



IPO Note

Aakaar Medical Technologies Limited

Recommendation: **AVOID**

Company Background –

- **Incorporation:** Aakaar Medical Technologies Private Limited was originally incorporated on Jun 20, 2013. The name of company was changed to Aakaar Medical Technologies Limited. The registered office is located at Mumbai.
- **Business Activity:** The company is engaged in the manufacturing and trading of aesthetics & specialized cosmetic products & devices.
- **Revenue Stream:** The company generates majority of its revenue from aesthetic products.
- **Human Resource:** The company had 177 permanent employees as of May 30, 2025.

Objects of the Issue –

1. Working capital requirements
2. General corporate purposes

Promoters Name –

Dilip Ramesh Meswani and Bindi Dilip Meswani

Rationale for recommendation –

Aakaar Medical Technologies Limited has a reasonable operating history and is fairly priced at a post-IPO P/E of 16.90x. The company has shown strong revenue growth and margin expansion from FY23 to FY25; however, rising finance costs due to increased short-term borrowings and consistent negative operating cash flows raise concerns over its working capital management. While management appears satisfactory, the lack of improvement in cash conversion cycle post-issue raises observations. We recommend to **AVOID** this IPO for now and suggest tracking post-listing performance and cash flow improvements before considering investment.

IPO Details

Opening Date	Jun 20, 2025
Closing Date	Jun 24, 2025
Allotment Date	Jun 25, 2025
Listing Date	Jun 27, 2025
Stock Exchange	NSE SME
Lot Size	1,600 Shares
Issue Price Per Share	₹68 - ₹72
Issue Size	27.00 Cr.
Fresh Issue	27.00 Cr.
Offer for Sale	-
Application Amt	₹ 1,15,200 (1,600 shares)

INDUSTRY – Medical Aesthetics and Cosmetics Average Industry PE as per RHP – N/A

	KPIs (In Lakhs)		
KPI's	FY 23	FY 24	FY25
Revenue	3,278.46	4,611.10	6,158.28
EBITDA	352.86	499.89	973.69
Net Profit	215.32	287.02	603.95
RoCE	33.32%	36.37%	39.81%
ROE	22.29%	22.89%	26.03%
P/E	30.51	22.93	11.75

Promoter Share Holding Pattern

Pre-Issue	Post Issue
91.12%	73.54%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	6.13	4.26
BVPS	22.26	16.37
P/E	11.75	16.90
P/BV	3.23	4.40
Mkt Cap (In Cr)	75.04	102.04

*Annualized

Lead Manager –

Indorient Financial Services Limited

Registrar –

Bigshare Services Private Limited

Business Overview –

Aakaar Medical Technologies Limited is a B2B-focused medical aesthetics company offering a wide range of aesthetics and cosmetic products and devices through both in-house and imported brands from countries like Korea, Spain, Italy, and Austria. It supplies dermatologists, plastic surgeons and aesthetic physicians with solutions used in treatments and end-consumer sales. The company derives majority of its revenue from aesthetic products and continues to prioritize innovation in its aesthetics product pipeline.

Awards and Accreditations –

1. Excellence in Aesthetic Innovation & Service at Starz of India 2024
2. “Best New Launched Doctor Prescribed Skin Care Cosmetic Range in India for Tubelite Brand Aakaar at GEA Awards 2019

Product Segment Overview -



Product Images –



Product segment-wise Revenue Bifurcation –

(Amt in Lakhs)

Particulars	FY2023		FY2024		FY2025	
	Amt	%	Amt	%	Amt	%
Aesthetic Products	2,354.91	71.83%	3,429.85	74.38%	5,303.56	86.12%
Aesthetic Devices & Device Consumables	923.55	28.17%	1,181.25	25.62%	854.72	13.88%
Total	3,278.46	100%	4,611.10	100%	6,158.28	100%

Business model-wise Revenue Bifurcation -

(Amt in Lakhs)

Particulars	FY2023		FY2024		FY2025	
	Amt	%	Amt	%	Amt	%
Own Brands	774.47	23.62%	1,393.65	30.22%	2,311.15	37.53%
Aesthetic Products	429.32	13.10%	896.89	19.45%	1,979.95	32.15%
Devices & Device Consumables	345.15	10.53%	496.76	10.77%	331.20	5.38%
Imported Brands	2,503.99	76.38%	3,217.45	69.78%	3,847.13	62.47%
Aesthetic Products	1,925.59	58.73%	2,532.95	54.93%	3,323.61	53.97%
Devices & Device Consumables	578.40	17.64%	684.50	14.84%	523.52	8.50%
Total	3,278.46	100%	4,611.10	100%	6,158.28	100%

