IPO Note

BONANZA WEALTH MANAGEMENT RESEARCH

Bonanza

28 July 2026

Manipal Health Enterprises Ltd.- Neutral

Company Overview

Manipal Health Enterprises Limited (MHEL) is one of India's leading healthcare service providers, operating a pan-India network of multispecialty hospitals offering comprehensive medical care ranging from outpatient consultations to complex tertiary and quaternary treatments. As of March 31, 2026, the company operated 49 hospitals with 13,037 licensed beds across 14 states and union territories, making it the largest pan-India multispecialty hospital network by bed capacity and the second-largest private hospital chain by number of hospitals in India. The company has a balanced presence across metro (47%) and non-metro (53%) markets, enabling it to cater to a wide patient base while improving accessibility to quality healthcare.

MHEL provides services across a broad range of specialties, including oncology, cardiology, neurosciences, orthopaedics, nephrology, organ transplantation, gastroenterology, and critical care, supported by advanced medical infrastructure and experienced clinical teams. For FY26, the company reported revenue from operations of Rs.10,335.8 crore (Rs.10,935.6 crore on a pro forma basis), reflecting its strong market position and scalable healthcare platform. Its diversified geographic footprint, comprehensive clinical capabilities, and focus on delivering high-quality healthcare position the company to benefit from the growing demand for organized healthcare services in India.

Investment Rationale

- Manipal Health is the largest multispecialty hospital chain in India by bed capacity, with 49 hospitals and 13,037 licensed beds across 14 states and UTs. Its balanced presence across metro (47%) and non-metro (53%) markets provides a diversified patient base, strong referral network, and significant growth opportunities in underpenetrated regions.
- The company offers tertiary and quaternary healthcare across specialties such as cardiology, oncology, neurosciences, organ transplants, and critical care. Its network is supported by advanced medical infrastructure, including 18 soft-tissue robots, 23 orthopedic and spine robots, 19 linear accelerators, 58 catheterization labs, and 44 MRI scanners, enabling complex procedures and superior clinical outcomes.
- MHEL follows a balanced growth strategy combining brownfield and greenfield expansion with strategic acquisitions. Recent acquisitions of AMRI Hospitals, Medica Synergie, and Sahyadri Group have added 18 hospitals and 3,901 licensed beds, while the company plans to add nearly 2,400 licensed beds through ongoing expansion projects, strengthening its presence in key markets.
- The company has built a trusted healthcare brand supported by NABH/NABL-accredited hospitals, patient-centric care, and a unified digital ecosystem. Investments in AI-enabled clinical tools, telemedicine, e-pharmacy, digital health platforms & hospital information systems (HIS) are improving patient experience, operational efficiency, and expanding access to out of hospital care.
- Rising healthcare awareness, increasing prevalence of lifestyle diseases, higher health insurance penetration, and growing demand for quality tertiary healthcare are expected to drive long-term growth. With its extensive hospital network, experienced clinical talent, strong execution capabilities, and continued investments in advanced medical technology, Manipal Health is well positioned to capitalize on the structural growth of India's organized healthcare sector.

Valuation

Manipal Health Enterprises is one of India's leading multispecialty hospital chains, backed by the largest bed capacity in the country, a strong presence across key metro markets, and a proven acquisition-led expansion strategy. The company is expected to benefit from rising demand for quality healthcare, planned addition of 2,426 licensed beds through greenfield and brownfield expansion, and improving operational efficiencies following the integration of the Sahyadri Group. The proposed debt repayment using IPO proceeds is also likely to strengthen the balance sheet and lower finance costs. However, at the upper price band of Rs.590, the issue is valued at 29.4x FY26 pro forma EV/EBITDA, reflecting a premium to several listed peers. In addition, a significant portion of the IPO proceeds is earmarked for debt repayment rather than growth capex, while the company continues to derive a large share of its revenue from Karnataka, resulting in geographic concentration. Considering the premium valuation alongside these factors, we assign a **Neutral** rating to the issue and would prefer to await a more attractive valuation or greater visibility on post-listing earnings growth and debt reduction.

