

Gujarat Kidney & Super Speciality Ltd. - IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
22 December 2025	24 December 2025	₹108 to ₹114	Avoid

Investment Summary

Gujarat Kidney and Super Speciality Limited (GKASSL) is a doctor-led, regional multispeciality hospital platform operating primarily in Central Gujarat with a network of 7 multispeciality hospitals and 4 pharmacies and an operational bed capacity of 340 beds across Vadodara, Godhra, Bharuch, Borsad, and Anand offering secondary and tertiary care with a strong focus on high-acuity, procedure-led treatments in renal sciences and urology, including endourology and renal transplantation, alongside general medicine, laparoscopic surgery, orthopaedics, and non-interventional cardiology. The company follows an asset-light hospital operating model, expanding through leasing facilities and acquiring controlling stakes in existing hospitals rather than owning real estate, enabling rapid scalability and superior capital efficiency, with diversified revenues from Inpatient (IPD), Outpatient (OPD), procedures and in-house pharmacy sales, where IPD constitutes the largest share due to its focus on specialized and intensive care. The company has expressed an aggressive growth strategy aimed at materially scaling bed capacity through a balanced mix of organic expansion via FSI utilization and hospital renovations, inorganic growth through acquisitions such as the proposed Parekhs Hospital in Ahmedabad and further consolidation of existing assets, and greenfield development including a women's healthcare hospital in Vadodara, while simultaneously expanding its specialty mix and integrating acquisitions to achieve procurement and operating synergies.

Company Overview

GKASSL was initially incorporated on December 20, 2019, under the name 'Vihaan Medicare Private Limited' as a private limited company. The Promoters of the Company include Dr. Pragnesh Yashwantsinh Bharpoda (also the Chairman and Managing Director), Dr. Bhartiben Pragnesh Bharpoda, Dr. Yashwantsingh Motisinh Bharpoda, and Anitaben Yashwantsinh Bharpoda. As a regional healthcare provider, GKASSL operates primarily in the central region of Gujarat, providing integrated healthcare services. The extensive network comprises 7 multispeciality hospitals and 4 operating pharmacies. The consolidated bed capacity metrics stand at a total bed capacity of 490 beds, an approved bed capacity of 445 beds, and operational bed capacity of 340 beds. The facilities span several locations across Gujarat, including Vadodara, Godhra, Bharuch, Borsad, and Anand. The service mix also covers general medicine, laparoscopic surgery, orthopaedics, and non-interventional cardiology, positioning GKASSL as a key regional player in the Gujarat healthcare services ecosystem.

Business Model

GKASSL employs a strategic asset-light hospital operating model to drive expansion, primarily through acquiring controlling interests or leasing properties rather than owning the underlying real estate. This approach has facilitated the expansion of facilities like Raj Palmland Hospital (Bharuch), Surya Hospital (Borsad), and Gujarat Surgical Hospital (Vadodara). The revenue generation framework is diversified, deriving streams from Inpatient (IPD) income, Outpatient (OPD) income, other medical services, and the sale of pharmaceutical products through hospital-attached pharmacies. The business model focuses heavily on specialized and intensive treatments, characterized by a concentration on secondary and tertiary/super-speciality care, evidenced by Inpatient services constituting the largest portion of sales. Target patient segments consist primarily of self-payers and individuals covered by private/public insurers such as Ayushman Bharat-PMJAY. The ambitious capacity ramp-up strategy involves organic growth through utilizing existing Floor Space Index (FSI) and renovating hospitals, complemented by inorganic growth initiatives such as strategic acquisitions (e.g., the proposed acquisition of Parekhs Hospital and Harmony Medicare Private Limited) and greenfield development (e.g., a new women's healthcare hospital in Vadodara). A key scalability driver involves expanding specialty mix, deepening expertise in core areas like nephrology, urology, and interventional cardiology, and continuously integrating acquisitions to yield synergies in procurement and operational efficiency. This hybrid strategy aims to efficiently expand bed capacity into regional Tier 1 and Tier 2 cities.

Industry Outlook

The Indian healthcare services sector, predominantly led by the hospital segment contributing approximately 80% of the industry's value, is poised for robust medium-to-long-term growth, driven by fundamental demographic and market shifts. Demand drivers include the significant and rising Non-Communicable Disease (NCD) burden, contributing to 60% of India's total mortality, notably cardiovascular diseases (61% of chronic illness deaths) and chronic kidney disease (CKD), with India contributing one-third of global CKD cases. Further boosting demand is the increasing geriatric population (ages 65 and above reaching 7.1% in CY 2023), requiring frequent tertiary care, coupled with rising consumer disposable incomes and accelerating urbanization (expected to reach 41.7% by 2030). Health insurance penetration is also increasing, supported by expansive government schemes like the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY), which offers tertiary care coverage to the bottom 40% of the population, thereby bolstering demand and hospital occupancy rates.

