



IPO Note

Astonea Labs Limited

Recommendation: **AVOID!**

Company Background –

- **Incorporation:** Astonea Labs Limited was originally incorporated as “AHU Laboratories Private Limited” on Apr 11, 2017. The registered office is located at Chandigarh, India.
- **Business Activity:** The company is engaged in the manufacturing and marketing of a wide range of pharmaceutical and cosmetic products both within India and internationally.
- **Revenue Stream:** The company generates majority of the revenue from the sale of pharmaceutical products.
- **Human Resource:** The company has 217 full-time employees as on May 15, 2025.

Objects of the Issue –

- Funding of expenses proposed to be incurred towards registration in Bolivia, South America
- Purchase and installation of plant and machineries for ointment production for the purpose of export in accordance with the international standards and protocols, on the 2nd floor of the Existing Premises
- Advertising, marketing and brand building
- Investment in procuring hardware and software
- Funding of working capital requirements
- General corporate purposes

Promoters Name –

Ashish Gulati

Rationale for recommendation –

Astonea Labs Limited, with limited industry experience since 2017, is moderately overvalued at a post-IPO P/E of 25.99x. While revenues and profits have risen sharply in recent years, the sustainability of this growth is questionable, especially given the consistently high debt levels. The company’s reliance on a concentrated customer base and a relatively new management team further adds to operational risks. In a highly competitive and fragmented industry, and with no fresh issue component, we recommend **avoid** this IPO.

IPO Details

Opening Date	May 27, 2025
Closing Date	May 29, 2025
Allotment Date	May 30, 2025
Listing Date	Jun 03, 2025
Stock Exchange	BSE SME
Lot Size	1,000 Shares
Issue Price Per Share	₹128 to ₹135
Issue Size	37.67 Cr.
Fresh Issue	-
Offer for Sale	37.67 Cr.
Application Amt	₹ 1,09,200 (400 shares)

INDUSTRY – Pharmaceuticals

Avg. P/E ratio as per RHP – 49.00

	KPIs (In Lakhs)			
KPI's	FY 22	FY 23	FY 24	Dec-24
Revenue	3,005.69	6,705.08	8,019.09	6,955.35
EBITDA	575.10	712.84	1,194.13	1,133.14
Net Profit	24.88	66.52	380.96	410.30
RoCE	6.53%	11.51%	24.63%	13.46%*
ROE	3.32%	8.15%	31.83%	9.70%*
P/E	409.09	153.41	26.95	25.99*

*Annualized

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
98.43%	72.30%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	5.01	5.20
BVPS	15.75	53.57
P/E	26.95	25.99
P/BV	8.57	2.52
Mkt Cap (In Cr)	104.23	141.90

*Annualized

Lead Managers –

Oneview Corporate Advisors Private Limited

Registrar –

Kfin Technologies Limited

Business Overview -

The Company is engaged in the manufacturing and marketing of a wide range of pharmaceutical and cosmetic products both within India and internationally. These include antibiotic drugs, anti-cold medications, antihistamines, and drugs for diabetes, cardiovascular diseases, gynecological concerns, analgesics, fungal infections, and multivitamins. They also offer products for skin, tooth, and hair care, available in various forms such as gels, ointments, creams, lotions, oils, and serums.

They also manufacture their own brand under the names “Glow Up” and “Regero”. These are available through e-commerce platforms like Amazon and Tata 1 MG. The company is planning to launch a new line of skincare products under the brand name “Avicel” in the domestic market.

Product and Service Portfolio-

Products under own brands:

Brand	Category/ Classification	Form
Glow Up	Skin Care	Sunscreen, Face Mask, Face Wash, Creams-day and night, lotion, serum, toner, moisturiser, gels including shower gels and under eye cream.
	Hair Care	Hair Oil and Hair Serum
	Tooth Care	Tooth Paste
Regero	Tablets, Capsules and Sachets	Gel, Uncoated Tablets, Soft Gelatine capsule, coated tablets and shell capsule.

