

# Suraksha Diagnostic Limited IPO

## About Company —

- Suraksha Diagnostic Limited is engaged in the business of providing diagnostic and healthcare services. The company offers a wide range of diagnostic services, including radiology, pathology, and other specialized tests. Their operations focus on delivering quality diagnostic solutions to customers through a network of diagnostic centers.
- During the three months period ended 2024, the company derived 95.34% of its revenue from operations from their core geography, Kolkata and the rest of West Bengal.

## Revenue contribution of services offered by the company —

Particulars	30th June 2024	FY'24	FY'23	FY'22
Radiology	46.52%	46.03%	44.25%	31.24%
Pathology	49.75%	53.30%	53.89%	35.71%
Doctor Consultation	3.70%	0.49%	-	-
Covid Tests	0.03%	0.18%	1.87%	33.05%

Company revenue share from B2B clients is 6.52% and from B2C client is 93.48%

## Positive and Negative Points —

### Positive Points

- Positive CFOA with high Cash Conversion Ratio.
- Decent EBITDA margin.
- Low Debts

### Negative Points

- Major revenue comes from WB, posing a risk due to high geographical concentration.
- The entire offer is an Offer for Sale, and no funds are going to the company. The company's promoters are exiting at a high valuation.
- High PE ratio as compared to peers.
- The IPO is coming in November 2024, but the financials are available only up to June 30, 2024 i.e., for 3 months of FY 25.

## Financials —

(Fig in Cr)

Particulars	30th June 2024	FY'24	FY'23	FY'22
Revenue	60.73	218.70	190.13	223.19
EBITDA	21.72	73.61	47.47	65.23
EBITDA Margin	35.77%	33.66%	24.97%	29.24%
PAT	7.66	23.12	6.06	20.82
PAT Margin	12.61%	10.57%	3.19%	9.33%
CFOA(OCF)	18.35	60.48	44.09	57.82
Cash Conversion Ratio (OCF/EBITDA)	84.48%	82.16%	92.87%	88.64%

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## Peer Comparison —

Companies	Revenue	EBITDA	PAT	D/E Ratio	Mcap	P/E
Suraksha Diagnostic Limited (FY 2024)	218.70 Cr.	73.61 Cr. (33.61%)	23.12 Cr. (10.57%)	0.16	2296.76 Cr.	99.34
Dr Lal PathLabs (TTM)	2,346 Cr.	658 Cr. (28%)	407 Cr. (17%)	0.10	24,865 Cr.	62
Metropolis Healthcare (TTM)	1,285 Cr.	314 Cr. (24%)	149 Cr. (11.60%)	0.16	10,964 Cr.	74.10
Thyrocare (TTM)	571 Cr.	155 Cr. (27%)	89 Cr. (15.59%)	0.04	5,160 Cr.	58.10
Vijaya Diagnostic(TTM)	627 Cr.	253 Cr. (40%)	133 Cr. (21.21%)	0.40	11,846 Cr.	88.30

## Conclusion —

Suraksha Diagnostic Limited presents a compelling opportunity for investors, backed by its established reputation, comprehensive diagnostic offerings, and presence in a growing healthcare market. The experienced management team and operational efficiencies further strengthen its appeal.

However, certain concerns warrant careful consideration. The IPO proceeds will not benefit the company as it is a complete Offer for Sale. Limited availability of recent financial data and the high valuation at which promoters are exiting may raise red flags for potential investors. Additionally, the company's regional concentration in Eastern India could limit its growth prospects.

Investors should weigh the company's strengths against these concerns and conduct thorough due diligence before making an investment decision.



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