



IPO Details	
<b>Opening Date</b>	Aug 04, 2023
<b>Closing Date</b>	Aug 08, 2023
<b>Stock Exchange</b>	NSE SME
<b>Lot Size</b>	3000 Shares
<b>Issue Price</b>	₹ 37 to ₹40 per share
<b>Issue Size</b>	Aggregating up to 15.17 Cr.
<b>Fresh Issue</b>	Aggregating up to 15.17 Cr.
<b>Offer for Sale</b>	-
<b>Application Amount</b>	₹ 1,20,000

IPO Objective	
Capital Expenditure for expansion in Sangani Hospital at Keshod, Gujarat.	
Capital Expenditure for expansion in Sangani Super Speciality Hospital at Veraval, Gujarat.	
General corporate purposes.	

Pre-Issue Shareholding			
Category	No. of Shares	% of Total Shares	
Promoter & Promoter Group	99,84,990	100.00 %	
Public	-	-	

Promoter of the Company	
1	Dr Ajaykumar Sangani
2	Dr Rajeshkumar Sangani
3	Kamalkumar Sangani
4	Dr Vaishali Sangani

Competitive Strengths	
1	'Doctor-led' hospitals driven by skilled and experienced doctors in the healthcare space.
2	Focus on under-served areas with dense populations.
3	Growth opportunities in existing facilities and diversification into new services.
4	Ability to attract quality doctors, nurses, paramedical, and other staff.

Company Background	
○	Company was incorporated in the year 2021 and has its registered office in Ahmedabad.
○	Company is multi-speciality healthcare provider operating in Keshod and Veraval region of Gujarat with a combined bed capacity of 68 beds.
○	The hospitals services primarily include super speciality services, speciality services and other support services.
○	The hospital also operates pathology laboratory and medical store.
○	Currently the hospital operates out of two hospitals i.e., Sangani Hospital at Keshod, Junagadh, Gujarat and Sangani Super Speciality Hospital, Veraval, Gujarat.
○	As on March 31, 2023, Company has 1,234 employees on its payroll.

Market Capitalization	
(In Cr.)	
Pre-Issue	Post-Issue
₹ 40	₹ 55

Financial Summary			
(In Lacs)			
For the Period Ended	Mar-21	Mar-22	Mar-23
<b>Total Assets</b>	299.21	705.45	1,959.01
<b>Net Assets</b>	168.83	501.62	1,797.29
<b>Total Borrowings</b>	34.57	-	10.08
<b>Total Revenue</b>	498.21	420.63	1,576.24
<b>Profit After Tax</b>	79.06	105.35	148.37

Tentative Timeline	
<b>Opening Date</b>	Aug 04, 2023
<b>Closing Date</b>	Aug 08, 2023
<b>Basis of Allotment</b>	Aug 11, 2023
<b>Initiation of Refunds</b>	Aug 14, 2023
<b>Credit of Shares to Demat</b>	Aug 16, 2023
<b>Listing Date</b>	Aug 17, 2023



### **Company Background and Analysis**

The Company started its journey with the establishment of Sangani Hospital in Keshod in the year 2001. The company was originally incorporated as “Sangani Hospital Limited” in Keshod, Gujarat, a public limited company dated November 11, 2021. The hospital is a multi-speciality healthcare provider operating in Keshod and Veraval region of Gujarat with a combined bed capacity of 68 beds. The services primarily include super speciality services, speciality services and other support services. The hospital also operates pathology laboratory and medical store. Currently the hospital operates out of two hospitals i.e., Sangani Hospital at Keshod, Junagadh, Gujarat and Sangani Super Speciality Hospital, Veraval, Gujarat.

Sangani Hospital is 36 beds multi-speciality hospital with primary, secondary and tertiary care facilities and Sangani Super Speciality Hospital is 32 beds multi-speciality hospital with significant focus on tertiary care facilities. Both the hospitals offer a comprehensive range of healthcare services in specialties and super specialties, including cardiac sciences, neurosciences, orthopaedics, renal sciences and mother & childcare. The healthcare staff comprises of Clinical Pharmacist, Microbiologist (DMLT), Medical Officers, Clinical Assistants, Nursing staff, Attendants and Technicians.

