

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Year 2025-26

1. Industry Structure and Developments

The medical aesthetics and cosmetic dermatology industry in India has evolved from a niche segment into a rapidly growing healthcare and wellness category, driven by rising disposable incomes, increasing awareness, technological advancements, and wider acceptance of aesthetic procedures. Globally, the Medical Aesthetics and Cosmetic Dermatology market was valued at approximately at USD 19.8 Billion in 2025. Going forward the market is expected to reach USD 39.9 Billion by 2034, exhibiting a CAGR of 7.89% from 2026-2034.¹

India's market stood at approximately USD 650.7 million in CY 2025, The market is expected to grow at a CAGR of approximately 8.06% between CY 2026 and CY 2034,¹ The industry is witnessing strong demand for non-invasive and minimally invasive procedures such as injectables, laser treatments, skin rejuvenation, and hair restoration therapies.

Growth is further supported by the increasing prevalence of dermatological conditions such as acne, eczema, pigmentation, hair loss, and aging-related skin concerns, particularly among India's young and urban population. In addition, expanding clinic infrastructure across Tier-1 and Tier-2 cities, increasing penetration of trained dermatologists and aesthetic physicians, rising medical tourism, and growing consumer willingness to invest in skin health and appearance continue to strengthen the industry's long-term growth potential.

- **Hair Loss:** Hair loss is widespread in India, with androgenetic alopecia (male and female pattern baldness) being the most common type. Around 50-60% of men aged 30-50 and 35- 45% of women experience some degree of androgenetic alopecia in India. The haircare segment, which accounted for ~17% of the market in 2024, is projected to expand at a ~15% CAGR due to increased hair loss and advanced treatment options.²
- **Skin Conditions:** In India, skin diseases are increasingly prevalent due to climate, genetics, aging, overcrowding, nutrition habits, poor hygiene, and pollution. The skincare segment, accounting for ~32% of the market in 2024, is expected to grow at ~15% CAGR, driven by lifestyle changes and rising preventive care awareness.²
- **Ageing Skin:** Rising life expectancy and a growing geriatric population in India are driving demand for anti-aging, skin rejuvenation, and toning treatments. The elderly population (60+ years), currently ~153 million, is projected to reach 347 million by 2050, increasing its share of the population from 10.5% in 2024 to 20.8% by 2050. This demographic shift is expected to significantly boost demand for anti-aging and aesthetic skincare treatments. Body contouring and injectables, accounting for ~17% of the market in 2024, are projected to grow at ~13% CAGR, supported by social media influence and advancements in non-invasive procedures.²
- **Pigmentation Issues:** A large sample study across four Indian cities (Mumbai, Delhi, Kolkata, Chennai) revealed that more than 80% of the population present skin color heterogeneity on the face, irrespective of age and gender. This heterogeneity mainly results from hyperpigmented spots, melasma and ill-defined pigmented macules and dark circles.

2. Opportunities and Threats

Opportunities

2.1 Consumer Demographics & Preferences

The wide range of demographic groups and their diverse treatment needs provide the ideal scenario for growth in all categories of the market. Urbanization has played a significant role, as city dwellers seek to improve their appearance and boost their confidence in highly competitive social and professional environments. Millennials and Generation Z are more open to exploring and investing in cosmetic treatments. They are increasingly turning to non-invasive treatments like chemical peels, dermal fillers, and laser therapies that promise quick results with minimal downtime.

Older adults in India are also seeking treatments that offer anti-aging benefits, such as Botox, skin tightening, and pigmentation correction. India's middle-class population, which is projected to reach 475 Mn by 2030 from 200 Mn in 2020, is more willing to spend on aesthetic treatments that were once considered luxury. There is also a growing interest from the male segment for the aesthetic procedures like laser hair rejuvenation/reduction, medical facials, Botox, fillers, facelifting and more. By 2040, it is anticipated that the ratio of male to female clients will range from 35% to 65%, against 15% to 85%.

