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Global Health Ltd



About Company

Recommendation: Subscribe for long term

Global Health Ltd (Medanta) is one of the largest private multi-speciality tertiary care providers operating in the North and East regions of India in terms of bed capacity and operating revenues, 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, the company has a network of five hospitals currently in operation in Gurugram, Indore, Ranchi, Lucknow and Patna. It also has one hospital in Noida, which is under construction. As of June 30, 2022, the company provided healthcare services in over 30 medical specialties and engage over 1,300 doctors led by highly experienced department heads and, spanning an area of 4.7 million sq. ft., its operational hospitals have 2,467 installed beds. The company intends to carefully increase its bed capacity in existing facilities as well as consider utilizing the land available for ancillary services. It expects the number of total installed beds to exceed 3,500 at the end of FY 2025, which will cater to domestic and international patients as part of its strategy to capitalize on medical tourism. The company intend to extend its clinical services outside the hospital by growing home care business across sample collection, medicine delivery and all possible aspects of care at home. It also intends 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 (particularly for those suffering from chronic diseases).

Price Band	: Rs 319 to 336/- per share
Bid Lot size	: 44 Shares
Issue size	: Rs 2205.57 Cr
Face Value	: Rs 2/-
Min App Amount	: Rs 14784/- at upper band
Issue Period	: 3 rd November to 7 th November 2022
Indicative credit of equity shares	: 15-11-2022
Indicative listing date	: 16-11-2022

Important Note: All retail applications compulsory in UPI mode*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

Msearch View & Recommendation: We believe, Global Health is in a strong position to grow and expand into different geographies as there is huge scope in healthcare sector and super speciality hospital space. The company focuses on under-served areas with dense population and it presents significant room for medium-term growth and profit margin expansion. The company is led by a dedicated and experienced management team and it is currently working with Qure.ai to develop artificial intelligence algorithms with the aim of increasing productivity, improving the accuracy and speed of medical diagnoses, particularly in radiology scans. The company is focused on clinical research and academics. It has advantage of expanding services in existing facilities and diversification into new services, including digital health and also exploring long-term arrangements with hospitals for managing specific specialties to promote an asset-light strategy for operations and management. The company has a track record of strong financial performance with ROE and ROCE at 12.14% and 16.30% for FY22 respectively and has steady ARPOB and EBITDA levels. On valuation front, the company is available at 36x PE on annualised basis FY23E and is fairly priced compared to its peers. Hence, we recommend investors to subscribe for long term.

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BASIC FINANCIAL DETAILS				
Particulars Rs (in Cr)	2020	2021	2022	Jun'30 (03)
Equity Share Capital	49.35	49.59	50.65	50.65
Instruments entirely equity in nature	32.50	32.50	-	-
Reserves as stated	1267.69	1300.26	1565.37	1624.91
Net worth as stated	1349.54	1382.34	1616.01	1675.55
Revenue from Operations	1500.42	1446.74	2166.59	617.21
Revenue Growth (%)	-	(3.58%)	49.76%	27.13%
EBITDA as stated	230.45	222.85	489.76	141.65
Profit Before Tax	63.87	32.46	280.56	87.03
Net Profit for the period	36.33	28.81	196.20	58.71
EPS (Rs)	1.45	1.15	7.78	2.32
RONW%	2.69%	2.08%	12.14%	3.50%
NAV (Rs)	54.70	55.76	63.82	66.17

Data as on 31st March 2022

Source: Company RHP

COMPARISON WITH LISTED INDUSTRY PEERS Rs (in Cr)								
Companies	Mcap (in Cr)	FV	Total Revenue FY 2022 (in Cr)	EPS	NAV	P/E	P/Bv	RoNW
Global Health Ltd	9011	2	2205.82	7.78	63.82	36.20	3.83	12.14%
Apollo Hospital Ltd	64936.75	5	14740.80	73.42	408.78	58.53	11.57	18.86%
Fortis Healthcare Ltd	21923.98	10	5744.95	7.35	92.83	37.31	3.55	11.27%
Max Healthcare Ltd	33635.89	10	4058.82	6.25	64.79	68.55	5.35	9.63%
Naryana Hrudayalaya Ltd	15256.56	10	3735.88	16.85	72.88	43.33	10.24	22.97%

Data as on 31st March 2022, Mcap: Cline



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Msearch's Recommendation (Absolute Performance) Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months Sell : < -20% within the next 12 Months

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