The hospitals have been certified with ISO 9001:2015 for Quality Management System. The hospital services include –

1. Super Speciality Services - Cardiology Non-Invasive (Echo/ TMT/EECP/ECG), Urology, IVF Clinic, Spine Surgery, Nephrology, Critical and Intensive care, Joint Replacement, and Oral Surgery.
2. Speciality Services – General Surgery including Laparoscopic Surgery, Obstetrics & Gynaecology, Orthopaedics and Trauma Centre, Otorhinolaryngology (E.N.T), Pulmonology, and Internal and General.
3. Support Services - Pathology, Radiology, Pharmacy, Health Check-up, Physiotherapy and Rehabilitation, Nutritional Counselling, Cafeteria, Ambulance Services, Emergency Service, and Complete medical advice & Consultation.

The hospital has provided dialysis facility to more than 600 patients and more than 6,000 sessions annually free of cost under the Mukhyamantri Amrutum Yojana (MAA Yojana) and Pradhan Mantri Jan Arogya Yojana (PMJAY). The hospital is also a part of Ayushman Bharat, a flagship scheme of Government of India which was launched and recommended by the National Health Policy 2017, to achieve the vision of universal health coverage (UHC). The hospital is also a part of Mukhyamantri Amrutam (MA) scheme launched by Gujarat state to cater families below the poverty line. The Sangani Super Speciality Hospital at Veraval is certified with National Accreditation Board for Hospitals & Healthcare Providers (“NABH”) certification for general medicine, general surgery, orthopaedic surgery (including arthroscopy), urology, 2D Echo, X-Ray, clinical biochemistry, clinical pathology, haematology and pharmacy.

The hospital in view of the similar and ancillary kind of business activities being undertaken in each of the entities in the group and separate resources being deployed for these activities, the hospital has envisaged the need to integrate all such business activities into one single entity and accordingly the company had acquired other entities under the group pursuant to business transfer agreement. The hospitals recent acquisitions are as follows –



1. Ankur Laboratory
2. Ankur Medical Store
3. Ankur Medicines
4. Sangani Super Speciality Hospital
5. Dr. Ajaykumar Natvarlal Sangani
6. Dr. Rajeshkumar Natvarlal Sangani
7. Dr. Vaishali Rajeshkumar Sangani
8. Sangani Laboratory

The following table sets forth a breakdown of the contribution towards revenue from operations for financial year ended 2021, 2022, and 2023 are as follows –

Particulars	For the Financial Year					
	2021		2022		2023	
	Amount	% of total	Amount	% of total	Amount	% of total
Sale of Services	329.19	66.07	725.51	70.46	881.62	55.93
Sale of Goods	168.10	33.74	302.80	29.41	685.17	43.47
Total	497.29	100.00	1,028.31	100.00	1,566.79	100.00

To conclude, the hospital operates in two hospitals i.e., Sangani Hospital at Keshod, Junagadh, Gujarat and Sangani Super Speciality Hospital, Veraval, Gujarat. Most of the revenue is generated from Sangani Hospital, Keshod. The amount raised from the fresh issue is to be utilized towards capital expenditure with Rs. 809.58 lacs in Sangani Hospital and Rs. 319.02 lacs for Sangani Super Speciality Hospital and the remaining amount Rs. 388.4 lacs is to be utilized for the general corporate purpose by the company.



## Business Strategies

### 1. Continue to strengthen healthcare services across other specialities.

The company expansion strategies are centred on establishing hospitals which focus on offering quality healthcare services across a spectrum of specialties such as neurology, nephrology, invasive cardiac care, critical care, gastrology and oncology. The company intend to continue to strengthen the capabilities in these specialties.

### 2. Implement initiatives to improve operational efficiencies.

The company intend to improve the daily average revenue per occupied bed by enhancing the focus on high growth care areas such as Critical care, non-invasive cardiology and ENT surgery, lower the costs of consumption by centralising the procurement function, continue to minimise average length of stay of the patients at the hospitals, and maximise the operational efficiency by achieving greater integration and by implementing a stronger supply chain management.

### 3. Continue to grow the ancillary business.

The company is engaged in the business of pathology laboratory and medical stores. The Company currently has two pathology laboratories and two medical stores in both Keshod and Veraval, providing patients with access to a range of diagnostic and medical products. The Company plans to expand its footprint in the pathology laboratory and medical store business. This will enable the Company to reach more patients and provide them with access to high quality diagnostic services and medical products.