2.2 Rise in Skin Disorders & Diseases

Urbanization brings about higher levels of pollution, including air pollution, UV radiation, heavy metals, and particulate matter. These environmental stressors have detrimental effects on the skin, leading to issues such as premature aging, dullness, dehydration, and exacerbation of skin conditions like acne, eczema, psoriasis, rosacea, and hyperpigmentation. The rising incidence of these skin disorders contribute to the demand for dermatologist-recommended dermo cosmetic products or aesthetic treatments.

2.3 Weddings-Driven Demand for Aesthetic Procedures and Products

India has witnessed a significant increase in the number of marriages, contributing to the burgeoning demand for aesthetic and cosmetic procedures. Around 25% of the world's marriages happen in India every year. During India's highly anticipated wedding season, it is anticipated an estimated expenditure and service outlay totalling US\$ 57.2 billion.

2.4 Technological Advancements in Aesthetic Procedures

Innovations in laser and energy-based devices have revolutionized aesthetic treatments, making them more efficient, less invasive, and with shorter recovery times. These advancements have expanded services, attracting a broader clientele. Non-surgical procedures like body contouring, laser hair removal, and skin rejuvenation are popular for their efficacy, minimal downtime, and lower risk.

Injectables like Botox and dermal fillers offer quick, effective improvements, reduce wrinkles and enhancing facial contours.

Non-invasive facial rejuvenation treatments, such as chemical peels, microdermabrasion, and laser resurfacing, address acne scars, pigmentation, and fine lines. Technologies like RF treatments, ultrasound-based therapies, and cry lipolysis provide body contouring and skin tightening without surgery.

2.5 Influence of Social Media and Celebrity Endorsements

The influence of social media and celebrity endorsements is a powerful catalyst in the expansion of India's medical aesthetic and cosmetic dermatology market. Platforms like Instagram and YouTube promote treatments through influencers and celebrities, normalizing and reducing the stigma around these procedures. Celebrity endorsements add credibility and aspirational value, significantly influencing public opinion. This trend creates an informed consumer base actively seeking effective aesthetic solutions. Clinics leverage social media marketing, virtual consultations, and real-time results to drive market growth. Celebrities have reportedly undergone cosmetic treatments in terms of fillers and Botox either to erase their wrinkle lines or to enhance their features and boost confidence.

Threats

2.6 Competitive Pricing among Incumbents

As the market for aesthetic treatments expands, competition among clinics and practitioners has intensified globally, leading to adoption of competitive pricing strategies. While this trend makes treatments more accessible, it challenges clinics to maintain profitability and high standards of care.

New entrants, including international and low-cost providers, exacerbate this issue, especially in price sensitive markets like India. To stay competitive, clinics may resort to cost-cutting measures, affecting suppliers who may need to offer budget-friendly options. However, in the premium category of cosmetic dermatology products, where effectiveness is a key differentiator and the benefits are well understood, price competition is less intense. Nevertheless, pricing pressure remains a common challenge in the market for mass-market products,

potentially compromising product quality and innovation. This situation requires balancing affordability with maintaining high standards and innovation.

2.7 Safety Concerns and Adverse Effects

As the popularity of aesthetic procedures grows, so does the incidence of complications arising from these treatments. Invasive and non-invasive procedures alike carry risks, including infections, scarring, and unintended aesthetic outcomes. Patients' concerns about these risks can deter them from seeking treatments.

2.8 Heavy Reliance on Imports for Devices

India's medical aesthetic industry relies heavily on imports especially for devices. The dependency on imported devices makes the market vulnerable to supply chain disruptions, as seen during events like the COVID-19 pandemic.

Regulatory compliance adds another layer of complexity, as imported medical/aesthetic devices must meet local standards and certifications, which can sometimes delay the introduction of new technologies.

2.9 Counterfeit Products

The demand for aesthetic treatments has led to a surge in the availability of counterfeit injectables, skincare products, and aesthetic devices. These fake products often mimic well-known brands but lack the efficacy and safety standards of genuine products, posing serious health risks to patients. These products are typically sold at lower prices, making them attractive to budget-conscious consumers and unscrupulous practitioners looking to maximize profit margins.

