

IPO Details	
Opening Date	Sept 08, 2023
Closing Date	Sept 12, 2023
Stock Exchange	NSE SME
Lot Size	1000 Shares
Issue Price	₹ 126 to ₹ 132 per share
Issue Size	Aggregating up to 56.55 Cr.
Fresh Issue	Aggregating up to 56.55 Cr.
Offer for Sale	-
Application Amount	₹ 1,32,000

IPO Objective	
Investment in Joint Ventures.	
Investment in Subsidiary.	
General Corporate Purposes.	

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	1,05,95,912	95.32 %
Public	5,20,040	4.68 %

Promoter of the Company	
1	Anurag Shah
2	Akshay Parmar

Competitive Strengths	
1	Doctor-promoted Healthcare Group.
2	Diversification into new interlinked verticals.
3	Continued investment in Medical Equipment.
4	Focus on geographies with skewed supply-demand gap
5	Proof of concept for consultancy services and Operations and Management contracts.

Company Background	
○	Unihealth Consultancy Limited was incorporated in the year 2010 and has its registered office in Mumbai, Maharashtra.
○	The Company is a healthcare service provider, and its business segments include Medical Centres, Hospitals, Consultancy Services, Distribution of Pharmaceutical and medical Consumable Products and Medical Value Travel.
○	The Company also exports and distributes pharmaceutical and medical consumable products in Uganda, Tanzania and Nigeria.
○	As of 31 st March 23, the Company has 510 employees on its payroll.

Market Capitalization	
(In Cr.)	
Pre-Issue	Post-Issue
₹ 147	₹ 203

Financial Summary			
(In Lacs)			
For the Period Ended	Mar-21	Mar-22	Mar-23
Total Assets	5,838.87	6,478.65	7,833.32
Net Assets	1,058.50	1,456.98	2,727.50
Total Borrowings	3,871.04	3,801.30	3,926.67
Total Revenue	2,863.51	3,792.69	4,603.01
Profit After Tax	500.89	382.02	768.00

Tentative Timeline	
Opening Date	Sept 08, 2023
Closing Date	Sept 12, 2023
Basis of Allotment	Sept 15, 2023
Initiation of Refunds	Sept 18, 2023
Credit of Shares to Demat	Sept 20, 2023
Listing Date	Sept 21, 2023

Company Background and Analysis

The Company was originally incorporated on February 26, 2010. The company is a healthcare service provider based out of Mumbai, India and has an operational presence in multiple countries across the African continent. The business segments include Medical Centres, Hospitals, Consultancy Services, Distribution of Pharmaceutical and medical Consumable Products and Medical Value Travel. The company is currently providing Project Management Consultancy Services to set up a 300+ bedded Health City in Undri, Pune (Maharashtra, India) for PHRC Lifespaces Organization along with a few other healthcare consultancy projects in Kenya and Angola.

Under the flagship 'UMC Hospitals' brand, the company operate a combined capacity of 200 operational hospitalbeds across the two multi-speciality facilities i.e., UMC Victoria Hospital in Kampala, Uganda, having a bed-strength of 120 beds and UMC Zhahir Hospital in Kano, Nigeria has a bed strength of 80 beds. In addition to these, the company operate 'Unihealth Medical Centre' a dedicated dialysis facility, in Mwanza, Tanzania. The company exports and distributes pharmaceutical and medical consumable products in Uganda, Tanzania and Nigeria and are distributor in different African countries for various pharmaceutical and consumable manufacturing companies based out of India. The different business verticals of the Company have established their presence in multiple geographies across the African continent. The Company, with its registered office in India, has a presence in India, Uganda, Nigeria & Tanzania, Kenya, Zimbabwe & Angola and Ethiopia, Mozambique & DR Congo.

The group structure of the company includes –

1. Unihealth Consultancy Limited (India)
2. Unihealth Pharmaceuticals Private Limited (India)
3. UHS Oncology Private Limited (India)
4. Victoria Hospital Limited (Uganda)
5. Unihealth Uganda Limited (Uganda)
6. UMC Global Health Limited (Nigeria)
7. Biohealth Limited (Tanzania)
8. Unihealth Tanzania Limited (Tanzania)
9. Aryavarta FZE (U.A.E)

Revenue break-up for the fiscal year ended 2021, 2022, and 2023 are given below-

(Amount in Lakhs)

