



IPO Note

Asston Pharmaceuticals Limited

Recommendation: **AVOID**

Company Background –

Asston Pharmaceuticals Limited is engaged in the manufacture and supply of pharmaceutical formulations and nutraceutical products in domestic and African markets.

Objects of the Issue –

Particulars	Amt. in Lakhs
Capital expenditure for acquiring machine in manufacturing unit.	600.00
Working capital requirement.	1,300.00
Repayment of borrowings availed by the company.	100.00
General corporate purposes.	-

Promoters Name –

Dr. Ashish Narayan Sakalkar, Saili Jayaram More, Sachin Chandrakant Badhak

Promoter Share Holding Pattern	
Pre Issue	Post Issue
68.76%	50.66%

Rationale for recommendation – The company was incorporated on Apr 16, 2019. It has a post issue P/E of 24.21 indicating that it is overvalued. There is customer concentration but that is reasonable as the company caters to corporate clients. The nature of the product is such that it has inelastic demand. The company has performed well and delivered high returns but has had negative cash flow in all preceding FYs. The management team possess satisfactory educational qualifications and years of experience but the lead manager has no track record. According to the industry trend, exports are going to continue to increase but there is geographic concentration. The company faces intense competition from other players in the market in similar line of business. The shareholding of promoters is dropping to 50.66% post issue. Due to all of the above reasons, it is recommended that investors **AVOID** this IPO for now.

IPO Details

Opening Date	Jul 09, 2025
Closing Date	Jul 11, 2025
Allotment Date	Jul 14, 2025
Listing Date	Jul 16, 2025
Stock Exchange	BSE SME
Lot Size	1,000 Shares
Issue Price Per Share	₹115 to ₹123
Issue Size	27.56 Cr.
Fresh Issue	27.56 Cr.
Offer for Sale	-
Application Amt	₹ 2,46,000 (2,000 shares)

KPI's	KPIs (In Lakhs)		
	FY 23	FY 24	FY 25
Revenue	653.80	1,558.62	2,503.92
EBITDA	151.66	254.59	615.93
Net Profit	105.67	136.04	432.51
RoCE	37.88%	30.42%	46.28%
ROE	53.21%	21.28%	40.35%
P/E	65.08	51.90	17.83

Particulars	Valuation Parameters	
	Pre-Issue	Post Issue
EPS	6.90	5.08
BVPS	17.09	12.59
P/E	17.83	24.21
P/BV	7.20	9.77
Mkt Cap (In Cr)	77.14	104.70

Lead Managers –

Sobhagya Capital Options Limited

Registrar –

Maashitla Securities Private Limited

Business Overview -

The company was incorporated in Apr 16, 2019 with its registered office in Navi Mumbai. It is engaged in manufacture of pharmaceutical products and nutraceutical products and supplying them in domestic and African markets under the brand name 'Asston'. Its products include tablets, capsules, oral liquid, external preparations (ointment, cream, gel, and lotion), oral powder (sachet, and dry syrup), etc.

The company caters to various corporate clients on contract manufacturing basis. The company is state and central FDA certified. It currently holds over 150 trademarks. It also supplies raw materials and packaging materials to other contract manufacturer that finished goods to the company. The primary sources of revenue for the company are domestic sales, export sales, and contract manufacturing.

Geographic-Wise Revenue Breakup:**(in Lakhs)**

Region	FY 23	%	FY 24	%	FY 25	%
Domestic Sales:						
Maharashtra	-	-	39.88	2.55%	266.03	10.62%
Gujarat	-	-	-	-	61.1	2.44%
Total	-	-	39.88	2.55%	327.13	13.06%
Export Sales:						
Mali	24.56	3.76%	351.79	22.51%	475.14	18.98%
Ghana	104.91	16.05%	53.870	3.45%	-	-
Sierra Leone	524.33	80.20%	985.120	63.03%	1701.62	67.96%
United Kingdom	-	-	132.170	8.46%	-	-
Total	653.80	100.00%	1522.95	97.45%	2176.76	86.94%
Total Revenue	653.80	100%	1,562.83	100%	2,503.89	100%

Product-Wise Revenue Breakup:**(in Lakhs)**

Product	FY 23	%	FY 24	%	FY 25	%
Nutraceutical Products	576.48	88.16%	1,397.01	89.39%	1928.02	77.00%
Pharmaceutical Products	77.420	11.84%	165.82	10.61%	575.90	23.00%
Total	653.90	100%	1,562.83	100%	2,503.92	100%

Capacity Utilisation:

The capacity utilisation given below is for FY 25. The manufacturing facility is located in Ambernath, Thane, Maharashtra.