2.10 Supply Chain and Quality Control Challenge

The reliance on global supply chains for key ingredients and high-end cosmetic dermatology products poses a significant challenge in India's medical aesthetics market. Many advanced formulations and devices require specialized materials that must be imported from countries like the U.S., Europe, and South Korea. Besides, clinics have also exhibited an upsurge in demand for high end cosmetic dermatology products from reputed brands, which are not readily available in India. This dependence exposes suppliers to risks from international trade policies, currency exchange rates, and geopolitical tensions, which can disrupt supply and increase costs.

Business Overview:

Aakaar Medical is a medical aesthetic company dealing in a wide range of aesthetics & specialized cosmetic products & devices. Our product range includes both Own brands (domestically manufactured products) and Imported Brands (distribution of imported brands) from countries such as Korea, Spain, Italy, and Austria. It has established a distinctive presence in the medical aesthetics market by exclusively focusing on business-to-business(B2B) channels for product distribution and sales. It supplies products & devices primarily to dermatologists, plastic surgeons, aesthetic physicians, who then sell these products to their end consumers as well as use certain device consumables as part of their treatments. Majority of company's revenue is from Aesthetic products, and focus will continue to grow the Aesthetic products pipeline. We have remained PAT positive over the last ten years, reflecting its consistent profitability and resilient business model. The Device Consumables segment continues to generate recurring business. Aakaar's increasing transition towards owned brands, which now contribute 37% of revenue, has improved margins and strengthened business defensibility. The customer base is also expected to grow by over 20% YoY, increasing from 5,236 to more than 6,300 in FY26-27

3. Segment-wise / Product-wise Performance

Our product range includes both Own Brands (domestically manufactured products) and Imported Brands (distribution of imported brands) from countries like Korea, Spain, Italy, and Austria.

4. Outlook & Strategic priorities

The Company expects continued growth in the aesthetics sector supported by:

1. The shift to a distributor-led model (targeting 90%+ distribution).

2. Grow top contributing brands and add to the top line and keep our CAGR at 30%.
 3. Target of onboarding 100 Xelix clinic partners by FY28 with each contributing Rs. 3-4 lakh rps per month.
- The management remains cautiously optimistic, considering macroeconomic factors and evolving consumer behaviour.

5. Risks and Concerns

Key risks impacting the business include:

1. Regulatory compliance risks in cosmetic/medical domains
2. Supply chain disruptions and raw material price volatility
3. Brand reputation and product efficacy risks
4. Technology obsolescence in aesthetic devices
5. Talent retention in specialized roles

The Company continuously monitors these risks and undertakes mitigation measures.

6. Internal Control Systems and Their Adequacy

The Company has adequate internal control systems commensurate with its size and nature of business, ensuring:

1. Efficient operations
2. Protection of assets
3. Accuracy of financial reporting
4. Compliance with applicable laws and regulations

Periodic internal audits are conducted, and corrective actions are implemented wherever necessary.

7. Financial Performance with Respect to Operational Performance

Key financial highlights:

1. Revenue growth driven by increased demand and expanded reach at a CAGR of 30% by FY29.
2. Improved operating margins due to cost optimization and product mix
3. Efficient working capital management

	2025-26	2024-25
Current Ratio: -	3.21	1.73
Debt Equity Ratio:-	.34	.98
Debt Service Coverage Ratio	4.09	3.90
Inventory T/o Ratio	3.90	4.29
Debtors T/o Ratio	2.05	2.78
Return on Net Worth Ratio :-	17.06%	33.66 %
Net Profit Ratio :-	9.91 %	9.80%
Return on Capital Employed	14.84 %	21.07%
Return on Investments: -	16.29 %	22.47 %

8. Material Developments in Human Resources / Industrial Relations

The Company recognizes human resources as a key asset.

1. Focus on training and development of skilled professionals
2. Emphasis on employee engagement and retention
3. Maintenance of healthy and cordial industrial relations Total employee strength on year-end: 268

9. Details of Significant Changes in Key Financial Ratios

10. Cautionary Statement

Statements in this report describing the Company's objectives, projections, estimates, and expectations may constitute "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially due to various risks and uncertainties, including economic conditions, regulatory changes, and other incidental factors.

Source:

1. *IMARC Group – Global Medical Aesthetics Report*
2. *KEN Research Report*