Particulars	Fiscal 2021		Fiscal 2022		Fiscal 2023	
	Amount	%	Amount	%	Amount	%
Medical Centres and Hospitals	2,559.11	97.65	3,436.64	93.31	3,868.00	88.03
Export and Distribution	-	-	138.15	3.75	29.14	0.66
Medical Value Travel	-	-	-	-	-	-
Consultancy Services	61.67	2.35	108.41	2.94	496.72	11.30
Total	2,620.78	100.00	3,683.20	100.00	4,393.86	100.00

To conclude, the company was originally incorporated in the year 2010. The company is a healthcare service provider and does the export and distribution of pharmaceutical and medical consumable products. The company has a subsidiary named Bio Health Limited. The company is planning to raise total gross proceeds of Rs. 56.55 Cr out of which Rs. 21.60 Cr for investment in the joint ventures and Rs. 15.87 Cr for the investment in the subsidiary company.

Business Strategies

1. Continue to invest in increasing bed capacity and clinical specialities in existing facilities and set up newer facilities in key target markets.

The company is continually exploring opportunities to strengthen its position in the existing geographies by optimally increasing its bed strength to cater to the increasing number of patients and investing in equipment, infrastructure, and manpower to add newer super-specialities aimed at enhancing the patient experience, care and treatment capabilities while augmenting the revenues and profits of the Company. The Company is also looking for value-creating opportunities to either acquire operations and management contracts or set up green-field or brown-field hospital projects in key target markets across Africa and India.

2. Develop a comprehensive health-tech platform.

The company intends to capitalise on the available target clientele to offer its services. The tech platform being considered by the Company will provide e-health services like online consultations, electronic health records, scheduling of appointments and lab collections as well as e-pharmacy solutions.

3. Continue to invest in marketing and enhancing the operational capabilities of the consultancy services and medical value travel vertical.

The company intends to invest in marketing strategies and enhance its execution capabilities by attracting and engaging professionals across its operating departments to fast-track and support the growth of its consultancy services and medical value travel vertical. These verticals will allow the Company to grow its revenues and profitability without incurring intensive capital investment, providing the Company with an asset-light global growth model.

4. Develop its distribution network and collaborate with an increasing number of manufacturers/brands for exclusive distribution.

The company by capitalising and leveraging on its inherent requirements and infrastructural advantage, intends to expand its distribution network in the region of its presence by creating a dedicated team of medical and marketing representatives and participating in tenders floated by the government agencies as well as nongovernmental organisations for procurement of the products being distributed by the Company.

5. Invest in training and attract and engage skilled healthcare professionals.

The Company intends to strengthen its integrated human resources management systems to enhance the process of recruitment, training and retention of doctors, para-medical teams, and technicians across its facilities.

Competitive Scenario and Peer Mapping

Competition

The company competes with government-owned hospitals, other private hospitals and nursing homes, smaller clinics, hospitals owned or operated by non-profit and charitable organisations and hospitals affiliated with medical colleges. The barrier to entry in such an industry sector is low. The bargaining power with the suppliers is high and the bargaining power with the consumers is also high in such a sector.

Peer Analysis

The comparison of the key performance indicators of the listed peers as of Mar-23 is given below –

Particulars	Unihealth Consultancy Limited	KMC Speciality Hospitals (India) Limited
	31st Mar 2023	31st Mar 2023
Net Profit Margin	17.43%	17.31%
EBITDA Margin	31.46%	26.28%
Return on Capital Employed	17.71%	20.63%
Return on Equity	27.82%	23.89%
EPS (INR)	6.94	1.64

The comparison of the key performance indicators of the listed peers as of Mar-22 is given below –

Particulars	Unihealth Consultancy Limited	KMC Speciality Hospitals (India) Limited
	31st Mar 2022	31st Mar 2022
Net Profit Margin	10.30%	17.65%
EBITDA Margin	31.24%	27.21%
Return on Capital Employed	17.97%	27.27%
Return on Equity	25.64%	27.91%
EPS (INR)	3.45	1.46

The comparison of the key performance indicators of the listed peers as of Mar-21 is given below –