Product segment-wise Revenue Bifurcation -

(Amt in Lakhs)

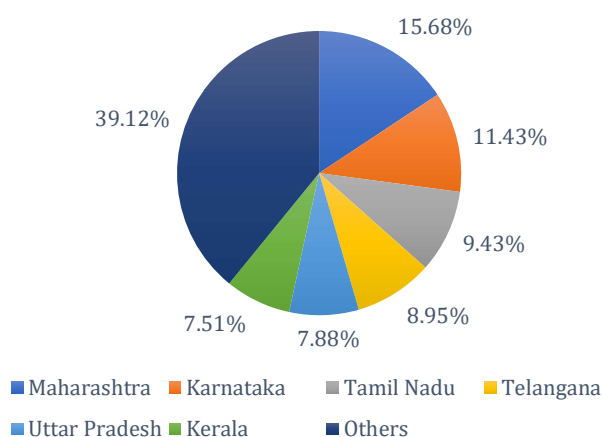
Particulars	FY2023		FY2024		FY2025	
	Amt	%	Amt	%	Amt	%
Professional skin care	920.21	28.07%	1,144.87	24.83%	1,725.72	28.02%
Professional hair care range	75.98	2.32%	189.46	4.11%	652.72	10.60%
Injectables & Contouring	813.10	24.80%	1,274.66	27.64%	1,683.55	27.34%
Homecare for Hair & Skin	545.62	16.64%	820.86	17.80%	1,241.58	20.16%
Aesthetic Devices & Device Consumables	923.55	28.17%	1,181.25	25.62%	854.72	13.88%
Total	3,278.46	100%	4,611.10	100%	6,158.29	100%

Distribution model-wise Revenue Bifurcation -

(Amt in Lakhs)

Particulars	FY2023		FY2024		FY2025	
	Amt	%	Amt	%	Amt	%
Aakaar	2,408.36	73.46%	1,906.57	41.35%	1,133.75	18.41%
Stockists	353.05	10.77%	149.50	3.24%	43.42	0.71%
Parekh Integrated Services Private Limited	517.05	15.77%	2,555.03	55.41%	4,981.11	80.88%
Total	3,278.46	100%	4,611.10	100%	6,158.28	100%

Geographic-wise Revenue Bifurcation (FY25)



Competition -

1. **Market Competition:** The industry is highly competitive and the key factors of competition are pricing, innovation, product quality etc.
2. **Geographic Competition:** The company faces competition from domestic and multinational aesthetics and cosmetic products manufacturers and traders in India and outside India.
3. **Barriers to entry:** Low barriers to entry.
4. **Threat of Substitutes:** High threat of substitutes.
5. **Bargaining Power of Buyers:** The bargaining power is high with the customers.
6. **Bargaining Power of Suppliers:** The bargaining power is low with the suppliers.

Business Strategies -

1. The company aims to scale operations by expanding its sales force and penetrating new and existing Tier 2 markets such as Nashik, Baroda, Rajkot, Udaipur, Jodhpur, and Ranchi.
2. The company plans to launch new brands across professional care, home care, and aesthetic devices while expanding into new healthcare segments and specialties beyond dermatology to drive growth and market diversification.
3. The company is strategically increasing revenue from its “Own Brands,” which grew at a 72.75% CAGR from FY23 to FY25 through third-party manufacturing of proprietary formulations.

Risk Factors -

1. The company's majority of revenue is derived from imported brands, contributing 76.38%, 69.78% and 62.47% of revenue in FY23, FY24 and FY25 respectively.
2. The company has negative operating cashflows of Rs. 292.75 Lakhs, Rs. 804.40 Lakhs and Rs. 540.63 Lakhs in FY23, FY24 and FY25 respectively.
3. The company has **contingent liabilities**, amounting to **Rs. 61.98 Lakhs**.
4. The company has 1 tax proceeding; company's directors have 2 tax proceedings and promoters have 4 tax proceedings amounting to Rs. 0.02 Lakhs, Rs. 4.14 Lakhs and Rs. 4.20 Lakhs respectively.
5. The company has **unsecured loans** amounting to **Rs. 248.6 Lakhs**.
6. The company's finance costs increased from 1.31% in FY23 to 2.77% in FY25 as a percentage of revenue, driven by a notable increase in short-term borrowings.
7. The company's debtor days has been increased from 114 days in FY23 to 167 days in FY25, which increases working capital requirements.

