

Aster DM Healthcare Ltd : Average Issue

IPO Note : Largest private healthcare service providers which operate in multiple GCC states based on number of hospitals and clinics : Ranking**



Issue details

Price band (Rs)	Rs.180-190
IPO Opening Date	12/02/18
IPO Closing Date	15/02/18
Issue Size	Rs.980 Cr.

Recommendation

Total revenue grew at a **CAGR of 23.72%** from Rs.3899.05 Cr for the FY 2015 to Rs.5967.90 Cr for FY 2017. For first half of current fiscal, it has earned loss of Rs. -82.71 cr. on revenue of Rs. 3141.37 cr. Thus it suffered severe setback in FY 16 and incurred loss for first half of current year. Its bottom line has been remain inconsistent. According to management, due to expansion of its outlets, it had to take hit in FY16 and loss in first half of current fiscal is due to take over of Government Hospital and settling its deal at hair cut rates that resulted in loss. For first half it has posted negative EPS. Due to this its current P/E calculations are not done. Based on its last three years restated consolidated EPS of Rs.2.26, PE works out to 84+. Listed peers trading at Apollo Hospital (75), Narayana Hrudayalaya (72) and Healthcare Global (103) with an industry composite of 67 P/E. The company has debt of Rs.2870 crore as on 30 Sept. 2017. Risk savvy investors may consider moderate investment for long term in this fully priced offer.

Highlights

- Aster DM Healthcare Ltd. (Aster) is one of the largest private healthcare service providers which operate in multiple GCC states based on number of hospitals and clinics and an emerging healthcare player in India
- It has already started work for 10 new hospitals, 5 in GCC states and 5 in India
- Asters hospitals in India are located in Kochi, Kolhapur, Kottakkal, Bengaluru, Vijaywada, Guntur, Wayanad and Hyderabad. These are operated under “Aster”, “MIMS”, “Ramesh” or “Prime”, “Aster Aadhar” and “Aster CMI” brands.
- Aster has a diversified portfolio of healthcare facilities, consisting of 9 hospitals, 90 clinics and 206 retail pharmacies in the GCC states, 10 multi-specialty hospitals and 7 clinics in India, and 1 clinic in the Philippines as of September 30, 2017. Overall currently it has total 323 operating facilities.

Company Introduction

Incorporated in 1987, Aster DM Healthcare Ltd is Kochi, Kerala based healthcare service provider with operations in GCC states (United Arab Emirates, Oman, Saudi Arabia, Qatar, Kuwait and Bahrain), India and the Philippines. Company’s Indian operations are headquartered in Kochi, Kerala.

Aster DM Healthcare operates in multiple segments of the healthcare industry including hospitals, clinics and retail pharmacies. Company operates hospitals and clinics, pharmacies, diagnostic centers, educational institutions, and healthcare management and healthcare support systems. Company provides healthcare services to patients across economic segments under brand names including "Aster", "Medcare" and "Access".

Aster's healthcare facilities consist of 9 hospitals, 90 clinics and 206 retail pharmacies in the GCC states, 10 multi-specialty



www.asterdmhealthcare.com

Financial Summary (Rs. In Crore)

Particulars	Six month ended Sept 2017	FY2017	FY2016	FY2015
Total Income	3141.37	5967.90	5275.16	3899.05
Net Profit	-82.72	266.74	8.21	272.10
EPS (Rs)	-	5.27	0.16	5.38

*EPS not annualized

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

hospitals and 7 clinics in India, and 1 clinic in the Philippines as of September 30, 2017. Aster's had 17,408 employees as of September 30, 2017, including 1,417 full time doctors, 5,797 nurses, 1,752 paramedics and 8,442 other employees (including pharmacists).

Aster's hospitals in India are located in Kochi, Kolhapur, Kozhikode, Kottakkal, Bengaluru, Vijayawada, Guntur, Wayanad and Hyderabad and are generally operated under the Aster, MIMS, Ramesh and Prime brands.

Company Promoters:

Dr. Azad Moopen and UIPL (Union Investments Private Limited) are the Promoters of the Company.

The object of the issue

Company will not receive any proceeds from the Offer for Sale.

Company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects:

1. Repayment and/or pre-payment of debt;
2. Purchase of medical equipment; and
3. General corporate purposes.

IPO Issue Proceed

To part finance its debt repayment and/or prepayment, purchase of medical equipments, general corpus fund needs and listing of shares, Aster is coming out with a maiden IPO of approx. 5.16 crore equity shares comprising of fresh equity issue of approx. 3.82 shares (based on upper price) and offer for sale of 1.34 shares. Issue is done by way of book building process in a price band of Rs. 180 – Rs. 190 per share to mobilize Rs. 928.55 – Rs. 980.14 crore (based on lower and upper price bands). Minimum application is to be made for 78 shares and in multiples thereon, thereafter. Issue opens for subscription on 12.02.18 and will close on 15.02.18. Post allotment, shares will be listed on BSE/NSE. Post issue, its current paid up equity capital of Rs. 467.07 cr. will stand enhanced to Rs. 505.23 cr.

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