### 4. Digital healthcare initiatives to address patient convenience, operational efficiencies and expand reach.

The company recognizes the importance of incorporating digital technology into the operations to provide customized healthcare services for the patients and improve the in-hospital patient experience. The Company's digital strategy focuses on developing an application and internal system to achieve these goals. The Company plans to develop an application that patients can use to book appointments, make payments, order drugs for home delivery, download investigation reports, and receive alerts on essential services. This will provide patients with a convenient and easy-to-use platform to access healthcare services, reducing the need for physical visits and improving the overall patient experience. The Company also plans to create an internal digitalized system that will be able to process large amounts of patient data to provide insights into patient needs.

## Competitive Scenario and Peer Mapping

### Competition

The company operates in healthcare service industry which is highly competitive in nature. There are numerous players providing services in standalone basis or integrated basis. The hospital faces major competition from the existing and established players in terms of technology and innovative services. The industry has number of unorganised players in the market operating in the local vicinity. The industry in general has less barrier to entry with customers having less bargaining power.



**Peer Analysis**

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

Particulars	Sangani Hospitals Limited	Artemis Medicare Services Limited	Lotus Eye Hospital and Institute Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	9%	6%	9%
EBITDA Margin	19%	13%	16%
Return on Capital Employed	11%	9%	8%
Return on Equity	8%	10%	7%
EPS (INR)	1.49	2.96	1.96

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

Particulars	Sangani Hospitals Limited	Artemis Medicare Services Limited	Lotus Eye Hospital and Institute Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	21%	6%	8%
EBITDA Margin	30%	12%	15%
Return on Capital Employed	55%	8%	6%
Return on Equity	44%	9%	5%
EPS (INR)	2.67	2.46	1.43

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

Particulars	Sangani Hospitals Limited	Artemis Medicare Services Limited	Lotus Eye Hospital and Institute Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	16%	2%	5%
EBITDA Margin	24%	9%	11%
Return on Capital Employed	54%	3%	2%
Return on Equity	47%	2%	3%
EPS (INR)	4.68	0.54	0.75



**Industry Overview**

Exhibit 1: Health Insurance Premium Collection (US\$ billion)