This scenario creates a strong outlook for specialized care, with escalating demand for secondary and tertiary/super-speciality services, including crucial areas like renal sciences, urology, and interventional cardiology, necessitating an increased supply of specialized medical professionals. Regional multispeciality hospital operators possess a compelling opportunity, particularly in Tier-2 cities, where a significant infrastructure gap exists. The regulatory environment mandates adherence to quality standards like NABH accreditation (increasingly required for government empanelment), but also presents risks due to potential price caps and margin limitations imposed by the government to control healthcare costs. The highly fragmented competitive landscape is witnessing a trend toward consolidation, as smaller standalone entities are acquired by larger regional networks to gain scale and efficiency, driven by capital availability from private equity investment. Overall, the long-term growth visibility is sustained by continuous policy support, technological adoption (e.g., telehealth), demographic pressures, and the shift from communicable to NCDs, positioning the Indian hospital sector for sustained expansion.

Investment Rationale

Scalable Asset-Light Model and Regional Leadership:

The core of the business model utilizes an asset-light hospital operating model, relying on leased properties and strategic acquisitions of controlling stakes (e.g., acquiring 51% to 90% holdings) in established facilities rather than capital-intensive real estate ownership. This strategy enhances return on capital. The company leverages its regional leadership position through geographical concentration across key, rapidly developing micro-markets in Central Gujarat, including Vadodara, Godhra, Bharuch, and Anand. This concentration ensures deep market penetration, familiarity with regional nuances, and provides an efficient platform for cross-utilization of resources and physician networks.

Aggressive Capacity Expansion and Inorganic Growth Strategy:

GKASSL has articulated a clear, aggressive strategic roadmap focused on substantial capacity scaling, aiming to reach a minimum of 2,500 operational beds within three years. This growth strategy is rigorously balanced through both organic expansion (utilizing existing Floor Space Index (FSI) and renovating hospitals) and targeted inorganic growth, exemplified by current plans for the acquisition of Parekhs Hospital in Ahmedabad and further shareholding acquisition in Harmony Medicare Private Limited in Bharuch. This approach allows the company to penetrate metropolitan areas (Tier-1) while continuing to explore expansion opportunities in neighboring Tier-2 regional states like Rajasthan and Madhya Pradesh.

Resilient Financial Profile and Realized Operating Leverage:

The established operational efficiency and high patient throughput translate directly into strong operating leverage. Management has demonstrated a track record of operational and financial performance, setting a forward-looking target to maintain EBITDA margins at a minimum of 30% even while executing its extensive bed capacity expansion plan. The revenue stream remains focused on the higher-margin tertiary care segment, reinforcing the platform's long-term capacity for generating stable profitability and maximizing returns from fixed medical infrastructure.

Diversified Revenue Streams and Stable Human Capital



The revenue profile exhibits high market acceptance, with the majority of collections derived from self-paying patients and others (over 80% of revenue, consolidated basis), signalling robust organic brand strength and trust. Simultaneously, the increasing penetration of health insurance in the region, particularly through public initiatives like Ayushman Bharat-PMJAY, provides a predictable, expanding patient referral and payment base. Operationally, the company maintains a stable, dedicated pool of skilled healthcare professionals, supported by low attrition rates among its nursing and full-time medical staff, retained through flexible and competitive engagement structures such as the fee for service model.

Key Risks

Risks Related to Strategic Acquisitions and Funding Commitments:

GKASSL's aggressive inorganic growth strategy carries inherent risks, notably revolving around the proposed acquisition of Parekhs Hospital Private Limited and remaining payment obligations for already acquired entities. The planned acquisition of Parekhs Hospital relies on IPO proceeds, and failure to raise sufficient funds or complete listing by the extended exclusivity period (January 31, 2026) may result in the forfeiture of non-refundable exclusivity fees (₹30 lakhs). Furthermore, the company still needs to arrange ₹12.40 crores from the net proceeds towards the part-payment for the previously acquired Ashwini Medical Centre. Any shortfall in the Issue proceeds would necessitate arranging alternate financing on potentially unfavorable terms, which could adversely affect the company's financial position and limit its legal recourse under the acquisition agreement.

