



IPO Note

Amwill Healthcare Limited

Recommendation: **APPLY!**

Company Background -

- **Incorporation:** Incorporated in August 2017, the company's registered office is in Bangalore, Karnataka.
- **Business Activity:** Amwill Health Care Limited is a derma-cosmetic development firm that collaborates with contract manufacturers, distributors, and third-party product development agencies. This collaboration has enhanced the company's manufacturing, packaging, and distribution capabilities.
- **Revenue Stream:** In FY 24 Company derived 56.89% from Skincare products, 27.49% from haircare and 13.83% from personal care hygiene and products.
- **Human Resource:** As of September 30, 2024, the company had 84 employees on it's payroll.

Objects of the Issue -

- For Funding of working capital requirements of the Company
- Marketing and brand-building activities
- General Corporate Purposes
- For meeting issue expenses

Promoters Name -

Anand Gandhi and Tarun Gandhi

Rationale for recommendation -

- ✓ Knowledgeable investors can apply with caution for the below given reasons.
- ✓ Revenue has grown at a CAGR of 18.93%, while EBITDA margins and profit margins have grown at 12.92% and 27.02%, respectively.
- ✓ Asset-light model.
- ✓ Fairly priced.
- ✓ Negative cash flows in FY24.
- ✓ The appointment of Sharanya Nagaraj as CFO with just one year of experience raises concerns about the company's financial leadership, given her rapid promotion within nine months and limited exposure to complex financial operations, strategic decision-making, and regulatory compliance.
- ✓ Highly competitive but growing industry.

IPO Details

Opening Date	Feb 5, 2025
Closing Date	Feb 7, 2025
Allotment Date	Feb 10, 2024
Listing Date	Feb 12, 2024
Stock Exchange	BSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹105 to ₹111 per share
Issue Size	₹59.98 Cr.
Fresh Issue	₹48.88 Cr.
Offer for Sale	₹11.10 Cr.
Application Amt	₹1,33,200 (1,200 shares)

Industry - Indian Cosmetic Industry

Average P/E of peers: 35.76

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Sep-24
Revenue	5,713.39	8,001.98	8,081.29	4,517.92
EBITDA	4,197.15	5,414.92	5,353.15	3,086.25
Net Profit	3,249.24	5,338.75	4,941.95	2,854.47
RoCE	2032.01%	1106.83%	305.46%	60.69%*
ROE	2183.78%	1160.02%	288.02%	56.47%*
P/E	67.27	55.50	13.81	3.89*

*Annualised

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
97.00%	70.65%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	8.04	28.54
BVPS	3,431.72	50.54
P/E	13.81	3.89
P/BV	0.03	2.20
Mkt Cap (In Cr)	173.16	222.04

Lead Managers -

Unistone Capital Pvt. Ltd.

Registrar -

Bigshare Services Pvt Ltd

Business Overview

1. Introduction

The company is a derma-cosmetic development firm engaged in product formulation and development. It collaborates with contract manufacturers, distributors, and third-party product development agencies to manage manufacturing, packaging, and distribution. The company focuses on problem-solving dermatological, cosmeceutical, and aesthetic products, outsourcing key functions for efficient execution.

2. Current Business Strategy

Prioritizes deep market penetration in **Karnataka, Andhra Pradesh, and Telangana** before expanding to new regions.

Focuses on understanding customer demand and market trends before broadening geographic reach.

Product Portfolio

The company's product offerings are classified into two categories:

- Generic Dermatological Solutions** – Contract-manufactured and marketed under the company's brand.
- Problem-Specific Dermatological Solutions** – Developed through in-house formulation expertise and dermatologist consultations.

