

IPO Details	
Opening Date	November 07, 2023
Closing Date	November 09, 2023
Stock Exchange	NSE SME
Lot Size	1,600 Shares
Issue Price	₹84 per share
Issue Size	Aggregating up to 10.85 Cr.
Fresh Issue	Aggregating up to 10.85 Cr.
Application Amount (@ upper band for retail Investors)	₹ 1,34,400

IPO Objective	
1.	Meeting Working Capital Requirements.
2.	General Corporate Purpose.
3.	Meeting Public Issue Expenses.

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	30,00,000	100.00%
Public	-	-

Promoter of the Company	
1.	Nikhilkumar Y Thakkar
2.	Amitbhai Shambhulal Thakkar
3.	Bhagyesh Kiritbhai Parekh
4.	Bharatkumar V Thakkar

Competitive Strengths	
1.	Experienced Promoters and Management Team.
2.	Wide range of Products.
3.	Efficient marketing team.

Company Background	
○	Sunrest Lifescience Limited was originally established as a partnership firm in the year 2017 and has its registered office in Ahmedabad, Gujarat.
○	The company is engaged in the marketing of OTC generic pharmaceutical products in the domestic market.
○	The company offer range of pharmaceutical products manufactured by third party manufacturers.
○	Company operate in different States of India such as Maharashtra, Gujarat, Madhya Pradesh, Orissa and Rajasthan.
○	As on the date of Prospectus, the company had 171 employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹25	₹36

Financial Summary (In Lacs.)				
For the Period Ended	Mar-21	Mar-22	Mar-23	June-23
Total Assets	948.16	1,301.98	1,671.37	1,706.29
Net Assets	29.49	107.20	311.52	386.60
Total Borrowings	231.54	323.83	214.32	347.32
Total Revenue	1,694.91	2,690.99	2,467.05	563.58
Profit After Tax	16.56	77.71	204.32	75.08

Tentative Timeline	
Opening Date	November 07, 2023
Closing Date	November 09, 2023
Basis of Allotment	November 15, 2023
Initiation of Refunds	November 16, 2023
Credit of Shares to Demat	November 17, 2023
Listing Date	November 20, 2023

Company Background and Analysis

Incorporated in 2017, Sunrest Lifescience Limited has decent track record of existence in the industry. Sunrest Lifescience is engaged in the marketing of OTC generic pharmaceutical products in the domestic market. company offer range of pharmaceutical products manufactured by third party manufacturers. company operate in different States of India such as Maharashtra, Gujarat, Madhya Pradesh, Orissa and Rajasthan. company have presence in these States through Trade Mark registered products and/or products under registration.

Sate wise Revenue Bifurcation of the company for last three FY and for the period ended Jun-23 as per restated standalone financial Statement are as follows:

(Rs. In Lacs)

Particulars	Jun-23		Mar-23		Mar-22		Mar-21	
	Amt	(%)	Amt	(%)	Amt	(%)	Amt	(%)
Maharashtra	228.26	40.50	1,030.53	41.77	1,049.85	39.05	627.73	37.04
Gujarat	184.02	32.65	990.10	40.13	1,189.78	44.25	746.27	44.03
Madhya Pradesh	60.13	10.67	96.18	3.90	24.08	0.90	-	0.00
Rajasthan	87.32	15.49	350.24	14.20	425.02	15.81	320.91	18.93
Odisha	3.82	0.68	-	0.00	-	0.00	-	0.00
Total	563.55	100.00	2,467.05	100.00	2,688.73	100.00	1,694.91	100.00

Company deals in Capsules, Tablets, Syrup, Ointment, Gel, Mouth Wash, Solution, Suspension, Dry Powders and Toothpaste. Company's product portfolio comprises of wide range of drugs like Anti-Bacterial, Anti Diarrheal, AntiFungal, Anti Malarial, Anti Diabetic, Dental Cure, Anti Protozol, Anti Histamine, Anti-Hypertensive drugs, Cosmetic, Anti Parasitic, Multivitamin, Multimineral, Nutraceutical and Anti-inflammatory. Company have 18 Registered Trademarks for 32 products.

The products of the Company are sold to Stockists and Super Stockists & in turn it is available at Chemist shops, Dispensaries, Hospitals etc.

