

# Margin hope gives hospital, pharma IPOs booster shot

**Issues of more than ₹15,000 crore are expected in 2023**

**SIDDHANT MISHRA**  
Mumbai, August 27

**FILINGS BY HOSPITALS** and pharmaceutical companies for initial public offerings (IPOs) have seen a surge in 2023, compared with a lacklustre 2022.

IPOs totalling ₹6,563 crore have so far been launched this calendar year, with those aggregating ₹8,775 crore being in the pipeline. Of the total ₹15,338 crore in 2023 — both launched and expected — ₹6,087 crore is in the hospitals, diagnostics and medical equipment space, while ₹9,252 crore is in the pharma and drugs space.

Among these is Jupiter Life Line Hospitals, which raked in around ₹12.3 crore in a pre-IPO placement last week. According to PRIME Database, the issue is worth ₹1,200 crore.

There were two IPOs in 2022 — both in the hospitals/diagnostics space — raising ₹3,786 crore. There were none in the pharma/drugs space.

“Pharma and API (active pharmaceutical ingredient) companies have typically grown with private equity funding, and good companies throw up enough cash so as to not require primary capital, which is why the IPOs have almost all been ‘offers for sale’. Firms that are of a decent size or niche will have takers,” said Venkatraghavan S., man-

## HEALTH CHECK-UP: IPOs IN 2023

Issue amount (₹ cr)		Industry
Yatharth Hospital & Trauma Care Services	687	Hospitals/diagnostic services
Healthvista India*	1,000	Hospitals/diagnostic services
Jupiter Life Line Hospitals*	1,200	Hospitals/diagnostic services
Indegene*	3,200	Medical equipment/supplies/accessories
Mankind Pharma	4,326	Pharmaceuticals & drugs
Concord Biotech	1,551	Pharmaceuticals & drugs
Blue Jet Healthcare*	1,800	Pharmaceuticals & drugs
Innova Captab*	900	Pharmaceuticals & drugs
SPC Life Sciences*	500	Pharmaceuticals & drugs
Valiant Laboratories*	175	Pharmaceuticals & drugs

\*In The Pipeline

Source: PRIME Database

aging director and head (equity capital markets), Equirus Capital.

Considering that 2022 wasn't too great for IPOs, ₹3,786 crore raised that year was not that bad too, he pointed out.

In 2021, a total of ₹6,375 crore was raised from IPOs by hospitals, diagnostics services, and medical equipment suppliers. The figure was ₹5,208 crore for pharmaceutical and drug manufacturers.

“Hospitals and diagnostics are

capital-intensive businesses. India has, specifically post-Covid, seen the need for good hospitals and allied services, so there have been fundraisings on that count. Those that are profitable and with a viable business model for the long term will always catch investor fancy,” Venkatraghavan said.

This rising interest begs the question: what has given the booster shot to the sector?

Experts say developments have

been positive from across the spectrum. While diagnostics services providers are doing well, a good showing by the pharma index has also lifted the spirit.

“Good news across the sector, especially a strong showing by the listed pharma stocks, has led to expectations of a higher growth in FY24. For hospitals, much of the capex seems to be over, which likely means margin growth next year,” said Pranjal Srivastava, partner (investment banking), Centrum Capital. Pharma funds keep looking for new ideas and fresh investment avenues, which have also given the stocks stronger prospects.

The Nifty Pharma index has gained 19.43% in the last one year, while the Nifty Healthcare has returned 19.06% during the same period.

While 2022 was a disappointing year for IPOs, one could have expected the hospitals and pharma spaces to have thrived, given that the country was yet to recover from the aftermath of Covid.

“Much of 2022 was spent in preparation for IPOs. The preparation time is seven-nine, which leads to a lag between performance and filing of DRHPs. Further, filings take a backseat when the market sentiment is low, so a revival in the sentiment in 2023 has led to more companies planning to list,” Srivastava pointed out.

Srivastava said the outlook for the next year is quite healthy, given the number of DRHP filings seen. Mankind Pharma's ₹4,326-crore IPO in April was the largest in the space this year.