

IPO Report

Choice

“SUBSCRIBE” to
Global Health Ltd.

One of the largest private players in the North and East India



Salient features of the IPO:

- **Global Health Ltd.** (Global Health), which operates and manages hospitals under the "Medanta" brand, is coming up with an IPO to raise around Rs. 2,200cr, which opens on 3rd Nov. and closes on 7th Nov. 2022. The price band is Rs. 319 - 336 per share.
- The IPO is a combination of fresh issue and OFS portion. Global Health will not receive any proceeds from the OFS portion. Of the fresh issue net proceeds, Rs. 375cr will be invested in its subsidiaries, which in turn will utilize the fund for the prepayment/repayment of debt. Residual funds will be used for general 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.
- Pursuant to the agreement, Anant Investments's pre-IPO stake in Global Health will come down to 20%, while RJ Corp Ltd.'s stake will increase to 5.83%. SBI Mutual Fund and Novo Holdings A/S each will have 1.89% stake in the company.
- Through this IPO, Anant Investments will fully offload its residual stake in Global Health.

Key competitive strengths:

- Tertiary and quaternary care provider in India, recognized for clinical expertise in particular in dealing with complicated cases
- Focus on clinical research and academics
- 'Doctor-led' hospitals driven by skilled and experienced doctors in the healthcare space
- Large-scale hospitals with sophisticated infrastructure, medical equipment and technology
- Track record of operational and financial performance
- Focus on under-served areas with dense population and presence in top or capital cities of large states (NCR, Lucknow and Patna)
- Growth opportunities in existing facilities and diversification into new services, including digital health
- Experienced senior management team with institutional shareholder support

Risk and concerns:

- Unfavorable government policies & regulations
- Lower hospital bed occupancy rate
- Difficulty in reviving loss making subsidiaries
- Continued subdued business through medical tourism
- Unexpected delay in the commissioning of hospital in Noida
- Retention of healthcare professionals
- Difficulty in maintaining the profitability
- Competition

Below are the key highlights of the company:

- Over FY17-22, Indian healthcare delivery market is estimated to have grown by 10-12% CAGR to reach a size of around Rs. 5lakh cr. Further with strong sector macros like lower hospital bed density with respect to the population, lower expenditure on healthcare infrastructure as compared to developed & several developing countries, rising income levels & increasing affordability for healthcare services and improving potential of Ayushman Bharat scheme of the government, the healthcare delivery market is estimated to grow at 13-14% CAGR over FY22-26E to reach a size of Rs. 8.3lakh cr.

Issue details

Price band	Rs. 319 - 336 per share
Face value	Rs. 2
Shares for fresh issue	1.488 - 1.567cr shares
Shares for OFS	5.076cr shares
Fresh issue size	Rs. 500cr
OFS issue size	Rs. 1,619.3 - 1,705.6cr
Total issue size	6.564 - 6.643cr shares (Rs. 2,119.3 - 2,205.6cr)

Bidding date 3rd Nov. - 7th Nov. 2022

MCAP at higher price band Rs. 9,011cr

Enterprise value at higher price band Rs. 9,216cr

Book running lead manager Kotak Mahindra Capital Company Ltd., Credit Suisse Securities (India) Pvt. Ltd., Jefferies India Pvt. Ltd. and JM Financial Ltd.

Registrar KFin Technologies Ltd.

Sector Hospital

Promoters DR. Naresh Trehan

Issue break-up

Category	Percent of issue (%)	Number of shares
QIB portion	50%	3.282 - 3.322cr shares
Non institutional portion	15%	0.985 - 0.997cr shares
Retail portion	35%	2.297 - 2.325cr shares

Indicative IPO process time line

Finalization of basis of allotment	11 th Nov. 2022
Unblocking of ASBA account	14 th Nov. 2022
Credit to demat accounts	15 th Nov. 2022
Commencement of trading	16 th Nov. 2022

Pre and post - issue shareholding pattern

	Pre-issue	Post-issue
Promoter & promoter group	35.03%	33.08%
Public	64.97%	66.92%
Total	100.00%	100.00%

Retail application money at higher cut-off price per lot

Number of shares per lot	44
Application money	Rs. 14,784 per lot

Key highlights of the company (Contd...):