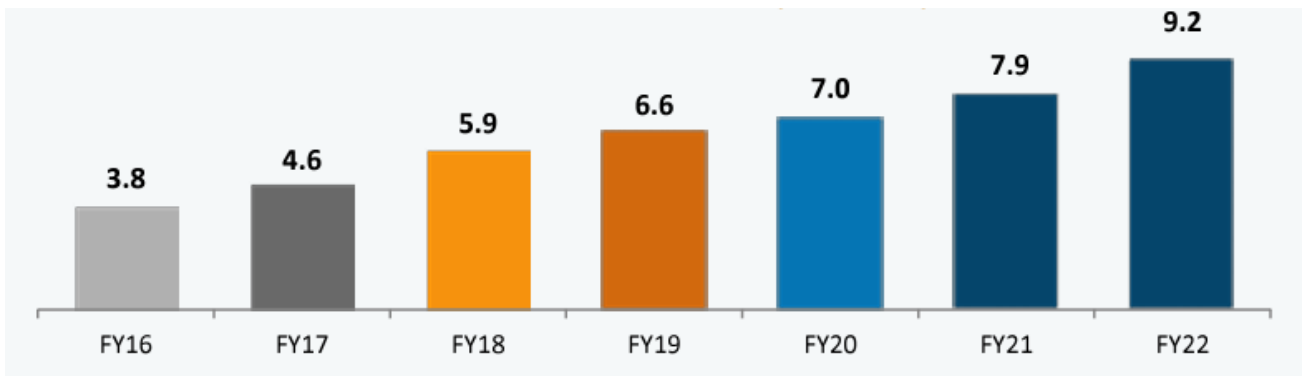


Exhibit 2: Government Healthcare Expenditure

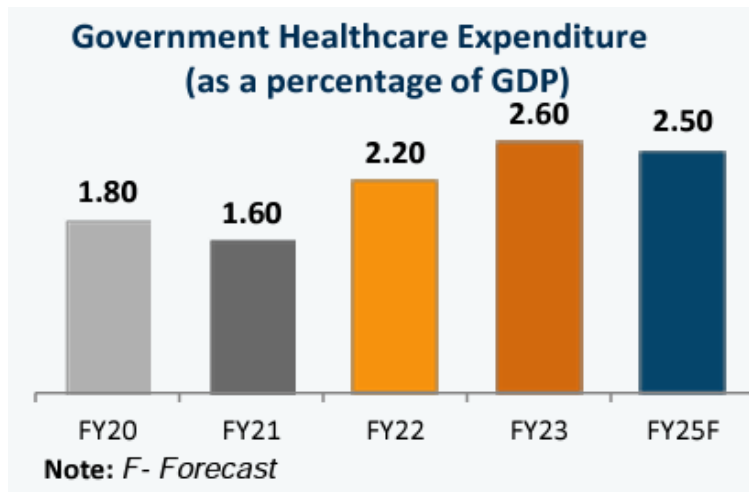
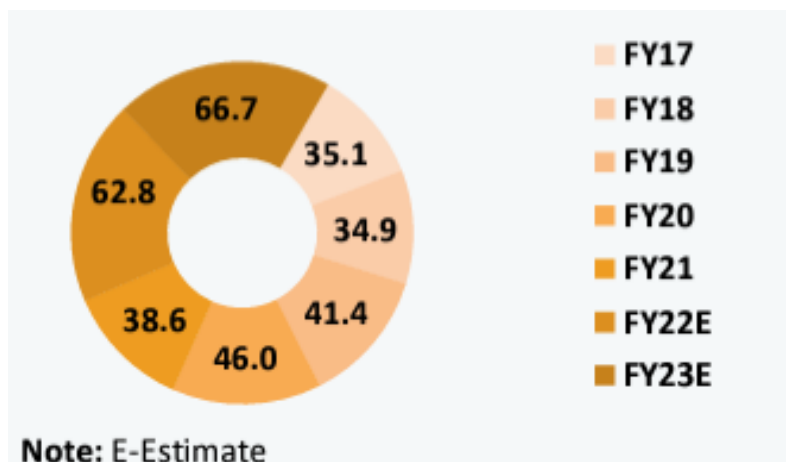


Exhibit 3: Government Expenditure on Health in India (US\$ billion)



(Source: ibef.com)



### **Indian Healthcare Industry**

The Indian healthcare sector is expected to record a three-fold rise, growing at a CAGR of 22% between 2016–22 to reach US\$ 372 billion in 2022 from US\$ 110 billion in 2016. As of February 20, 2023, more than 220.63 crore COVID-19 vaccine doses have been administered across the country. By FY22, Indian healthcare infrastructure is expected to reach US\$ 349.1 billion. India climbed to the 63rd rank among 190 countries in the World Bank's 'Ease of Doing Business' rankings in 2020.

As of 2021, the Indian healthcare sector is one of India's largest employers as it employs a total of 4.7 million people. The sector has generated 2.7 million additional jobs in India between 2017-22 over 5,00,000 new jobs per year. Rising income levels, an ageing population, growing health awareness and a changing attitude towards preventive healthcare is expected to boost healthcare services demand in the future. 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.

Conducive policies for encouraging FDI, tax benefits, and favourable Government policies coupled with promising growth prospects have helped the industry attract private equity (PE), venture capitals (VCs) and foreign players.

### **Indian Pharmaceutical Industry -**

The Indian pharmaceutical industry ranks third globally in pharmaceutical production by volume and is known for its generic medicines and low-cost vaccines. The sector contributed to around 1.32% of the Gross Value Added (at 2011-12 constant prices) of the Indian Economy in 2020-21. The total annual 108 turnover of Pharmaceuticals in the fiscal year 2021-22 was Rs. 3,44,125 crore (USD 42.34 Bn). Major segments of Indian Pharmaceutical Industry include generic drugs, OTC medicines, bulk drugs, vaccines, contract research & manufacturing, biosimilars and biologics. India is a global leader in the supply of DPT, BCG, and Measles vaccines.

India is one of the biggest suppliers of low-cost vaccines in the world. India accounts for 60 percent of global vaccine production, contributing 40 to 70 percent of the WHO demand for Diphtheria, Tetanus and Pertussis (DPT) and Bacillus Calmette–Guérin (BCG) vaccines, and 90 percent of the WHO demand for the measles vaccine. There are 500 API manufacturers contributing about 8% in the global API Industry. India is the largest supplier of generic medicines. It manufactures about 60,000 different generic brands across 60 therapeutic categories and accounts for 20% of the global supply of generics. Access to affordable HIV treatment from India is one of the greatest success stories in medicine. Because of the low price and high quality, Indian medicines are preferred worldwide, making it "pharmacy of the world". The sector has been growing at a healthy rate.