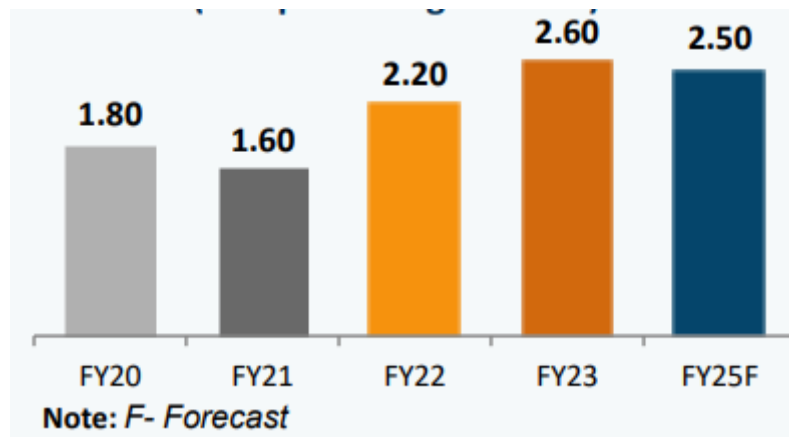
Particulars	Unihealth Consultancy Limited	KMC Speciality Hospitals (India) Limited
	31st Mar 2021	31st Mar 2021
Net Profit Margin	18.89%	12.62%
EBITDA Margin	24.87%	22.33%
Return on Capital Employed	9.03%	18.28%
Return on Equity	46.25%	20.63%
EPS (INR)	4.53	0.78

Industry Overview

Exhibit 1: Healthcare Sector Growth Trend (US\$ billion)



Exhibit 2: Government Healthcare Expenditure (as a percentage of GDP).



(Source: ibef.com)

Indian Healthcare Industry-

Healthcare has become one of India's largest sectors, both in terms of revenue and employment. Healthcare comprises hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment. The Indian healthcare sector is growing at a brisk pace due to its strengthening coverage, services, and increasing expenditure by public as well as private players.

India's healthcare delivery system is categorised into two major components - public and private. The government, i.e., the public healthcare system, comprises limited secondary and tertiary care institutions in key cities and focuses on providing basic healthcare facilities in the form of Primary Healthcare Centres (PHCs) in rural areas. The private sector provides most secondary, tertiary, and quaternary care institutions with a major concentration in metros, tier-I, and tier-II cities.

India's competitive advantage lies in its large pool of well-trained medical professionals. India is also cost-competitive compared to its peers in Asia and Western countries. The cost of surgery in India is about one-tenth of that in the US or Western Europe. The low cost of medical services has resulted in a rise in the country's medical tourism, attracting patients from across the world. Moreover, India has emerged as a hub for R&D activities for international players due to its relatively low cost of clinical research.

Global Healthcare Industry-

The COVID-19 pandemic permanently changed global health care - from accelerating the adoption of new technology and care delivery models to increasing the focus on sustainability and resiliency.

COVID-19 has had a profound effect on how healthcare is being practised in both industrialized and developing countries. It has changed global demands for an increased focus on sustainability and resiliency which was not present prior to the epidemic. What stands out most is that, after the pandemic, we will never be able to think about health care in the same way again. In the 2023 Global Health Care Outlook, we examine the current state of the sector and explore insights around international health policies, identifying emerging threats to public health, and how technology will change healthcare delivery over the next decade.

Road Ahead -

India's healthcare sector is extremely diversified and is full of opportunities in every segment, which includes providers, payers, and medical technology. With the increase in the competition, businesses are looking to explore the latest dynamics and trends which will have a positive impact on their business. The hospital industry in India is forecast to increase to Rs. 8.6 trillion (US\$ 132.84 billion) by FY22 from Rs. 4 trillion (US\$ 61.79 billion) in FY17 at a CAGR of 16-17%. India is a land full of opportunities for players in the medical devices industry.

The country has also become one of the leading destinations for high-end diagnostic services with tremendous capital investment for advanced diagnostic facilities, thus catering to a greater proportion of the population. Besides, Indian medical service consumers have become more conscious towards their healthcare upkeep.

(Source: prospectus)

Key Managerial Personnel

Akshay Parmar, aged 36, is one of the Promoters, Chairman, and Managing Director of the company. He has completed his Bachelor of Commerce. He holds a Bachelor of Medicine and Bachelor of Surgery degree (MBBS) and has completed a Certificate Program in 'Value Creating Financial Strategies'. He has been involved with the financial management and tech initiatives being undertaken and oversees the consultancy services division of the Company.

Anurag Shah, aged 36, is one of the Promoters, and Executive Director of the company. He holds a Bachelor of Medicine and Bachelor of Surgery (MBBS). He oversees the overall business & brand development and the distribution vertical of the Company. He oversees the operational management of the company's joint venture in Uganda, Victoria Hospital Limited.