Company name	Face value (Rs.)	CMP (Rs.)	MCAP (Rs. cr)	EV (Rs. cr)	Stock return				TTM total operating revenue (Rs. cr)	TTM EBITDA (Rs. cr)	TTM PAT (Rs. cr)	TTM gross margin	TTM EBITDA margin	TTM PAT margin
					1 M	3 M	6 M	1 Y						
Global Health Ltd.	2	336	9,011	9,216					2,298	483	213	75.4%	21.0%	9.3%
Apollo Hospitals Enterprise Ltd.	5	4,569	65,698	66,797	7.1%	9.0%	0.9%	6.3%	14,698	2,156	883	49.2%	14.7%	6.0%
Aster DM Healthcare Ltd.	10	244	12,188	13,559	-4.2%	9.3%	26.4%	33.0%	10,544	1,495	550	71.6%	14.2%	5.2%
Fortis Healthcare Ltd.	10	278	21,010	21,547	7.8%	0.6%	3.6%	11.9%	5,795	1,044	414	76.6%	18.0%	7.1%
Krishna Institute of Medical Sciences Ltd.	10	1,459	11,674	11,624	4.2%	20.1%	7.2%	26.9%	1,673	509	314	78.9%	30.4%	18.7%
Max Healthcare Institute Ltd.	10	430	41,723	41,928	6.4%	18.6%	8.3%	28.2%	3,998	960	631	77.9%	24.0%	15.8%
Narayana Hrudayalaya Ltd.	10	763	15,595	15,735	6.9%	16.0%	8.5%	47.0%	3,874	711	376	75.8%	18.4%	9.7%
Shalby Ltd.	10	143	1,545	1,540	13.3%	23.4%	11.9%	-4.4%	728	129	62	92.4%	17.8%	8.5%
Average												74.7%	19.6%	10.2%

Company name	4Y top-line growth (CAGR)	4Y EBITDA growth (CAGR)	4Y PAT growth (CAGR)	4Y average EBITDA margin	4Y average PAT margin	4Y capital employed growth (CAGR)	4Y CFO growth (CAGR)	4Y average working capital cycle (Days)	4Y average fixed asset turnover (x)	4Y average total asset turnover (x)	4Y average RoE	4Y average RoIC
Global Health Ltd.	14.2%	39.0%	56.4%	14.5%	4.2%	6.7%	23.4%	(59.7)	0.8	0.6	4.5%	2.1%
Apollo Hospitals Enterprise Ltd.	15.1%	27.2%	64.8%	12.7%	3.8%	11.3%	21.6%	(0.7)	1.6	0.9	10.7%	7.2%
Aster DM Healthcare Ltd.	8.8%	19.9%	16.4%	13.5%	3.6%	13.2%	29.8%	(52.9)	1.3	0.8	9.1%	8.0%
Fortis Healthcare Ltd.	8.6%	68.1%		11.7%		12.2%		(84.8)	0.5	0.4	0.9%	9.8%
Krishna Institute of Medical Sciences Ltd.	21.6%	83.4%		22.8%		18.4%	34.3%	(113.0)	1.3	0.9	14.6%	18.8%
Max Healthcare Institute Ltd.	32.5%	85.8%		14.1%		53.3%	103.4%	(199.8)	0.7	0.4	2.3%	3.6%
Narayana Hrudayalaya Ltd.	9.0%	31.0%	79.4%	12.3%	3.6%	0.4%	20.3%	(76.7)	1.5	1.1	9.4%	7.9%
Shalby Ltd.	14.8%	13.3%	19.5%	18.2%	7.5%	3.7%	-24.2%	(240.0)	0.8	0.5	4.7%	4.2%
Average	15.8%	47.0%	45.0%	15.0%	4.6%	16.1%	30.8%	(109.7)	1.1	0.7	7.4%	8.5%

Company name	TTM EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio (x)	TTM fixed asset turnover ratio (x)	TTM total asset turnover ratio (x)	TTM RoE	TTM RoCE	TTM P / E (x)	P / B (x)	EV / TTM sales (x)	EV / TTM EBITDA (x)	MCAP / TTM sales (x)	TTM Earning yield
Global Health Ltd.	7.9	78.9	0.0	0.6	1.0	0.6	10.1%	15.3%	42.3	4.3	4.0	19.1	3.9	2.4%
Apollo Hospitals Enterprise Ltd.	61.4	391.1	3.0	0.5	1.8	1.0	15.7%	14.6%	74.4	11.7	4.5	31.0	4.5	1.3%
Aster DM Healthcare Ltd.	11.0	79.1	0.4	0.4	1.3	0.8	13.9%	9.7%	22.2	3.1	1.3	9.1	1.2	4.5%
Fortis Healthcare Ltd.	5.5	81.8	0.0	0.2	0.6	0.5	6.7%	7.5%	50.8	3.4	3.7	20.6	3.6	2.0%
Krishna Institute of Medical Sciences Ltd.	39.2	173.4	0.0	0.1	1.6	0.9	22.6%	28.3%	37.2	8.4	6.9	22.8	7.0	2.7%
Max Healthcare Institute Ltd.	6.5	64.8	0.0	0.1	0.6	0.4	10.0%	9.3%	66.1	6.6	10.5	43.7	10.4	1.5%
Narayana Hrudayalaya Ltd.	18.4	72.8	0.0	0.3	1.9	1.2	25.3%	25.7%	41.4	10.5	4.1	22.1	4.0	2.4%
Shalby Ltd.	5.7	81.1	1.0	0.1	1.1	0.6	7.0%	8.6%	25.0	1.8	2.1	11.9	2.1	4.0%
Average			0.6	0.2	1.3	0.8	14.5%	14.8%	45.3	6.5	4.7	23.0	4.7	2.6%