Products under contracting manufacturing:

Category	Classification	Form
Pharmaceutical	Tablets, Capsules, Ointments, Sachets	Uncoated tablets, film-coated tablets, enteric coated, sugar coated, hard gelatine and soft gelatine.
Cosmetics	Skin care	Face wash, moisturizers, serums and creams
	Hair care	Shampoo, hair oil and hair serum

Manufacturing Facility:

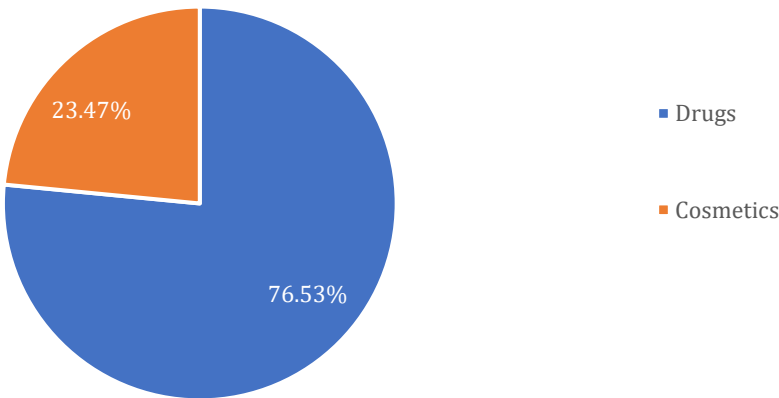
The company has a manufacturing facility located in Haryana, India, with a area of 7,500 square meters. The details of the capacity utilization are given below:

Details of Capacity-Utilization:

Particulars	FY 2022	FY 2023	FY 2024	Dec-2024
Pharmaceuticals	23.8%	52.6%	62%	48.8%
Cosmetics	22.10%	46.67%	56.67%	56.67%

Revenue Bifurcation:

Revenue Bifurcation Product-Wise (Dec-24)



Revenue Bifurcation:

Particulars	FY 2022		FY 2023		FY 2024		Dec-2024	
	Amt	%	Amt	%	Amt	%	Amt	%
Own Brand Sales	-	-	-	-	340.87	4.25%	673.71	9.69%
Contract manufacturing		32.26%	4,427.45	40.07%	6,188.77	23.77%	9,581.12	49.24%
i) Domestic purpose	3,005.69	100.00%	6,705.09	100.00%	7,597.29	94.74%	6,168.53	88.69%
ii) Export purpose	-	-	-	-	80.93	1.01%	113.11	1.63%
Total	3,005.69	100%	6,705.09	100%	8,019.09	100%	6,955.35	100%

Competition -

- Market Competition:** The industry is competitive where the key factors of competition primarily comprise of consistent quality, prompt availability, and strong relationships with customers and suppliers.
- Geographic Competition:** The company faces competition from various domestic players and international players.
- Barriers to entry:** Low barriers to entry.
- Threat of Substitutes:** High threat of substitutes.
- Bargaining Power of Customers:** The bargaining power is high with the customers.
- Bargaining Power of Suppliers:** The bargaining power is low with the suppliers.

Business Strategies –

- The Company aims to expand their product portfolio and are launching new products range.
- The Company intends develop and grow export division and expand their geographic footprint.

Risk Factors –

- The company is dependent on top 10 customers for their revenue generation constituting to 60.02%, 74.55%, 51.86% and 40.98% for FY22, FY23, FY24 and Dec-24 respectively.
- The company has contingent liabilities of Rs. 18.30 lakhs as of Dec-24.
- The company had negative cash flow from operations for FY22 and FY23.