(Source: Prospectus)





### Key Managerial Personnel

**Dr Ajaykumar Sangani**, aged 48, is one of the Promoters, and Managing director of the Company. He holds an MBBS degree, a D.L.O. degree and an M.S. degree in Otorhinolaryngology. He has been practicing as an E.N.T. Specialist for more than 20 years. He is an enthusiastic participant in medical camps and public awareness campaigns. He is life member of Indian Medical Association of Gujarat and Delhi.

**Dr Rajeshkumar Sangani**, aged 45, is one of the Promoters, Chairman, and Whole Time-Director of the company. He is a qualified M.B.B.S. and Doctor of Medicine (General Medicine and Therapeutics). He is a certified expert in the Management of Stroke, having completed a program from the Harvard Medical School. His practice comprises over 17 years as a Physician & Cardiologist Specialist. He holds a certification from the LIMCA book for prescriptions for Diabetes.

**Kamalkumar Sangani**, aged 40, is one of the Promoters, and Whole-Time Director of the Company. He holds a bachelor's degree in computer application and Diploma in Pharmacy. He manages the pharmacy and laboratory department of both the hospitals.

**Dr Vaishali Sangani**, aged 43, is an Executive Director of the Company. She has the degree of Bachelor of Medicine and Bachelor of Surgery. She has a degree of Doctor of Medicine (Obstetrics and Gynaecology) and practicing for more than 13 years as M.D. (Obstetrics and Gynaecology). She member of FOGSI (Federation of Obstetric and Gynecological Societies of India).

**Dharmesh Vithalani**, aged 34, is a Non-Executive Independent Director of the Company. He has completed his Bachelor of Commerce and his Master of Computer Applications degree. He has experience in various aspects of software development, including operational analysis, solution deployment, database programming, database management software, testing, and maintenance.

To conclude, the company has three promoters and they vast knowledge and experience in the industry in which the company operates in. The remaining directors of the company also have good experience and knowledge in the industry which helps in the growth of the business.





**Financial Snapshot**

<b>Profit and Loss Statement</b>			
<b>(In Lacs)</b>			
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
Revenue from Operations	497.29	1,028.32	1,566.79
Other Income	0.92	1.33	9.45
<b>Total Income</b>	<b>498.21</b>	<b>1,029.65</b>	<b>1,576.24</b>
<b>Expenses</b>			
Purchase of stock-in-trade	163.31	339.53	595.39
Changes in inventories of Finished goods, work-in-Progress	-0.22	-31.58	29.65
Employee benefits expense	78.82	139.44	315.62
Finance costs	7.65	4.32	2.96
Depreciation and Amortization expense	7.62	8.60	110.04
Other expenses	135.52	274.85	321.02
<b>Total Expenses</b>	<b>392.70</b>	<b>735.16</b>	<b>1,374.68</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>119.86</b>	<b>306.08</b>	<b>305.11</b>
<b>EBITDA Margin</b>	<b>24%</b>	<b>30%</b>	<b>19%</b>
<b>Profit before tax Extraordinary and Exceptional Items</b>	<b>105.51</b>	<b>294.49</b>	<b>201.56</b>
<b>Extraordinary Items and Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
Prior Period Expenses	-	-	-
<b>Profit/(Loss) before tax</b>	<b>105.51</b>	<b>294.49</b>	<b>201.56</b>
Tax Expense	-	-	-
Current Tax	25.23	75.51	50.72
Deferred tax (net)	1.31	-0.43	2.47
Total Tax Expense	26.54	75.08	53.19
<b>Profit/(Loss) for the year</b>	<b>78.97</b>	<b>219.41</b>	<b>148.37</b>
Net Profit Margin	16%	21%	9%

