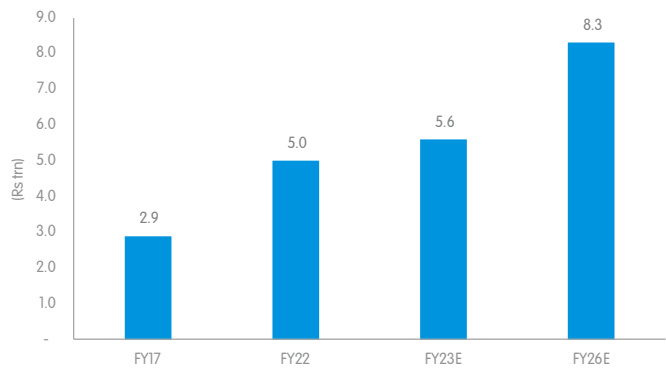
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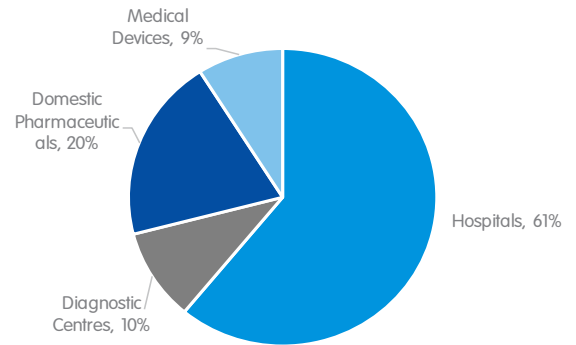
Email : anirvan.divakera@relianceada.com