PEER ANALYSIS –

Particulars	Astonea Labs Limited			Beta Drugs Limited		
	FY 22	FY23	FY24	FY 22	FY23	FY24
NP Margin	0.83%	0.99%	4.75%	13.45%	13.48%	12.26%
EBITDA Margin	19.13%	10.63%	14.89%	23.54%	23.64%	20.65%
RoCE	6.53%	11.51%	24.63%	33.26%	32.10%	30.44%
ROE	3.32%	8.15%	31.83%	26.89%	24.99%	23.19%
EPS(INR)	0.33	0.88	5.01	24.60	30.42	36.09
P/E	409.09	153.41	26.95	22.35	19.63	32.56

INDUSTRY OVERVIEW -**Pharmaceutical Industry in India**

India is the **largest global provider of generic drugs**, with strong capabilities in **low-cost vaccine production** and a dominant role in global healthcare delivery. Ranked **3rd in pharmaceutical production by volume** and **14th by value**, India's pharma sector encompasses **generic drugs, OTC medications, APIs, vaccines, CRAMS, biosimilars, and biologics**. The industry benefits from a **skilled workforce, cost-efficient manufacturing**, and compliance with **USFDA standards**.

Market Size:

- Current industry valuation: **~US\$ 50 billion** (FY23), of which **US\$ 25+ billion** is from exports.
- Expected to reach:
 - US\$ 65 billion by 2024**
 - US\$ 130 billion by 2030**
 - US\$ 450 billion by 2047**
- Domestic market (2021): **US\$ 42 billion**, projected to **triple by 2030**.
- Exports (FY24): **US\$ 27.9 billion**, covering **200+ countries**.

The Indian pharmaceutical industry has demonstrated consistent expansion, growing at a **compound annual growth rate (CAGR) of 6–8%** between FY18 and FY23, primarily driven by an **8% rise in exports** and **6% growth in domestic consumption**. Within the sector, biosimilars are one of the fastest-growing segments, projected to grow at a **CAGR of 22%**, reaching **US\$ 12 billion by 2025**, while the pharmaceutical packaging market is expected to grow at a **CAGR of 7.54%** through 2030.

Cosmetics Industry in India:

India's cosmetic industry is experiencing rapid expansion driven by **increasing disposable incomes, urbanization, rising beauty consciousness, and e-commerce penetration**. Traditionally rooted in Ayurveda, the industry has modernized and diversified into segments such as **skincare, haircare, color cosmetics, fragrances, and oral care**, with a strong surge in **natural and herbal product adoption**.

Market Size:

- Valued at **US\$ 11.6 billion in 2017**
- Projected to reach: **US\$ 20 billion by 2025**
- Skincare Market: **US\$ 6.53 billion (2022) → US\$ 8.84 billion (2027)**
- Haircare Market: **US\$ 3.34 billion (2022) → US\$ 3.62 billion (2026)**
- Fragrance Market: **US\$ 368 million (2022) → US\$ 473 million (2026)**
- Oral Care: **US\$ 1.78 billion (2022) → US\$ 2.13 billion (2026)**

The Indian cosmetic industry is undergoing a transformation, with the overall sector expanding at a **CAGR of 15–20% from 2017 to 2025**, supported by strong growth in individual segments: **skincare at 6.25%, fragrances at 6.4%, and oral care at 4.5%**. These growth trajectories underscore the rising global competitiveness and domestic consumption potential of both industries.

Key Management -

Key Management Persons Name -	Ashish Gulati
Age	32
Designation	Promoter & Managing Director
Qualification	BSc in Motorsport Technology
Responsibility	Currently spearheads the entire unit, leading a team of seasoned professionals in quality control, assurance, production, marketing, and regulatory affairs
Other Directorships	Astonea One Private Limited

Key Management Persons Name -	Pooja Singh
Age	31
Designation and No. of years of experience	Executive Director, 8+ years of experience
Qualification	Bachelor of Pharmacy
Responsibility	Currently spearheads regulatory compliance initiatives and ensuring adherence to industry standards.
Previous Experience	Mediwell Healthcare

Key Management Persons Name -	Pardeep Singh
Age	39
Designation and No. of years of experience	Executive Director, 12+ years of experience
Qualification	D. Pharma (Diploma in Ayurvedic Pharmacy) degree
Responsibility	Leads the operations and supply chain management verticals of the Company.
Previous Experience	Proton Pharma and Shinto Organics Private Limited

- The overall management of the company is satisfactory.
- The promoter and management have decent experience in the industry.
- Karan Vir Bindra, Salina Chalana and Akash Arora are the Independent Directors of the Company. They have relevant experience in their respective fields.
- **Sumit Kumar (CFO)**, holds master's degree in business administration, M.A. in economics, M. Com degree and B. Com degree and has 15 years of experience.
- **Avneet Kaur (CS and Compliance Officer)**, holds a bachelor's and master's degree of commerce.