PEER ANALYSIS

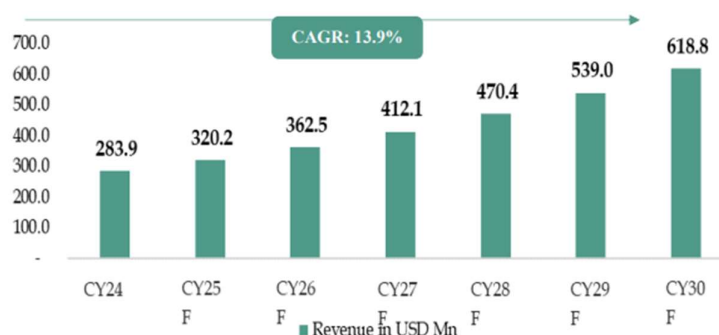
As per the RHP, the company has stated that there are no listed peers operating in a similar line of business.

INDUSTRY OVERVIEW -

Medical Aesthetics and Cosmetic Dermatology Industry in India

The global medical aesthetics and cosmetic dermatology market was valued at USD 35.9 Bn in 2024 and is expected to reach USD 57.4 Bn by 2030, growing at a CAGR of 8.1%. The industry growth is driven by rising consumer awareness, technological advancements and increasing demand for anti-aging solutions among the aging population.

India's medical aesthetics and cosmetic dermatology industry has evolved from niche services in the 1990s to a fast-growing sector driven by rising middle-class demand, technological access, and social acceptance. The surge in dermatological conditions like acne, hair loss, pigmentation issues, and aging skin—along with a rapidly aging population—is fueling sustained demand for advanced aesthetic treatments. India's medical aesthetics and cosmetic dermatology market was valued at USD 283.9 Mn in 2024 and is projected to reach USD 618.8 Mn by 2030, growing at a CAGR of 13.9%. This revenue reflects the sale of products and devices to dermatologists, plastic surgeons, and other specialized practitioners.



Medical Aesthetics and Cosmetic Dermatology Industry Revenue in India

Key Growth Drivers –

- **Consumer Demographics & Preferences** - Rising urbanization, middle-class affordability and openness among Millennials, Gen Z and men are driving demand for aesthetic treatments.
- **Rise in Skin Disorders & Diseases** - Increasing pollution and urban stressors are leading to a higher prevalence of skin conditions, boosting demand for cosmetic dermatology solutions.
- **Medical Tourism and Globalization** - India's cost-effective, high-quality aesthetic treatments and medical tourism initiatives are attracting millions of international patients annually.
- **Weddings-Driven Demand** - India's massive wedding market, with millions of events annually, fuels strong seasonal demand for aesthetic procedures and products.
- **Technological Advancements** - Innovation in non-invasive and energy-based aesthetic technologies is making treatments safer, more efficient and more widely adopted.
- **Social media and Celebrity Influence** - Influencer marketing and celebrity endorsements are normalizing aesthetic procedures and significantly shaping consumer preferences.

(source : RHP)

Key Management -

Key Management Persons Name -	Dilip Ramesh Meswani
Age	62
Designation and No. of experience	Managing Director and Promoter, 24+ years of experience in the field of Medical Aesthetics
Qualification	Bachelor's Degree in Science and Post Diploma in Medical Electronics
Other Directorships	Revigen Medicare Private Limited

Key Management Persons Name -	Rahul Babasaheb Sawakhande
Age	44
Designation and No. of experience	CEO and Executive Director, 15 years of experience in the fields of Dermatology and Medical Regulatory affairs
Qualification	Bachelor of Surgery and Medicine and Diploma in Business Management
Other Directorships	Fatcutsweight Wellness (OPC) Private Limited

Key Management Persons Name -	Bindi Dilip Meswani
Age	58
Designation and No. of experience	Chairperson, Non-Executive Director and Promoter, around 10 years of experience in the field of Medical Aesthetics
Qualification	Master of Commerce
Other Directorships	Revigen Medicare Private Limited

Key Management Persons Name -	Sweta Shah
Age	
Designation and No. of experience	Chief Financial Officer, 10 years of experience in Accounting and Finance
Qualification	Bachelor's Degree of Commerce, Intermediate examination from the Institute of Chartered Accountants of India
Other Directorships	

- The overall management of the company is **satisfactory**.
- Anoopkumar Vishwanathan Pillai is the Company Secretary and Compliance Officer of the company. He has over 30 years of experience in the field of compliance, secretarial and legal services.
- Deepanjan Periwal and Rajendra Indubhai Dhandhukia are Independent Directors of the Company. They have significant experience and education in their respective fields.
- Saurabh Chamoli is National Sales Head for Team-1, Deepak Sharma is National Sales Head for Team-2 and Rekha Malekar is the Human Resource Manager. They have significant experience in their respective fields.

