



## IPO Note

# Medistep Healthcare Limited

Recommendation: **AVOID**

**Business - Medistep Healthcare Limited** operates in the pharmaceutical industry and is involved in the business of trading of pharmaceutical products, intimate care and hygiene products, surgical products & nutraceutical products and manufacturing of intimate and nutraceutical products.

### Objects of the Issue -

Particulars	Amount
Capital expenditure towards purchase of plant and machineries for expansion at the existing manufacturing facility	Rs. 0.51 Cr.
Working Capital Requirements	Rs. 12.34 Cr.
General Corporate Purposes	

### Promoters Name -

Girdhari Lal Prajapat, Dabhi Vipul Gobarbhai, Prajapati Hetalben Girdharilal and Jagdish Prajapati

Promoter Share Holding Pattern	
<b>Pre Issue</b> 93.62%	<b>Post Issue</b> 68.96%

### Rationale for recommendation -

**Medistep Healthcare Limited** was incorporated on Jul-05, 2018 and has a limited operating history. The company derives majority of its revenue from trading (73.49% in FY25), particularly from intimate care & hygiene products and has recently commenced manufacturing operations. Revenue is highly concentrated in Gujarat (99.94% in FY25) and customer and supplier concentration remains high. Capacity utilization is low (~60% for sanitary napkin machines and ~4-5% for energy powder), reflecting underutilization of manufacturing capacity. Revenue grew by 41.33% in FY24 and 27.09% in FY25 supported by backward integration. EBITDA and PAT margins improved to 11.27% and 8.35% respectively due to lower material COGS. RoCE and RoE declined to 33.01% and 24.62% in FY25 due to business restructuring. Operating cash flow remained low and turned negative in FY24 due to poor working capital management. The company is exposed to regulatory risks and has high related party transactions. The overall financials and management quality appear moderate. The post-issue P/E of 14.74 appears slightly high. We recommend **AVOID** the IPO based on the above risks and observations.

### IPO Details

Opening Date	Aug 08, 2025
Closing Date	Aug 12, 2025
Allotment Date	Aug 13, 2025
Listing Date	Aug 18, 2025
Stock Exchange	NSE SME
Lot Size	3,000 Shares
Issue Price Per Share	₹43
Issue Size	₹16.10 Cr.
Fresh Issue	₹16.10 Cr.
Offer for Sale	-
Application Amt	₹ 2,58,000 (6,000 shares)

### KPIs

(In Lakhs)

KPI's	FY 23	FY 24	FY 25
<b>Revenue</b>	2,764.68	3,907.19	4,965.48
<b>EBITDA</b>	133.89	454.18	559.74
<b>Net Profit</b>	92.09	332.72	414.42
<b>RoCE</b>	95.49%	38.40%	33.01%
<b>ROE</b>	85.87%	28.46%	24.62%
<b>P/E</b>	-	6.33	10.72

### Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	4.01	2.92
BVPS	16.09	11.85
P/E	10.72	14.74
P/BV	2.67	3.63
Mkt Cap (In Cr)	45.00	61.10

\*Annualized

### Lead Managers -

**Fast Track Finsec Private Limited**

### Registrar -

**Cameo Corporate Services Limited**

## Industry Overview –

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. The Indian pharmaceutical industry has proved to be the major player in the domestic and international market. This supremacy has been achieved through an enduring process of manufacturing, competitive prices practice and highly skilled staff. India is the 3rd largest producer of API accounting for an 8% share of the Global API Industry.

**Market Size** - Market size of India pharmaceuticals industry is expected to reach US\$ 65 billion by 2024, ~US\$ 130 billion by 2030 and US\$ 450 billion market by 2047. Indian hospital market valued at US\$ 98.98 billion in FY23 and projected to grow by 8% CAGR and reached to US\$ 193.59 billion by FY32. The market size of the Indian pharma industry is expected to touch US\$ 65 billion by 2024, ~US\$ 130 billion by 2030 and ~US\$ 450 billion by 2047. India's nutraceutical market is prepped to be a global leader at USD 4-5 billion. It is expected to grow approximately USD 18 billion by 2025. The Indian sanitary napkin market size reached US\$ 758.5 Million in 2023 and is expected to reach US\$ 1,659.6 Million by 2032, exhibiting a growth rate (CAGR) of 8.8% during 2024-2032.

**Government Initiatives** – Jan Aushadhi scheme, Ayushman Bharat Digital Mission (ABDM), National Health Mission, Pradhan Mantri Swasthya Suraksha Yojana, Productive Linked Incentive (PLI), National Biopharma Mission and others.