1	TARGET AREA SKIN CARE	2	TARGET AREA HAIR CARE	3	TARGET AREA PERSONAL CARE AND HYGIENE
Solutions Offered:					
<ul style="list-style-type: none"> Acne treatment and prevention Skin lightening Pigmentation reduction Steroids and antibiotics for Skincare Anti-itch Anti-histamine Antifungal Vitiligo Treatment Anti Scabies Topical Anaesthetic Antiperspirant 		<ul style="list-style-type: none"> Anti-dandruff Hair growth retardant 		<ul style="list-style-type: none"> Sun protection Bodywash for various skin types Shampoo for various hair types Moisturizer Cleaner for various skin types Lip balm 	

ANTI SCAR



PERI ORBITAL HYPERPIGMENTATION



STERIOD & KERATOLYTICS



MISCELLANEOUS



ANTI-HISTAMINICS





ANTI- PERSPIRANT



SKIN LIGHTENING



ANTI-FUNGAL



DRY SKIN



SUNSCREEN



Recommendation: **APPLY**

New Product Developments

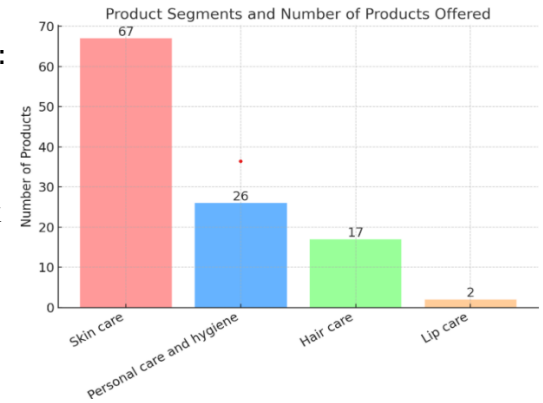
Since incorporation, the company has developed seven new products:

Successful Products:

- XL Hydra Cream
- Ultra Kromaglo Effervescent Tablets
- Depimed Ultra Cream
- XL Aqua Moisturizing Lotion

Discontinued Products:

- PD-Pill 10 Tablets
- Proputor Tabs
- Ozederm Cream (due to weak market response)



Revenue-Bifurcation by different product segments:

Product/Segment	September 30, 2024		March 31, 2024		March 31, 2023		March 31, 2022	
	Revenue earned	% of total revenue	Revenue earned	% of total revenue	Revenue earned	% of total revenue	Revenue earned	% of total revenue
Skin care	1,444.52	62.38%	2,500.06	56.89%	1,689.52	56.01%	1,509.56	54.67%
Hair care	569.43	24.59%	1,208.00	27.49%	807.51	26.77%	733.86	26.58%
Personal care and hygiene	273.12	11.79%	607.77	13.83%	464.38	15.39%	487.23	17.64%
Lip care	28.54	1.23%	79.01	1.80%	55.22	1.83%	30.67	1.11%
Total Sales	2,315.60	100.00%	4,394.83	100.00%	3,016.63	100.00%	2,761.32	100.00%

3. Revenue Model

- The company **sells all its products to Amderma**, which handles storage, distribution, and execution.
- Amderma earns a **margin of up to 4%** on the purchase price of products while billing customers.
- Freight costs are borne by Amderma.

Non-Compete & Exclusivity Clause

- **Non-Compete:** Amderma cannot engage in a similar business for **12 months** post-agreement termination.
- **Exclusivity:** Amderma exclusively serves as the company’s Carrying and Forwarding Agent during the non-compete period.

4. Origin & Intellectual Property Transfer

- Majority of marketed products were initially developed by **Anand Gandhi**, the Promoter and Managing Director, under **M/s. Amwill Healthcare**.
- In **March 2020**, the intellectual property rights of these products were transferred to the company via an **Asset Transfer Memorandum of Understanding (MoU)** for ₹91.06 lakhs.

5. Product Development Process

- The company collaborates closely with **dermatologists and medical professionals** to identify gaps in skincare and cosmeceutical markets.
- Develops specialized formulations addressing dermatological conditions such as:
 - Acne, Fungal infections, Anti-ageing, Histaminic reactions, Peri-orbital hyperpigmentation, Scabies, Perspiration, Trichology (hair-related disorders) and Vitiligo.