Note: Financial data is for TTM with IPO related adjustments; Source: Choice Broking Research

- Among the players operating in the North and East India, Global Health is one of the largest private multi-specialty tertiary care providers in terms of bed capacity and operating revenues in FY22. It operates across key therapeutic specialties like cardiology & cardiac science, neurosciences, oncology, digestive & hepatobiliary sciences, orthopaedics, liver transplant and kidney & urology. With nine specialties generating business of over Rs. 50cr, the company has the diversified revenue streams across multiple clinical specialties.
- The company focuses on quality tertiary & quaternary care, treatment of lifestyle diseases, provision of value-based treatments and work on a high number of critical, complex cases. Some of the complex surgeries includes a paediatric liver transplant for a three-month old infant in 2020, a 3D printed titanium spine implant procedure in 2017 and a successful intestinal transplant in 2013.
- Under the "Medanta" brand, Global Health has a network of five hospitals in operations (Gurugram, Indore, Ranchi, Lucknow and Patna), spanned across an area of 4.7mn sq.ft., and has an installed operating capacity of 2,467 beds (as of 30th Jun. 2022). Relative to the overall bed strength, it has higher proportion of operation theaters (69), procedure rooms and ICUs (523 beds).
- A hospital at Noida with expected capacity of 300 beds is under construction and is likely to commence operations in FY25. Apart from the Noida facility, bed capacities at the existing hospitals are also likely to be expanded so as to have a total installed capacity of 3,500 beds by the end of FY25.
- Its hospitals at Gurugram, Indore and Ranchi have established a strong brand and reached an economies of scale operations with almost stable operating profit margins. These hospitals contributed around 80-85% to the total income and had an EBITDA margin of around 20%. Lucknow and Patna hospitals established in 2019 and 2020, respectively, contributed 15-20% to the total income are showing improvement in the operating margins. Patna hospital's in-patient department commenced operations during FY22. Since these hospitals are relatively new, there is a potential for profitable business growth in the medium term.

Key highlights of the company (Contd...):

- Global Health is founded by Dr. Naresh Trehan, a world-renowned cardiovascular and cardiothoracic surgeon. The Gurugram hospital was ranked as the best private hospital in India for three 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 also featured in the list of top-250 global hospitals in 2022 by the Newsweek. Among other recognitions, the Gurugram hospital was ranked as the best multi-specialty private hospital in North India and the second best private hospital in India as per “Best All India Multi Specialty Hospital Ranking 2022” by Outlook and NEB Research (Source: RHP).
- The company adopts a “doctor-led” model of management. Its hospitals have skilled & experienced doctors in their respective fields and almost all the clinical department heads are among the leaders in their specializations (Source: RHP). As of 30th Jun. 2022, it had a team of more than 6,000 medical professionals, including over 1,300 doctors, 3,700+ nurses and 1,000+ paramedical personnel. Majority of the doctors work full-time and exclusively for the hospital.
- Pre-covid-19 pandemic (i.e. FY19-20), business from international patients averaged around to 11.5% of the total healthcare revenue. Restriction on international travels during the pandemic times led to lower business contribution of around 4% during FY21-22. With international travel almost normalized, business from these patients is likely to rebound, thereby supporting the overall operational & financial growth of the company.
- Global Health is well supported by prominent institutional investors like The Carlyle Group and Temasek Group, each having a stake of around 25.66% and 18.95% in the company. Promoter group had 35.03% stake. On 20th Oct. 2022, Anant Investments (an affiliate of Carlyle Group) 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. Pursuant to the agreement, Anant Investments’s pre-IPO stake in Global Health will come down to 20%, while RJ Corp Ltd.’s stake will increase to 5.83%. SBI Mutual Fund and Novo Holdings A/S each will have 1.89% stake in the company. Through this IPO, Anant Investments (i.e. The Carlyle Group) will fully offload its residual stake in Global Health.
- Over FY19-22, Global Health’s operational & financial performance has been sturdy and weathered the challenges of the Covid-19 pandemic. Operational efficiencies and reduction in the employee benefit expenses mainly led to a profitable business growth during the period. On the back of 6.9% and 6.2% CAGR rise in the number of occupied beds and average revenue per occupied bed, respectively, the company reported a 14.2% CAGR growth in the consolidated revenue to Rs. 2,166.6cr in FY22. With operational efficiencies and reduction in the employee benefit expenses post FY20, total operating expenditure increased by 10% CAGR (a rate lower than top-line growth), thereby resulting to a 92bps expansion in the EBITDA margin, which stood at 20.8% in FY22. Consolidated EBITDA increased by 39% CAGR to Rs. 450.5cr in FY22. Depreciation charge and finance cost increased by 8.5% and 34% CAGR, respectively. However lower effective tax rate in FY22, mainly led to a 56.4% CAGR rise in reported PAT to Rs. 196.2cr in FY22. PAT margin expanded by 553bps during the period.
- The company reported a positive operating cash flow during the period, which increased by 23.4% CAGR. Average operating cash flow during the period stood at Rs. 223.4cr. Financial liabilities increased by 12.2% CAGR with debt-to-equity ratio of 0.8x in FY22 as compared to 0.7x in FY19. Pre-issue average RoIC and RoE stood at 2.5% and 5.2%, respectively.
- During Q1 FY23, Global Health reported a 27.1% Y-o-Y rise in consolidated revenue to Rs. 617.2cr. EBITDA and PAT margin both expanding by around 90bps each on Y-o-Y basis. On TTM basis, consolidated top-line stood at Rs. 2,298.3cr with an EBITDA and PAT margin of 21% and 9.3%, respectively.
- Based on our conservative quick estimates, over FY22-24E top-line is likely to increase by 13.6% CAGR to Rs. 2,796cr in FY24E. EBITDA margin to expand by 73bps, while lower finance cost and effective tax rate would improve the PAT margin by 176bps during the period. Post-issue RoIC and RoE is forecasted to expand by 334bps and 218bps, respectively.