IPO Details

Industry	Healthcare
Issue Open Date	29th July 2026
Issue Close Date	31st July 2026
Price Band (Rs.)	560 - 590
Issue Size* (Cr)	~Rs. 9,275
Issue Size*(Shares)	15,72,07,054
Bid Lot	25 Shares
Listing Exchanges	BSE and NSE
Face Value (Rs.)	Rs. 2.0/-

*** At highest price band**

Issue Details

Sale Type (Rs. Cr)	Fresh Issue – 8,000 Offer for Sale – 1,275
Issue Type	Book Building
Book Running Lead Manager	Kotak Mahindra Capital Company Ltd., Axis Capital Ltd., Goldman Sachs (India) Securities Pvt. Ltd., Jefferies India Pvt. Ltd., J.P. Morgan India Pvt. Ltd., UBS Securities India Pvt. Ltd., DBS Bank India Ltd.
Registrar	KFin Technologies Ltd.
Issue structure	QIB: 75.0% Non-Institutional: 15.0% Retail: 10.0%
Credit of Shares to Demat Account	04th August 2026
Issue Listing Date	05th August 2026

*** At highest price band**

Objects of the Issue

Particular	Estimated utilization from Net proceeds (Rs Cr.)
Pre-payment or re-payment, in full or in part, of all or a portion of certain outstanding borrowings availed by the company.	5,552.8
Acquisition of minority stake in the stepdown subsidiary, Sahyadri Hospitals Pvt. Ltd	574.0
General Corporate Purposes [.]	~

Shareholding Pattern

Shareholding (%)	Pre(%)	Post*(%)
Promoter	81.9	72.1
Public & Others	18.1	27.9

*** At highest price band**

Business Highlights

- Manipal Health is the largest pan-India multispecialty hospital chain by bed capacity, operating 49 hospitals with 13,037 licensed beds across 14 states and union territories. Its balanced presence across metro and non-metro markets enables it to serve a diversified patient base while improving access to quality healthcare across India.
- The company has a strong focus on high-acuity specialties including Cardiac Sciences, Oncology, Neurosciences, Gastro Sciences, Orthopedics, and Renal Sciences (CONGO-R), which contributed 64.3% of gross inpatient revenue in FY26. It is supported by advanced medical infrastructure, including robotic surgery capabilities, and has performed approximately 1,750 robotic-assisted spine surgeries, among the highest volumes in India.
- The company served 7.63 million patients across its network in FY26, supported by over 11,000 doctors. Inpatient volumes grew at a 26.3% CAGR during FY24–FY26, while the average length of stay declined from 2.93 days to 2.78 days, reflecting improving operational efficiency despite a higher mix of complex procedures.
- Manipal Health has successfully expanded through strategic acquisitions of AMRI Hospitals, Medica Synergie, and Sahyadri Group, increasing its network from 33 hospitals and 9,520 beds in FY24 to 49 hospitals and 13,037 beds in FY26. The company plans to further add 483 beds through brownfield expansions and 1,943 beds through greenfield projects by 2030.
- The company has one of the largest accredited hospital networks in India, with 41 hospitals accredited by NABH and 24 laboratories accredited by NABL. It continues to invest in advanced medical technologies, digital healthcare, research, and clinical innovation, supporting superior patient outcomes and reinforcing its position as a leading healthcare provider.