6. Manufacturing & Quality Control

Contract Manufacturing Model:

- Products are manufactured as per the company’s technical and quality specifications.
- Partner manufacturers hold requisite certifications to meet regulatory guidelines.
- Formal agreements govern manufacturing standards, quality control, packaging, intellectual property use, and compliance.

Third-Party Contract Developers:

- Assist in preparing active ingredients based on the company’s technical formulations.
- Play a key role in the development of both generic and targeted dermatological products.

Recommendation: **APPLY**

7. Distribution & Logistics

- Distribution is managed through **M/s. Amderma Healthcare LLP**, a promoter group entity established under **Tarun Gandhi's guidance**.
- A **Carrying and Forwarding Agreement (CF Agreement)** was executed on **May 15, 2024** (effective from **January 1, 2024**) to streamline logistics.

Amderma's Responsibilities

- **Stock Management:** Maintains inventory based on estimated sales.
- **Storage & Insurance:** Ensures proper storage conditions and insurance coverage.
- **Order Execution:** Processes and delivers orders to wholesalers, doctors, hospitals, and nursing homes.
- **Logistics & Delivery:** Ensures safe transit and delivery of products.
- **Payment Collection:** Follows up on outstanding payments in collaboration with the company.

8. Sales & Marketing Strategy

- Sales hierarchy consists of **regional managers, area managers, and sales executives**.
- Presence established in **Karnataka, Andhra Pradesh, and Telangana**.
- Expansion initiated in **West Bengal and Odisha** with recruitment of sales teams in 2024.
- Marketing strategy includes:
 - Direct promotion through **doctors and healthcare professionals**.
 - Participation in **scientific exhibitions and seminars** (e.g., **Indian Association of Dermatologists, Venereologists, and Leprologists** events).
 - **Advertising in scientific journals** to enhance visibility.

Future Growth Plans

- Expand operations into **West Bengal and Odisha**.
- Strengthen market presence before entering additional territories.
- Continue developing **innovative derma-cosmetic solutions** based on dermatologist feedback.

Risk Factors –

Company had negative cashflows in FY 24.

Competition Analysis

Technological Influences

The dermatological industry thrives on R&D, integrating biotechnology, nanotechnology, and AI for advanced treatments. Companies investing in innovation gain a competitive edge.

Social Influences

Rising skincare awareness, increasing disposable income, and social media influence drive demand. Brand endorsements shape consumer preferences significantly.

Macroeconomic Influences

Economic growth supports industry expansion, but inflation, regulatory shifts, and import costs impact pricing and profitability. Currency fluctuations affect raw material expenses.

Porter’s Five Forces

- **Threat of New Entrants:** Moderate, due to high R&D costs and brand-building challenges.
- **Supplier Power:** High, as specialized raw materials are limited.
- **Buyer Power:** High, given numerous choices and price sensitivity.
- **Substitutes:** Natural remedies and medical procedures compete with derma products.
- **Industry Rivalry:** Intense, requiring constant innovation and marketing.

Industry Life Cycle & Experience Curve

The industry is in a growth phase, benefiting experienced firms with economies of scale.

Peer Analysis

Particulars	Amwill Healthcare Limited			Vaishali Pharma Ltd.			Trident Lifeline Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	56.87%	66.72%	61.15%	4.94%	9.18%	0.79%	21.37%	18.30%	13.57%
EBITDA Margin	73.46%	67.67%	66.24%	10.63%	16.14%	4.18%	14.80%	22.56%	22.07%
RoCE	2032.01%	1106.83%	305.46%	27.68%	23.70%	10.95%	49.68%	13.82%	13.98%
ROE	2183.78%	1160.02%	288.02%	15.29%	16.28%	1.63%	82.43%	12.76%	11.75%
EPS (INR)	1.65	2.00	8.04	0.38	0.63	0.07	4.93	6.16	5.51
P/E	67.27	55.50	13.81	17.42	23.16	200.14	-	25.83	29.75

Industry Overview- Indian Cosmetic Industry

Market Size and Growth

India's beauty and personal care industry, valued at \$14 billion, is experiencing rapid growth driven by online sales, premiumisation, and increased demand for organic and ethical brands. Online beauty product sales surpassed \$400 million in 2023, up from \$100 million in 2014, facilitated by platforms like Nykaa and Amazon. With India's internet user base expected to surpass Europe’s population by 2025, e-commerce will remain a key growth driver for the industry.

