

Kuber Chauhan  
kuberchauhan@rathi.com

### Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	5251
Fresh Issue (No. of Shares in Lakhs)	21
Offer for Sale (No. of Shares in Lakhs)	260
Bid/Issue opens on	22-Feb-2024
Bid/Issue closes on	26-Feb-2024
Face Value	₹ 10
Price Band	177-186
Minimum Lot	80

### Objects of the Issue

- Offer for sale: ₹ 4,851 million**  
Repayment or prepayment, in full or in part, of all or a portion of certain outstanding borrowings availed by the company from banks and financial institutions.  
General Corporate Purposes

Book Running Lead Managers	
JM Financial Ltd	
Registrar to the Offer	
Link Intime India Private Limited	

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	1250
Subscribed paid up capital (Pre-Offer)	799
Paid up capital (post-Offer)	821

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	67.3	65.6
Public – Others	32.7	34.4
Total	100	100

### Financials

Particulars (₹ In million)	H1FY24	FY23	FY22	FY21
<b>Revenue from operations</b>	<b>2,042</b>	<b>3,610</b>	<b>3,374</b>	<b>2,428</b>
Operating expenses	1,605	2,867	2,636	1,938
<b>EBITDA</b>	<b>437</b>	<b>744</b>	<b>738</b>	<b>490</b>
Other Income	25	57	50	61
Depreciation	87	149	136	125
<b>EBIT</b>	<b>375</b>	<b>651</b>	<b>652</b>	<b>426</b>
Interest	38	92	112	137
<b>PBT</b>	<b>336</b>	<b>560</b>	<b>541</b>	<b>289</b>
Tax	102	170	124	78
<b>PAT</b>	<b>235</b>	<b>390</b>	<b>417</b>	<b>211</b>
Ratios	H1FY24	FY23	FY22	FY21
EBITDAM	21.4%	20.6%	21.9%	20.2%
PATM	11.5%	10.8%	12.3%	8.7%
Sales growth	NM	7.0%	39.0%	NM

### Company Description

GPT Healthcare Ltd (“ILS Hospitals”) is one of the key regional corporate healthcare companies in Eastern India in terms of number of beds and hospitals as of Fiscal Year 2023. The company operates a chain of mid-sized full-service hospitals under the brand and provides integrated healthcare services, with a focus on secondary and tertiary care. As of Sept’23, they 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 a comprehensive range of healthcare services across over 35 specialties and super specialties, including internal medicine and diabetology, nephrology (including renal transplants), laparoscopic and general surgery, gynaecology and obstetrics, critical care, gastroenterology, orthopaedics and joint replacements, interventional cardiology, neurology, neurosurgery, paediatrics, and neonatology. Each of their hospitals also provides integrated diagnostic services and pharmacies that cater to their patients.

The company has presence in 3 cities which provided them an understanding of regional nuances, patient culture and the mindset of medical professionals and where there is under-penetration of quality and affordable healthcare services.

The company’s 1 st hospital in their network was established in Salt Lake, Kolkata (West Bengal) in the year 2000 with a capacity of 8 beds, which has grown to 85 beds, including 17 beds across various ICUs and HDUs as of September 30, 2023.

The 2nd hospital was set up in Agartala (Tripura) in the year 2011 and has a capacity of 205 beds as of September 30, 2023, including 66 beds across various ICUs and HDUs.

Their 3rd hospital in Dum Dum, Kolkata (West Bengal), established in the year 2013, has 155 beds, including 53 beds across various ICUs and HDUs as of September 30, 2023. It is authorized to perform renal transplants.

The 4th hospital in Howrah (West Bengal) was commissioned in the year 2019, with 116 beds including 43 beds across ICUs and HDUs as of September 30, 2023.

The company has 1,902 employees, 91 full-time consultants, and 481 visiting consultants as of September 30, 2023. Each of their hospitals is managed by a Chief Operating Officer, who is responsible for supervising day-to-day functioning.

Company’s hospitals are equipped with quality medical equipment and employ practices and policies. They continue to invest in improving their technological capabilities, training their doctors and other healthcare professionals, increasing day-to-day operational efficiencies, and finding new ways to engage and retain patients. They are developing a healthcare mobile application, the ILS-MyHealth for optimizing patient health management, which is expected to be launched in the FY2024.

### Valuation & Outlook

GPT Healthcare operates a chain of mid-sized full-service hospitals under the same brand and provides integrated healthcare services, with a focus on secondary and tertiary care. Going ahead, the company intends to strengthen its existing hospitals by further balancing specialty mix, deepening its expertise in selective specialties and adding new specialties and services. At the upper price band company is valuing at P/E of 39.1x with a market cap of ₹15,262 million post issue of equity shares and return on net worth of 23.7% in FY23.

On the valuation front, we believe that the company is fairly priced. Thus, we recommend an “**Subscribe – Long Term**” rating to the IPO.