Parag Shah, aged 52, is the Whole-Time Director of the company. He holds a Bachelor of Commerce degree. He has work experience of more than 14 years. He provides essential financial leadership to shape the future direction of the company by aligning business and finance strategies.

Harsh Sheth, aged 36, is the Non-Executive Independent Director of the Company. He has earned a Bachelor of Medicine, Bachelor of Surgery degree, and a Master of Surgery degree. He has completed his Fellowship in Advanced Minimal Access Surgery and has been a Fellow of the Bio Design Program. He has experience of more than 10 years in the field of General Surgery.

Jagat Shah, aged 58, is the Non-Executive Independent Director of the Company. He holds a Bachelor of Commerce degree and received the degree of Doctor of Philosophy. He has more than 25 years of experience in the field of trade and investment projects.

Riddhi Javeri, aged 36, is the Non-Executive Independent Director of the company. She holds a degree of Bachelor of Pharmacy and a Master of Philosophy degree. She has experience of more than 12 years of experience in the field of corporate strategy and business development.

To conclude, the company has 2 promoters, and have good experience in the industry in which the company operates. The remaining directors have decent experience in the fields which help in the growth of the business.

Financial Snapshot

Profit and Loss Statement			(In Lacs)
Particulars	FY 21	FY 22	FY 23
Revenue from Operations	2,620.78	3,683.21	4,393.86
Other Income	242.73	109.48	209.15
Total Income	2,863.51	3,792.69	4,603.01
Expenses			
Purchase of stock in trade	693.35	871.60	700.41
Changes in inventories of finished goods	-71.61	-33.26	27.82
Employee benefits expense	460.26	585.98	647.73
Finance costs	128.85	518.51	412.13
Depreciation and Amortization expense	218.37	221.23	251.62
Other expenses	886.88	1,108.28	1,635.52
Total Expenses	2,316.10	3,272.34	3,675.23
Earnings Before Interest, Taxes, Depreciation & Amortization	651.90	1,150.61	1,382.38
EBITDA Margin	25%	31%	31%
Profit before exceptional and extraordinary items and tax	547.41	520.35	927.78
Exceptional items	0	0	0
Profit/(Loss) before tax	547.41	520.35	927.78
Tax Expense			
Current Tax	-	77.39	206.70
Deferred tax (net)	52.38	63.71	-44.59
Total Tax Expense	52.38	141.10	162.11
Profit / (Loss) for the period from continuing operations	495.03	379.25	765.67
Minority Interest - Share of Profit/ (Loss)	-8.84	-10.33	-2.09
Share of Profit or Loss from Associate Co.	-2.98	-7.56	0.24
Profit/(Loss) for the year	500.89	382.02	768.00
Net Profit Margin	17.49%	10.07%	16.68%