Peer comparison and valuation: At higher price band, Global Health is demanding an EV/Sales multiple of 4x, which is lower than the peer average. Thus the IPO is attractively priced. Considering the strong long term structural factors and the anticipated business growth of the company we assign a “**SUBSCRIBE**” rating for the issue.

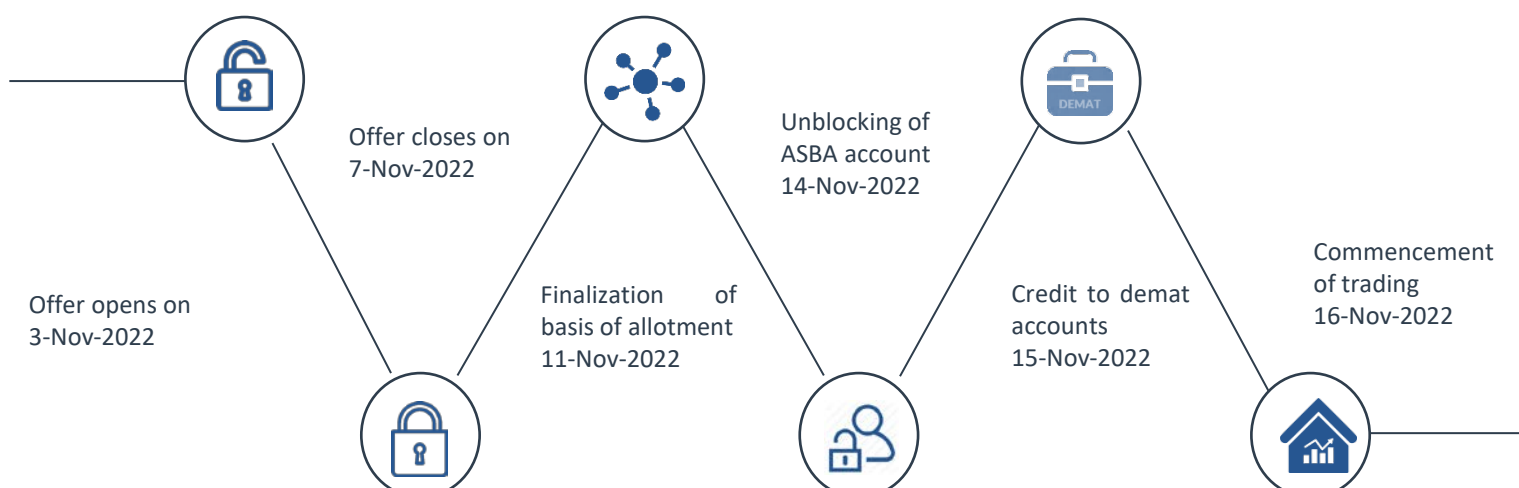
About the issue:

- Global Health is coming up with an IPO with 6.564 - 6.643cr shares (fresh issue: 1.488 - 1.567cr shares; OFS shares: 5.076cr shares) in offering. This offer represents around 24.5 - 24.7% of its post issue paid-up equity shares of the company. Total IPO size is Rs. 2,119.3 - 2,205.6cr.
- The issue will open on 3rd Nov. 2022 and close on 7th Nov. 2022.
- The issue is through book building process with a price band of Rs. 319 - 336 per share.
- The IPO is a combination of fresh issue and OFS portion. Global Health will not receive any proceeds from the OFS portion. Of the fresh issue net proceeds, Rs. 375cr will be invested in its subsidiaries, which in turn will utilize the fund for the prepayment/repayment of debt. Residual funds will be used for general 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.
- Pursuant to the agreement, Anant Investments's pre-IPO stake in Global Health will come down to 20%, while RJ Corp Ltd.'s stake will increase to 5.83%. SBI Mutual Fund and Novo Holdings A/S each will have 1.89% stake in the company.
- Through this IPO, Anant Investments will fully offload its residual stake in Global Health.
- 50% of the net issue are reserved for qualified institutional buyers, while 15% and 35% of the net issue is reserved for non-institutional bidders and retail investors, respectively.
- Promoter currently holds 35.03% stake in the company and post-IPO this will come down to 33.08%. Public holding will increase from current 64.97% to 66.92%.

Pre and post-issue shareholding pattern (%)		
	Pre-issue	Post-issue (at higher price band)
Promoter & promoter group	35.03%	33.08%
Public	64.97%	66.92%

Source: Choice Equity Broking

Indicative IPO process time line:



Pre-issue financial performance:

Performance over FY19-22: Over FY19-22, Global Health's operational & financial performance has been sturdy and weathered the challenges of the Covid-19 pandemic. Operational efficiencies and reduction in the employee benefit expenses mainly led to a profitable business growth during the period.

On the back of 6.9% and 6.2% CAGR rise in the number of occupied beds and average revenue per occupied bed, respectively, the company reported a 13.5% CAGR growth in the business from the healthcare services, which contributed around 98% to the consolidated revenue during FY19-22. Operational bed capacities increased by 9.7% CAGR, while the average occupancy levels declined by 495bps during the period. Total patient volume increased by 14.8% CAGR to 0.21cr in FY22. Consolidated revenue increased by 14.2% CAGR to Rs. 2,166.6cr in FY22.

With operational efficiencies and reduction in the employee benefit expenses post FY20, total operating expenditure increased by 10% CAGR (a rate lower than top-line growth), thereby resulting to a 927bps expansion in the EBITDA margin, which stood at 20.8% in FY22, compared to 11.5% in FY19. Consolidated EBITDA increased by 39% CAGR to Rs. 450.5cr in FY22.

With expansion in the bed capacities, depreciation charge and finance cost increased by 8.5% and 34% CAGR, respectively. However lower effective tax rate in FY22, mainly led to a 56.4% CAGR rise in reported PAT to Rs. 196.2cr in FY22. PAT margin expanded by 553bps during the period.

The company reported a positive operating cash flow during the period, which increased by 23.4% CAGR. Average operating cash flow during the period stood at Rs. 223.4cr. Financial liabilities increased by 12.2% CAGR with debt-to-equity ratio of 0.8x in FY22 as compared to 0.7x in FY19. Pre-issue average RoIC and RoE stood at 2.5% and 5.2%, respectively.

Performance during Q1 FY23: During Q1 FY23, Global Health reported a 27.1% Y-o-Y rise in consolidated revenue to Rs. 617.2cr. EBITDA and PAT margin both expanding by around 90bps each on Y-o-Y basis.

On TTM basis, consolidated top-line stood at Rs. 2,298.3cr with an EBITDA and PAT margin of 21% and 9.3%, respectively.