The Indian cosmetics market, growing at a CAGR of 25%, is projected to reach \$20 billion by 2025, accounting for 5% of the global cosmetics market. Comparatively, the global industry is growing at a 4.3% CAGR and is expected to reach \$450 billion by 2025.

Key Market Trends

1. **E-commerce and Digital Transformation:** The rise in smartphone penetration and internet access has revolutionized shopping habits, leading to increased online sales and digital marketing strategies.
2. **Premiumisation:** Consumers are increasingly willing to pay for high-quality, luxury products, boosting the demand for premium beauty and personal care items.
3. **Sustainable and Ethical Consumerism:** Growing environmental concerns have led to a shift toward eco-friendly, organic, and natural beauty products, with brands like SoulTree and Ruby’s Organic catering to this demand.

Recommendation: **APPLY**

4. **Changing Retail Landscape:** Physical stores remain relevant but are transforming into experience centers with personalized beauty advisors and interactive shopping experiences.
5. **Influencer and Social Proof Marketing:** Consumers now rely on peer recommendations and independent reviews over traditional advertising, reshaping marketing strategies.

Market Segmentation

The Indian cosmetics industry is categorized into five key segments:

1. **Skin Care:** Includes facial care, body care, sun protection, and depilatory products. The segment dominates the market with rising consumer focus on skincare routines.
2. **Hair Care:** Consists of shampoos, conditioners, hair oils, and styling products. Premium hair care products account for a significant portion of the market.
3. **Fragrances:** The premium fragrance market has been growing steadily, driven by increasing disposable incomes and consumer preference for international brands.
4. **Colour Cosmetics:** Includes makeup products such as lipsticks, eyeliners, and foundations, with rising demand for customized and organic options.
5. **Oral Care:** Encompasses toothpaste, mouthwash, and other dental hygiene products, forming a crucial part of the personal care sector.

Competitive Landscape

The Indian cosmetics market hosts a mix of domestic and international brands. Indian companies like Dabur and Marico lead the herbal and ayurvedic segment, while international giants such as L'Oreal, MAC, and Maybelline have a strong foothold in premium and luxury categories. Market competition is intensifying as global brands enter India, offering high-end and specialized products to cater to aspirational consumers.

Growth Drivers

1. **Globalization and Cultural Influences:** The adoption of Western beauty trends and easier access to international brands are expanding the market.
2. **Cosmetic Trials and Personalization:** Brands offering personalized packaging, AI-based beauty diagnostics, and in-store beauty trials are enhancing consumer engagement.
3. **Expanding Distribution Channels:** Increased penetration of exclusive brand outlets, malls, and supermarkets, along with a rise in direct-selling and online retail, is boosting industry growth.
4. **Preference for Natural and Herbal Products:** Awareness about the harmful effects of chemical-based cosmetics is driving demand for Ayurvedic and organic alternatives.
5. **Rising Disposable Income and Urbanization:** Higher spending capacity and lifestyle changes are fueling demand for premium beauty and personal care products.

Future Outlook

By 2025, India will be among the top five global cosmetics markets. The industry is set for continued expansion, driven by digital innovation, evolving consumer preferences, and increasing international collaborations. While competition intensifies, brands that focus on personalization, sustainability, and digital-first strategies will emerge as market leaders.