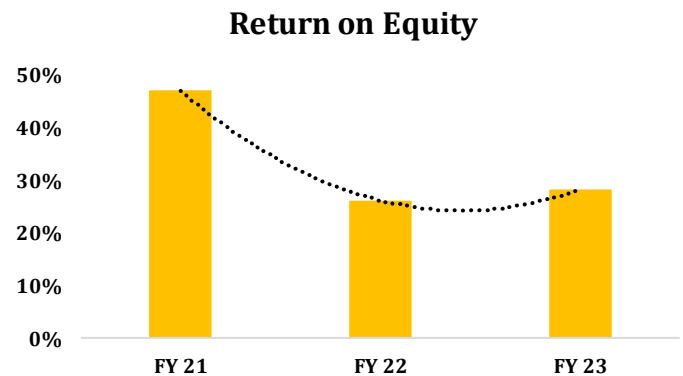
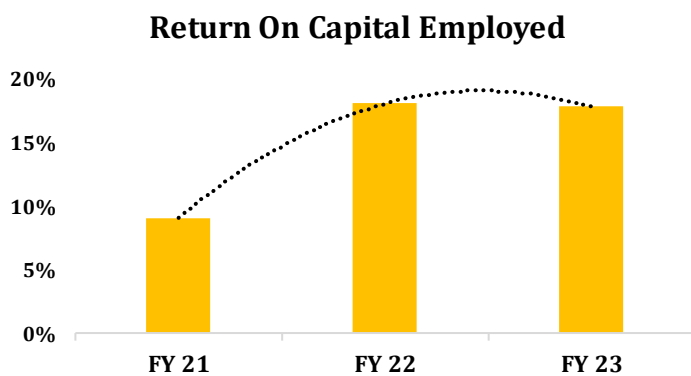
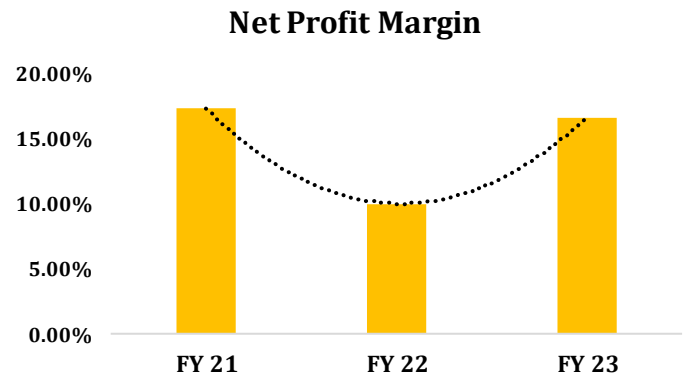
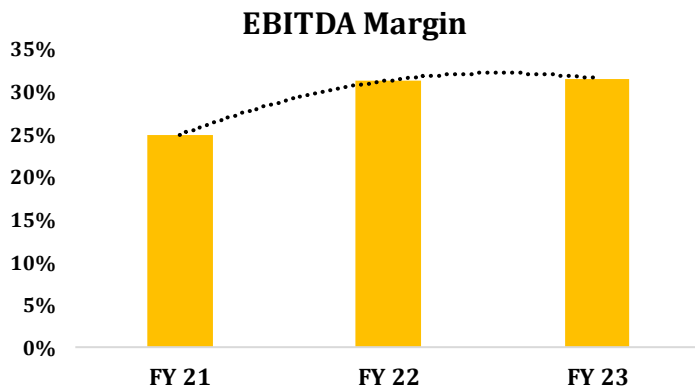
Balance Sheet			(In Lacs)
Particulars	FY 21	FY 22	FY 23
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2,762.21	2,829.59	2,945.66
Intangible assets	13.53	11.96	10.82
Goodwill on consolidation	742.92	742.92	751.46
Capital Work-in-progress	45.72	48.75	-
Intangible assets under development	-	-	-
Non-current Investments	36.03	28.47	28.71
Deferred tax assets (Net)			-
Long-term loans and advances	265.12	335.28	677.40
Other Non-Current Assets	58.06	64.86	94.99
Total Non-Current assets	3,923.59	4,061.83	4,509.04
Current Assets			
Current Investments	-	-	-
Inventories	146.12	179.73	211.24
Trade Receivables	1,418.62	1,819.26	2,739.36
Cash and Cash Equivalents	205.03	234.97	195.38
Short-Term Loans and Advances	144.11	176.53	178.30
Other current assets	1.40	6.33	-
Total Current assets	1,915.28	2,416.82	3,324.28
Total Assets	5,838.87	6,478.65	7,833.32
EQUITY AND LIABILITIES			

Balance Sheet			(In Lacs)
Equity			
Share Capital	134.19	134.19	138.95
Reserves and Surplus	936.17	1,344.98	2,612.83
Minority Interest	-11.86	-22.19	-24.28
Total Equity	1,058.50	1,456.98	2,727.50
Liabilities			
Non-current liabilities			
Borrowings	3,691.97	3,593.47	3,569.54
Deferred Tax Liabilities (Net)	52.38	122.63	87.54
Other long-term liabilities	-	-	-
Long term provisions	-	-	-
Total Non-current liabilities	3,744.35	3,716.10	3,657.08
Current liabilities			
(i) Short Term Borrowings	179.07	207.83	357.13
(ii) Trade Payables			
i) Due to micro and small enterprises	-	0.55	13.36
ii) Due to other than micro and small enterprises	155.09	180.77	282.63
Other Current Liabilities	689.45	844.87	555.37
Short-Term Provisions	12.41	71.55	240.25
Total Current liabilities	1,036.02	1,305.57	1,448.74
Total Liabilities	4,780.37	5,021.67	5,105.82
Total Equity and Liabilities	5,838.87	6,478.65	7,833.32