Pre-issue consolidated financial snapshot (Rs. cr)	FY19	FY20	FY21	FY22	Q1 FY22	Q1 FY23	TTM	CAGR over FY19-22	Y-o-Y (Annual)
Income from healthcare services	1,436.8	1,480.6	1,417.8	2,100.4	473.2	596.1	2,223.3	13.5%	48.1%
Income from sale of pharmacy products to out-patients			11.5	53.6	9.8	18.6	62.4		367.0%
Other operating income	19.0	19.9	17.4	12.6	2.4	2.5	12.7	-12.8%	-27.9%
Revenue from operations	1,455.8	1,500.4	1,446.7	2,166.6	485.5	617.2	2,298.3	14.2%	49.8%
Gross profit	1,130.9	1,175.6	1,098.2	1,623.7	361.6	470.0	1,732.1	12.8%	47.8%
EBITDA	167.7	186.6	191.4	450.5	99.7	132.3	483.2	39.0%	135.3%
Reported PAT	51.3	36.3	28.8	196.2	41.8	58.7	213.2	56.4%	581.1%
Restated adjusted EPS	1.9	1.4	1.1	7.3	1.6	2.2	7.9	56.4%	581.1%
Cash flow from operating activities	165.6	175.1	241.8	311.3	76.5	137.6	372.4		
NOPLAT	25.2	15.9	(9.1)	222.9	45.6	69.6	246.8	106.9%	
FCF		8.5	(58.6)	(220.0)					275.5%
RoIC (%)	1.2%	0.7%	-0.4%	8.3%	1.9%	2.6%	9.2%	710 bps	873 bps
Revenue growth rate (%)		3.1%	-3.6%	49.8%		27.1%			
Gross profit growth rate (%)		4.0%	-6.6%	47.8%		30.0%			
Gross profit margin (%)	77.7%	78.4%	75.9%	74.9%	74.5%	76.2%	75.4%	(274) bps	(97) bps
EBITDA growth rate (%)		11.3%	2.6%	135.3%		32.7%			
EBITDA margin (%)	11.5%	12.4%	13.2%	20.8%	20.5%	21.4%	21.0%	927 bps	756 bps
EBIT growth rate (%)		8.2%	-4.7%	370.2%		40.9%			
EBIT margin (%)	4.5%	4.8%	4.7%	14.8%	14.1%	15.6%	15.2%	1,026 bps	1,009 bps
Restated reported PAT growth rate (%)		-29.2%	-20.7%	581.1%		40.6%			
Restated reported PAT margin (%)	3.5%	2.4%	2.0%	9.1%	8.6%	9.5%	9.3%	553 bps	706 bps
Inventory days	26.2	34.7	41.0	31.3	46.7	36.3	38.3	6.2%	-23.6%
Debtor days	41.2	38.1	35.7	26.4	29.0	29.8	32.4	-13.7%	-25.9%
Payable days	(142.1)	(144.5)	(137.3)	(89.4)	(109.5)	(110.1)	(116.0)	-14.3%	-34.9%
Cash conversion cycle	(74.7)	(71.7)	(60.7)	(31.6)	(33.8)	(44.0)	(45.3)	-24.9%	-47.9%
Fixed asset turnover ratio (x)	0.8	0.7	0.7	1.0	0.2	0.3	1.0	7.7%	40.6%
Total asset turnover ratio (x)	0.6	0.6	0.5	0.7	0.2	0.2	0.7	4.8%	28.3%
Current ratio (x)	1.7	1.4	1.5	2.3	1.8	2.1	2.1	10.7%	56.3%
Quick ratio (x)	1.6	1.3	1.4	2.2	1.6	1.9	1.9	10.0%	58.6%
Total debt (Rs.)	861.1	1,040.5	1,021.7	1,216.4	1,118.7	1,189.2	1,189.2	12.2%	19.1%
Net debt (Rs.)	594.6	790.4	732.4	704.5	712.2	671.0	671.0	5.8%	-3.8%
Debt to equity (x)	0.7	0.8	0.7	0.8	0.8	0.7	0.7	4.2%	1.8%
Net debt to EBITDA (x)	3.5	4.2	3.8	1.6	7.1	5.1	1.4	-23.9%	-59.1%
RoE (%)	4.0%	2.7%	2.1%	12.1%	2.9%	3.5%	12.7%	818 bps	1,006 bps
RoA (%)	2.1%	1.4%	1.1%	6.2%	1.5%	1.8%	6.6%	413 bps	517 bps
RoCE (%)	3.5%	3.5%	3.3%	14.0%	3.3%	4.2%	15.2%	1,052 bps	1,074 bps

Note: Pre-IPO financial and ratios; Source: Choice Equity Broking



Competitive strengths:

- Tertiary and quaternary care provider in India, recognized for clinical expertise in particular in dealing with complicated cases
- Focus on clinical research and academics
- 'Doctor-led' hospitals driven by skilled and experienced doctors in the healthcare space
- Large-scale hospitals with sophisticated infrastructure, medical equipment and technology
- Track record of operational and financial performance
- Focus on under-served areas with dense population and presence in top or capital cities of large states (NCR, Lucknow and Patna)
- Growth opportunities in existing facilities and diversification into new services, including digital health
- Experienced senior management team with institutional shareholder support

Business strategy:

- Continue to invest in bed capacity expansion in existing facilities and develop further super-specialties, employ new technology and focus on preventive healthcare
- Continue to attract, engage & train prominent, skilled doctors and other healthcare professionals
- Enhance clinical capabilities and improve operating efficiencies
- Extend clinical services outside the hospital and across the lifetime of the patient
- Leverage technology to improve patient experience and grow digital health services
- Build thought leadership through increased focus on academics and research



Risk and concerns:

- Unfavorable government policies & regulations
- Lower hospital bed occupancy rate
- Difficulty in reviving loss making subsidiaries
- Continued subdued business through medical tourism
- Unexpected delay in the commissioning of hospital in Noida
- Retention of healthcare professionals
- Difficulty in maintaining the profitability
- Competition

Financial statements:

