

# Accretion Nutraveda IPO

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- The company is engaged in the business of manufacturing Ayurvedic and Nutraceutical products for healthcare.
- The company marked growth in its top and bottom lines, but boosted top and bottom lines from FY25 onwards raise eyebrows and its sustainability, as it operates in a highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears exorbitantly priced.
- Small equity capital post IPO indicates longer gestation for migration.
- There is no harm in skipping this pricey and dicey bet.

## About the Company

Accretion Nutraveda Ltd. (ANL) is in the business of the Manufacturing of Ayurvedic and Nutraceutical products across several dosage forms, including Tablets, Capsules, Oral liquids, Oral Powders, External Preparation and Oils. It is a healthcare focused Company specialising in contract manufacturing, serving domestic as well as export markets in various countries like Sri Lanka, Singapore and the USA. The company offers a diverse range of dosage forms, leveraging both Classical Ayurvedic principles and modern nutraceutical science.

Since its inception in 2021, the Company has established itself as a reliable Contract Development and Manufacturing Organization (CDMO), offering specialized services to a wide range of clients across various industries. Its product portfolio includes Tablets, such as film-coated and chewable varieties, for applications in liver care, gynaecological care, bone and joint health, and respiratory support. The company also manufactures Capsules, including hard gelatine and HPMC capsules, targeting areas like liver detoxification, women's health, and cognitive support. Its oral liquids include syrups, suspensions, and tonics, which are particularly suited for paediatric and geriatric segments.

Additionally, ANL produces Traditional Ayurvedic Powders known as churans for digestive health, medicated ayurvedic oils for musculoskeletal and dermatological applications using traditional processes, and a range of external preparations like balms, ointments, creams, and gels for pain relief, skin care, and hair care.

Its business operates through two primary verticals: Domestic Sales & Merchant Exports, which are conducted on a loan license basis, and Direct Exports. The domestic and merchant export vertical has been the dominant source of revenue, contributing 96.62% and 99.21% of its total revenue in FY 2024-25 and for the period ending September 30, 2025, respectively, while the direct exports vertical

accounted for 3.38% and 0.79% of revenue, showing growth from previous years. Geographically, a significant majority of its revenue is generated within the state of Gujarat.

Looking ahead, ANL's strategic priorities focuses on several key initiatives. It plans to strengthen sales and marketing network to drive growth, enhance global presence by increasing direct exports through new product registrations in international markets, continue expanding and differentiating its product portfolio to meet market demands, and further leverage its existing customer relationships and active industry engagement. As of the date of this Red Herring Prospectus, it had 18 employees on payroll and it also engages contractual labour as per operational requirements resulting in fluctuation in the number of contract labour.

## **Issue Details / Capital History**

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The company is coming out with its maiden book-building route IPO of 1920000 equity shares of Rs. 10 each to mobilize Rs. 24.77 cr. at the upper cap. The company has announced a price band of Rs. 122 - Rs. 129 per share. The IPO opens for subscription on January 28, 2026, and will close on January 30, 2026. The minimum application to be made is for 2000 shares and in multiple of 1000 shares thereon, thereafter. Post allotment, shares will be listed on BSE SME. The issue constitutes 26.52% of post-IPO paid-up equity capital of the company. From the net proceeds of the issue, the company will utilize Rs. 4.22 cr. for purchase of machinery for automation, Rs. 8.03 cr. for purchase of machineries for new manufacturing setup, Rs/ 5.50 cr. for working capital, and the rest for general corporate purpose.

The IPO is solely lead managed by Sobhagya Capital Options Pvt. Ltd., and KFin Technologies Ltd. is the registrar to the issue. Sunflower Broking Pvt. Ltd., is the market maker, and Investeria Financial Services Ltd. is a syndicate member. The IPO is underwritten to the tune of 15% by Sobhagya Capital, and 85% by Sunflower Broking Pvt. Ltd.

The company has issued initial equity shares at par value, it has issued further equity capital at a fixed price of Rs. 130 per share between March 2025, and September 2025. It has also issued bonus equity shares in the ratio of 9 for 1 in September 2025. The average cost of acquisition of shares by the promoters is Rs. 5.67, Rs. 5.84, and Rs. 6.23 per share.

Post-IPO, company's current paid-up equity capital of Rs. 5.32 cr. will stand enhanced to Rs. 7.24 cr. Based on the upper price band of the IPO, the company is looking for a market cap of Rs. 93.40 cr.

## **Financial Performance**

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On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 3.07 cr. / Rs. 0.28 cr. (FY23), Rs. 5.20 cr. / Rs. 0.82 cr. (FY24), Rs. 16.06 cr. / Rs. 2.61 cr. (FY25). For H1 - FY26 ended on September 30, 2025, it earned a net profit of Rs. 2.33 cr. on a total income of Rs. 14.07 cr. The company has posted growth in its top and bottom lines for the reported periods. The sudden boost in its top and bottom lines in a pre-IPO period (FY25 onwards)

raise eyebrows and concern over its sustainability going forward. Its debt of Rs. 4.43 cr. as of September 30, 2025, raise alarm.

For the last three fiscals, the company has reported an average EPS of Rs. 4.49, and an average RoNW of 67.45%. The issue is priced at a P/BV of 7.71 based on its NAV of Rs. 16.74 as of September 30, 2025, and at a P/BV of 2.68 based on its post-IPO NAV of Rs. 48.20 per share (at the upper cap).

If we attribute its FY26 annualized super earnings on post-IPO expanded equity base, then the asking price is at a P/E of 20.03, and based on its FY25 earnings, the P/E stands at 35.73. Thus, the issue appears exorbitantly priced.

The company has posted PAT margins of 9.67% (FY23), 16.42% (FY24), 16.33% (FY25), 16.59% (H1-FY26), and RoCE Margins of 12.51 %, 28.98%, 36.98%, 49.09%, respectively, for the referred periods.

## Dividend Policy

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The company has not declared any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performances and future prospects.

## Comparison with Listed Peers

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As per the offer document, the company has shown Walpar Nutritions, and Influx Healthcare, as its listed peers. They are currently trading at a P/E of 19.3, and 25.5 (as of Jan. 21, 2026). However, they are not comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

### MERCHANT BANKER'S TRACK RECORDS:

This is the 6th mandate from Sobhagya Capital in the ongoing fiscal. Out of the last 5 listings, 3 opened at discount and the rest with premium ranging from 2.09% to 6.06% on the listing date. The Lead Manager has a poor track record.

## Conclusion / Investment Strategy

ANL is engaged in the business of manufacturing Ayurvedic and Nutraceutical products for healthcare. The company marked growth in its top and bottom lines, but boosted top and bottom lines from FY25 onwards raise eyebrows and its sustainability, as it operates in a highly competitive and fragmented segment. Based on its recent financial data, the issue appears exorbitantly priced. Small equity capital post IPO indicates longer gestation for migration. There is no harm in skipping this pricey and dicey bet.

## About Dilip Davda

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Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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