Company's business operations are supported by one of its Group Company namely Trilend Pharmaceuticals Private Limited ("Trilend") and various third-party manufacturers. Company typically work on third-party manufacturing basis or at times purchase order basis with manufacturer of pharma products, depending upon customer's requirement. Company has also acquired 11,000 equity shares of Trilend, constituting 9.90% of its paid-up share capital. Company's third-party manufacturers are based in Gujarat, Punjab, Maharashtra, Haryana, Himachal Pradesh, Uttarakhand and Madhya Pradesh. Company has 43 third-party manufacturers across these states.

To conclude, the company wide range of products and company currently sales its products in Five States. The business segment in which the company operates is high competitive and the company mostly acts as a mediator between the manufacturers and stockists.

Business Strategies

1. Increasing local presence.

Company currently sales its products in Five States namely Maharashtra, Gujarat, Madhya Pradesh, Orissa and Rajasthan and plan to expand its operations geographically. Company's primary focus is offering diversified and customized products based on customer 's specifications and requirements. Through a combination of increased capacities, reduced costs, wider range of product specifications and services adhering to global standards, marketing initiatives, competitive pricing and more efficient use of resources, Company intends to expand its footprint. Company's growth strategy will vary from State to State depending on their specific regulatory requirements. Company may alternatively appoint local distributors through which it can undertake its own sales and marketing.

2. Strengthen marketing network.

Leveraging on market skills and relationships is a continuous process in an organization and the skills that impart in company's people give importance to customers. Company aims to do this by leveraging on marketing skills and relationships and further enhancing customer satisfaction. Company provides effective follow-ups with customers which ensure that the customers are satisfied with the products and do not have any complaints. Company's core competency lies in the thorough understanding of customers' needs and preferences, Company's vision is to engage in sustainable practices and providing unparalleled quality of products thereby achieving customer loyalty. Company intends to strengthen existing marketing team by inducting qualified and experienced personnel, who will supplement company's existing marketing strategies in the domestic markets.

Competitive Scenario and Peer Mapping

Competition

Company competes with organized and as well as unorganized players in the industry with better financial position, market share, product ranges, human and other resources. Company has a number of competitors who manufacture and trade products, which are similar to them, therefore increasing the bargain power of its customers. Even with a diversified product portfolio, quality approach company may have to face competitive pressures. The principal elements of competition in the industry are price, quality, timely delivery and reliability. There are barriers to entry for new businesses, as it requires a lot of licences and government approvals to operate in this industry.

Peer Analysis

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

Particulars	SUNREST LIFESCIENCE LIMITED	Trident Lifeline Limited	Vaishali Pharma Limited	Chandra Bhagat Pharma Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	1%	7%	2%	0.27%
EBITDA Margin	2%	14%	5%	0.44%
Return on Capital Employed	9%	27%	8%	0.72%
Return on Equity	56%	-	5%	0.73%
EPS (INR)	0.55	1.53	0.99	0.25

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

Particulars	SUNREST LIFESCIENCE LIMITED	Trident Lifeline Limited	Vaishali Pharma Limited	Chandra Bhagat Pharma Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	3%	12%	5%	1%
EBITDA Margin	4%	19%	9%	3%
Return on Capital Employed	25%	56%	22%	7%
Return on Equity	72%	20%	15%	3%
EPS (INR)	2.59	3.98	3.82	1.06

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

Particulars	SUNREST LIFESCIENCE LIMITED	Trident Lifeline Limited	Vaishali Pharma Limited	Chandra Bhagat Pharma Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	8%	19%	9%	1%
EBITDA Margin	12%	20%	13%	3%
Return on Capital Employed	54%	13%	18%	9%
Return on Equity	66%	13%	16%	3%
EPS (INR)	6.81	6.22	6.26	1.20

Industry Overview

Exhibit 1: Indian pharmaceutical industry market size.

