

GPT HEALTHCARE LIMITED IPO

22-02-2024 TO 26-02-2024

Industry: Hospital

Price Band: ₹177-186

Recommendation: Subscribe with risk

Post Implied Market Cap: ₹1454-1526 Cr

Key Data

Issue Size (₹ Cr)	525
Fresh (₹)	40
OFS (₹)	485.00
No of shares offered	28,342,673 – 28,233,323
Face Value (₹ /share)	10
Bid Lot	80

About the Company

GPT Healthcare Ltd (ILS Hospitals), founded by Dr. Om Tantia in 2004, is a prominent regional corporate healthcare provider in Eastern India. ILS Hospitals is one of the key regional corporate healthcare companies Operating four mid-sized full-service hospitals in West Bengal and Tripura, specialized in secondary and tertiary care services. As of September 30, 2023, ILS Hospitals operate 4 multispecialty hospitals in Dum Dum, Salt Lake and Howrah in West Bengal and Agartala in Tripura with a total capacity of 561 beds, the company offers integrated healthcare across more than 35 specialties and super specialties.

Investment Rationales

- **Key regional corporate healthcare company with a strong foothold in under-penetrated and densely populated healthcare delivery markets:** ILS Hospitals is a significant regional healthcare company in Eastern India, operating four full-service hospitals with a total bed capacity of 561 beds as of September 30, 2023. With over 20 years of experience, they have established themselves as a key player in the healthcare industry, starting with their first hospital in Salt Lake, Kolkata, in 2000.
- **'Right-sized', full service and strategically located hospitals leading to high return on capital:** The company strategically secures long-term leases for its hospitals, minimizing fixed rental costs. Their mid-sized hospitals operate on leases of 999 years for Salt Lake Hospital and 99 years for Agartala Hospital. With bed capacities ranging from 85 to 205 across their multispecialty hospitals, they optimize capital expenditure per bed. As a key player in Eastern India's healthcare sector, they strategically focus on the region, operating in three cities.
- **Well diversified specialty mix and location mix:** The company has a strong foothold in Eastern India, offering diverse healthcare services across various economic segments. Their operations span primary to tertiary care, making them a comprehensive healthcare destination in local markets. With over 35 specialties and super specialties, they collaborate with consultant doctors to ensure a wide range of expertise and resources for patients.
- **Focus on flexible and asset-light expansion for quick break-even:** The company's expansion plans include two new hospitals in Raipur and Ranchi, with a combined capacity of 330 beds. Additionally, GPT Healthcare is looking to acquire hospitals in Patna, Jamshedpur, and Bhubaneswar to further strengthen its presence in Eastern India.

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	27/2/2024
Refunds/Unblocking ASBA Fund	28/2/2024
Credit of equity shares to DP A/c	28/2/2024
Trading commences	29/2/2024

Shareholding (No. of shares)

Pre-Issue	79,904,286
Post Issue (Lower price band)	82,164,173
Post Issue (Higher price band)	82,054,823

Shareholding Pattern (No. of Shares)

Promoters

Pre Issue	67.34%
Post Issue	65.57%

Public – Investor Selling S/h

Pre Issue	32.64%
Post Issue	0.00%

Public - Others:

Pre Issue	0.02%
Post Issue	34.43%

Issue Breakup

QIB	50%
NIB	15%
Retail	35%

Other Details

BRLMs: JM Financial

Registrar: Link Intime India Pvt. Ltd.

Listing: BSE & NSE

Research Analyst

Rajan Shinde

rajan.shinde@mehtagroup.in

022-61507142

Risk

- 1) 100% OFS exit to BanyanTree Growth Capita.
- 2) Local competition can bring pressure on service prices.

MView

We believe GPT healthcare ltd gives investors a favorable investment opportunity, to invest in a regional focused prominent healthcare provider in Eastern India. We like the company's strategic focus on the regional eastern India healthcare market, operating in three cities with dense populations giving healthy growth in business and services. Their established presence and multiple healthcare delivery verticals position them as a one-stop destination for patient needs in respective micro markets. We also believe in the company's diverse range of healthcare services ensuring quality healthcare services across various specialties and which also caters to different economic segments that would enhance their competitiveness and market penetration. By looking at the financials the revenue from operations saw a modest increase of 7% between FY 2022 and FY 2023, while its profit after tax witnessed a slight drop of -6.37% during the same period. On valuation parse at the upper band of ₹186/-, the issue is asking for a Market Cap of ₹1526/- cr. Based on annualized FY 2024 earnings and fully diluted post-IPO paid-up capital, the company is asking a P/E of 32.5x which looks fully priced offer. Given its healthy regional presence in Eastern India and strategically situated hospitals offering a comprehensive array of medical specialties, GPT Healthcare is positioned to seize opportunities in underserved healthcare markets and strategically growing in the adjacent markets with asset-light business models like Ranchi. Investors should also look at IPO offers which come with 100% OFS issue which is an area of concern for new investors. Hence, considering all parameters we recommend only high risk investors can "SUBSCRIBE" to the IPO for the long term while conservative investors can wait and watch the space post listing.

CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at Sept' 30		As at March' 31		
	2023 (06)	2022 (06)	2023	2022	2021
Equity Share Capital	79.90	79.90	79.90	79.90	17.94
Instrument entirely equity in nature	-	-	-	-	40.00
Reserve & Surplus	92.75	79.28	85.46	78.28	75.96
Net worth	172.65	159.19	165.36	158.18	133.90
Revenue from Operations	204.18	171.97	361.04	337.42	242.75
Revenue Growth	18.7%	-	7.0%	39.2%	-
EBITDA	46.19	32.92	80.05	78.82	55.10
EBITDA Margin (%) as stated	22.34%	18.87%	21.83%	23.02%	22.14%
Profit before Tax	33.64	21.64	55.97	54.08	28.88
Net Profit for the year	23.49	16.99	39.01	41.66	21.09
Net profit Margin	11.36%	9.73%	10.64%	12.17%	8.48%
EPS	2.94	2.13	4.88	5.21	2.64
RONW	13.70%	10.75%	23.77%	26.54%	15.90%
Net Asset Value (X) as stated	21.45	19.77	20.54	19.64	16.60

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (in Cr)

Companies	Consolidated/ Standalone	Mcap (in Cr)	FV	Total revenue Fiscal 2023 (₹ Cr)	EPS	NAV (Rs. Per share)	P/B	P/E	RoNW
GPT healthcare Ltd	Consolidated	1526	10	361.04	5.72	28.78	6.5	32	23.77%
Global Health Ltd	Consolidated	37,601	2	2,694.25	12.58	89.65	14.1	83.3	13.56%
Krishna Institute of Medical Sciences Ltd	Consolidated	17,982	10	2,197.68	42.036	206.47	9.9	53.2	20.35%
Jupiter Life Line Hospitals Ltd	Consolidated	9,376	10	892.54	13.95	64.7	8.12	67.6	19.94%
Yatharth Hospital & Trauma Care Services Ltd	Consolidated	4,121	10	520.29	10.09	27.84	5.11	44.1	36.06%
Kovai Medical Center & Hospital Ltd	Consolidated	4,365	10	1,019.75	105.8	656.65	5.59	27.60	16.11%
Shalby Ltd	Consolidated	3,233	10	804.92	6.31	85.54	3.34	39.70	7.33%

Date as 31st March 2023, Cline Mcap,PE, calculated as on 20-02-2024

GPT healthcare Ltd, EPS/PE, P/B,NAV calculated on annualised basis post money



MSEARCH

DISCLAIMER & DISCLOSURE

This Report is published by Mehta Equities Limited (hereinafter referred to as "MEL") for registered client circulation only. MEL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH00000552. MEL is a registered broker with the Securities & Exchange Board of India (SEBI) and registered with National Stock Exchange of India Limited and BSE Limited in cash and derivatives segments, Multi Commodity Exchange of India (MCX), National Commodity & Derivatives Exchange Ltd. (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL), is registered with SEBI for providing PMS services and distribute third party PMS product and also member of Association of Mutual Funds of India (AMFI) for distribution of financial products.

MEL a "Research Entity" under SEBI (Research Analyst) Regulations 2014 has independent research teams working with a Chinese wall rule with other business divisions of MEL as mentioned above.

MEL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market. MEL, its associates or Research analyst or his relatives do not hold any financial interest in the subject company. MEL or its associates or Research analysts do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. MEL or its associates or Research Analyst or his relatives do not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

MEL or its associates or Research analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Research analyst during the past twelve months. MEL or its associates have not received any compensation or other benefits from the company covered by Research analyst or third party in connection with the research report. Research Analyst has not served as an officer, director or employee of Subject Company and MEL / Research analyst has not been engaged in market making activity of the subject company.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. MEL is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing this research, we did not take into account the investment objectives, financial situation and particular needs of the reader. This research has been prepared for the general use of the clients of MEL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MEL will not treat recipients as customers by virtue of their receiving this report. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MEL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. MEL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MEL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This information is subject to change without any prior notice. MEL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, MEL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of MEL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Here it may be noted that neither MEL, nor its directors, employees, or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profit that may arise from or in connection with the use of the information contained in this report.

Analyst Certification: Research Analyst the author of this report, hereby certify that the views expressed in this research report accurately reflects my personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the Research analyst was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The Research analyst is principally be responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

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

MEHTA EQUITIES LTD

BSE: - Membership Clearing No. 122 - SEBI Regn. No. INB010683856, NSE: - Membership Clearing No. 13512-
SEBI Regn. No. INB231351231, NSE FO SEBI Regn. No. INF231351231, CIN No: U65990MH1994PLC078478
MSEI: - Membership Clearing No. 51800 - SEBI Regn. No. INB261351234 SEBI registered RA Reg No INH000000552
Mehta Equities Limited, 903, 9th Floor, Lodha Supremus, Dr.E.Moses Road, Worli Naka, Worli, Mumbai 400 018, India
Tel: +91 22 6150 7101, Fax: +91 22 6150 7102

Email: info@mehtagroup.in, Website: www.mehtagroup.in

Compliance Officer: Prakash Joshi

Email Id: compliance@mehtagroup.in

Phone No +91 22 61507180

For grievance redressal contact Customer Care Team Email: help.kyc@mehtagroup.in Phone: + 91 22 61507154