

IPO Note



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GPT Healthcare Ltd

*Mahesh M. Ojha
AVP – Research & Business Development
mahesh.ojha@hensex.com*

Hensex Securities Pvt Ltd
www.hensexsecurities.com

BACKGROUND:

Company and Directors

The company was incorporated as "Jibansaty Printing House Pvt Ltd", on August 17, 1989 at Kolkata. The Promoters of the company are GPT Sons Pvt Ltd, Dwarika Prasad Tantia, Dr. Om Tantia and Shree Gopal Tantia. Currently, the Promoters hold 53,805,600 Equity Shares, representing 67.34 % of the paid-up Equity Share capital of the company.

OBJECT OF THE ISSUE :

Repayment or prepayment, in full or part, of all or a portion of certain outstanding borrowings availed by company from banks and financial institutions.	Rs 30 Cr
General Corporate Purposes	[·]

KEY FINANCIALS:

(₹ in Cr)

Particulars	As at 30,		As at 31,		
	2023(06)	2022(06)	2023(12)	2022(12)	2021(12)
Equity Share Capital	79.90	79.90	79.90	79.90	17.94
Instrument entirely equity in nature	-	-	-	-	40.00
Reserves	92.75	79.28	85.46	78.28	75.96
Net worth	172.65	159.19	165.36	158.18	133.90
Revenue from Operation	204.18	171.97	361.04	337.42	242.75
Revenue Growth (%)	18.73%	-	6.99%	39.18%	-
EBITDA	46.19	32.92	80.05	78.82	55.10
EBITDA Margin (%)	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 period	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
V	21.45	19.77	20.54	19.64	16.60

Source: RHP, *Restated Consolidated Net Worth excluding Capital Reserve

SHAREHOLDING PATTERN

Shareholders	Pre-Issue		No. of Shares offered	Post-Issue	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoters	53,805,600	67.34%		53,805,600	65.57%
Promoter Group	900	0.00%		900	0.00%
Total for Promoter and Promoter Group	53,806,500	67.34%		53,806,500	65.57%
Public-Investor Selling Shareholder	26,082,786	32.64%	26,082,786	0	0.00%
Public Others*	15,000	0.02%	2,150,537	28,248,323	34.43%
Total for Public Shareholder	26,097,786	32.66%	28,233,323	28,248,323	34.43%
Total Equity Share Capital	79,904,286	100.00%		82,054,823	100.00%

* Shares at Upper Band

OFFER DETAILS:

The Offer	No. of Shares
7	Upto 2,259,887 - 2,150,537 [^] Equity Shares
Offer for Sale	Upto 9,428,178 Equity Shares
The Investor Selling Shareholders:	
Banyan Tree Growth Capital II, LLC	Upto 26,082,786 Equity Shares
	15.34

([^] upper price band)

BUSINESS OVERVIEW:

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.

Dr. Om Tantia, the Managing Director and one of their Promoters, is the founder of ILS Hospitals and is an established name in the field of laparoscopic surgery. He has more than 40 years of experience as a medical practitioner and established ILS Hospitals in the year 2000 with the vision of providing quality healthcare services in Eastern India. Under his guidance, 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.

This is demonstrated by the fact that in FY2023, FY2022, FY2021, and for the 6 months ended September 30, 2023, and September 30,

2022, 94.74%, 94.63%, 87.90%, 92.48% and 95.36% of their revenue from operations was from private insurance patients or walk-in cash patients. This indicates that personal preferences and not corporate associations have drawn them to avail of c o m p a s e r v i c e s . In Fiscal Year 2023, they had the 2nd highest contributions from cash, TPA and insurance payors combined amongst their peers.

C o m p a h o s p i t a l s 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.

C o m p a h o s p i t a l s 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.

REVENUE FROM OPERATIONS:

	6 months ended Sep 30,		Fiscal Year		
	2023	2022	2023	2022	2021
Revenue from rendering healthcare services	199.30	167.56	351.76	329.79	237.23
- Operating Income from indoor patient	168.83	138.70	294.73	269.96	204.44
- Operating Income from outdoor patient	29.49	28.09	54.96	58.06	31.37
- Income from nursing school	0.98	0.78	2.08	1.78	1.42
Revenue from sale of products	4.56	4.08	8.63	6.98	4.88
- Wind power	-	0.28	0.33	0.38	0.27
- Pharmacy Sale	4.56	3.80	8.30	6.60	4.61
Other Operating revenues	0.32	0.32	0.65	0.65	0.65
- Deferred Revenue Income on Government Grant	0.32	0.32	0.65	0.65	0.65
Total	204.18	171.97	361.04	337.42	242.75