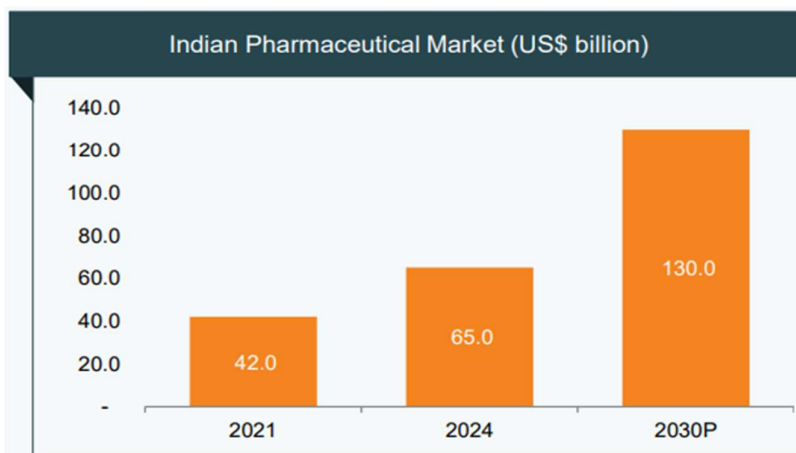


Exhibit 2: Drugs & Pharmaceuticals Exports from India.

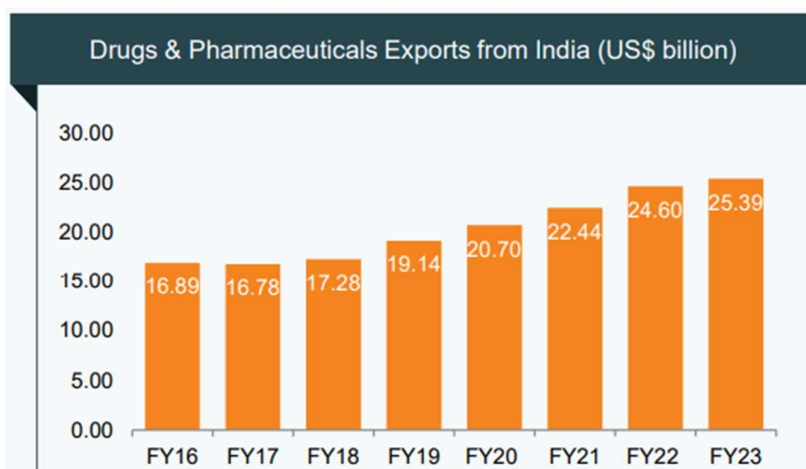
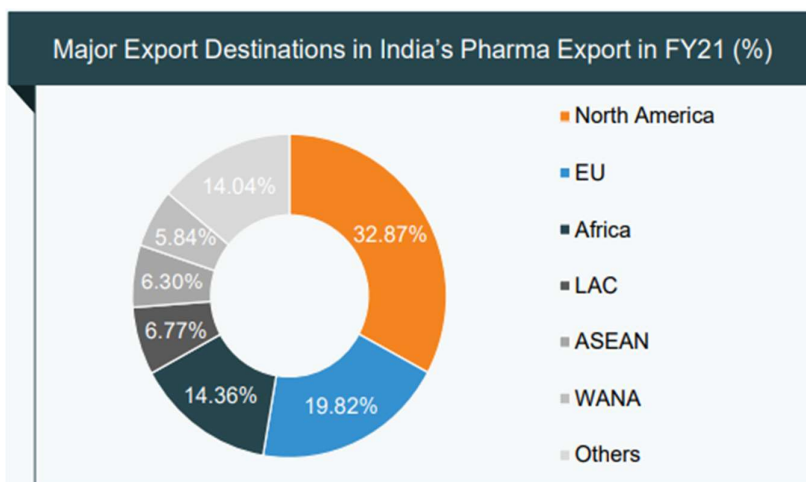


Exhibit 3: Major Export Destinations in India's Pharma Export in FY21.



(Source: ibef.org)

Pharmaceutical Industry

India is the largest provider of generic drugs globally and is known for its affordable vaccines and generic medications. The Indian Pharmaceutical industry is currently ranked third in pharmaceutical production by volume after evolving over time into a thriving industry growing at a CAGR of 9.43% since the past nine years. Generic drugs, over-the-counter medications, bulk drugs, vaccines, contract research & manufacturing, biosimilars, and biologics are some of the major segments of the Indian pharma industry. India has the most number of pharmaceutical manufacturing facilities that are in compliance with the US Food and Drug Administration (USFDA) and has 500 API producers that make for around 8% of the worldwide API market.

Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK. The domestic pharmaceutical industry includes a network of 3,000 drug companies and ~10,500 manufacturing units. India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers with a potential to steer the industry ahead to greater heights. Presently, over 80% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms. India is rightfully known as the "pharmacy of the world" due to the low cost and high quality of its medicines.

Market Size

Market size of India pharmaceuticals industry is expected to reach US\$ 65 billion by 2024, and ~US\$ 130 billion by 2030. According to the government data, the Indian pharmaceutical industry is worth approximately US\$ 50 billion with over US\$ 25 billion of the value coming from exports. About 20% of the global exports in generic drugs are met by India. India is among the top 12 destinations for biotechnology worldwide and 3rd largest destination for biotechnology in Asia Pacific

The Indian pharmaceutical industry has seen a massive expansion over the last few years and is expected to reach about 13% of the size of the global pharma market while enhancing its quality, affordability, and innovation. In the global pharmaceuticals sector, India is a significant and rising player. India is the world's largest supplier of generic medications, accounting for 20% of the worldwide supply by volume and supplying about 60% of the global vaccination demand. The Indian pharmaceutical sector is worth US\$ 42 billion worldwide.

Exports

Pharmaceutical is one of the top ten attractive sectors for foreign investment in India. The pharmaceutical exports from India reach more than 200 nations around the world, including highly regulated markets of the USA, West Europe, Japan, and Australia. India supplied around 45 tonnes and 400 million tablets of hydroxychloroquine to around 114 countries globally. India's drugs and pharmaceuticals exports stood at Rs. 2,08,231 crores (US\$ 25.3 billion) for FY23, as per the data by Pharmexcil.

Exports of Drugs & Pharmaceuticals was estimated to be at US\$ 2.48 billion in March, 2023 and shared 6.47% of the total exports of the month. India is the 12th largest exporter of medical goods in the world. Indian drugs are exported to more than 200 countries in the world, with US being the key market. Generic drugs account for 20% of the global export in terms of volume, making the country the largest provider of generic medicines globally. Indian drug & pharmaceutical exports stood at US\$ 24.60 billion in FY22 and US\$ 24.44 billion in FY21. Indian drug & pharmaceutical exports stood at US\$ 2.19 billion in September 2022.

(Source: Prospectus)

Key Managerial Personnel

Nikhilkumar Y Thakkar, aged 39 years is the Managing Director of the company. He is one of the first director and promoter of the Company. He holds degree in Bachelor of Pharmacy from Bapuji Pharmacy College, Rajiv Gandhi University, Karnataka and is having more than 15 years of experience in the Pharma Industry. He has been instrumental in taking major decision of the Company. He is playing vital role in business operations, business development and strategic decisions of the Company.

Amitbhai Shambhual Thakkar, aged 41 years is a Whole-Time Director of the Company. He is one of the first director and promoter of the Company and was appointed as the Whole-Time Director of the Company with effect from March 03, 2023. He has completed his school from Shree V K Vaghela High School, Diyodar, 121 Banaskantha, Gujarat and possess more than 20 years of experience in the pharmaceutical industry. He has been instrumental in taking major decision of the Company. He is playing vital role in business operations, business development, financial matters and strategic decisions of the Company. He was a director in Wellogen Pharma Private Limited and possess a vast knowledge in of the pharmaceutical industry.

Bharatkumar V Thakkar, aged 47 years, is an Executive Director and promoter of the Company. He was appointed as additional director of the Company on March 15, 2021 and was regularized on November 29, 2021. He was subsequently appointed as an executive director of the company on March 01, 2023. He completed his high school from Shree V.P. Mehta Jay Hind School, Maninagar, Ahmedabad. He has more than 25 years of experience in the field of Pharmaceuticals and was also associated with Wellogen Pharma Private Limited as a Director.

Bhagyesh Kiritbhai Parekh, aged 47 years, is the promoter and non-executive director of the Company. He was appointed as an additional director of the Company on January 31, 2022 and was regularized on September 30, 2022. He holds the Degree of Bachelor of Commerce from the Gujarat University and brings with him an experience of more than 25 years in the field of Pharmaceutical Industries. He possesses vast knowledge of the pharma industry and was associated with Apricus Lifecare Private Limited (Erstwhile known as DBS Formulations Private Limited) and Wellogen Pharma Private Limited as Director and was also Partner of M/s Palak Distributors.