### Company's Operations

GPT Healthcare Ltd (“ILS Hospitals”) is one of the key regional corporate healthcare companies in Eastern India in terms of number of beds and hospitals as of Fiscal Year 2023. The company operates a chain of mid-sized full-service hospitals under the brand and provides integrated healthcare services, with a focus on secondary and tertiary care. As of September 30, 2023, they 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 a comprehensive range of healthcare services across over 35 specialties and super specialties, including internal medicine and diabetology, nephrology (including renal transplants), laparoscopic and general surgery, gynaecology and obstetrics, critical care, gastroenterology, orthopaedics and joint replacements, interventional cardiology, neurology, neurosurgery, paediatrics, and neonatology. Each of their hospitals also provides integrated diagnostic services and pharmacies that cater to their patients. The company has presence in 3 cities which provided them an understanding of regional nuances, patient culture and the mindset of medical professionals and where there is under-penetration of quality and affordable healthcare services. This has enabled their revenue from operations (ex-COVID) to grow at a CAGR of 53.87% over FY2021 to FY2023 and ROCE being 26.09% for FY2023.

The first hospital in their network was established in Salt Lake, Kolkata (West Bengal) in the year 2000 with a capacity of 8 beds, which has grown to 85 beds, including 17 beds across various ICUs and HDUs as of September 30, 2023. The 2nd hospital was set up in Agartala (Tripura) in the year 2011 and has a capacity of 205 beds as of September 30, 2023, including 66 beds across various ICUs and HDUs. Their hospital in Dum Dum, Kolkata (West Bengal), established in the year 2013, has 155 beds, including 53 beds across various ICUs and HDUs as of September 30, 2023. It is authorized to perform renal transplants. The hospital in Howrah (West Bengal) was commissioned in the year 2019, with 116 beds including 43 beds across ICUs and HDUs as of September 30, 2023. The company has 1,902 employees, 91 full-time consultants, and 481 visiting consultants as of September 30, 2023. Each of their hospitals is managed by a Chief Operating Officer, who is responsible for supervising day to day functioning.

Given the geographical concentration of their Hospitals in Eastern India, they are well-placed to capitalise on the expected growth in the healthcare sector in Eastern India and adjoining states due to their early-mover advantage, strategically located hospitals, brand presence, deep understanding of the regional markets and existing track record

Company's hospitals in West Bengal are strategically located in densely populated cities of Kolkata (West Bengal) and Howrah (West Bengal), which enables them to be more easily accessible to patients and their attendants for medical requirements. As at September 30, 2023, the capital cost per bed was around ₹ 5.41 million per bed (including land costs), which included 2 hospitals in a tier-I city, 1 hospital in a tier-II city and 1 in a tier-III city, compared to the industry average (excluding land costs) of above ₹ 10 million per bed in tier-I cities, ₹ 5 million to ₹ 8 million per bed in tier-II cities and ₹ 2.5 million to ₹ 5 million per bed in tier-III cities, for tertiary care hospitals. Due to their strategy of operating right-sized hospitals in densely populated areas of under-penetrated geographies, they are able to achieve monthly EBITDA break-even within 9 to 10 months. They do not depend on occupancy from government schemes or corporate tie-ups. They have been accredited with certificates and achievements by various domestic and international agencies, which is a testament to the medical services that they provide. Their hospitals at Dum Dum, Kolkata (West Bengal) and Agartala (Tripura) have been accredited by the NABH for complying with NABH standards for hospitals.

- The Dum Dum Hospital has also been accredited by NABL for complying with ISO 15189:2012 standards in the field of medical testing.
- The Agartala Hospital is also the only NABH accredited hospital in Agartala, Tripura and one among 11 valid accredited hospitals in North-East India as of 2023.
- The Agartala Hospital has also been accredited by NABL. The department of Minimal Access Surgery at their Salt Lake Hospital is provisionally accredited by the National Board of Examinations for training of post-graduate surgeons under the Fellowship of National Board in Minimal Access Surgery.
- The Salt Lake Hospital has been recognized as a ‘Center of Excellence in Metabolic and Bariatric Surgery’ since the year 2016, by Surgical Review Corporation, USA. The nursing department at Howrah Hospital and Dum Dum Hospital have received recognition for Excellence in Nursing from the Confederation of Indian Industries for their efforts, commitment, and contribution during the COVID-19 pandemic.

Company's hospitals are equipped with quality medical equipment and employ practices and policies. They continue to invest in improving their technological capabilities, training their doctors and other healthcare professionals, increasing day-to-day operational efficiencies, and finding new ways to engage and retain patients. They are developing a healthcare mobile application, the ILS-MyHealth for optimizing patient health management, which is expected to be launched in the FY2024.

