

Global Health Limited

Incorporated in 2004, Global Health Limited (GHL) is one of the largest private multi-speciality tertiary care providers operating in the North and East regions of India. The company has key specialties in cardiology and cardiac science, neurosciences, oncology, digestive and hepatobiliary sciences, orthopedics, liver transplant, and kidney and urology. GHL has a network of 5 hospitals currently in operation (Gurugram, Indore, Ranchi, Lucknow, and Patna) under the "Medanta" brand. GHL provides healthcare services in over 30 medical specialties and engages over 1,300 doctors led by experienced department heads and, spanning over an area of 4.7 million sq. ft., its operational hospitals have 2,467 installed beds.

Positives: (a) Strong track record of operational and financial performance (b) Growth opportunities in existing facilities and diversification into new services, including digital health (c) Leading tertiary and quaternary care provider in India, well recognized for clinical expertise in dealing with complicated cases

Investment concerns: (a) High dependence on third party suppliers for raw materials and on sub-contractors for cleaning and maintenance work (b) High competitive intensity (c) Worsening of economic conditions would lead to slowdown in business

Outlook & Valuation: In terms of valuations, the post-issue P/E works out to 45.9x FY22 EPS (at the upper end of the issue price band) which is in line with its peers like Narayana Hrudayalaya, Max Healthcare Institute Ltd and Apollo Hospitals Enterprise Ltd. Further, GHL has better revenue/PAT growth (CAGR of 20%/132% respectively) over 2 years, weaker return on equity and company also faces near term headwinds. Considering all the factors, we believe this valuation is at reasonable levels. Thus, we recommend a **NEUTRAL** rating on the issue.

Key Financials

Y/E March (₹ cr)	FY'20	FY'21	FY'22
Net Sales	1,500	1,447	2,167
% chg		-4%	50%
Net Profit	36	29	196
% chg		-21%	581%
EBITDA (%)	4.8	4.7	14.8
EPS (Rs)	1.4	1.1	7.7
P/E (x)	248.4	313.2	46.0
P/BV (x)	6.7	6.5	5.6
ROE (%)	2.7	2.1	12.1
ROCE (%)	3.1	2.9	11.8
EV/Sales	6.5	6.7	4.4

Source: Company RHP, Angel Research

NEUTRAL

Issue Open: November 03, 2022

Issue Close: November 07, 2022

Issue Details

Face Value: ₹2

Present Eq. Paid up Capital: ₹ 50.65cr

Offer for Sale: ₹ 1,706cr

Fresh issue: ₹ 500cr

Post Eq. Paid up Capital: ₹ 53.62cr

Issue size (amount): ₹ 2,206cr

Price Band: ₹319 - ₹336

Lot Size: 44 shares and in multiple thereafter

Post-issue mkt. cap: * ₹8,580cr - ** ₹9,011cr

Promoters holding Pre-Issue: 35.03%

Promoters holding Post-Issue: 33.08%

*Calculated on lower price band

** Calculated on upper price band

Book Building

QIBs	50% of issue
Non-Institutional	15% of issue
Retail	35% of issue

Post Issue Shareholding Pattern

Promoters	33.1%
Public	66.9%

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Company background

Incorporated in 2004, Global Health Limited (GHL) is one of the largest private multi-speciality tertiary care providers operating in the North and East regions of India. The company has key specialties in cardiology and cardiac science, neurosciences, oncology, digestive and hepatobiliary sciences, orthopedics, liver transplant, and kidney and urology. GHL has a network of 5 hospitals currently in operation (Gurugram, Indore, Ranchi, Lucknow, and Patna) under the "Medanta" brand. GHL provides healthcare services in over 30 medical specialties and engages over 1,300 doctors led by experienced department heads and, spanning over an area of 4.7 million sq. ft., its operational hospitals have 2,467 installed beds.

Issue details

The IPO is made up of Fresh issue of ₹500cr and offer for sale of ₹1,706cr making the total Issue size of ₹2,206cr.

Pre & Post Shareholding

Particulars	(Pre-Issue)		(Post-Issue)	
	No of shares	%	No of shares	%
Promoter	8,87,25,240	35.0%	8,87,25,240	33.1%
Public	16,45,78,690	65.0%	17,94,59,642	66.9%
Total	25,33,03,930	100.0%	26,81,84,882	100.0%

Source: Company, Angel Research

Objectives of the Offer

- Rs 500cr proceeds from the fresh issue would be utilized as follows:
 - Up to ₹375cr utilized for investment in two of its Subsidiaries, GHPPL and MHPL, in the form of debt or equity for repayment/prepayment of borrowings of such Subsidiaries.