FINANCIAL SNAPSHOT

Statement of Profit and Loss			Amt in Lakhs
Particulars	FY 23	FY 24	FY 25
Revenue from Operations	3,278.46	4,611.10	6,158.28
Other Income	9.39	15.94	17.79
Total Income	3,287.85	4,627.04	6,176.07
Expenses			
Cost of Material Consumed	-	186.88	353.03
Purchase of stock-in-trade	1,926.31	2,199.59	2,306.94
Change in Inventories of finished goods and WIP	-425.52	-292.62	-37.48
Employee Benefit Expenses	772.82	1,036.01	1,290.25
Finance Cost	43.06	113.76	170.95
Depreciation and Amortization Expense	8.94	13.54	12.48
Other expenses	651.99	981.35	1,271.85
Total Expenses	2,977.60	4,238.51	5,368.02
EBITDA	352.86	499.89	973.69
EBITDA Margin	10.76%	10.84%	15.81%
Profit/(Loss) before tax	310.25	388.53	808.05
Tax Expense			
Current tax	101.35	110.82	208.27
Deferred Tax	-6.42	-9.31	-4.17
Total Tax	94.93	101.51	204.10
Profit/(Loss) for the year	215.32	287.02	603.95
Net Profit Margin	6.57%	6.22%	9.81%

Statement of Assets and Liabilities			Amt in Lakhs
Particulars	FY 23	FY 24	FY 25
EQUITY AND LIABILITIES			
1. Shareholders' funds			
Equity Share Capital	70.00	70.00	1,042.24
Reserves and Surplus	896.07	1,184.16	1,278.04
Total Equity	966.07	1,254.16	2,320.28
2. NON-CURRENT LIABILITIES			
Long Term Provisions	66.23	83.03	94.51
Total Non-current liabilities	66.23	83.03	94.51
3. Current liabilities			
Short-term Borrowings	587.43	1,505.66	2,273.83
Trade Payables			
(a) Total outstanding dues of MSME	34.75	37.61	3.11
(b) Total outstanding dues of creditors other than MSME	218.23	144.08	348.05
Other Current Liabilities	416.72	292.56	284.11
Short-term Provisions	33.44	83.80	86.55
Total Current liabilities	1,290.57	2,063.71	2,995.65
Total Liabilities	1,356.80	2,146.74	3,090.16
Total Equity and Liabilities	2,322.87	3,400.90	5,410.44
ASSETS			
1. Non-current assets			
Property, Plant and Equipment	35.52	27.13	22.81
Intangible Assets	0.69	0.71	0.94
Deferred tax assets (net)	26.11	35.42	39.59
Long-Term Loans and Advances	-	13.61	32.09
Other Non-current Assets	38.39	43.24	129.54
Total Non-Current assets	100.71	120.11	224.97
2. Current assets			
Inventories	1,125.33	1,417.94	1,455.43
Trade Receivables	1,023.32	1,626.25	2,800.45
Cash & Bank balance	18.92	29.97	555.08

Recommendation: **AVOID**

Particulars	FY 23	FY 24	FY 25
Short Term Loans and Advances	-	-	13.98
Other Current Assets	54.59	206.62	360.53
Total Current assets	2,222.16	3,280.78	5,185.47
Total Assets	2,322.87	3,400.89	5,410.44

Cash Flow Statement			Amt in Lakhs
Particulars	FY 23	FY 24	FY 25
Net Cash Flow from Operating Activities	-292.75	-804.40	-540.63
Net Cash Flow from Investing Activities	-32.03	-3.83	-5.40
Net Cash Flow from Financing Activities	116.89	819.10	1,071.02

Key Ratios

Per Share Data	FY 23	FY 24	FY 25	Valuation Ratios (x)	FY 23	FY 24	FY 25
Diluted EPS	2.36	3.14	6.13	EV/EBITDA	1.50	5.46	4.15
BV per share	138.01	179.17	22.26	Market Cap / Sales	0.15	0.11	1.22
Operating Ratios				P/E	30.51	22.93	11.75
EBITDA Margins	10.76%	10.84%	15.81%	Price to Book Value	0.52	0.40	3.23
PAT Margins	6.57%	6.22%	9.81%	Solvency Ratios			
Inventory days	125.63	112.55	86.50	Debt / Equity	0.61	1.20	0.98
Debtor days	114.24	129.08	166.44	Current Ratio	1.72	1.59	1.73
Creditors days	48.07	27.86	48.32	Quick Ratio	0.85	0.90	1.25
Return Ratios				Asset Turnover	1.41	1.36	1.14
RoCE	33.32%	36.37%	39.81%	Interest Coverage Ratio	7.99	4.28	5.62
RoE	22.29%	22.89%	26.03%				

