

Issue Details	
Issue Opens	05-Dec-17
Issue Closes	07-Dec-17
Issue Size (Rs. Crore)	504.00
Face value (per equity share)	10
Price Band (Rs.)	245-248
Lot Size (No of Share)	60
No of Shares on Offer (crore)	0.10
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	15-Dec-17

Issue Date: 05th Dec – 07th Dec 2017

Price Band (Rs.): 245-248

Lot Size (No. of Share): 60

Company Background

Incorporated in 2004, Shalby Limited is Ahmedabad, Gujrat based one of the leading multi-specialty chain of hospitals in India. Shalby hospitals are well known for its orthopaedic services. It provide advanced levels of care across various specialties such as neurology, cardiac care, critical care, oncology, and nephrology.

Shalby hospitals operate across five states and Outpatient Clinics operate across 53 cities in 16 states in India. One Shalby Arthroplasty Centre of Excellence (SACE) in Africa, and two SACE in the UAE.

Concerns

- Delay in receipt of payment from patients / customers may affect cash flows, which may, in turn affect financial condition and results of operations.
- Competition from other hospitals and healthcare facilities.
- As they continue to expand footprint internationally, they remain subject to a variety of risks relating to volatile economies, political instability, foreign currencies, local laws
- Lack of health insurance in India may affect business, cash flows and results of operations.

Strengths

- Leadership in orthopedics and strong capabilities in other specialties.
- Integrated and scalable business model enhancing its patient reach.
- Experienced player with longstanding presence and brand recall.
- Track record of operating and financial performance and growth.

Our View

The price band of INR245 – 248 per share and FY17 EPS of Rs.7.16, P/E ratio works out to 34.22 – 34.63. Its peers like Healthcare Global Hospitals is trading at highest P/E of 111x, Apollo Hospitals and Narayana Hrudayalaya are trading at P/E of 72x (moderate) and Fortis healthcare is trading at lowest P/E of 15 and industry average is at 67x. Hence, Shalby Hospitals IPO issue price is reasonably priced.

The financial data reveals that the company has managed to increase the turnover steadily year after year. Healthcare industry is a growing business. The company follows an asset-light model which helps it in controlling the operating costs. The government has focused on healthcare and increased the health budget this year. Considering all these positive factors, investors can invest in this IPO with medium to long term perspective.

Financials

Particulars	For the year/period ended (in Rs. Crore)				
	FY-17	FY-16	FY-15	FY-14	FY-13
Total Revenue	333	293	278	262	230
Total Expenses	280	257	235	210	211
Profit After Tax	63	38	26	39	17

Objects of the Issue

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

1. Repayment or prepayment in full, or in part of certain loans availed by the Company;
2. Purchase of medical equipment for existing, recently set up, and upcoming hospitals;
3. Purchase of interiors, furniture, and allied infrastructure for upcoming hospitals; and
4. General corporate purposes.

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