Financial Summary

Income Statement (Consolidated)

Y/E March (₹ cr)	FY'20	FY'21	FY'22
Net Sales	1,500	1,447	2,167
<i>% chg</i>		-4%	50%
Total Expenditure	1,314	1,255	1,716
Raw Material	325	349	543
Personnel	539	466	568
Other Expenses	450	440	605
EBITDA	187	191	451
<i>% chg</i>		3%	135%
<i>(% of Net Sales)</i>	12.4	13.2	20.8
Depreciation & Amortisation	115	123	130
EBIT	72	68	321
<i>% chg</i>		-5%	370%
<i>(% of Net Sales)</i>	4.8	4.7	14.8
Interest & other Charges	52	67	79
Other Income	44	31	39
<i>(% of PBT)</i>	68.7	96.8	14.0
PBT	64	32	281
<i>% chg</i>		-49%	764%
Tax	28	4	84
<i>(% of PBT)</i>	43.1	11.3	30.1
PAT	36	29	196
<i>% chg</i>		-21%	581%
Basic EPS (Rs)	1.4	1.1	7.7
Fully Diluted EPS (Rs)	1.4	1.1	7.3

Source: Company, Angel Research

Balance Sheet (Consolidated)

Y/E March (₹ cr)	FY'20	FY'21	FY'22
SOURCES OF FUNDS			
Equity Share Capital	49	50	51
Reserves & Surplus	1,300	1,333	1,565
Shareholders' Funds	1,350	1,382	1,616
Minority Interest	-	-	-
Total Loans	929	931	1,109
Other Liabilities	75	79	107
Total Liabilities	2,354	2,392	2,832
APPLICATION OF FUNDS			
Net Block	1,703	1,616	1,776
Goodwill	-	-	-
Capital Work-in-Progress	382	464	439
Investments	-	0	0
Current Assets	479	502	812
Inventories	39	40	53
Sundry Debtors	149	134	180
Cash	250	289	512
Loans & Advances	-	-	-
Other Assets	41	39	66
Current liabilities	305	302	314
Net Current Assets	174	200	498
Deferred Tax Assets (net)	-	26	28
Deferred Tax Liabilities (net)	8	-	-
Other Assets	103	87	91
Total Assets	2,354	2,392	2,832

Source: Company, Angel Research

Cashflow Statement (Consolidated)

Y/E March (₹ cr)	FY'20	FY'21	FY'22
Profit before tax	64	32	281
Depreciation	115	123	130
Change in Working Capital	2	37	-67
Interest / Dividend (Net)	16	34	53
Direct taxes paid	(56)	-16	-98
Others	35	32	12
Cash Flow from Operations	175	242	311
(Inc.)/ Dec. in Fixed Assets	(188)	-142	-273
Movement in Bank Balances (Net)	81	(112)	-164
Interest Received	19	15	16
Cash Flow from Investing	(87)	(239)	-421
Proceeds from Issue of Share capital	0	0	38
Proceed / (Repayment) of long-term borrowings	94	(3)	215
Interest Paid on lease liabilities	(26)	(25)	-22
Payment of lease liabilities	(16)	(16)	-17
Interest / Dividend (Net)	(53)	(37)	-55
Cash Flow from Financing	(1)	(81)	160
Inc./ (Dec.) in Cash	87	(78)	50
Opening Cash balances	60	148	69
Closing Cash balances	148	69	119

Source: Company, Angel Research

Key Ratios

Y/E March (₹ cr)	FY'20	FY'21	FY'22
Valuation Ratio (x)			
P/E (on FDEPS)	248.4	313.2	46.0
P/CEPS	59.6	59.4	27.7
P/BV	6.7	6.5	5.6
EV/Sales	6.5	6.7	4.4
Per Share Data (Rs)			
EPS (Basic)	1.4	1.1	7.7
Cash EPS	5.6	5.7	12.1
Book Value	50.3	51.6	60.3
Returns (%)			
ROE	2.7	2.1	12.1
ROCE	3.1	2.9	11.8

Source: Company, Angel Research;

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