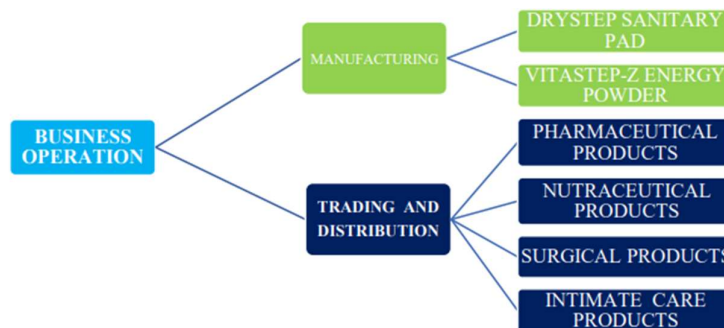
**Outlook** - The Indian pharmaceutical industry is poised for strong growth driven by rising global demand for affordable generics, chronic disease prevalence and government healthcare initiatives. Rapid urbanisation and health awareness are fueling the nutraceuticals segment, now commanding a dominant market share. Strategic global expansion, quality standards and innovation will remain key to sustaining long-term momentum.

(source : RHP)

## Business Overview -

**Medistep Healthcare Limited** operates in the pharmaceutical industry and is involved in the business of trading of pharmaceutical products, intimate care and hygiene products, surgical products & nutraceutical products and manufacturing of intimate and nutraceutical products. The company was originally incorporated as proprietorship named M/s MG Pharma on Jul-05, 2018.

### Company's Core Business Activity –



**Company's Clients** – Astha Multispeciality Hospital, Ocean Multispeciality Hospital, Om Hospital, Riyaana Children & Dental Hospital, Rudraksha Institute of Medical Sciences, Sadguru Hospital, Sunrise Hospital

- The company's majority of revenue is contributed by trading, contributing 100.00%, 96.77% and 73.49% of total revenue in FY23, FY24 and FY25 respectively and remaining is contributed by manufacturing segment.
- The company's majority of revenue is contributed by distributors/stockist, contributing 96.95%, 74.69% and 95.97% of total revenue in FY23, FY24 and FY25 respectively.
- The company's majority of trading revenue is contributed by intimate care & hygiene products, contributing 15.39%, 86.95% and 71.14% of total revenue in FY23, FY24 and FY25 respectively.
- The company trades both pharmaceutical products (antibiotics, vaccine, injection, syrup etc.) and non-pharmaceutical products (nutraceutical products, intimate care & hygiene products and surgical products and instruments).
- The company's majority of revenue is generated from Gujarat, contributing 100.00%, 99.96% and 99.94% of revenue in FY23, FY24 and FY25 respectively, indicating high geographical concentration.
- The company has high customer concentration, top 10 customers contributing 97.29%, 68.36% and 89.32% of total revenue in FY23, FY24 and FY25 respectively.
- The company has high supplier concentration, top 10 suppliers contributing 86.63%, 95.32% and 92.98% of total purchases in FY23, FY24 and FY25 respectively.
- The company's capacity utilization is around 60% for sanitary napkin making machine and around 4%-5% for energy powder machine indicating very low capacity utilization primarily due to recent commencement of manufacturing operations.

## Business Strategies -

- The company aims to focus on innovation by introducing new formulas, ingredients and delivery methods such as capsules, powders and drinks.
- The company plans to build strong distribution channels and improve customer satisfaction.

FINANCIAL SNAPSHOT							
Key Performance Indicators				Key Ratios			
(Amt in Lakhs)							
Particulars	FY23	FY24	FY25	Particulars	FY23	FY24	FY25
P&L Statement				Per Share Data			
Total Income	2,773.69	3,908.20	4,965.85	Diluted EPS	-	6.79	4.01
Total Expenses	2,650.63	3,463.57	4,411.98	BV per share	-	23.86	16.09
EBITDA	133.89	454.18	559.74	Operating Ratios			
EBIT	127.35	451.99	556.53	EBITDA Margins	4.84%	11.62%	11.27%
PBT	123.06	444.63	553.87	PAT Margins	3.33%	8.52%	8.35%
Tax Expenses	30.97	111.91	139.45	Inventory days	6.68	8.70	8.07
Net Profit	92.09	332.72	414.42	Debtor days	185.11	128.81	148.26
Balance Sheet				Creditor days	176.40	14.52	20.53
Total Equity	107.24	1,169.05	1,683.47	Return Ratios			
Liabilities				RoCE	95.49%	38.40%	33.01%
Non-Current Liabilities	26.13	7.89	2.22	RoE	85.87%	28.46%	24.62%
Current Liabilities	1,332.37	318.69	613.13	Valuation Ratios (x)			
Total Liabilities	1,358.50	326.58	615.35	EV/EBITDA	1.11	2.64	2.89
Assets				Market Cap/Sales	-	0.54	0.91
Non-Current Assets	3.00	16.80	14.22	P/E	-	6.33	10.72
Current Assets	1,462.74	1,478.83	2,284.60	Price to Book Value	-	1.80	2.67
Total Assets	1,465.74	1,495.63	2,298.82	Solvency Ratios			
Cashflow Statement				Debt/Equity	0.50	0.03	0.04
Operating Cashflow	44.16	-696.34	2.16	Current Ratio	1.10	4.64	3.73
Investing Cashflow	-	-15.19	-	Quick Ratio	1.06	4.35	3.55
Financing Cashflow	-34.83	700.07	127.89	Asset Turnover	1.89	2.61	2.16
				Interest Coverage Ratio	9.58	54.00	183.67