The key highlights and operational parameters for each of the hospitals as of and for the year ended March 31, 2023:

Expenditure	GPT Healthcare	Salt Lake Hospital	Dum Dum Hospital	Howrah Hospital	Agartala Hospital
Ownership %	100%	100%	100%	100%	100%
Bed capacity	561	85	155	116	205
Operational beds	561	85	155	116	205
Bed Days Occupied	120,653	22,778	47,657	16,573	33,645
Bed occupancy rate (%)	58.92%	73.42%	84.24%	39.14%	44.96%

Expenditure	GPT Healthcare	Salt Lake Hospital	Dum Dum Hospital	Howrah Hospital	Agartala Hospital
ALOS (days)	4.22	3.65	5.08	4.12	3.75
ARPOB (₹ per day)	29,671	27,956	32,136	23,279	30,488
Hospital revenue (₹ in Cr)	358	64	153	38	103
Revenue from inpatients (₹ in Cr)	295	54	131	34	76
Inpatient volume	28,612	6,239	9,382	4,022	8,969
Average revenue per inpatient (₹)	103,009	86,088	139,954	82,715	85,231
Revenue from outpatients (₹ in Cr)	63	10	22	5	26
Outpatient volume	1,525,145	32,885	525,565	145,094	525,601
Average revenue per outpatient (₹)	45,158	3,031	45,156	35,769	45,968
EBITDA (₹ in Cr)	80	16	43	1	25
EBITDA margin	21.83%	25.50%	27.86%	2.61%	23.98%

## Hospitals



The company owns, operates and manages a network of 4 multispecialty hospitals, of which 3 hospitals are located in West Bengal and 1 hospital in Tripura. They offer a comprehensive range of healthcare services across over 35 and super specialties. Each of their hospitals also provides integrated diagnostic services and pharmacies that cater to their patients. They also provide outpatient services, including consultation for a range of ailments and preventive health screenings. The company's hospitals are located in (i) Salt Lake, Kolkata (West Bengal), (ii) Dum Dum, Kolkata (West Bengal), (iii) Howrah (West Bengal), and (iv) Agartala (Tripura).

### Salt Lake Hospital



The Salt Lake Hospital has 17 beds across ICUs and HDUs, 3 operation theatres equipped with diverse equipment like Surgical Robot, Yag Laser, Harmonic Scalpel etc. It also has other diagnostic and therapeutic machines like CT scan, digital X-ray, USG, ventilators etc. as of September 30, 2023. In Fiscal Years 2023, 2022, 2021 and the 9 months ended December 31, 2023, and December 31, 2022, their Salt Lake Hospital had 6,239, 5,175, 4,024, 4,527 and 4,713 aggregate inpatient admissions, respectively. The Salt Lake Hospital has been awarded the title of 'Center of

Excellence in Metabolic and Bariatric Surgery', by Surgical Review Corporation, USA.

### Agartala Hospital



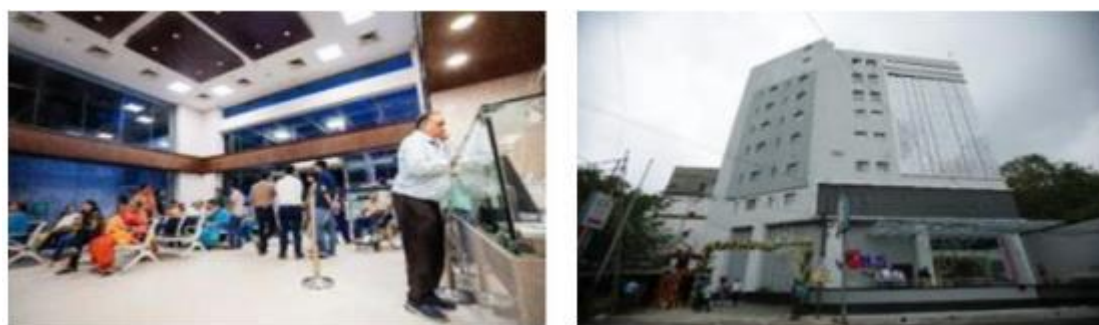
The Agartala Hospital is also the only NABH accredited hospital in Agartala, Tripura and 1 among 11 valid accredited hospitals in North-East India as of 2023. Their Agartala Hospital has also been accredited by NABL. The Hospital commenced operations in the year 2011 and has a total of 205 beds, including 66 beds across ICUs as of September 30, 2023. It occupies 4.25 acres of land and is strategically located in Agartala, capital of Tripura. In FY2023, FY2022, FY2021 and the 9 months ended December 31, 2023, and December 31, 2022, their Agartala Hospital had, 8,969, 8,420, 6,724, 8,471, and 6,692 aggregate inpatient admissions, primarily in the areas of internal medicine and diabetology, obstetrics and gynaecology, interventional cardiology, and gastroenterology. The Agartala Hospital has 8 operation theatres, 1 catheterization laboratory and other state of the art diagnostic and therapeutic equipment like MRI, CT scan, digital X-ray, USG, ventilators, IUI set-up and others as of September 30, 2023. The Agartala Hospital is also credited with having performed surgeries like congenital heart disease and cochlear implant operations on infants. The hospital has also received the 'Excellence in Community Engagement Award' in 2021 from the Association of Healthcare Providers (India).

### Dum Dum Hospital



The other hospital in Kolkata (West Bengal) is located at Dum Dum and has a capacity of 155 beds as of September 30, 2023. The Dum Dum Hospital commenced operations in the year 2013. It occupies 0.305 acres of land and is strategically located within the heart of Kolkata, capital of West Bengal. The Dum Dum Hospital has 53 beds across ICUs and HDUs, 4 operation theatres, 1 catheterization laboratory and other diagnostic and therapeutic equipment. The Dum Dum Hospital is NABH accredited and has also been accredited by NABL for complying with ISO 15189:2012 standards in the field of medical testing.