Consolidated profit and loss statement (Rs. cr)									
	FY19	FY20	FY21	FY22	Q1 FY22	Q1 FY23	TTM	CAGR over FY19 - 22	Annual growth over FY21
Revenue from operations	1,455.8	1,500.4	1,446.7	2,166.6	485.5	617.2	2,298.3	14.2%	49.8%
Cost of materials consumed	(324.9)	(324.8)	(340.9)	(508.2)	(117.5)	(135.1)	(525.8)	16.1%	49.1%
Purchases of stock-in-trade			(12.7)	(37.5)	(7.8)	(13.5)	(43.3)		195.5%
Changes in inventories of stock-in-trade			5.0	2.8	1.3	1.4	2.9		-44.1%
Gross profit	1,130.9	1,175.6	1,098.2	1,623.7	361.6	470.0	1,732.1	12.8%	47.8%
Employee benefits expense	(541.1)	(538.8)	(466.3)	(568.0)	(132.9)	(155.5)	(590.6)	1.6%	21.8%
Impairment losses on financial assets	(18.0)	(11.1)	(6.3)	(3.3)	(1.6)	(0.5)	(2.3)	-43.0%	-46.7%
Other expenses	(404.1)	(439.1)	(434.2)	(601.8)	(127.4)	(181.7)	(656.1)	14.2%	38.6%
EBITDA	167.7	186.6	191.4	450.5	99.7	132.3	483.2	39.0%	135.3%
Depreciation and amortization expense	(101.6)	(115.0)	(123.2)	(129.7)	(31.4)	(36.1)	(134.4)	8.5%	5.3%
EBIT	66.1	71.6	68.2	320.8	68.3	96.2	348.7	69.3%	370.2%
Finance costs	(33.1)	(51.5)	(67.2)	(79.5)	(16.2)	(18.5)	(81.8)	34.0%	18.3%
Other income	50.2	43.8	31.4	39.2	6.1	9.3	42.5	-7.9%	24.9%
Share of loss in joint venture	(0.0)	(0.0)					0.0		
PBT	83.2	63.9	32.5	280.6	58.2	87.0	309.4	49.9%	764.2%
Tax expenses	(31.9)	(27.5)	(3.7)	(84.4)	(16.4)	(28.3)	(96.2)	38.2%	2205.5%
Reported PAT	51.3	36.3	28.8	196.2	41.8	58.7	213.2	56.4%	581.1%

Consolidated balance sheet statement (Rs. cr)									
	FY19	FY20	FY21	FY22	Q1 FY22	Q1 FY23	TTM	CAGR over FY19 - 22	Annual growth over FY21
Equity share capital	49.1	49.3	49.6	50.6	49.8	50.6	50.6	1.0%	2.1%
Instruments entirely equity in nature	32.5	32.5	32.5		32.5		0.0		
Other equity	1,213.9	1,267.7	1,300.3	1,565.4	1,343.1	1,624.9	1,624.9	8.8%	20.4%
Non current borrowings	513.7	621.9	644.6	837.9	725.1	794.4	794.4	17.7%	30.0%
Non current lease liabilities	242.1	270.3	250.7	235.7	246.5	231.4	231.4	-0.9%	-6.0%
Other non current financial liabilities				9.8		10.7	10.7		
Non current provisions	29.0	36.1	42.3	51.1	44.6	54.0	54.0	20.8%	20.7%
Net deferred tax liabilities	28.9	8.1					0.0		
Other non current liabilities	35.4	39.1	36.3	45.8	36.5	45.1	45.1	8.9%	25.9%
Current lease liabilities	31.1	36.7	36.1	35.4	36.2	35.6	35.6	4.4%	-1.9%
Other current financial liabilities	74.1	111.6	90.3	97.6	110.9	117.0	117.0	9.6%	8.1%
Trade payables	126.5	130.7	131.6	134.3	150.7	180.0	180.0	2.0%	2.1%
Current provisions	42.4	18.9	27.7	19.3	29.1	17.6	17.6	-23.1%	-30.3%
Other current liabilities	11.2	43.3	52.2	62.7	50.1	60.4	60.4	77.3%	20.1%
Total liabilities	2,430.0	2,666.3	2,694.1	3,145.5	2,855.1	3,221.9	3,221.9	9.0%	16.8%
Property, plant and equipment	858.6	1,320.5	1,259.5	1,438.5	1,241.6	1,438.0	1,438.0	18.8%	14.2%
Intangible assets	1.4	8.5	7.2	6.3	6.7	5.9	5.9	66.0%	-13.5%
Right-of-use assets	333.7	374.1	348.9	331.1	344.4	327.3	327.3	-0.3%	-5.1%
Capital work-in-progress	666.3	381.7	463.8	439.3	477.5	459.1	459.1	-13.0%	-5.3%
Non current investments			0.1	0.1	0.1	0.1	0.1		0.0%
Non current loans	7.3						0.0		
Other non current financial assets	1.6	31.7	27.0	19.9	11.2	46.4	46.4	132.2%	-26.1%
Net deferred tax assets	0.3		25.7	27.8	28.5	23.4	23.4	331.9%	8.0%
Net income tax assets	59.5	66.0	47.1	59.5	46.5	58.7	58.7	0.0%	26.2%
Other non current assets	12.7	5.2	12.6	11.4	17.2	12.4	12.4	-3.5%	-9.4%
Inventories	23.3	38.5	39.8	53.4	64.2	59.4	59.4	31.9%	34.3%
Trade receivables	164.2	149.2	133.6	180.2	156.4	204.2	204.2	3.2%	34.9%
Cash and cash equivalents	266.5	250.1	289.3	511.8	406.5	518.2	518.2	24.3%	76.9%
Current loans	0.8						0.0		
Other current financial assets	25.9	34.2	31.8	51.6	34.8	49.7	49.7	25.9%	62.2%
Other current assets	8.0	6.6	7.7	14.8	19.4	19.2	19.2	23.0%	92.7%
Total assets	2,430.0	2,666.3	2,694.1	3,145.5	2,855.1	3,221.9	3,221.9	9.0%	16.8%