COMPETITIVE STRATEGIES:

- Key regional corporate healthcare company with a strong foothold in under-penetrated and densely populated healthcare delivery markets**
- 'Right-sized', full service and strategically located hospitals leading to high return on capital**
- Well diversified specialty mix and location mix**
- Track record of operating and financial performance and growth**
- Investment in infrastructure, processes and clinical excellence driving affordability, and a strong value proposition for stakeholders**

KEY BUSINESS STRATEGIES

- Strengthen the existing hospitals and offerings and add new capabilities and specialties**
- Strategically grow the presence in adjacent markets**
- Focus on flexible and asset-light expansion for quick break-even**
- Implementation of initiatives to improve existing operational efficiencies**

INDUSTRY OVERVIEW:

The healthcare delivery market in India is expected to grow at a CAGR of 9%-11% between Fiscal Years 2024 and 2028 and reach ₹ 9.2-9.3 trillion in Fiscal Year 2028. The share of treatments (in value terms) by private players is expected to increase from 64% in Fiscal Year 2018 to nearly 70% in Fiscal Year 2028. According to CRISIL, East and North-East states in India have a population of approximately 388 million people, contributing to 28% of India's population as of Fiscal Year 2022. The East and North-East region of India also contributed ~ 15.3% to India's GDP in Fiscal Year 2022 and has witnessed GSDP growth at a CAGR of 5.1% from Fiscal Year 2012 to Fiscal Year 2022. Given the geographical concentration of their Hospitals in Eastern India.

COMPETITION:

The company faces competition from players which operate in the same region and localities. They face competition mainly from other providers who offer secondary and tertiary healthcare services across specialties. The principal competitors in West Bengal include international and national players with multiple facilities, Apollo Gleneagles Hospital (or Apollo Multispecialty Hospital), AMRI Hospitals (Manipa), Peerless Hospital and Research Center Ltd and Medica Superspecialty Hospital each of which has a strong presence in Kolkata. In Agartala, they face limited competition as there are only 15 hospitals, with no significant private player. Accordingly, the only key hospitals in Agartala are Indira Gandhi Memorial Hospital and GB Pant Hospital, both of which are government hospitals.

The company intends to focus on attracting medical value travellers through their expansion plans. The proportion of medical tourists grew from 2.20% (0.11 million tourists) in 2009 to 6.38% (0.62 million tourists) in 2019 in India. The government has constituted a National Medical and Wellness Tourism Board, along with provision of financial assistance to the tune of ₹ 1.70 million to medical tourism service providers under market development assistance (MDA) scheme during the last 4 fiscal years to develop medical tourism in India as of July 2022.





Eastern India is geographically well positioned for medical value travel from Bangladesh, Nepal, and Bhutan, from patients who prefer to obtain quality healthcare services in Eastern India, owing to pricing that is more competitive than hospital chains in the northern and western parts of India, ease of accessibility and their reputation for good clinic outcomes in super specialties such as cardiac surgery and neurosurgery. Their

hospitals are well-connected to both domestic and international travel to be preferred destinations for medical value travel. The combination of quality multispecialty healthcare services that they provide, coupled with competitive pricing owing to regional advantage, will continue to attract medical value travel, which will help drive their growth. They intend to take several initiatives to attract medical value travelers to these facilities.



COMPARISON OF THE KEY PERFORMANCE INDICATORS WITH LISTED INDUSTRY PEERS

(₹ in Cr)