## Financial Analysis -

- **Revenue from Operations** - The company's top line increased by 41.33% in FY24 and 27.09% in FY25 primarily due to initiation of manufacturing of nutraceuticals and intimate products.
- **EBITDA and PAT Margins** - The company's EBITDA margin has improved from 4.84% in FY23 to 11.27% in FY25 and PAT margin from 3.33% to 8.35% over the same period, primarily contributed by decrease in material COGS as a percentage of revenue.
- **RoCE and RoE** - The company's RoCE and RoE have been decreased significantly from 95.49% to 33.01% and 85.87% to 24.62% respectively from FY23 to FY25, primarily due to conversion of proprietorship into public company.
- **Operating cashflow** - The company's operating cashflow has remained low in FY23 and FY25 and has been negative in FY24 primarily due to substantial payment of trade payables in FY24 and inefficiency in working capital management.
- **D/E ratio** - The company's debt-to-equity ratio has remained significantly low indicating less financial leverage.
- The company's current and quick ratios have been stable, indicating enhanced short-term liquidity and financial stability.
- The company's cash conversion cycle is high leading to higher working capital requirement.
- **Net profit** - The company's net profit has been increasing primarily attributable to organised structure and backward integration.

**Outlook** - The overall financials of the company appear moderate, with certain areas requiring improvement to ensure long-term stability and sustainability.

## Lead Manager -

The lead manager of the issue is Fast Track Finsec Private Limited. The lead manager has managed 8 IPOs in last 3 years, among them 4 IPOs have opened in premium, 1 IPO has opened in par and 3 IPOs have opened in discount to its issue price on their respective listing date.

## Risk Factors -

- The company is highly exposed to existing and evolving government laws and regulations and any non-compliance could adversely impact its business operations.
- The demand for energy powder is seasonal with demand highest during the summer months from April to July because people need more energy and hydration due to the hot weather.
- The company has unsecured loan amounting to Rs. 58.70 Lakhs outstanding as on Mar-2025.
- The company has sales from related party transactions amounting to Rs. 1,943.66 Lakhs, Rs. 922.76 Lakhs and Rs. 558.93 Lakhs in FY23, FY24 and FY25 respectively.

## Key Management

- Girdhari Lal Prajapat is the Managing Director of the company. He has over 12 years of experience in the pharmaceutical industry.
- Dabhi Vipul Gobarbhai is the Executive Director of the company having over 19 years of experience in hospital practice.
- Prajapati Hetalben Girdharilal is the Non-Executive Director of the company having 6 years of limited experience in the pharmaceutical industry.
- The Independent Directors are qualified but have moderate experience in their respective fields.
- The company's Chief Financial Officer possess 6 years of experience in accounting, taxation and finance fields and Company Secretary and Compliance Officer brings 1.5 years of experience in secretarial and compliance field.

**Outlook** – The overall management of the company appears moderate, as some of key personnel possess limited experience in their respective fields.

## Peer Analysis

Particulars	Medistep Healthcare Limited			Fabino Enterprises Limited			Achyut Healthcare Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	3.33%	8.52%	8.35%	0.30%	0.19%	0.33%	6.99%	8.44%	13.60%
EBITDA Margin	4.84%	11.62%	11.27%	1.48%	0.61%	2.18%	9.73%	11.06%	18.14%
RoCE	95.49%	38.40%	33.01%	0.44%	1.65%	5.34%	2.14%	2.44%	2.24%
ROE	85.87%	28.46%	24.62%	0.24%	0.97%	1.43%	1.58%	1.89%	1.73%
EPS (INR)	-	6.79	4.01	0.05	0.19	0.29	0.01	0.03	0.02
P/E	-	6.33	10.72	600.00	184.21	84.48	260.00	123.67	157.50

## Disclaimer

We are not registered research analysts with SEBI and are not subject to the regulations governing research analysts. This research report is for educational purposes only and should not be construed as investment advice. The information contained in this report is based on publicly available information and is believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy or completeness. Also, some of the employees of our organization may have or may in the future hold investments in the company that is the subject of this research report. This may create a conflict of interest, and you should be aware of this when considering the information contained in this report. You should consult with your financial advisor before making any investment decisions.

The analysis and recommendations are based on the current market and company-specific scenario, along with the data available in the prospectus. Market and company-specific conditions may change after the company's listing, potentially impacting its performance and outlook. We will not be providing any follow-up reports or updates on this analysis post-listing.

## WEBSITE:

[www.tiareconsilium.com](http://www.tiareconsilium.com)

## OUR APP AVAILABLE ON:



## CONNECT WITH US ON :

