BONANZA RESEARCH – SME IPO

Bonanza

18 June 2026

Avience Biomedicals Limited - Neutral

Company Overview

Avience Biomedicals Limited, incorporated on Dec 23, 2019 in New Delhi, is an MSME-recognized startup operating in the In-Vitro Diagnostics (IVD) and medical devices space. The company was converted from a private to a public limited entity on Sep 3, 2024. In August 2023, Avience acquired 100% of DR Meditech Surgical and Diagnostics Private Limited, broadening its diagnostics and surgical offerings.

Investment Rationale

- **Riding sector tailwinds:** Indian medical device market projected to grow from USD 15.35 Bn (2023) to USD 30 Bn (2030); PLI schemes (USD 400M), Make in India, GST 2.0, India-UK FTA zero-tariff on 99% pharma exports.
- **Strong revenue trajectory:** Consolidated revenue 4x in 2 years from Rs. 1,092 Lakh (FY23) to Rs. 4,524 Lakh (FY25).
- **Margin expansion story:** EBITDA margin from 13.17% (FY23) to 26.84% (FY25); PAT margin from 6.48% to 15.99%.
- **Manufacturing shift:** Manufactured goods grew 629.97% YoY in FY25; exports up 785.94%.
- **Premium certifications:** ISO 13485, WHO-GMP, MSME ZED Gold, ICMR-validated Sickle Cell test.
- **Strategic capacity expansion:** YEIDA Medical Device Park (govt-supported corridor) + SIDBI debt already sanctioned (Rs. 12 Cr).
- **High RoNW:** RoNW jumped from 20.63% (FY23) to 49.89% (FY25).
- **Growing customer base:** 126 customers (FY23) to 220 (Jan 2026); high repeat customer base (106).
- **Capacity Utilization:** 80% across rapid tests, reagents, analyzers, operating leverage upside.
- **Mindray distribution tie-up:** Adds branded trading revenue stability.

Valuation

At the upper price of Rs. 208, Avience Biomedicals seeks a post-issue market cap of about Rs. 114 Cr, valuing the SME at roughly 16.56x FY25 post-issue consolidated EPS (around 11.59x on a pre-issue EPS basis). The pricing looks fair rather than cheap, it captures strong recent momentum, revenue nearly doubling to Rs. 45 Cr in FY25, 25% EBITDA margins and an elevated 45-50% RoNW, but leaves limited cushion if growth normalises off a small, fast-expanding base. Execution of the new manufacturing unit, working-capital intensity and SME liquidity remain key risks. Hence, we have a **Neutral** view as it is Fairly valued.

IPO Details	
Industry	Healthcare
Issue Open Date	18-Jun-26
Issue Close Date	22-Jun-26
Price Band	Rs. 196-208
Issue Size*	Rs. 3,024 Lakh
Issue Size (Shares)	14,53,800
Bid Lot	600 Shares
Listing Exchanges	NSE SME
Face Value	Rs. 10/-

*At highest price band

Issue Details	
Fresh Issue*	Rs. 2,853 Lakh
Issue Type	Fresh Capital
Lead Manager	Fintellectual Corporate Advisors
Registrar	Skyline Financial Services
Issue structure	Market Maker: 5.65% QIB: 47.01% NII: 14.24% Retail: 33.10%
Allotment	23-Jun-26
Credit of Shares	24-Jun-26
Listing Date	25-Jun-26

Objective of Issue

Particular	Estimated Amt (in Lakh)
Capex	1,596
Working Capital	825
General Corporate Purposes	-

Shareholding Pattern

Shareholding (%)	Pre (%)	Post (%)
Promoter	87.89	64.59
Public & Others	12.11	35.41

Business Highlights

Product Portfolio:

Category	Examples
Rapid Test Kits	Malaria, Dengue (NS1, IgG/IgM), HIV 1/2, Pregnancy (hCG), Syphilis, Typhoid, Chikungunya, H. Pylori, Sickle Cell (ICMR validated)
Molecular	RT-qPCR for COVID-19, H1N1 Swine Flu
Biochemistry Reagents	Albumin, Glucose, Cholesterol, Creatinine, HDL/LDL, SGOT/SGPT, Triglycerides
Instruments	AVLyte-80/90 Electrolyte Analyzers, Biochemistry Analyzers, Oxygen Concentrators (Oxy-5, Oxy-10, Jay series)
Consumables	Culture media, plasticware (centrifuge tubes, filter tips, PCR strips), AV-88 Detergent

Manufacturing & Footprint:

- Existing Facility: Noida, Uttar Pradesh.
- Upcoming Facility: 2,100 sq.m. land at YEIDA Medical Device Park, UP - foundation laid; commercial operations targeted October 2026.
- Certifications: ISO 13485:2016, ISO 9001:2015, CE, WHO-GMP, MSME ZED Gold.
- Geographic Mix: Delhi (42.15%), UP (34.03%), Haryana (8.94%) - top 5 states 90.51% of domestic sales.
- Exports: Somalia, Ethiopia (EFDA registered), Nepal, Zambia, Dubai, Ghana.

