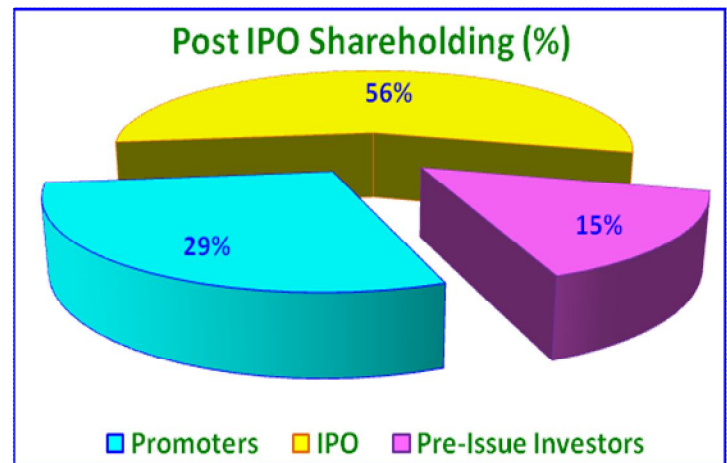




Birla Pacific Medspa Limited (GSL)

INR 10-11 (FV 10)

Sector	Healthcare
Website	www.birlapacificmedspa.com
Issue Opens	20 June 2011
Issue Closes	23 June 2011
Issue	59.3 Lakhs
Price Band (Rs.)	10-11
Aggregating	65.17 Crore
Key Executives	Yashovardhan Birla, Willian Lei, Chong Abhijit Desai, PVR Murthy
Registrar	Adroit Corporate
BRLM	Arihant capital
Post Issue Equity	INR 106.25 Crore



Assuming Issue at Rs.11/Share Upper Band

Company Background

Incorporated in 2008, Birla Pacific Medspa Limited is an India based healthcare provider. Birla Pacific Medspa is a joint venture of Yash Birla Group, a Rs 30 billion group of over 20 diversified companies and Pacific Healthcare, East Asia's leading healthcare provider, with healthcare facilities in Singapore, Hong Kong, and China.

Birla Pacific Medspa provides beauty related medical procedures in India. Using state-of-the-art equipments, the internationally qualified panel of doctors provides patient centric solutions and offers the latest and safest treatments.

Company operates its healthcare centers under the brand name **EVOLVE**. Company operates 3 healthcare centers in Mumbai and has 2 franchises in Thane and Chennai. Company's expertise includes Cosmetic Dermatology, Cosmetic & Plastic Surgery, General & Specialist Dentistry and Maxillo Facial Prosthesis. It has introduced i-lipo, a non-surgical inch loss treatment, for the first time in India.

Objectives of the Issue

The company plans to raise about Rs.65.17 crore (at upper band) from the issue proceeds. It plans to utilize the amount as:

(Rs. In lacs)		
Sr. No.	Particulars	Amount
1.	Capital Expenditure for Setting up 55 centers across the country	4950.00
2.	Working Capital Requirements	70.00
3.	Brand Promotion	600.00
4.	Issue Expenses	650.00
5.	Contingencies	123.75
6.	Preliminary & preoperative expenses	123.75
	Total	6517.50



Highlights

- The Indian economy, Per capita Income all are in sustained growth trajectory. The change in lifestyles due to consumerism, has triggered huge demand for proper healthcare products.
- The nation faces acute shortage of Medical Infrastructure. Besides Medical Practitioners in short supply, the number of hospital beds, Healthcare outlets etc. are also very low.
- The sector has registered a growth of 9.3 per cent between 2000-2009, comparable to the sectoral growth rate of other emerging economies such as China, Brazil and Mexico.
- The Government launched the National Rural Health Mission (NRHM) in 2005. It aims to provide quality healthcare for all and increase the expenditure on healthcare from 0.9 per cent of GDP to 2-3 per cent of GDP by 2012.
- At the end of 2008, the wellness services market stood at Rs 11,000 crore and the wellness products industry was around Rs 16,000 crore. With an overall estimated CAGR (compound annual growth rate) of over 20% till 2012
- Birla Pacific Medspa is a Joint Venture Agreement between Birla Wellness & Healthcare Pvt. Ltd., Pacific Healthcare Holdings Limited and Dr. Abhijit Desai.
- The company operates SPAs under the brand EVOLVE.
- Evolve Med Spa, offers comprehensive treatments in the areas of Cosmetic Dermatology, Cosmetic Surgery and Advanced Dentistry. It also offers a range of spa services – wet & dry under its wellness initiative.
- The company has presently 5 outlets, plans to expand especially into Non-Metro Tier 1 & tier 2 cities.

Financial Highlights

Crore	FY 10	9 M FY 2011	FY 11 E
Net Sales	1.53	1.65	2.25
Other Income	0.04	0.07	0.10
Total Sales	1.57	1.72	2.35
Operating Expenses	4.85	5.38	7.20
Operating Profits	-3.28	-3.66	-4.85
PAT	-3.28	-3.66	-4.85
Equity (FV 10)	10.47	44.71	106.25
EPS (Rs. Not Annualized)	-3.13	-0.82	-0.46
PE @ Rs. 11	-3.51	-13.44	-24.10
Market Cap/Sales	226.74	883.80	1537.23

Peerset Comparison

There is NO Direct Peer of the company in listed space.

Risks: Very Very Risky

- The issue looks terribly over-priced. Attraction of being at face value should not tempt to get in it.
- Yash Birla Group does not enjoy market respect and lacks shareholder friendliness like Aditya Birla group. Don't be fancied by "Birla" name.
- A low BWR "Grade 2" to the issue highlights the risks in it .

Valuation & Recommendation: Very Risky.

Birla Pacific Medspa is a joint venture of Yash Birla Group and Pacific Healthcare, East Asia's leading healthcare provider, with healthcare facilities in Singapore, Hong Kong, and China. Birla Pacific Medspa provides beauty related medical procedures in India. The issue looks over priced and given the poor History of Yash Birla Goup, its prudent to stay away and look for opportunities in secondary markets which have corrected substantially.



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