Juhi Sawajani, aged 27 years, is an Independent Director of the Company since March 01, 2023. She is an Associate member of Institute of Company Secretaries of India and also holds a Master's degree in Commerce from Gujarat University. Presently, she is working as a Company Secretary of Sky Textiles India Private Limited. Ms. Sawajani is well experienced in the field of secretarial compliances, GST, Finance and Trademark Registration.

Avani A Shah, aged 30 years, is an Independent Director of the Company since March 01, 2023. She has completed Master's degree in Commerce from Gujarat University. She has more than 9 years of experience in the field of administration. Presently, she is working with Freight Corridor Corporation of India Limited, a Government of India Enterprise (undertaken by Ministry of Railway) in Ahmedabad on a contractual basis.

To conclude, the company has Four Promoters and all of them have vast experience and knowledge in the industry in which the company operates. The remaining directors of the company also have good knowledge in their respective fields which will help in the growth of the business.

Financial Snapshot

Profit and Loss Statement				(In Lacs.)
Particulars	FY 21	FY 22	FY 23	Jun-23
Revenue from Operations	1,694.91	2,688.75	2,464.2	5,63.51
Other Income	-	2.24	2.85	0.07
Total Income	1,694.91	2,690.99	2,467.05	563.58
Expenses				
Purchases of stock-in-trade	1,240	1,823.57	1,652.35	396.4
Changes in inventories	-104.64	-77.35	-164.60	-178.05
Employee benefits expense	236.99	254.23	320.10	91.08
Finance costs	0.76	1.08	5.91	0.63
Depreciation and Amortization expense	4.30	5.99	12.99	2.41
Other expenses	295.16	578.44	365.90	153.70
Total Expenses	1,672.53	2,585.96	2,192.65	466.17
Earnings Before Interest, Taxes, Depreciation & Amortization	27.44	109.86	290.45	100.38
EBITDA Margin	2%	4%	12%	18%
Profit/(Loss) before exceptional items and tax	22.38	105.03	274.40	97.41
Less: Exceptional Items	-	-	-	-
Profit/(Loss) before tax	22.38	105.03	274.40	97.41
Tax Expense				
Current Tax	6.48	27.00	71.27	22.45
MAT Credit	-	-	-	-
Deferred tax	-0.66	0.32	-1.19	-0.12
Total Tax Expense	5.82	27.32	70.08	22.33
Profit/(Loss) for the year	16.56	77.71	204.32	75.08
Net Profit Margin	1%	2.89%	8.28%	13.32%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jun-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
(a) Share Capital	1.00	1.00	300.00	300.00
(b) Reserves and surplus	28.49	106.20	11.52	86.60
Total Equity	29.49	107.20	311.52	386.60
2. Non-current liabilities				
(a) Long Term Borrowings	227.64	309.24	199.73	332.73
Total Non-current liabilities	227.64	309.24	199.73	332.73
3. Current liabilities				
(a) Financial Liabilities				
(i) Short-term borrowings	3.90	14.59	14.59	14.59
(ii) Trade payables	641.07	793.25	861.84	826.32
(b) Other Current Liabilities	13.96	12.70	161.54	33.99
(c) Short-term provisions	32.10	65.00	122.15	112.06
Total Current liabilities	691.03	885.54	1,160.12	986.96
Total Liabilities	918.67	1,194.78	1,359.85	1,319.69
Total Equity and Liabilities	948.16	1,301.98	1,671.37	1,706.29
ASSETS				
1. Non-current assets				
(a) Property, Plant and Equipment				