### Howrah Hospital

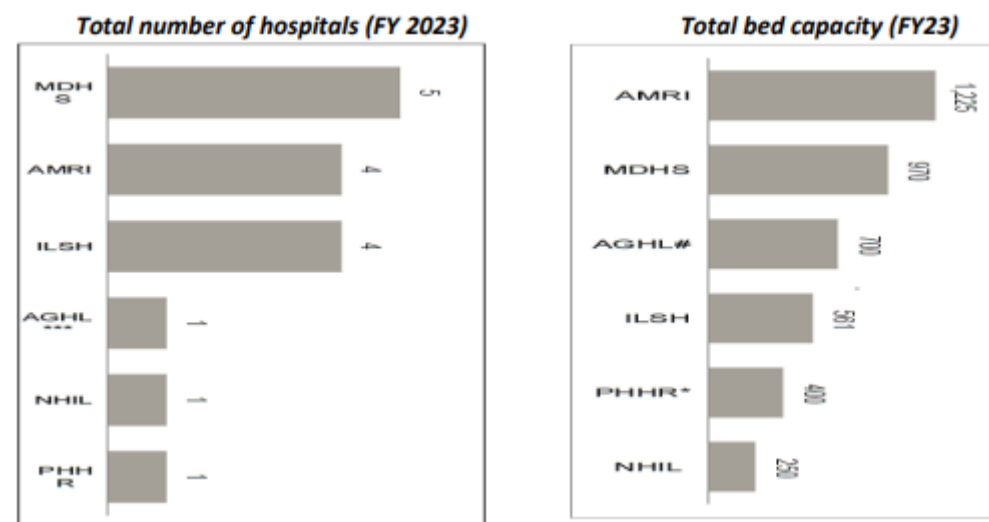


The company's hospital at Howrah (West Bengal) is a multispecialty hospital that commenced operations in the year 2019 and has a total of 116 beds as of September 30, 2023. It occupies 0.409 acres of land and is strategically located in the densely populated Howrah region, close to Kolkata (West Bengal). It is also located in close proximity to Howrah station, one of India's busiest railway stations. Their Howrah Hospital has 43 beds across various ICUs and HDUs, 3 operation theatres, 1 catheterization laboratory and other state of the art diagnostic and therapeutic equipment.

### Strengths

- **Key regional corporate healthcare company with a strong foothold in under-penetrated and densely populated healthcare delivery markets**

The company is one of the key regional corporate healthcare companies in Eastern India in terms of number of beds and hospitals in FY2023. As of September 30, 2023, they operate 4 full-service hospitals under the brand, with an aggregate bed capacity of 561.



The company has over 20 years of expertise in providing healthcare services in Eastern India since opening their 1st hospital in Salt Lake, Kolkata (West Bengal) in the year 2000.

➤ **'Right-sized', full service and strategically located hospitals leading to high return on capital**

The company has entered into long term leases for some of their hospitals, and they utilise land on long-term, low-cost terms to avoid high fixed rental costs, such as the land for their Salt Lake Hospital and Agartala Hospital, which they hold leases of 999 years and 99 years, respectively. Their hospitals are mid-sized, which enables them to incur lower capital expenditure per bed in comparison to other secondary care hospitals in India. They strategically operate multispecialty hospitals, with the number of beds ranging from 85 to 205 at these hospitals as of September 30, 2023. The company is one of the key regional corporate healthcare companies in Eastern India in terms of number of beds and hospital in Fiscal Year 2023. They strategically focus on the Eastern India healthcare market where they have presence in 3 cities.

➤ **Well diversified specialty mix and location mix**

The company has an established presence in Eastern India, with multiple healthcare delivery verticals and serve multiple economic segments. Their operations encompass different levels of healthcare services from primary to tertiary and position them to be a one-stop destination for patient needs in the respective micro markets. They offer a comprehensive range of healthcare services across over 35 specialties and super specialties. Additionally, they are associated with various consultant doctors in connection with their specialty service areas, to ensure a diversified pool of resources and holistic expertise.

➤ **Investment in infrastructure, processes and clinical excellence driving affordability, and a strong value proposition for stakeholders**

The company endeavour to deliver clinical value products through healthcare services, supported by a combination of quality medical talent, clinical and patient safety protocols, and investments in new medical technology. They have invested in digitalizing their IT back-end services to optimize their patient's experience through their physical plus digital ecosystem. The digitalized system will enable them to identify patterns and trends in patient data, which can be used to provide more targeted and personalized healthcare services to their patients. Company's track record of clinical procedures and outcomes, and access to quality medical equipment has led to them becoming a key regional corporate healthcare company Eastern India.

➤ **Ability to attract, train and retain quality medical professionals**

The company maintains their standard of quality healthcare services by consistently employing and engaging a diverse pool of talented doctors, nurses and paramedical professionals. Their multi-disciplinary approach, combined with their high-volume tertiary care model, and their focus on teaching and research, has helped them attract and retain talented doctors and other healthcare professionals. As of September 30, 2023, they were associated with 91 full time consultants, 481 visiting consultants, and 740 nurses. Further, their engagement structures range from minimum guarantee models to 'fee for service' models.