Machine Name	Installed Capacity	% Utilised
Mass Mixer	216	58.33%
Fluid Bed Driver	240	58.33%
Octagonal Blender	1,000	14.00%
Auto Coater	108	60.18%

Business Strategies -

1. The company will broaden customer base in the African region, expand and diversify product offerings, and enter new geographies in North America, Europe, and Asia.
2. Increasing warehouse capabilities to increase exports and market presence pan India.
3. The company currently has 5 contract manufacturers and it is looking to hire more manufacturers to expand.
4. Investment in IT by using ERP systems (Enterprise Resource Planning) to enhance supply chain visibility, enhance resource allocation, inventory management, sales tracking, timely delivery, etc.

Risk Factors -

- The company is heavily reliant on its top 10 customers. They contributed 100%, 97.44%, and 97.28% of revenue in FY 23, 24, and 25 respectively.
- The company is dependent on its top 10 suppliers. They contributed 74.22%, 52.70%, and 61.61% of purchases in FY 23, 24, and 25 respectively.
- The company has had negative cash flow from operations in all preceding years. (₹31.57), (₹380.03), and (₹16.28) Lakhs in FY 23, 24, and 25 respectively.
- There is geographic concentration as the company derives most of its sales from Sierra Leone.
- The company faces intense competition from other contract manufacturers.
- There is very high working capital requirement in this type of business.
- The lead manager has no track record as this is its first mandate.

Industry Overview -

-Indian Pharmaceutical Industry:

India is the third-largest pharmaceutical producer by volume globally and is recognized as the largest provider of generic drugs. As of FY24, the Indian pharmaceutical industry recorded a turnover of ₹4,17,345 crore. It has grown at a CAGR of 9.43% over the past nine years. India has the highest number of pharmaceutical manufacturing facilities compliant with the USFDA, with 70311 US FDA-approved facilities, 38612 European GMP-compliant plants (as of November 2022), and 241813 WHO-GMP-approved facilities. It also boasts over 500 API producers, contributing to 8% of the global API market. The industry is expected to grow 3x in the next decade, from US\$ 42 billion in 2021 to an expected US\$ 130 billion by 2030.

-Exports in the Pharmaceutical Industry:

India is the 12th largest exporter of medical goods globally and exports pharmaceutical products to more than 200 countries. In FY24, India's drug and pharmaceutical exports stood at US\$ 27.82 billion, growing at 9.7% YoY. Drug formulations and biologics make up 73.75% of total pharma exports, followed by bulk drugs and intermediates (17.08%), vaccines (4.27%), and Ayush/herbal and surgical products (under 5% combined). India contributes to 20% of the global supply of generic medicines and fulfills 60% of the global vaccine demand. It also supplies 50% of Africa's generic medicine demand and 25% of the US medicine demand. Indian pharmaceutical companies dominate the antiretroviral drug supply chain globally, accounting for over 80% of AIDS treatments. Exports grew consistently from US\$ 16.8 billion in FY17 to US\$ 27.8 billion in FY24, despite minor dips in FY21–FY22.

-Market for Generic Medicines in Africa:

Africa, with a population of over 1.3 billion, continues to face public health challenges due to high incidences of HIV/AIDS, tuberculosis, malaria, and non-communicable diseases such as diabetes and hypertension. Many African nations face budgetary constraints, making affordable generics essential. Indian generic medicines, typically priced 30–80% lower than branded counterparts, are increasingly preferred for their affordability, quality, and compliance with international standards like WHO and USFDA. India supplies over 50% of Africa's demand for generics medicines. Key demand drivers include affordability, strict adherence to global quality standards, diverse product offerings tailored to regional health needs, government procurement programs, and ongoing strategic partnerships. Indian pharma firms contribute to supply of antiretrovirals such as Lamivudine/Zidovudine (Combivir), anti-TB drugs like Rifampicin/Isoniazid, malaria treatments based on Artemisinin-based Combination Therapies (ACTs), and medicines for diabetes, cardiovascular diseases, antibiotics, and pain management.

Key Management

- The management consists of **Ashish Narayan Sakalkar (Managing Director)**, **Jayaram More (Whole-Time Director)**, and **Chandrakant Badakh (Non-Executive Director)**. All directors have relevant experience and educational qualifications required for the business.
- Rishabh Kumar Jain**, and **Vijay E Shahpurkar** are **Independent Directors**.
- Deven Manohar Patil (CFO)** and **Vandana Mishra (CS & CO)** have limited experience of 6 and 2 years respectively.

The overall management team is satisfactory in terms of their educational qualifications and years of experience.