Particulars												
	GPT Healthcare			Global Health			KIMS Health			Yatharth Hospital		
	o	U	U	o	U	U	o	U	U	o	U	U
Revenue from Operations	204.18	361.04	337.42	1,616.9	2,694.2	2,166.5	1,258.5	2,197.6	1,650.8	325.79	520.29	400.94
EBITDA	46.19	80.05	78.82	432.94	677.12	489.76	340.31	629.88	536.05	91.56	136.57	112.46
EBITDA Margin (%)	22.34%	21.86%	23.02%	26.09%	24.54%	22.20%	26.91%	28.33%	32.08%	27.72%	26.11%	27.93%
PAT	23.49	39.01	41.66	227.17	326.08	196.20	187.97	365.81	343.80	46.64	65.77	44.16
PAT Margin (%)	11.36%	10.64%	12.17%	13.69%	11.82%	8.89%	14.86%	16.45%	20.57%	14.12%	12.57%	10.97%
ROE (%)	13.60%	23.59%	26.34%	8.56%	13.43%	12.14%	9.02%	18.88%	24.37%	5.78%	35.95%	37.78%
ROCE (%)	14.85%	26.09%	25.04%	12.48%	20.41%	14.49%	9.12%	18.91%	29.50%	15.02%	30.53%	26.18%
Debt to Equity	0.32	0.39	0.60	0.17	0.35	0.52	0.31	0.28	0.11	0.01	1.44	2.21
Operating Cash Flow	34.00	66.35	65.99	282.60	644.52	311.26	270.88	432.09	324.03	(4.40)	63.78	59.94
Bed Capacity	561	561	556	2,725	2,697	2,404	3,975	3,940	3,064	1405	1405	1100
ARPOB	32,979	29,671	29,253	62,011	59,098	54,547	31,406	29,946	25,323	2,783.3	26,538	23,511
Bed Occupancy (%)	59.92%	58.92%	56.36%	61.50%	58.80%	60.50%	73.40%	69.30%	79.80%	54.00%	45.33%	49.97%
ALOS (Days)	3.98	4.22	4.80	3.17	3.30	3.76	4.13	4.10	4.80	4.79	4.32	5.20
Outpatient Volume	83,600	152,14	112,83	1384,90	2274,65	1971,26	795,40	1462,43	1013,75	160,89	329,76	222,82
Outpatient Revenue	34.05	63.26	64.66	Na	434.00	359.80	Na	Na	Na	41.00	68.39	54.58
Impatient Volume	15,470	28,612	23,820	78,934	135,161	102,359	97,320	177,181	13,6731	24,420	45,358	32,793
Impatient Revenue	168.83	294.73	269.96	Na	2,163.59	1,740.69	Na	Na	Na	284.80	451.90	346.36

HENSEX OUTLOOK: “**SUBSCRIBE**”

MAJOR RISK FACTOR:

Rating: Apply for Long Term Investment

GPT Healthcare key regional corporate healthcare company with a strong foothold in under-penetrated and densely populated healthcare delivery market, Well diversified specialty mix and location mix, Ability to attract, train and retain quality medical professionals, However, The healthcare delivery market in India is expected to grow at a CAGR of 9%-11% between Fiscal Years 2024 and 2028 and reach ₹ 9.2-9.3 trillion in Fiscal Year 2028. We suggest a ‘Subscribe’ to the issue with long term investment perspective.

- J **Company has generated almost 70% of its revenue from a specific geography; West Bengal, any disruption might affect the sales**
- J **Inability to attract or retain healthcare professionals could adversely impact the company’s business**

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JODHPUR

2, Keshav Bhavan, 9th Chopasani Road, Near HDFC Bank, Jodhpur, 342003

MUMBAI

12 A, 2nd Floor, Sonawala Building, Opp. Bombay Stock Exchange, Fort Mumbai, 400001

JAIPUR

5th Floor, Okay Plus Tower, Government Hostel Circle, Ajmer Road, Jaipur, 302001 (Raj).

UDAIPUR

210, Daulat Chamber, 2nd Floor, Sardarpura Near Meera Girls College Udaipur, 313011 (Raj.)



AHMEDABAD

928 Shyamal Conic, Shyamal Cross Road, Shyamal Ahmedabad 380015

VADODARA

151153, Paradise Complex, sayajiganj Vadodara 390005, Gujarat.

BENGALURU

No. 156/1, 1st Floor, Opp. Karnataka Bank, Near Minerva Circle, R.V. Road, V. Puram, Bangalore, 560004

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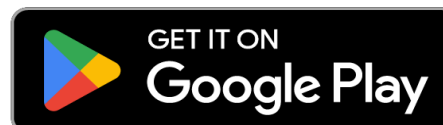
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 Email: mahesh.ojha@hensex.com
 SEBI Reg. No. INZ000209725 | NSE Member ID: 14345
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 ARN : 169492

Regional Office 12A, 2nd Floor, Sonawala Building, Opp. BSE Building, Mumbai Samachar Marg, Mumbai - 400 001

Regd. Address: 7 Bhagat Ki Kothi Extension, NH-65, New Pali Road, JODHPUR-342005 (Rajasthan)

Compliance Officer: Mr. Tahir Hussain |
 Tel.: +91-291-2720168 | Email : tahir@hensex.com

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