FINANCIAL ANALYSIS –

- **Revenue from Operations -**
 - The company's **top line increase by 40.65%** in FY24 was driven by increase in sale of Product SKUs.
 - The company's topline grew by **33.55%** in FY25, primarily driven by increase in revenue from existing customers and addition of new product SKUs.
- **EBITDA and PAT Margins** – The company's EBITDA and PAT margins have shown **improvement**, remaining aligned with each other, with EBITDA margins improving from 10.76% in FY23 to 15.81% in FY25, and PAT margins rising from 6.57% to 9.81% over the same period.
- **Material COGS** – The material COGS has been reducing from 45.65% of revenue in FY23 to 42.46% of revenue in FY25, contributing to improvement in margins.
- **RoCE and ROE** – The company has demonstrated stable capital efficiency, maintaining RoCE in the range of 33%–40% and ROE between 22%–26% over FY23 to FY25, reflecting effective utilization of capital and consistent return generation.
- **Operating cashflow** – The company has **negative operating cash flows** of Rs. 292.75 Lakhs, Rs. 804.40 Lakhs and Rs. 540.63 Lakhs in FY23, FY24 and FY25 respectively, primarily due to significant increase in trade receivables.
- **Inventory days** – The company's inventory days have decreased from 126 days in FY23 to 87 days in FY25, indicating efficiency in inventory management.
- **Finance costs** – The company's finance cost has been increased from 1.31% in FY23 to 2.77% in FY25 as percentage of revenue, primarily due to significant increase in short-term borrowings.
- **Employee benefit expenses** – The company's employee benefit expense has been gradually decreasing from 23.51% of revenue in FY23 to 20.89% of revenue in FY25, primarily due to economies of scale.

Recommendation: **AVOID****LEAD MANAGER TRACK RECORD -**

The lead manager to the issue is **Indorient Financial Services 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 –

Sl. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	ATC Energies System Limited	63.76	118	Apr 02, 2025	84.30
2.	Grand Continent Hotels Limited	74.46	113	Mar 27, 2025	148.15
3.	EMA Partners India Limited	76.01	124	Jan 24, 2025	122.95
4.	Yash Highvoltage Limited	110.01	146	Dec 19, 2024	352.50
5.	Chatha Foods Limited	34.00	56	Mar 27, 2024	108.00
6.	Plada Infotech Services Limited	12.36	48	Oct 13, 2023	18.20
7.	Canarys Automations Limited	47.03	31	Oct 11, 2023	29.50
8.	Newjaisa Technologies Limited	39.93	47	Oct 05, 2023	43.35
9.	Techknowgreen Solutions Limited	16.72	86	Sep 27, 2023	148.15

The company has handled **9** mandates in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 16th Jun 2025.

As per the offer document, on their respective listing days, Grand Continent Hotels Limited has opened at **par**, ATC Energies System Limited has opened at **discount** and all other above mandates have opened at a **premium** to their issue prices.

Recommendation: **AVOID**

Recommendation -

- Aakaar Medical Technologies Limited has **considerable history** since it was originally incorporated on Jun 20, 2013.
- The P/E on a post-IPO annualized basis is **16.90** times which makes it **fairly priced**.
- The company's revenue grew by 40.65% in FY24 and 33.55% in FY25, supported by increased product SKUs and customer expansion and steady improvement in EBITDA (10.76% to 15.81%) and PAT margins (6.57% to 9.81%) reflects strong profitability.
- The overall management of the company is **satisfactory**.
- The company's finance cost increased from 1.31% in FY23 to 2.77% in FY25 as a percentage of revenue, mainly due to increase in short-term borrowings.
- The company has unsecured loans amounting to Rs. 248.6 Lakhs.
- The company has reported negative operating cash flows in FY23, FY24, and FY25 and the absence of significant improvement in its cash conversion cycle post-issue raises concerns about the effectiveness of its working capital management and requirement of short-term borrowings.

The company has demonstrated strong financial improvement over the years but there are some observations regarding cashflow management. Hence, we recommend **AVOID** the IPO at present and suggest monitoring the company's performance post-listing and steps taken to improve operating cashflow before considering any long-term investment.

Disclaimer

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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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