Cash Flow Statement			(In Lacs)
Particulars	FY 21	FY 22	FY 23
Net Cash Flow from Operating Activities	405.54	926.82	133.00
Net Cash Flow from Investing Activities	-35.27	-164.94	-491.58
Net Cash Flow from Financing Activities	-325.34	-534.97	334.52

Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	4.53	3.45	6.94
BV per share	6.87	9.46	17.71
Operating Ratios (%)			
EBITDA Margins	25%	31%	31%
PAT Margins	17%	10%	17%
Inventory days	20.35	17.81	17.55
Debtor days	197.57	180.29	227.56
Creditor days	81.64	75.93	154.25
Return Ratios (%)			
RoCE	9%	18%	18%
RoE	47%	26%	28%
Valuation Ratios (x)			
EV/EBITDA	7.25	4.37	4.67
Market Cap / Sales	7.76	5.52	4.63
P/E	29.14	38.26	19.02
Price to Book Value	19.20	13.95	7.45
Solvency Ratios			
Debt / Equity	3.66	2.61	1.44
Current Ratio	1.85	1.85	2.29
Quick Ratio	1.71	1.71	2.15
Asset Turnover	0.45	0.57	0.56
Interest Coverage Ratio	3.36	1.79	2.74

Financial Charts



Key Risk Factors

1. The company is involved in certain legal proceedings, which, if determined adversely, may affect the business and financial condition. 6 Direct and Indirect tax proceeding cases involving the company amounting to Rs. 827.58 lakhs. 1 Tax proceeding case involving the directors amounting to Rs. 0.36 lakhs, 1 tax proceeding case involving the promoters amounting to Rs. 0.36 lakhs, 3 tax proceedings cases involving the group companies amounting to Rs. 0.09 lakhs, 2 civil litigations by joint ventures amounting to Rs. 14.45 lakhs, and 1 civil litigation against the joint venture amounting to Rs. 3.64 lakhs.
2. A downgrade in the credit ratings of India may constrain access to capital and debt markets and, as a result, may adversely affect the cost of borrowings and the results of operations. The company had Credit ratings of CRISIL D, CRISIL D, AND CRISIL BB-/ Stable as of FY 2020, 2021, and 2023 respectively.
3. The company's contingent liabilities as stated in the Restated Consolidated Financial Statements could affect the financial condition. The contingent liability as of March 2023 was Rs. 889.56 lakhs.

Track Record of Lead Manager

The lead manager to the issue is Unistone Capital Private Limited. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the Lead Managers in recent times –

Unistone Capital Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Sangani Hospitals Limited	15.17	40.00	August 17, 2023	45.75
2.	Sahana System Limited	32.74	135.00	June 12, 2023	280.00
3.	MOS Utility Limited	49.97	76.00	April 18, 2023	107.00
4.	Global Surfaces Limited	154.98	140.00	March 23, 2023	179.00
5.	All E Technologies Limited	48.20	90.00	December 21, 2022	181.00
6.	Integrated Personnel Services Limited	12.74	59.00	November 11, 2022	137.00
7.	HP Adhesives Limited	125.96	274.00	December 27, 2021	535.00
8.	Sigachi Industries Limited	125.43	163.00	November 15, 2021	356.00
9.	Siddhika Coatings Limited	4.70	57.00	April 07, 2021	200.00
10.	Likhitha Infrastructure Limited	61.20	120.00	October 15, 2020	310.00

*CMP for all the above-mentioned companies is taken as of 4th September 2023.

Integrated Personnel Services Limited CMP is taken as of 1st September 2023.

As per the offer document, Unistone Capital Private Limited has had 10 mandates in the last three fiscal years. For Unistone Capital Private Limited out of the 10 mentioned above, 1 opened at a discount, and all the remaining mandates opened at premiums on the listing day.

Recommendation

The company has been in the industry since 2010 and has good experience in the industry. The company has seen consistent growth in its top-line and bottom-line financials. The profitability margins have seen an increase over the years which can be sustained going forward.

The PE on an annualised and post-IPO basis is around 26.55 times which seems to be fairly priced by looking at the performance of the company and its peers.

The company operates in a competitive segment. The management outlook of the company is good with the top management having vast experience in the industry in which the company operates in. The company has seen a consistent increase in its financials, yet the company does have certain risk factors (mentioned in the risk factors of this report) that place the company in a not-so-favourable position but with the strategies planned by the company it can see an increase in its revenue growth in the future. Thus, one can **APPLY** to this IPO.

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