FINANCIAL SNAPSHOT**Statement of Profit and Loss** Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Dec-24
Revenue from Operations	3,005.69	6,705.08	8,019.09	6,955.35
Other Income	11.77	20.78	9.76	13.51
Total Income	3,017.46	6,725.86	8,028.85	6,968.86
Expenses				
Cost of materials consumed	1,848.90	5,252.68	5,849.43	4,597.06
Change in Inventories of Finished Goods, WIP and Stock In Trade	57.47	-246.70	-210.74	29.91
Employee Benefit Expenses	220.76	359.74	567.54	495.33
Finance Cost	150.18	232.42	295.98	266.11
Depreciation and Amortization Expense	378.81	393.08	397.39	343.96
Other expenses	303.46	626.52	618.73	699.91
Total Expenses	2,959.58	6,617.74	7,518.33	6,432.28
EBITDA	575.10	712.84	1,194.13	1,133.14
EBITDA Margin	19.13%	10.63%	14.89%	16.29%
Profit/(Loss) before tax	57.88	108.12	510.52	536.58
Tax Expense				
Current tax	31.24	56.99	162.70	143.45
Deferred Tax	1.76	-15.39	-33.14	-17.17
Total Tax	33.00	41.60	129.56	126.28
Profit/(Loss) for the year	24.88	66.52	380.96	410.30
Net Profit Margin	0.83%	0.99%	4.75%	5.90%

Statement of Assets and Liabilities Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Dec-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	400.00	400.00	760.00	772.10
Reserves and Surplus	349.25	415.77	436.75	955.96
Total Shareholder's Fund	749.25	815.77	1,196.75	1,728.06
Share application money pending allotment	-	-	0.50	-
Total Equity	749.25	815.77	1,197.25	1,728.06
NON-CURRENT LIABILITIES				
Long-term Borrowings	2,185.69	1,899.00	1,989.87	2,236.48
Deferred Tax liability	65.54	50.15	17.00	-
Other Long-Term Liabilities	-	-	-	-
Long Term Provisions	6.57	13.03	30.30	32.43
Total Non-Current liabilities	2,257.80	1,962.18	2,037.17	2,268.91
CURRENT LIABILITIES				
Short-term Borrowings	766.80	1,699.90	2,249.85	2,711.08
Trade Payables				
(a) Total outstanding dues of MSME	202.91	830.81	814.75	682.92
(b) Total outstanding dues of creditors other than MSME	1,222.78	926.27	1,485.56	1,811.06
Other Current Liabilities	85.25	168.33	176.43	321.81
Short-term Provisions	6.39	24.24	128.38	128.47
Total Current liabilities	2,284.13	3,649.55	4,854.97	5,655.34
Total Liabilities	4,541.93	5,611.73	6,892.14	7,924.25
Total Equity and Liabilities	5,291.18	6,427.50	8,089.39	9,652.31
ASSETS				

Particulars	FY 22	FY 23	FY 24	Dec-24
NON-CURRENT ASSETS				
Property, Plant and Equipment	2,137.15	2,073.32	2,192.19	2,540.07
Intangible Assets	2.07	1.59	0.57	15.22
Capital Work in Progress	-	-	210.26	362.19
Deferred tax assets (net)	-	-	-	0.16
Long-Term Loans and Advances	-	-	3.11	14.70
Other Non- current Assets	55.67	97.51	192.19	201.52
Total Non-Current assets	2,194.89	2,172.42	2,598.32	3,133.86
CURRENT ASSETS				
Inventories	712.28	1,664.70	2,484.39	2,683.88
Trade Receivables	1,931.03	1,907.53	2,543.44	3,403.76
Cash and Bank Balance	3.08	3.98	35.82	30.18
Short Term Loans and Advances	449.89	678.87	427.40	400.63
Total Current assets	3,096.28	4,255.08	5,491.05	6,518.45
Total Assets	5,291.17	6,427.50	8,089.37	9,652.31