**Exhibit 1: Indian Healthcare Delivery Market**



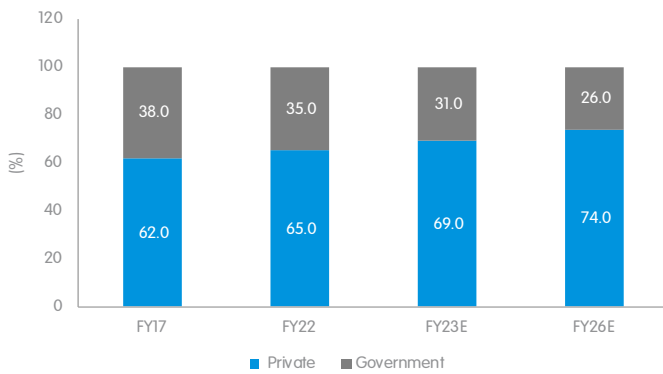
Source: RHP, CRISIL Research

**Exhibit 2: Hospitals Constitute the Largest Share of Total Healthcare**



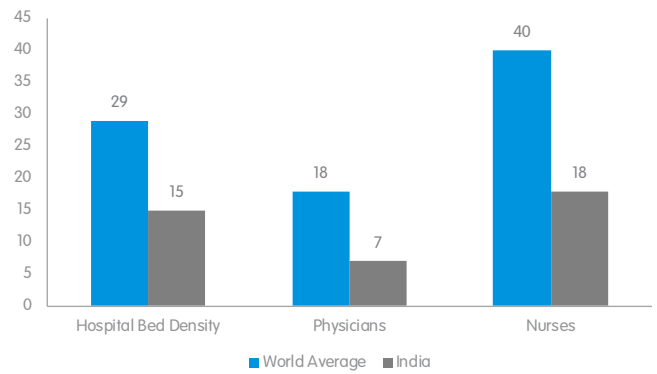
Source: RHP

**Exhibit 3: The share of Private Hospitals to Increase from 65% in FY22 to 74% by FY26E**



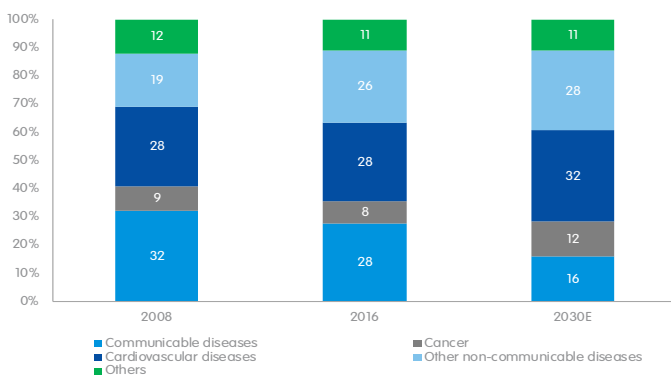
Source: RHP

**Exhibit 4: Underpenetrated Market in India (Per 10K Population)**



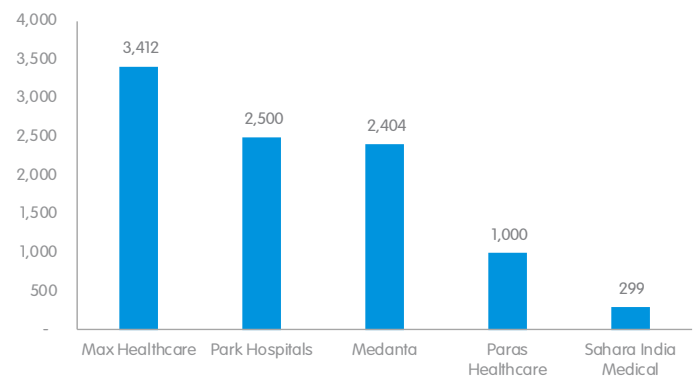
Source: RHP

**Exhibit 5: Disease Epidemiology Shifting Towards Non Communicable Diseases**



Source: RHP

**Exhibit 6: Pan India Bed Capacity for Players having Major Operation in North Region (FY22)**



Source: RHP

Exhibit 7: Hospital Overview of Medanta

Unit	Overview	Unit	Overview
 <p><b>Medanta – The Medicity, Gurugram</b></p> 	<ul style="list-style-type: none"> <li>■ <b>Flagship</b> facility of Medanta</li> <li>■ Established in <b>2009</b></li> <li>■ <b>1,391</b> installed beds</li> <li>■ <b>285</b> ICU beds</li> </ul>	 <p><b>Medanta Super Speciality Hospital, Indore</b></p>	<ul style="list-style-type: none"> <li>■ Commenced operations under the "Medanta" brand in <b>2014</b></li> <li>■ <b>175</b> installed beds</li> <li>■ <b>53</b> ICU beds</li> </ul>
 <p><b>Medanta Hospital, Lucknow</b></p>	<ul style="list-style-type: none"> <li>■ Established in <b>2019</b></li> <li>■ <b>473<sup>(5)</sup></b> installed beds</li> <li>■ <b>93</b> ICU beds</li> </ul>	 <p><b>Jai Prabha Medanta Super Specialty Hospital, Patna</b></p>	<ul style="list-style-type: none"> <li>■ <b>IPD facility has</b> commenced operations during <b>Fiscal 2022</b></li> <li>■ OPD facility was opened in 2021</li> <li>■ <b>228</b> installed beds<sup>(7)</sup></li> <li>■ <b>28</b> ICU beds</li> </ul>
 <p><b>Medanta Abdur Razzaque Ansari Memorial Weavers' Hospital, Ranchi</b></p>	<ul style="list-style-type: none"> <li>■ Commenced Operations under "Medanta" brand in <b>2015</b></li> <li>■ <b>200</b> installed beds</li> <li>■ <b>64</b> ICU beds</li> </ul>	 <p><b>Medanta Hospital, Noida</b> ★</p>	<ul style="list-style-type: none"> <li>■ Commencement expected in <b>FY25</b></li> <li>■ <b>300<sup>(6)</sup></b> expected installed beds</li> </ul> <p>★ <b>In Construction Stage</b></p>