Execution Risks in Greenfield Projects and Lack of Construction Expertise:

The company plans major organic growth, specifically setting up a new women's healthcare hospital in Vadodara, which is a greenfield project involving substantial capital expenditure (₹30.09 crores from net proceeds). However, GKASSL has limited experience in constructing new hospitals, relying heavily on third-party vendors and general management staff to oversee these large, capital-intensive projects. This lack of specialized in-house project management expertise exposes the company to risks of construction delays, cost overruns, challenges in timely procurement of equipment and potential impacts on brand credibility and cash flows due to management distraction from core operations. The construction of this new hospital is planned on leased land, adding the potential risk of termination or non-renewal of the lease agreement on favorable terms.

Revenue and Geographical Concentration Risk:

GKASSL derives significant revenue from its flagship Gujarat Kidney and Superspeciality Hospital in Vadodara. Furthermore, the majority of its 7 operational multispeciality hospitals and associated entities (including subsidiaries and controlled firms) are concentrated within the Central Gujarat region. This geographical concentration exposes the company to localized risks, such as adverse economic conditions, political unrest, natural disasters, and regional slowdowns, which could severely impact patient footfall, revenues, and overall business operations in the region.

Dependency on Human Capital and Retention Challenges:

The company's performance relies heavily on its professional healthcare workforce, including 89 full-time doctors and 238 visiting consultants, along with 332 nurses (as of June 30, 2025). Many key specialist doctors work as external visiting consultants under fixed fee or "fee for service" models and are permitted to practice outside GKASSL's facilities, including at competing hospitals. This structure creates a persistent risk of high attrition, especially among highly skilled professionals, leading to competition for talent, potential deterioration of service quality, and increased compensation costs if the company fails to retain its staff or effectively enforce existing engagement models.

Regulatory Non-Compliance and Licensing Issues:

The healthcare sector is heavily regulated, requiring continuous renewal and maintenance of multiple statutory licenses, accreditations, and permits (e.g., NABH, Atomic Energy Regulatory Board approvals). The company currently has pending applications, such as the registration under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 for its Godhra Hospital, and the process of transferring licenses for the recently acquired Ashwini Medical Centre is ongoing. In the past, the company and its key managerial personnel faced penalties imposed by the Registrar of Companies for delayed statutory filings related to corporate actions, highlighting a persistent risk of future regulatory actions, fines, and associated reputational damage.

Financial Snapshot

Metric	(In Cr)	
	FY24	FY25
Revenue (₹ Cr)	4.77	40.24
EBITDA (₹ Cr)	1.95	16.54
Adjusted Net Profit (₹ Cr)	1.71	9.49
EBITDA Margin (%)	40.88%	41.10%
Adjusted PAT Margin (%)	35.85%	23.58%
Adjusted EPS (Basic) (₹)	0.49	1.85

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Gujarat Kidney & Super Speciality Ltd.
IPO Structure	Fresh Capital
Issue Size	2,20,00,000 shares (aggregating up to ₹250.80 Cr)
Price Band	₹ 108 to ₹114 per share
Face Value	₹2 per share
Post-Issue Market Cap	₹ 898.81Cr.
Promoter Holding (Pre/Post)	99.1%/71.45%
IPO Opening Date	December 22, 2025
IPO Closing Date	December 24, 2025
Listing	BSE & NSE
Book Running Lead Manager(s)	Nirbhay Capital Services Private Limited
Use of Proceeds	<ul style="list-style-type: none"> • ₹77.00 Cr - Proposed acquisition of Parekhs Hospital at Ahmedabad. • ₹12.40 Cr - Part-payment of purchase consideration for the already acquired "Ashwini Medical Centre". • ₹10.78 Cr - Acquisition of additional shareholding in our subsidiary namely "Harmony Medicare Private Limited" at Bharuch. • ₹30.09 Cr - Funding of capital expenditure requirements of our Company towards setting up of a new hospital in Vadodara. • ₹6.82 Cr - Buying robotics equipment for our hospital Gujarat Kidney & Super Speciality hospital in Vadodara location. • ₹1.20 Cr - Full or part repayment and/or prepayment of certain outstanding secured borrowings availed by our Company

Valuation and Recommendation

At the upper price band of **₹114**, Gujarat Kidney & Super Specialty Ltd. is valued at **62x P/E** and an **EV/EBITDA of 55.60x on FY25 basis**, implying a **market capitalization of ₹898.81 crore**. These valuations appear expensive given the company's relatively short operating history, ongoing execution risks related to aggressive capacity expansion, and dependence on successful completion of acquisitions funded through IPO proceeds. Any delay in acquisitions, regulatory approvals, or ramp-up of new facilities could materially impact earnings and lead to valuation de-rating.



Hence, we recommend a **Avoid rating**, with a plan to monitor post listing for evidence of continued scale-up, durable margin improvement, operating leverage and delivery against growth targets.

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