Cash Flow Statement				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Dec-24
Net Cash Flow from Operating Activities	-492.82	-105.09	404.77	278.53
Net Cash Flow from Investing Activities	-331.14	-308.00	-718.26	-846.41
Net Cash Flow from Financing Activities	817.18	413.99	345.33	562.24

Key Ratios									
Per Share Data					Valuation Ratios (x)				
	FY 22	FY 23	FY 24	FY 25*		FY 22	FY 23	FY 24	FY 25*
Diluted EPS	0.33	0.88	5.01	5.20	EV/EBITDA	6.43	6.19	4.52	3.31
BV per share	18.73	20.39	15.75	53.57	Market Cap / Sales	1.80	0.81	1.28	1.53
Operating Ratios					P/E	409.09	153.41	26.95	25.99
EBITDA Margins	19.13%	10.63%	14.89%	16.29%	Price to Book Value	7.21	6.62	8.57	2.52
PAT Margins	0.83%	0.99%	4.75%	5.90%	Solvency Ratios				
Inventory days	86.73	90.87	113.39	99.28	Debt / Equity	3.94	4.41	3.54	0.87
Debtor days	235.14	104.12	116.09	147.48	Current Ratio	1.36	1.17	1.13	1.13
Creditor days	221.58	108.55	136.45	155.86	Quick Ratio	1.04	0.71	0.62	0.62
Return Ratios					Asset Turnover	0.57	1.04	0.99	1.14
RoCE	6.53%	11.51%	24.63%	13.46%	Interest Coverage Ratio	1.31	1.38	2.69	2.97
RoE	3.32%	8.15%	31.83%	9.70%					

*Annualized

INTERPRETATION –

1. The top line has increased over the years. It increased by 123.08% in FY23 and in FY24 it increased by 19.60% which was mainly due to increase in volume of business operations and higher volume of sales.
2. The net profit also increased over the years. It increased by 167.36% in FY23 and it increased by 472.70% in FY24. The sudden increase is because of the sudden increase in top line.
3. The EBITDA has remained inconsistent over the years and PAT margin saw a sudden increase in FY24 which was due to increase in cost of material consumed in FY23.
4. The DE ratio has remained high over the years.

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is **Oneview Corporate Advisors 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 –

Oneview Corporate Advisors Private Limited-

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Storage Technologies and Automation Limited	29.95	78.00	Apr 30, 2024	104.10
2.	Qualitek Labs Limited	19.64	100.00	Jan 29, 2024	303.00
3.	Eastern Logica Infoway Limited	16.94	225.00	Jan 17, 2023	240.00

*CMP for the above-mentioned companies is taken as of 28th May 2025.
As per the offer document, the above-mentioned mandates all have opened at a premium on the listing day.

Recommendation -

Astonea Labs Limited has been in the industry since 2017 and has limited experience in the industry.

The P/E on a post-IPO annualized basis is around 25.99 times which makes it slightly highly priced.

The company's management structure is decent; however, the current management team is relatively new to the organization.

The company's top line has increased over the years and saw a sudden increase in FY23. The bottom line and PAT margin saw a sudden increase in FY24. This increase might not be sustainable. The DE ratio has remained high over the years. Overall, the financials look slightly unsustainable.

The company has high concentration for customers and loss of any may have adverse effects on the business operations.

The Pharmaceutical and Cosmetic industry is highly fragmented and competitive and there are many established players. The company does not have any unique strategy for their business expansions.

Thus, investors can **AVOID** this IPO for now.

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The analysis and recommendations are based on the current market and company-specific scenario, along with the data available in the prospectus. Market and company-specific conditions may change after the company's listing, potentially impacting its performance and outlook. We will not be providing any follow-up reports or updates on this analysis post-listing.

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