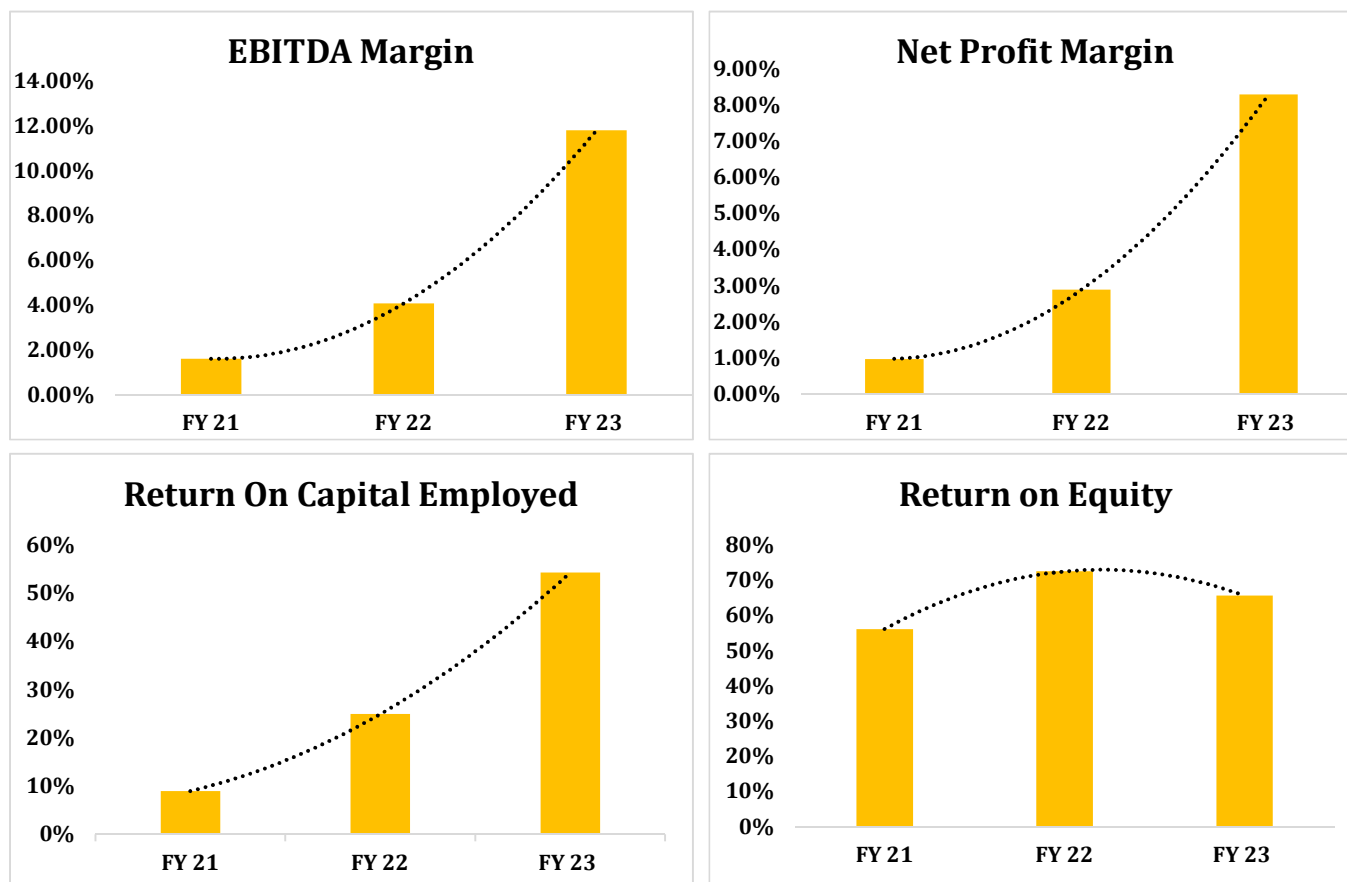
Balance Sheet (In Lacs)				
(i) Tangible Assets	14.85	46.65	34.80	32.45
(ii) Intangible assets	-	-	0.29	0.43
(b) Financial Assets				
(i) Investments	-	-	1.65	1.65
(c) Deferred tax assets (net)	0.82	0.50	1.69	1.80
(e) Other Non-Current Assets	-	-	2.55	2.55
Total Non-Current assets	15.67	47.15	40.98	38.88
2. Current assets				
(a) Inventories	152.16	229.51	394.11	572.16
(a) Trade receivables	740.18	934.65	1,085.70	960.49
(b) Cash and cash equivalents	37.31	48.00	44.99	61.28
(d) Short-term loans and advances	2.55	34.12	86.54	67.87
(e) Other Current Assets	0.29	8.55	19.06	5.62
Total Current assets	932.49	1,254.83	1,630.40	1,667.42
Total Assets	948.16	1,301.98	1,671.38	1,706.30