Key Management -

Key Management Persons Name -	Tarun Gandh
Age	39
Designation	Promoter, Chairman and Managing Director.
Qualification	Bachelor's degree in commerce (Advanced Financial Accounting and Management Accounting) from Bangalore University
Roles & Responsibility	Heads the Product Development, Business Development, Finance, and Accounts divisions of the company.
Other Directorships	Amderma Healthcare LLP, Ample Pharma and Ayodhya Heritage Developers LLP

Key Management Persons Name -	Anand Gandhi
Age	40
Designation and No. of years of experience	Promoter and Managing Director, 10+ years of experience
Qualification	Bachelor's and Master's degree in Pharmacy (Pharmaceutics) from Rajiv Gandhi University of Health Sciences, Karnataka
Roles & Responsibility	Leads the Marketing and Sales, and Dermatologist Relations divisions of the company.
Other Directorships	Amderma Healthcare LLP, Ample Pharma and Ayodhya Heritage Developers LLP

1. Rekha Jagadish (Age: 45)

Rekha Jagadish is a **Non-Executive Director** of the company, with **over a decade of experience** as a medical professional and lecturer. She holds a **bachelor's and master's degree in dental surgery (Periodontics)** from Rajiv Gandhi University of Health Sciences. She is the **sole proprietor of Skin Care Pharma**, engaged in trading pharmaceutical products, and a **partner at Roots Associates**, which organizes industry conferences. She has been associated with the company since **December 28, 2023**.

2. Sagar Goutam Nahar (Age: 33)

Sagar Goutam Nahar is an **Independent Director** of the company, with **over five years of legal experience**. He holds **bachelor's degrees in arts and law** from Karnataka State Law University, Hubballi, and is enrolled as an advocate with the **Karnataka State Bar Council and Bar Council of India**. He has been associated with the company since **January 27, 2024**.

3. Man Singh Gilundia (Age: 46)

Man Singh Gilundia is an **Independent Director** of the company, with **over 16 years of experience** in taxation and accounting. He holds a **bachelor's degree in science** from Mohanlal Sukhadia University, Udaipur, and is a **fellow member of the Institute of Chartered Accountants of India (ICAI)**. He has also completed practical training and passed the **Information System Audit Assessment Test by ICAI**. He is a **partner at MGIRT & Co., Chartered Accountants**, and has been associated with the company since **November 11, 2024**.

Key Management Profiles**1. Sharanya Nagaraj (Age: 28)**

Sharanya Nagaraj is the **Chief Financial Officer (CFO)** of the company, with **one year of experience** in finance and accounts. She holds a **bachelor's degree in commerce** from Bangalore University. Previously, she interned at **M/s. Abhishek Jain, Chartered Accountant**. She joined the company on **April 12, 2023**, as **Head - F&A Department** and was promoted to **CFO on January 25, 2024**.

2. Sapna Parmar (Age: 37)

Sapna Parmar is the **Company Secretary and Compliance Officer** of the company, with **over a year of experience** in secretarial and compliance matters. She holds a **bachelor's degree in commerce** from Bangalore University and is an **associate member of the Institute of Company Secretaries of India (ICSI)**. Previously, she was associated with **Sai Sudha Enterprises LLP**. She joined the company on **January 25, 2024**.

FINANCIAL SNAPSHOT

Statement of Profit and Loss				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Sep-24
Revenue from Operations	5,713.39	8,001.98	8,081.29	4,517.92
Other Income	40.02	53.58	35.44	9.61
Total Income	5,753.41	8,055.56	8,116.73	4,527.53
Expenses				
Purchase of stock-in-Trade	833.33	1,019.04	933.57	678.91
Employee Benefit Expenses	43.74	-112.2	268.97	-46.25
Finance Cost	639.17	747.81	558.19	348.97
Depreciation and Amortization Expense	32.75	23.75	23.86	18.22
Other expenses	879.08	932.41	967.41	450.04
Total Expenses	2,428.07	2,610.81	2,752.00	1,449.89
EBITDA	4,197.15	5,414.92	5,353.15	3,086.25
EBITDA Margin	73.46%	67.67%	66.24%	68.31%
Profit/(Loss) before tax	3,325.34	5,444.75	5,364.73	3,077.64
Tax Expense				
Current tax	79.00	110.2	428.8	224.58
Deferred Tax	-2.9	-4.2	-6.02	-1.41
Total Tax	76.10	106.00	422.78	223.17
Profit/(Loss) for the year	3,249.24	5,338.75	4,941.95	2,854.47
Net Profit Margin	56.87%	66.72%	61.15%	63.18%