**Key Strategies**

➤ **Focus on flexible and asset-light expansion for quick break-even**

As the company enters into the new markets, their strong existing brand recognition among patients in Eastern India can accelerate the growth of new hospitals that they propose to establish or acquire. They intend to leverage their experience to successfully identify, execute and integrate new opportunities that may arise in the future. They also intend to explore opportunities for expansion via asset-light models or models involving no ownership of assets. These may include revenue sharing arrangements, management fee - based arrangements or acquisition of other players in the healthcare sector undertaking operation and management of hospitals

➤ **Strategically grow the presence in adjacent markets**

The company has signed an MoU in January 2023 and a long-term lease agreement for a hospital with 152 beds in Raipur (Chhattisgarh), which is estimated at ₹55 crore. This hospital is their most recent asset-light greenfield expansion project, where the investment in land and building construction would be borne by a third party in return for periodic rent payments. The company has signed an MoU and a long-term lease agreement for a hospital with 140 beds in Ranchi (Jharkhand), whose cost the company estimates at ₹ 50 crore. The hospital at Ranchi (Jharkhand) will be on an asset-light basis. Other than Ranchi and Raipur, which they have narrowed down on owing to its low bed density of 12.8 beds and 21.9 beds per 10,000 individuals respectively, they also intend to expand their operations to other tier-II cities such as Varanasi, Patna, Guwahati, Kanpur, and Cuttack, which have low bed densities of 8.4 beds, 9 beds, 33.7 beds, 24.3 beds and 18.9 beds per 10,000 individuals as of FY2023. As a strategy, the company is open to exploring greenfield expansion on an asset-heavy or asset-light basis. They also intend to focus on attracting medical value travellers through their expansion plans.

➤ **Focus on flexible and asset-light expansion for quick break-even**

As the company enters into the new markets, their strong existing brand recognition among patients in Eastern India can accelerate the growth of new hospitals that they propose to establish or acquire. They intend to leverage their experience to successfully identify, execute and integrate new opportunities that may arise in the future. They also intend to explore opportunities for expansion via asset-light models or models involving no ownership of assets. These may include revenue sharing arrangements, management fee - based arrangements or acquisition of other players in the healthcare sector undertaking operation and management of hospitals.

➤ **Implementation of initiatives to improve existing operational efficiencies**

Maximizing operating efficiencies and profitability across the network is a key component of company's growth strategy, including the integration of their acquisitions and the efficient management of their organic growth. They intend to focus on the following key areas to improve their clinical and administrative operating efficiencies and profitability:

**Integrated healthcare network:** They plan to improve efficiencies at their hospitals through greater integration across their network.

**Medical technology:** They focus continually on investing in the latest medical technologies, equipment and innovations, attracting talented and skilled physicians and surgeons and developing their expertise across key specialisations.

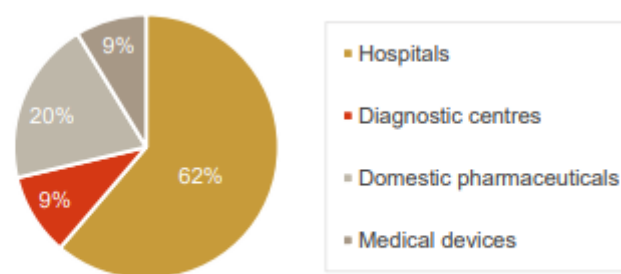
**Integrated IT platform:** They use a third-party hospital information management software system to assist them with various functions including managing their patient interface, invoicing, stock management, and clinical reporting functions.

➤ **Strengthen the existing hospitals and offerings and add new capabilities and specialties**

The company intends to strengthen their existing hospitals by further balancing their specialty mix, deepening their expertise in select specialties and adding new specialties and services. They intend to focus on building capabilities for new, more advanced specialties which have high demand in the respective micro markets and deliver a higher ARPOB. They have identified urology, neurology, interventional cardiology, and oncology as specialties to further strengthen and grow. They intend to offer organ transplantation services in more of their hospitals in the future, since only the Dum Dum Hospital is presently authorized to perform renal transplants unit, and 3D imaging to enable interventional neurology cases. They intend to upgrade their medical equipment like MRI and CT scan. They also intend to purchase equipment like neurosurgical microscope and arthroscope sets