Cash Flow Statement (In Lacs)				
Particulars	FY 21	FY 22	FY 23	Jun-23
Net Cash Flow from Operating Activities	15.35	-44.87	115.48	-115.88
Net Cash Flow from Investing Activities	-16.20	-35.64	-3.07	-0.20
Net Cash Flow from Financing Activities	3.81	91.20	-115.42	132.37

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Jun-23*
Per Share Data				
Diluted EPS	0.55	2.59	6.81	2.50
BV per share	0.69	2.50	7.26	39.22
Operating Ratios				
EBITDA Margins	1.62%	4.09%	11.79%	17.81%
PAT Margins	0.98%	2.89%	8.28%	13.32%
Inventory days	32.77	31.16	58.38	92.40
Debtor days	159.40	126.88	160.82	155.11
Creditor days	188.71	158.77	190.38	197.85
Return Ratios				
RoCE	9%	25%	54%	20%
RoE	56%	72%	66%	17%
Valuation Ratios (x)				
EV/EBITDA	8.15	3.49	1.66	4.85
Market Cap / Sales	2.13	1.34	1.46	1.60
P/E	152.73	32.43	12.33	33.60
Price to Book Value	122.23	33.63	11.57	2.14
Solvency Ratios				
Debt / Equity	7.85	3.02	0.69	0.90
Current Ratio	1.35	1.42	1.41	1.63
Quick Ratio	1.13	1.16	1.07	1.07
Asset Turnover	1.79	2.07	1.47	1.32
Interest Coverage Ratio	30.45	96.18	46.95	622.03

*Annualized Figures

Financial Charts



Key Risk Factors

1. There are outstanding legal proceedings involving the Company, Directors and Promoter. These legal proceedings are pending at different levels of adjudication before various regulatory authorities. Any adverse decision may affect the company's reputation, business, and financial status. The total amount involved is Rs. 1,78,670.
2. The Company is dependent on third party suppliers for procuring the raw materials required for manufacturing of products. Company is exposed to fluctuations in the prices of these raw materials as well as its unavailability, particularly as it typically does not enter into any long-term supply agreements with suppliers for raw materials. Company's top ten suppliers contribute 74.95%, 70.70%, 70.51%, and 69.29% of total purchase for the financial year ended on June 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 respectively.
3. The Company have had and has negative cash flow from operating activity for the period ended June-23 and FY-22. Sustained negative cash flow could adversely impact business, financial condition, and results of operations.
4. As on June 30, 2023, Company has non-funded contingent liabilities of Rs. 38.54 Lakhs comprised of claims against it and equity commitments with respect to an existing investment. If these contingent liabilities were to fully materialize or materialize at a level higher than expected, Company's financial condition could be adversely affected.

Track Record of Lead Manager

The lead manager to the issue is Mark Corporate Advisors Private Limited. A table has been set below highlighting the details of the IPO of the last 3 companies handled by the Lead Manager in recent times –

Mark Corporate Advisors Private Limited–

Sr. No	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP* (INR)
1.	Khazanchi Jewellers Limited	96.74	140.00	August 07, 2023	283.10
2.	FOCE India Limited	29.02	225.00	December 28, 2021	779.00
3.	Jetmall Spices and Masala Limited	4.98	20.00	April 19, 2021	23.50

As per the offer document, Mark Corporate Advisors Private Limited has had only 3 mandate in the last three fiscal years, out of which 2 have opened at premium and 1 at par on the listing day.

*CMP for all the above-mentioned companies is taken as on November 05, 2023.

Recommendation

The company has experienced decent growth with respect to the various financial indicators as well as decent improvement in the balance sheet position in the last three Fiscals, i.e., company has seen an increase in its net worth.

The management outlook of the company is good, and the proper bifurcation of the roles and responsibilities of its top management is given.

The P/E on Post IPO basis is around 17.64 times which seems to be fully priced looking at the performance and size of the company. Whereas, the sector P/E is 38.20.

Even though the company has experienced decline in its revenue in the FY-23 they have had sudden rise in profits and its margins, which raises question on the sustainability of this growth going forward. The business segment in which company operates is highly fragmented and the business model of the company is also not differentiating factor for the investors. Therefore, one can **Avoid** applying for this company.

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