Financials

Particular (Rs./Cr.)	FY24	FY25	FY26
Revenue	6,172	8,242	10,336
EBITDA	1,683	2,127	2,611
EBITDA M(%)	27.3	25.8	25.3
PAT	533	1,082	917
PAT M(%)	8.6	13.1	8.9
P/E (x)*	111.9	63.8	76.5

*at highest price band

Risks & Concerns

- A significant portion of the company's operations is concentrated in Karnataka, which contributed 46.4% of FY26 revenue (51.6% in FY25). Any operational disruption, adverse regulatory changes, or increased competition in the state could materially impact financial performance.
- The company generates the majority of its revenue from inpatient services. Any decline in hospital occupancy or patient admissions could affect earnings. Additionally, CONGO-R specialties accounted for 64.3% of gross inpatient revenue in FY26, making performance sensitive to demand for these high-acuity treatments.
- Manipal Health has expanded rapidly through acquisitions, including AMRI, Medica Synergie, and Sahyadri Group. Any delays or challenges in integrating acquired hospitals, retaining medical professionals, or achieving expected operational synergies could impact profitability.
- The healthcare business is subject to stringent regulations relating to medical negligence, biomedical waste management, environmental compliance, and hospital operations. Any non-compliance, litigation, equipment failures, or disruptions could adversely affect operations, financial performance, and reputation.
- Nearly 50% of gross inpatient revenue is derived from insurance companies, third-party administrators (TPAs), and government schemes. Delays in claim settlements, contract renewals, reimbursement disputes, or adverse changes in insurance policies could impact cash flows and profitability.

Graphs & Charts

Figure 1: Revenue Trend

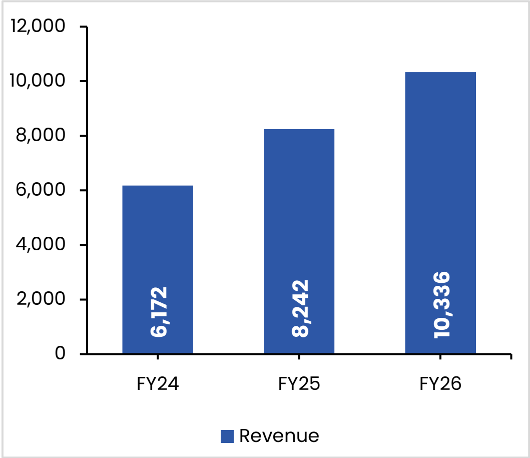


Figure 2: EBITDA trend

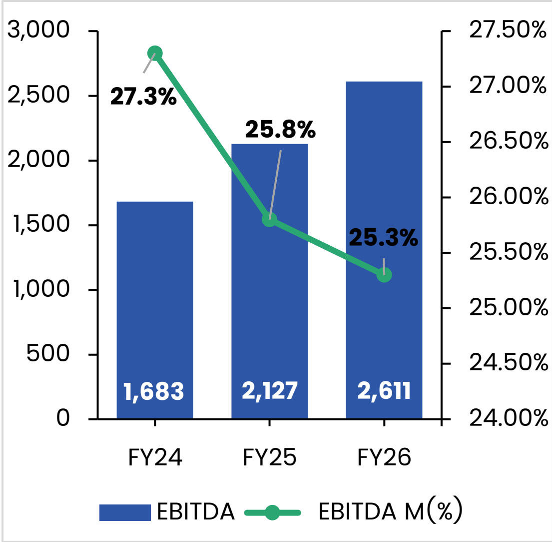
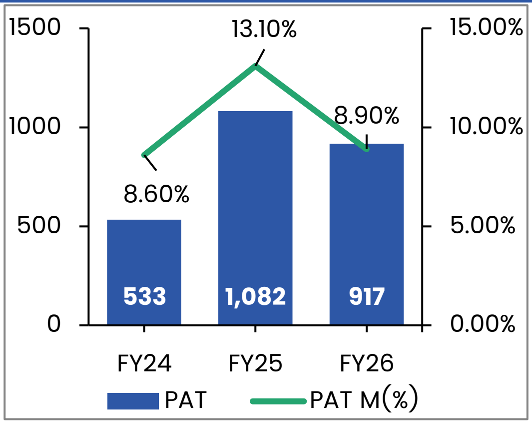


Figure 3: PAT Trend



Name	Designation	
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