## Industry Snapshot

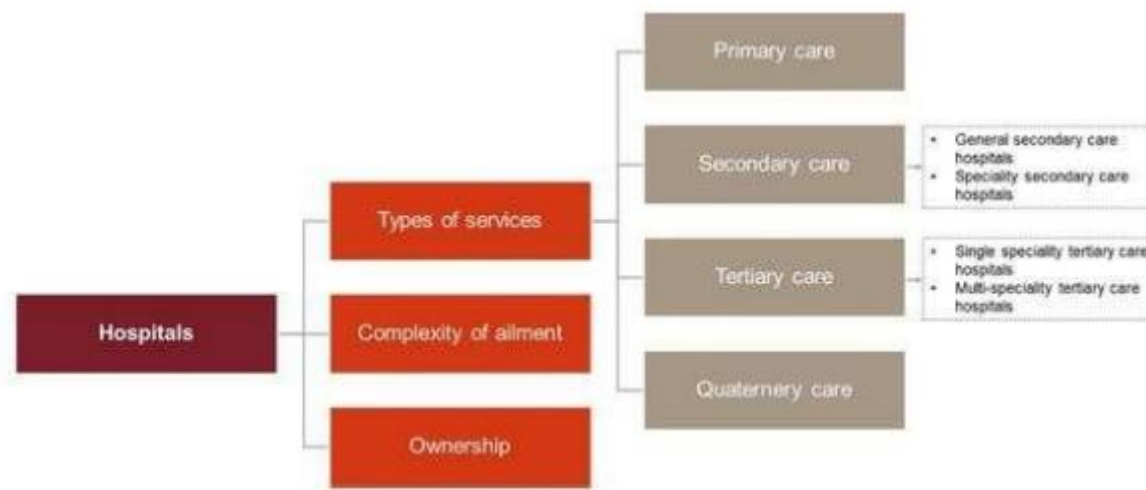
### Overview of the Indian healthcare industry



Source: CRISIL MI&A

Healthcare market consists of hospitals, diagnostic centres, domestic pharmaceuticals and medical devices. CRISIL MI&A Research estimates show hospitals account for a major share of the healthcare pie (62%), followed by domestic pharmaceuticals (20%), medical devices market (9%) and diagnostics (9%) as of fiscal 2023.

### Classification of hospitals



## Classification of hospitals based on services offered

### Primary care/ dispensaries/ clinics

Primary care facilities are outpatient units that offer basic, point-of-contact medical and preventive healthcare services, where patients come for routine health screenings and vaccinations. These do not have intensive care units (ICU) or operation theatres. Primary care centres also act as feeders for secondary care/ tertiary hospitals, where patients are referred to for treatment of chronic/ serious ailments.

### Secondary care

Secondary care facilities diagnose and treat ailments that cannot be treated in primary care facilities. These act as the second point of contact in the healthcare system. There are two types of secondary care hospitals - general and specialty care.

#### General secondary care hospitals:

These hospitals are approached for common ailments, and attract patients staying within a radius of 30 km. The essential medical specialties in general secondary care hospitals include: internal medicine, general surgery, obstetrics and gynaecology, paediatrics, ear-nose-throat (ENT), orthopaedics, and ophthalmology. Such a hospital typically has one central laboratory, a radiology laboratory, and an emergency care department. Generally, secondary care hospitals have 50-100 in-patient beds, a tenth of which are allocated for the ICU segment. The remaining beds are equally distributed between the general ward, semi-private rooms, and single rooms.

#### Specialty secondary care hospitals

These hospitals are located in district centres, treating patients living within a radius of 100-150 km. They usually have an in-patient bed strength of 100-200, 15% of which are reserved for critical care units. The balance is for private rather than general ward beds. Apart from medical facilities offered by a general secondary care hospital, specialty secondary care hospitals treat ailments related to gastroenterology, cardiology, neurology, dermatology, urology, dentistry, and oncology. These hospitals may also offer some surgical specialties, but they are optional. Diagnostic facilities in a specialty secondary care hospital include: a radiology department; biochemistry, haematology and microbiology laboratories; and a blood bank. They also have a separate physiotherapy department.

### Tertiary care

Tertiary care hospitals provide advanced healthcare services, usually on referral from primary or secondary medical care providers.

#### Single-specialty tertiary care hospitals

These treat a particular ailment (such as cardiac, cancer, etc). Prominent facilities in India include: Escorts Heart Institute & Research Centre (New Delhi); Tata Memorial Cancer Hospital (Mumbai); HCGEL Oncology (Bengaluru); Sankara Nethralaya (Chennai); National Institute of Mental Health & Neuro Sciences (NIMHANS, Bengaluru); and Hospital for Orthopaedics, Sports Medicine, Arthritis and Trauma (HOSMAT, Bengaluru).

#### Multi-specialty tertiary care hospitals

These hospitals offer all medical specialities under one roof and treat complex cases such as multi-organ failure, highrisk, and trauma cases. Most of these hospitals derive a majority of their revenue through referrals. Such hospitals are located in state capitals or metropolitan cities and attract patients staying within a 500 km radius. They have a minimum of 150 in-patient beds, which can go up to 1,500 beds. About one-fourth of the total beds are reserved for patients in need of critical care. Medical specialties offered include: cardio-thoracic surgery, neurosurgery, nephrology, surgical oncology, neonatology, endocrinology, plastic and cosmetic surgery, and nuclear medicine. In addition, these hospitals have histopathology and immunology laboratories as a part of its diagnostic facilities. Lilavati Hospital and Hiranandani Hospital in Mumbai, Apollo Multispecialty Hospital in Kolkata are examples of multi-specialty tertiary care hospitals.