Financials

Financial Performance:

Particulars (in Lakh)	FY23	FY24	FY25	10MFY26	CAGR (FY23-25)
Revenue from Operations	1,092	2,396	4,524	4,184	104%
EBITDA	144	448	1,214	1,044	191%
EBITDA Margin	13.17%	18.71%	26.84%	24.96%	
PAT	71	214	723	574	220%
PAT Margin	6.48%	8.93%	15.99%	13.72%	

- Revenue CAGR (FY23-FY25): 104% exceptional scale-up.
- EBITDA grew 8.4x in 2 years, strong operating leverage.
- PAT margin tripled from 6.48% to 15.99%, manufacturing & export mix tailwind.
- Finance costs up 60.71% in FY25, driven by Capex related borrowings.
- Manufactured goods sales grew 629.97% YoY in FY25; export manufacturing up 785.94%.

Balance Sheet:

Particulars	FY2023	FY2024	FY2025	10MFY26	Particulars	FY2023	FY2024	FY2025	10MFY26
Equity & Liabilities					**Assets**				
Net Worth	407	621	2,278	2,852	PPE	252	1,012	1,299	1,446
Long Term Debt	15	728	985	1,192	Inventories	354	1,240	1,307	1,585
Short Term Debt	251	785	1,231	1,481	Trade Rec.	181	809	1,721	1,954
Trade Payables	127	555	727	675	Cash	24	36	494	159

- Net worth surged 5.6x in 2 years, driven by retained earnings.
- Trade Receivables ballooned from Rs. 180 Lakh to Rs. 1,721 Lakh, receivables growing faster than revenue.
- Heavy Capex phase - Fixed assets up 5x in 2 years.

Cash Flow:

Particulars	FY 2023	FY 2024	FY 2025	10MFY26
Operating Cash Flow	16.20	98.50	360.63	277.79
Investing Cash Flow	(193.62)	(402.77)	(880.59)	(903.53)
Financing Cash Flow	183.55	319.60	925.37	306.74
Net Cash Flow	6.13	15.33	405.41	(319.00)

- PAT vs CFO mismatch: FY25 PAT Rs. 723 Lakh and CFO only Rs. 360 Lakh (50% conversion), profits trapped in working capital.
- CFO < CFI in all years, business is not self-funding its growth, relies on external borrowings/equity.
- Stub period (10MFY26): CFO Rs. 277.79 Lakh vs total borrowings Rs. 1,716.55 Lakh.
- Negative net cash flow of Rs. 319 Lakh in latest stub period.

Key Ratios:

Ratio	FY25
Return on Equity	48.89%
Return on Capital Employed	24.88%
Debt-Equity Ratio	0.97x
Current Ratio	1.58x
EPS (Rs.)	17.93
NAV (Rs.)	56.50

- ROE: Exceptionally high, shareholders funds are generating strong profits, signalling efficient use of equity.
- ROCE: Healthy operating efficiency; the business earns a solid return on total capital deployed, comfortably above typical cost of capital.
- D/E: Nearly equal debt to equity, moderately leveraged. The fresh IPO issue should reduce this, lowering financial risk.

Peer Comparison

There are no listed companies in India that are engaged in the similar business line.

Risk & Concerns

- **Supplier Concentration:** Top 10 suppliers 82.69% of purchases.
- **Customer Concentration:** Top 10 customers 56.82% of revenue.
- **Geographic Concentration:** Top 5 states 90.51% of domestic sales (Delhi + UP + Haryana dominate)
- **Litigation:** 18 NI Act criminal cases, 1 criminal case against, 6 civil recovery suits (Rs. 72.06 Lakh).
- **Negative/Weak Cash Flows:** Stub period saw Rs. 319 L net cash decrease; CFO consistently lags PAT.
- **Promoter Group Conflicts:** Related entities e.g., Ayush Diagnostics & Surgicals, in similar business.
- **High Receivables Growth:** Trade receivables grew faster than revenue, collection quality risk.
- **Unsecured Loans:** Rs. 320.82 Lakh from directors, repayable on demand - liquidity risk.
- **Competition:** Fragmented market with MNCs & unorganized SMEs, rapid tech obsolescence in IVD space.

Name	Designation
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