FINANCIAL SNAPSHOT

Key Performance Indicators: (in Lakhs)				Key Ratios:			
Particulars	FY 23	FY 24	FY 25	Particulars	FY 23	FY 24	FY 25
P&L Statement				Per Share Data			
Total Income	719.19	1,584.09	2,561.02	Diluted EPS	1.89	2.37	6.90
Total Expenses	577.92	1,402.37	1,991.06	BV per share	28.37	81.55	17.09
EBITDA	151.66	254.59	615.93	Operating Ratios			
EBIT	147.97	249.52	607.83	EBITDA Margins	23.20%	16.33%	24.60%
PBT	141.27	181.72	569.96	PAT Margins	16.16%	8.73%	17.27%
Tax Expenses	35.60	45.68	137.45	Inventory days	83.79	33.70	10.46
Net Profit	105.67	136.04	432.51	Debtor days	480.61	378.25	357.86
Balance Sheet				Creditor days	465.20	218.81	159.41
Total Equity	198.59	639.25	1,071.77	Return Ratios			
Assets				RoCE	37.88%	30.42%	46.28%
Non-Current Assets	300.15	192.46	110.37	RoE	53.21%	21.28%	40.35%
Current Assets	1,069.27	1,833.56	2,701.89	Valuation Ratios (x)			
Total Assets	1,369.42	2,026.02	2,812.26	EV/EBITDA	4.69	5.19	2.89
Liabilities				Market Cap / Sales	1.32	0.62	3.08
Non-Current Liabilities	192.06	180.99	241.72	P/E	65.08	51.90	17.83
Current Liabilities	978.77	1,205.78	1,498.77	Price to Book Value	4.34	1.51	7.20
Total Liabilities	1,369.42	2,026.02	2,812.26	Solvency Ratios			
Cash Flow Statement				Debt / Equity	2.64	1.07	0.68
CFO	-31.57	-380.03	-16.28	Current Ratio	1.09	1.52	1.80
CFI	-91.21	-0.54	86.80	Quick Ratio	0.94	1.40	1.75
CCF	121.46	368.84	51.25	Asset Turnover	0.48	0.77	0.89
				Interest Coverage Ratio	2.05	2.68	6.40

Financial Analysis

- Revenue from operations increased by 138.39% and 60.65% in FY 24 & 25 respectively. Total income increased by 120.26% and 61.67% during the same time period. The increase has been due to increase in exports of the company.
- Cost of raw materials consumed increased due to increase in business operations. This is a good sign as it indicates expansion of the company.
- Another line item indicating expansion is increase in employee benefit expense. The increase was because of rise in salaries and wages of employees as well as new employees hired.
- The reason why PAT has marginally increased in FY 24 is because of a significant rise in other expenses due to increase in clearing and forwarding charges as well as foreign exchange losses. This is also the reason for the decline in PAT margin in FY 24 as revenue from operations grew but because of other expenses. the rise in profit after tax was less.
- EBITDA margin fell in FY 24 because of the reason stated above.
- Short-term borrowings and trade payables are the major components of current liabilities. Trade receivables is the single-most major component of current assets. Both, CA and CL are high signifying high working capital requirements. To further reinforce this, the current and quick ratio of the company are increase every year.
- The cash management policies of the company raises red flags as it has negative cash flow from operations in all preceding financial years.

Overall, the company has shown an increase its profitability. However, It has high working capital requirement and poor cash management policies.

Peer Analysis

Particulars	Asston Pharmaceuticals			Shelter Pharma Limited			Bafna Pharmaceutucals Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	16.16%	8.73%	17.27%	14.38%	15.49%	14.29%	9.55%	4.71%	2.79%
EBITDA Margin	23.20%	16.33%	24.60%	19.83%	21.96%	19.89%	16.00%	9.39%	7.92%
RoCE	37.88%	30.42%	46.28%	46.15%	23.44%	-	16.43%	10.30%	6.53%
ROE	53.21%	21.28%	40.35%	35.74%	17.31%	-	15.42%	9.10%	4.89%
EPS (INR)	1.89	2.37	6.90	6.72	6.42	6.26	4.79	3.11	1.76
P/E	65.08	51.90	17.83	0.00	9.21	6.15	17.12	28.46	41.48

Particulars	Asston Pharmaceuticals			Trident Lifeline Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	16.16%	8.73%	17.27%	18.3%	13.6%	12.3%
EBITDA Margin	23.20%	16.33%	24.60%	22.6%	22.1%	24.3%
RoCE	37.88%	30.42%	46.28%	13.8%	14.0%	-
ROE	53.21%	21.28%	40.35%	13.2%	12.0%	-
EPS (INR)	1.89	2.37	6.90	6.16	5.51	10.22
P/E	65.08	51.90	17.83	25.83	29.04	25.64

The financials of Shelter Pharma Limited and Trident Lifeline Limited for FY 25 have not been released yet, therefore ROCE and ROE are blank.

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