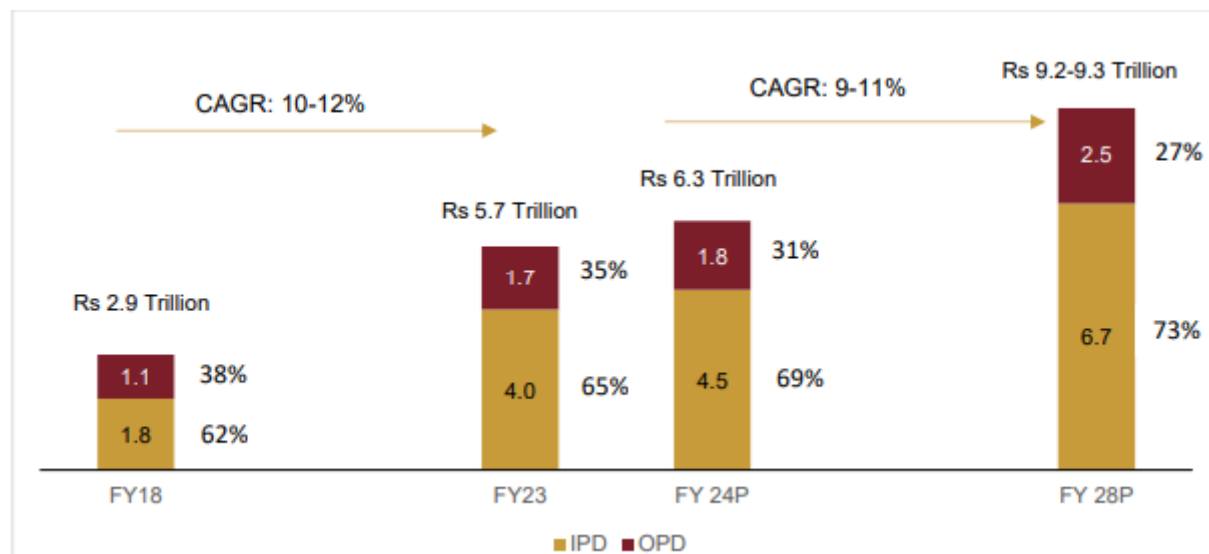
### Quaternary care hospitals

Quaternary care hospitals are an extension of tertiary care in reference to advanced levels of medicine which are highly specialised and not widely accessed, and usually only offered in a very limited number of hospitals. Experimental medicine and some types of uncommon diagnostic or surgical procedures are considered quaternary care

### Indian healthcare delivery market poised for robust growth in the medium term

Barring the momentary hiccup in fiscal 2021, CRISIL MI&A estimates the Indian healthcare delivery industry to post healthy 9-11% compound annual growth rate between fiscals 2024 and 2028, driven by long term structural factors, strong fundamentals, increasing affordability and potential of the Ayushman Bharat scheme.

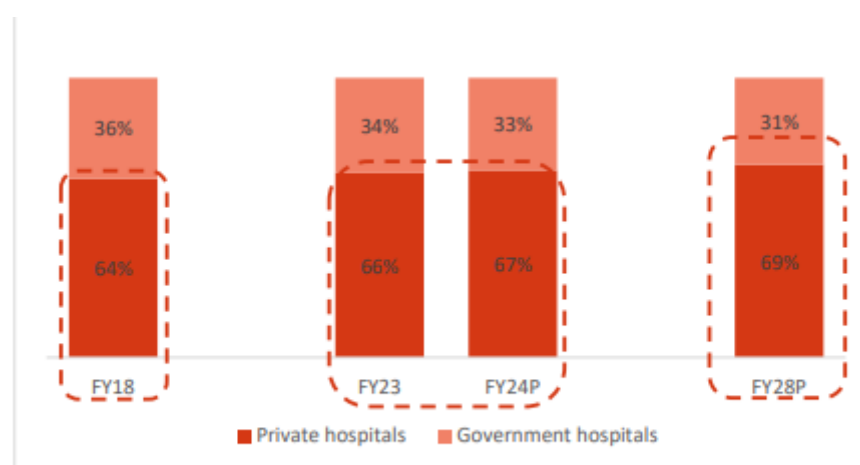
### Overall healthcare delivery market in India



### Healthcare delivery industry to grow at a CAGR of 9-11% over next five years

With long term structural factors supporting growth, renewed impetus from PMJAY and government focus shifting onto healthcare sector, the healthcare delivery market is expected to grow at 9-11% compounded annual growth rate (CAGR) from Rs 5.7 trillion in FY23 and reach Rs 9.2-9.3 trillion in fiscal 2028. The other contributors to the demand are more structural in nature, like, increase in lifestyle-related ailments, increasing medical tourism, rising incomes and changing demography. In India, healthcare services are provided by the government and private players, and these entities provide both IPD and OPD services. However, the provision of healthcare services in India is skewed towards the private players (both for IPD and OPD). This is mainly due to the lack of healthcare spending by the government and high burden on the existing state health infrastructure. The share of treatments (in value terms) by the private players is expected to increase from 64% in fiscal 2018 to nearly ~70% in fiscal 2028, the share only witnessing a slight dip in fiscal 2021. The skew is more towards the private players owing to the expansion plans of private players being centered on it, further buttressed by increasing reliance on private facilities till government infrastructure is properly put in place.