Note: Pre-IPO financials; Source: Choice Equity Broking

Financial statements (Contd...):

Consolidated cash flow statement (Rs. cr)									
	FY19	FY20	FY21	FY22	Q1 FY22	Q1 FY23	TTM	CAGR over FY19 - 22	Annual growth over FY21
Cash flow before working capital changes	230.2	229.2	221.6	476.1	109.0	136.8	503.9	27.4%	114.9%
Working capital changes	2.9	2.1	36.6	(66.8)	(13.8)	24.1	(28.8)		
Cash flow from operating activities	165.6	175.1	241.8	311.3	76.5	137.6	372.4		
Purchase of fixed assets and CWIP	(299.7)	(188.3)	(145.7)	(274.5)	(50.4)	(37.4)	(261.5)	-2.9%	88.3%
Cash flow from investing activities	(248.8)	(87.1)	(239.2)	(420.9)	(48.6)	(64.4)	(436.7)	19.2%	76.0%
Cash flow from financing activities	97.0	(0.9)	(80.7)	159.6	71.2	(72.3)	16.1		
Net cash flow	13.8	87.1	(78.1)	50.0	99.1	1.0	(48.1)	53.4%	
Opening balance of cash	46.6	60.5	147.6	69.5	69.5	119.4	168.5	14.2%	-52.9%
Closing balance of cash	60.5	147.6	69.5	119.4	168.5	120.4	120.4	25.5%	71.9%

Consolidated financial ratios							
Particulars (Rs. cr)	FY19	FY20	FY21	FY22	Q1 FY22	Q1 FY23	TTM
Profitability ratios							
Revenue growth rate (%)		3.1%	-3.6%	49.8%			27.1%
Gross profit growth rate (%)		4.0%	-6.6%	47.8%			30.0%
Gross profit margin (%)	77.7%	78.4%	75.9%	74.9%	74.5%	76.2%	75.4%
EBITDA growth rate (%)		11.3%	2.6%	135.3%			32.7%
EBITDA margin (%)	11.5%	12.4%	13.2%	20.8%	20.5%	21.4%	21.0%
EBIT growth rate (%)		8.2%	-4.7%	370.2%			40.9%
EBIT margin (%)	4.5%	4.8%	4.7%	14.8%	14.1%	15.6%	15.2%
Restated adjusted PAT growth rate (%)		-29.2%	-20.7%	581.1%			40.6%
Restated adjusted PAT margin (%)	3.5%	2.4%	2.0%	9.1%	8.6%	9.5%	9.3%
Turnover ratios							
Inventories turnover ratio (x)	62.5	48.6	37.0	46.5	7.6	10.4	38.7
Trade receivable turnover ratio (x)	8.9	9.6	10.2	13.8	3.1	3.0	11.3
Accounts payable turnover ratio (x)	11.5	11.7	11.0	16.3	3.2	3.4	12.8
Fixed asset turnover ratio (x)	0.8	0.7	0.7	1.0	0.2	0.3	1.0
Total asset turnover ratio (x)	0.6	0.6	0.5	0.7	0.2	0.2	0.7
Return ratios							
RoIC (%)	1.2%	0.7%	-0.4%	8.3%	1.9%	2.6%	9.2%
RoE (%)	4.0%	2.7%	2.1%	12.1%	2.9%	3.5%	12.7%
RoA (%)	2.1%	1.4%	1.1%	6.2%	1.5%	1.8%	6.6%
RoCE (%)	3.5%	3.5%	3.3%	14.0%	3.3%	4.2%	15.2%
Per share data							
Restated adjusted EPS (Rs.)	1.9	1.4	1.1	7.3	1.6	2.2	7.9
DPS (Rs.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BVPS (Rs.)	48.3	50.3	51.5	60.3	53.1	62.5	62.5
Operating cash flow per share (Rs.)	6.2	6.5	9.0	11.6	2.9	5.1	13.9
Free cash flow per share (Rs.)		0.3	(2.2)	(8.2)			
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Note: Pre-IPO financial ratios; Source: Choice Equity Broking

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