<b>Balance Sheet</b>			
<b>(In Lacs)</b>			
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment			
i) Intangible Assets	89.68	91.47	1,189.77
Long Term Loans and advances	2.02	2.02	2.47
<b>Total Non-Current assets</b>	<b>91.70</b>	<b>93.49</b>	<b>1,192.24</b>
<b>Current Assets</b>			
Inventories	15.78	25.36	58.38
Trade Receivables	10.49	234.35	235.77
Cash and Cash Equivalents	151.77	313.26	448.73
Other Current assets	29.47	38.99	23.89
<b>Total Current assets</b>	<b>207.51</b>	<b>611.96</b>	<b>766.77</b>
<b>Total Assets</b>	<b>299.21</b>	<b>705.45</b>	<b>1,959.01</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	168.83	394.81	998.50
Reserve and Surplus	-	106.81	798.79
<b>Total Equity</b>	<b>168.83</b>	<b>501.62</b>	<b>1,797.29</b>

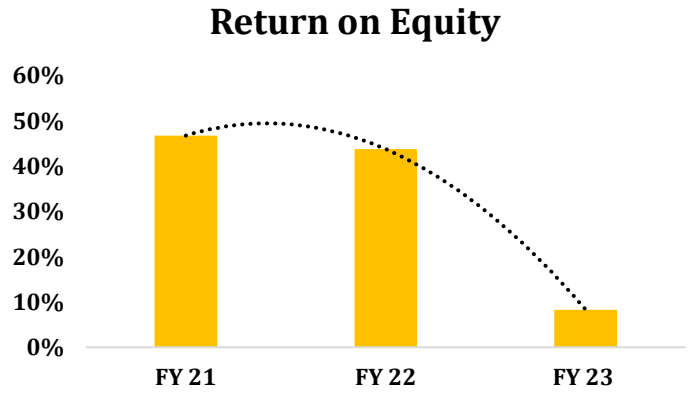
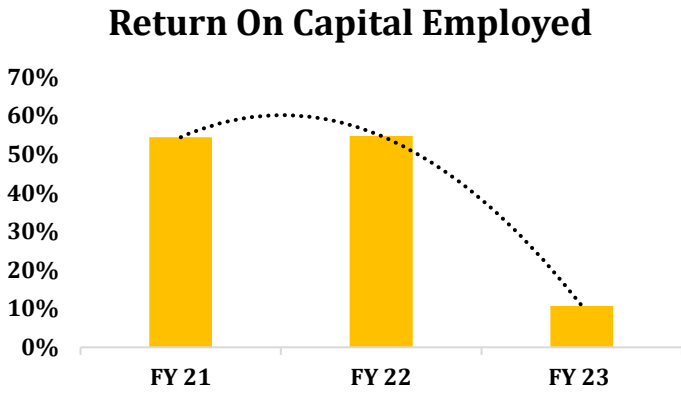
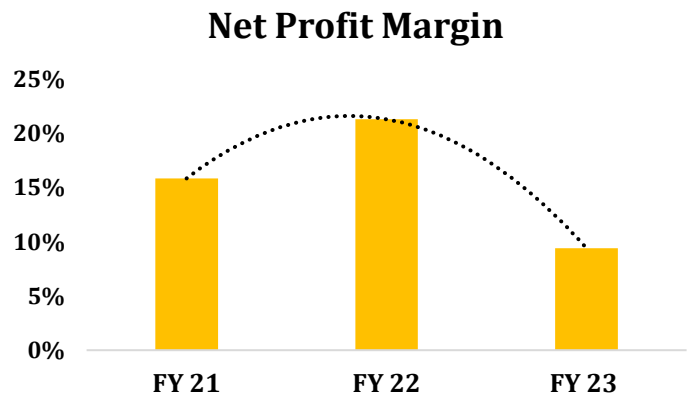
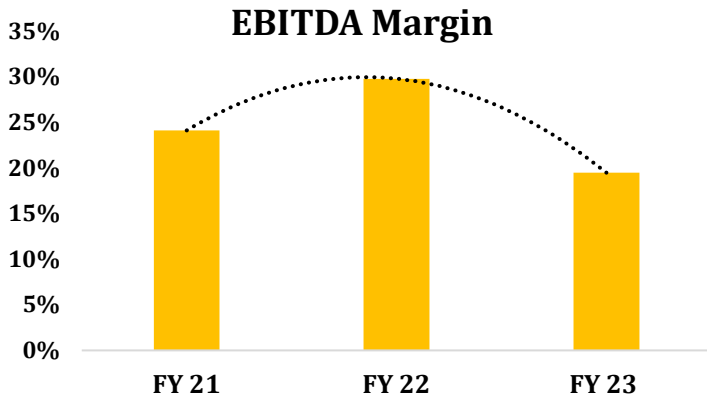