### Share of treatments in value terms (government hospitals versus private hospitals/clinics)



Source: CRISIL MI&A

### Key growth drivers of healthcare delivery industry

A combination of economic and demographic factors is expected to drive healthcare demand in India. CRISIL MI&A Research believes the PMJAY scheme launched by the government would also support these drivers.





- Accounting ratios**

(in mn)

Particulars	1HFY24	FY 2023	FY 2022	FY 2021
Revenue from Operations	5,646	3610	3374	2427
Growth in revenue from operations (%)	NM	6.9%	39.1%	NM
EBITDA	461	800	788	551
EBITDA Margin (%)	22.3	21.8	23.0	22.1
PBT	336	559	540	288
PAT	235	390	416	210
PAT Margin (%)	11.4	10.6	12.2	8.5
ROE (%)	13.7	23.7	26.5	15.9

- Comparison with listed entity**

Name of the company	Latest FY	Face value	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RONW (%)	NAV per equity share (₹)
GPT Healthcare Ltd	Consolidated	10	39.1*	4.7	4.7	23.7	20.5
<b>Listed peers</b>							
Global Health Ltd	Consolidated	2	87.4	12.58	17.82	13.6	89.6
Krishna Institute of Medical Sciences Ltd	Consolidated	10	52.7	42.0	42.0	20.3	206.4
Jupiter Life-Line Hospitals Ltd	Consolidated	10	69.6	13.9	13.9	19.9	64.7
Yatharth Hospital & Trauma Care Services	Consolidated	10	43.8	10.0	10.0	36.0	27.8
Kovai Medical Center & Hospital Ltd	Consolidated	10	27.6	105.8	105.8	16.1	656.6
Shalby Ltd	Consolidated	10	39.4	6.31	6.31	7.3	85.5

Note: 1) P/E Ratio has been computed based on the closing market price of equity shares on NSE on Feb 21, 2024.

2) \* P/E of company is calculated on EPS of FY23 and post issue no. of equity shares issued.

### Key Risks

- GPT Healthcare faces competition from listed industry peers, which could impact its market share and profitability.
- The healthcare sector is subject to regulatory changes and compliance requirements, posing potential risks to operations.
- The company's reliance on borrowings exposes it to interest rate risks and financial leverage.
- Lack of health insurance in India may adversely affect business, cash flows, financial condition and results of operations.

- In the past company entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.
- The company outsource some of service functions to third-party contractors. Any lapse by such third-party service providers may have adverse consequences on business and reputation.
- The company do not receive payments on time from patients, financial condition, cash flows and results of operations may be materially and adversely affected.

### Valuation & Outlook

GPT Healthcare operates a chain of mid-sized full-service hospitals under the same brand and provides integrated healthcare services, with a focus on secondary and tertiary care. Going ahead, the company intends to strengthen its existing hospitals by further balancing specialty mix, deepening its expertise in selective specialties and adding new specialties and services. At the upper price band, company is valuing at P/E of 39.1x with a market cap of ₹15,262 million post issue of equity shares and return on net worth of 23.7% in FY23.

On the valuation front, we believe that the company is fairly priced. Thus, we recommend an “**Subscribe – Long Term**” rating to the IPO.

**DISCLAIMER:****Analyst Certification**

- ❑ The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

**Ratings Methodology**

- ❑ Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid-Caps & Small Caps as described in the Ratings Table below:

	Buy	Hold	Sell
<b>Large Caps (Top 100 companies)</b>	>15%	0%-15%	Below 0%
<b>Mid-Caps (101st-250th company)</b>	>20%	0%-20%	Below 0%
<b>Small Caps (251st company onwards)</b>	>25%	0%-25%	Below 0%

**Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014**

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX) and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues.

**General Disclaimer:** - This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers.No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i. e. [www.rathi.com](http://www.rathi.com)

**Disclaimers in respect of jurisdiction:** This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

**Copyright:** - This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

### Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Sr. No.	Statement	Answers to the Best of the knowledge and belief of the ARSSBL/ its Associates/ Research Analyst who is preparing this report
1	ARSSBL/its Associates/ Research Analyst/ his Relative have any financial interest in the subject company? Nature of Interest (if applicable), is given against the company's name?.	NO
2	ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?.	NO
3	ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report or at the time of public appearance?.	NO
4	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months.	NO
5	ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months.	NO
6	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
7	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
8	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report.	NO
9	ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	NO
10	ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	NO

### Other Disclosures pertaining to distribution of research in the United States of America

The research report is a product of Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) under Marco Polo Securities 15a6 chaperone service which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution by only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, ARSSBL has entered into a chaperoning agreement with a U.S. registered broker dealer, Marco Polo Securities Inc. ("Marco Polo").

- ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
- ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
- ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
- However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
- As of the publication of this report, ARSSBL does not make a market in the subject securities.
- ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

- As of the publication of this report, ARSSBL does not make a market in the subject securities.
- Additional information on recommended securities/instruments is available on request.
- Compliance officer-Deepak Kedia, email id - deepakkedia@rathi.com, Contact no. +91 22 6281 7000.
- Grievance officer-Madhu Jain-email id- grievance@rathi.com, Contact no. +91 22 6281 7191
- ARSSBL registered address: Express Zone, A Wing, 9th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097. Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.