Statement of Assets and Liabilities				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Sep-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	3.00	3.00	5.00	1,560.00
Reserves and surplus	145.79	457.23	1,710.86	807.52
Total Equity	148.79	460.23	1,715.86	2,367.52
2. Non-current liabilities				
Long-Term Provisions	14.5	26.85	28.82	26.4
Total Non-current liabilities	14.50	26.85	28.82	26.40
3. Current liabilities				
Short-term Borrowings	12.11	3.5	-	-
Trade Payables				
(i) Total outstanding dues of MSME	11.01	303.51	24.80	35.19
(ii) Total outstanding dues of creditors other than MSME	232.19	214.89	4.39	91.43
Other Current Liabilities	240.12	230.39	120.62	194.05
Short-term provisions	0.03	0.06	3.52	174.07
Total Current liabilities	495.46	752.35	153.33	494.74
Total Liabilities	509.96	779.20	182.15	521.14
Total Equity and Liabilities	658.75	1,239.43	1,898.01	2,888.66
ASSETS				
1. Non-current assets				
Property, Plant and Equipment	38.67	48.95	55.35	109.28
Intangible Assets	5.63	3.10	5.75	5.42
Capital Work in Progress	-	-	35.41	-
Intangible assets under development	-	-	17.93	18.88
Deferred tax asset (net)	6.22	10.42	16.46	17.88
Long-Term Loans and Advances	4.36	4.99	17.69	30.19

Particulars	FY 22	FY 23	FY 24	Sep-24
Other Non- current Assets	44.02	33.58	3.55	3.55
Total Non-Current assets	98.90	101.04	152.14	185.20
2. Current assets				
Inventories	205.76	317.96	48.99	95.24
Trade Receivables	87.53	123.20	1,295.62	1,154.75
Cash & Cash equivalents	240.80	685.36	327.78	1,318.19
Short term loans and advances	25.73	5.52	33.68	82.12
Other Current Assets	0.03	6.35	39.80	53.16
Total Current assets	559.85	1,138.39	1,745.87	2,703.46
Total Assets	658.75	1,239.43	1,898.01	2,888.66

Cash Flow Statement				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Sep-24
Net Cash Flow from Operating Activities	301.81	479.19	-305.52	1,014.63
Net Cash Flow from Investing Activities	-5.85	-127.35	-138.73	165.27
Net Cash Flow from Financing Activities	-	-8.6	-1.50	-

Key Ratios

<u>Per Share Data</u>	FY 22	FY 23	FY 24	FY 25*	<u>Valuation Ratios (x)</u>	FY 22	FY 23	FY 24	FY 25*
Diluted EPS	1.65	2.00	8.04	28.54	EV/EBITDA	-0.02	-0.04	0.26	-0.02
BV per share	495.97	1,534.10	3,431.72	50.54	Market Cap / Sales	0.01	0.00	0.01	2.46
<u>Operating Ratios</u>					P/E	67.27	55.50	13.81	3.89
EBITDA Margins	73.46%	67.67%	66.24%	68.31%	Price to Book Value	0.22	0.07	0.03	2.20
PAT Margins	56.87%	66.72%	61.15%	63.18%	<u>Solvency Ratios</u>				
Inventory days	13.18	14.54	2.22	8.45	Debt / Equity	0.08	0.01	-	-
Debtor days	5.61	5.64	58.68	29.17	Current Ratio	1.13	1.51	11.39	11.39
Creditor days	112.73	167.72	16.08	82.12	Quick Ratio	0.71	1.09	11.07	11.07
<u>Return Ratios</u>					Asset Turnover	8.67	6.46	4.26	4.76
RoCE	2032.01%	1106.83%	305.46%	60.69%	Interest coverage Ratio	101.32	9.00	13.56	-141.75
RoE	2183.78%	1160.02%	288.02%	56.47%					