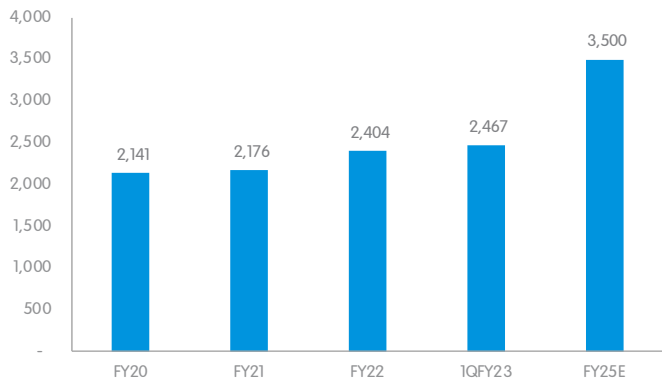
Source: RHP

Exhibit 8: Competitive Strengths of Medanta



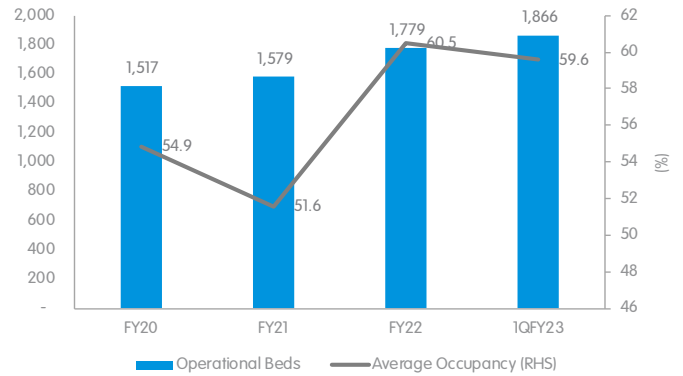
Source: RHP

**Exhibit 9: Installed Beds**



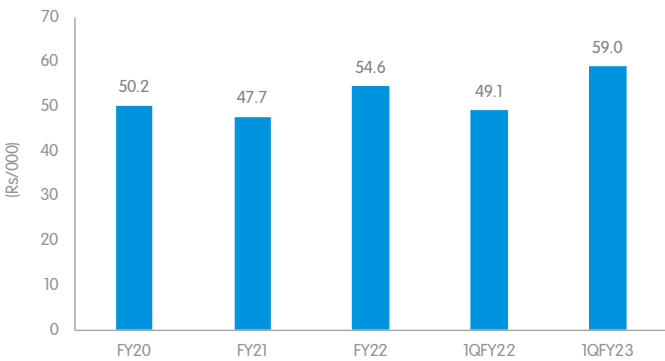
Source: RHP

**Exhibit 10: Operational Beds & Average Occupancy**



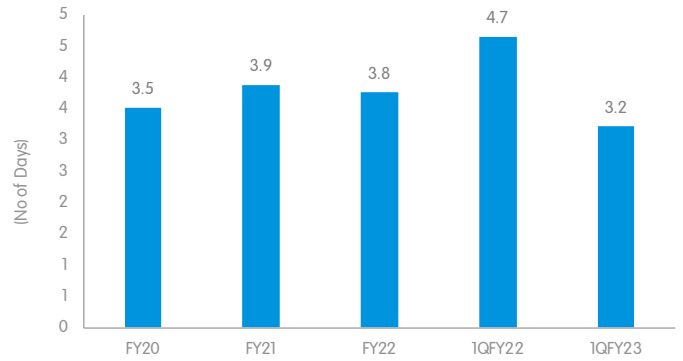
Source: RHP

**Exhibit 11: ARPOB : Health Care Services revenue/occupied bed days**



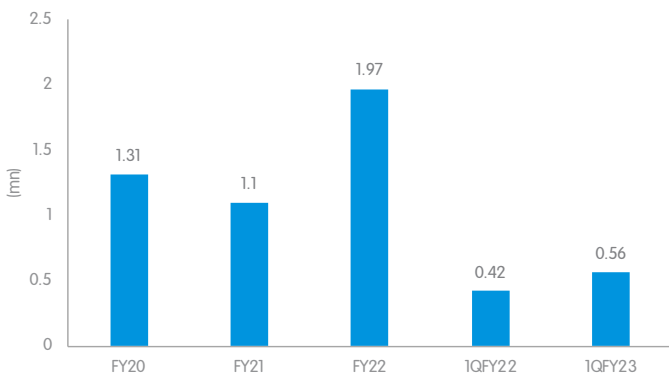
Source: RHP

**Exhibit 12: ALOS : Average number of days spent by admitted inpatients**



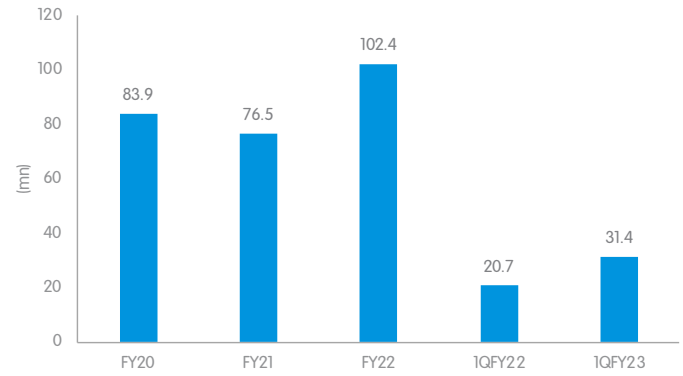
Source: RHP

**Exhibit 13: OPD Volumes (mn)**



Source: RHP

**Exhibit 14: IPD Volumes (mn)**



Source: RHP

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