<b>Balance Sheet</b>			(In Lacs)
<b>Liabilities</b>			
<b>Minority Interest</b>	-	-	2.93
<b>Non-current liabilities</b>			
(i) Long Term Borrowings	34.57	39.74	10.08
(ii) Deferred Tax Liabilities (Net)	2.88	2.44	4.91
iii) Long Term Provisions	-	-	1.26
<b>Total Non-current liabilities</b>	<b>37.45</b>	<b>42.18</b>	<b>19.18</b>
<b>Current liabilities</b>			
Trade Payables			
Due to Micro & Small Enterprises	-	0.14	1.06
Others	57.32	70.57	77.08
Other Current Liabilities	10.38	90.93	64.38
Short Term Provisions	25.23	-	0.01
<b>Total Current liabilities</b>	<b>92.93</b>	<b>161.64</b>	<b>142.53</b>
<b>Total Liabilities</b>	<b>130.38</b>	<b>203.82</b>	<b>161.71</b>
<b>Total Equity and Liabilities</b>	<b>299.21</b>	<b>705.44</b>	<b>1,959.00</b>

<b>Ratio Sheet</b>			
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
<b><u>Per Share Data</u></b>			
Diluted EPS	4.68	5.85	1.49
BV per share	1.23	3.64	13.05
<b><u>Operating Ratios (%)</u></b>			
EBITDA Margins	24%	30%	19%
PAT Margins	16%	21%	9%
Inventory days	11.58	9.00	13.60
Debtor days	7.70	83.18	54.93
Creditor days	128.11	76.01	47.90
<b><u>Return Ratios (%)</u></b>			
RoCE	54%	55%	11%
RoE	47%	44%	8%
<b><u>Valuation Ratios (x)</u></b>			
EV/EBITDA	0.43	0.75	4.45
Market Cap / Sales	11.08	5.36	3.52
P/E	8.55	6.84	26.85
Price to Book Value	32.64	10.99	3.07
<b><u>Solvency Ratios</u></b>			
Debt / Equity	0.20	0.08	0.01
Current Ratio	2.23	3.79	5.38
Quick Ratio	2.06	3.63	4.97
Asset Turnover	1.66	1.46	0.80
Interest Coverage Ratio	14.67	68.86	65.90



**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. There are 4 criminal proceedings with 2 of them against the promoters and the other 2 against the director's amount for all is not ascertainable.

**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 8 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.	MOS Utility Limited	49.97	76.00	April 18, 2023	82.4
2.	Global Surfaces Limited	154.98	140.00	March 23, 2023	184.0
3.	All E Technologies Limited	48.20	90.00	December 21, 2022	114.0
4.	Integrated Personnel Services Limited	12.74	59.00	November 11, 2022	97.5
5.	HP Adhesives Limited	125.96	274.00	December 27, 2021	468.0
6.	Sigachi Industries Limited	125.43	163.00	November 15, 2021	310.0
7.	Siddhika Coatings Limited	4.70	57.00	April 07, 2021	215.0
8.	Likhitha Infrastructure Limited	61.20	120.00	October 15, 2020	297.0

As per the offer document Unistone Capital Private Limited have had 8 mandates in the last three fiscal years. For Unistone Capital Private Limited out of the 8 mentioned above, 1 opened at discount and the remaining all opened at premiums ranging from 12.71% to 270.39% on the listing day.

\*CMP for all the above-mentioned company is taken as on 1<sup>st</sup> August 2023



### **Recommendation**

The company has been into the industry since 2021 thus having less experience in the industry. The profitability margins are on a decreasing trend for the company and the bottom line of the company does not look to be sustainable with the fluctuations with no trend. The management outlook of the company is good.

The PE on an annualised and Post IPO basis is around 37.14 times which seems to be fairly priced looking at the performance peers.

The company faces high competition and less barrier to entry. The company has been in the industry for a less period and the financials does not look satisfactory with the profitability margin being on a decreasing trend it does not places the company in a very favourable place. Thus, there is no harm in avoiding **AVOID** this IPO.



### **Disclaimer**

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