*Annualised

LEAD MANAGER TRACK RECORD –

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 companies handled by the Lead Manager 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.	Usha Financial Services Limited	98.45	168.00	Oct 31, 2024	105.15
2.	OBSC Perfection Limited	66.02	100.00	Oct 29, 2024	183.55
3.	Diffusion Engineers Limited	158.00	168.00	Oct 04, 2024	279.15
4.	Deccan Transcon Leasing Limited	65.06	108.00	Sep 24, 2024	63.20
5.	Arkade Developers Limited	410.00	128.00	Sep 24, 2024	162.05
6.	Shree Tirupati Balajee Agro Trading Company Limited	169.65	83.00	Sep 12, 2024	65.18
7.	Saraswati Saree Depot Limited	160.01	160.00	Aug 20, 2024	115.90
8.	Manglam Infra and Engineering Limited	27.62	56.00	Jul 31, 2024	38.00
9.	Exicom Tele-Systems Limited	429.00	142.00	Mar 05, 2024	235.20
10.	Platinum Industries Limited	235.32	171.00	Mar 05, 2024	299.45

The company has handled 19 mandates in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 5th February 2024.

As per the offer document, the above-mentioned mandates except for Usha Financial Services Limited all have opened at a premium on the listing day.

Recommendation -

The company, despite being incorporated in **2017**, began its operations only in **2020**, resulting in a **limited operational history**. However, it has demonstrated **strong growth and financial performance** in recent years.

Management & Leadership

- Led by **Anand Gandhi (Managing Director)** and **Tarun Gandhi (Promoter)**, the company benefits from **over two decades of experience** in the **dermatology and pharmaceutical sectors**. The management team has expertise in **product development, quality control, strategy, and business expansion**.
- The appointment of **Sharanya Nagaraj as CFO** with just one year of experience raises concerns about the company's financial leadership, given her rapid promotion within nine months (promoted in Jan 25) and limited exposure to complex financial operations, strategic decision-making, and regulatory compliance.

Financial Performance & Business Model

- The company operates on an **asset-light model**, focusing on **R&D and formulation**, minimizing capital expenditure.
- **Revenue has grown at a CAGR of 18.93%**, while **EBITDA margins and profit margins have grown at 12.92% and 27.02%, respectively**, indicating efficient cost management and scalability. Company's reported 10% increase in Profit After Tax (PAT) from FY22 to FY23, attributed to decreased costs and increased sales
- The **P/E ratio appears fairly priced** relative to industry peers, making it a reasonable valuation for a company in its growth stage.

Key Risks & Challenges

- **Profitability Risk:** Maintaining current profitability levels may be **challenging** due to **rising costs, competitive pricing pressures, and shrinking trading spreads**.
- **High Client Engagement Model:** The company's business model requires **continuous client interaction**, leading to **higher operational costs**. This demands a **higher gross margin** to sustain profitability, which may not always be feasible.
- **Counterfeit Risk:** The presence of **look-alike and counterfeit products** in the market poses a **threat to brand reputation and revenue**. Legal protections and enforcement efforts may not always be sufficient to prevent losses.

Investment Outlook

The company has performed **better than its peers** across various metrics, though **not on a direct comparable basis** due to differences in business models and operations. Investors with a **deep understanding of the cosmetics and pharmaceutical industry** may find the company an **attractive investment opportunity**. However, the **competitive landscape and profitability risks** should be carefully considered before making an investment decision.

Recommendation: Knowledgeable Investors can **APPLY** to this IPO.

Disclaimer

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