



IPO NOTE

AKUMS DRUGS AND PHARMACEUTICALS LTD.

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ISSUE OFFER

| | |
|---------------------|---------------|
| Issue Opens on | JULY 30, 2024 |
| Issue Close on | AUG 01, 2024 |
| Total IPO size (cr) | ₹1,856.74 |
| Fresh issue (cr) | ₹680.00 |
| Offer For Sale (cr) | ₹1,176.74 |
| Price Band (INR) | 649-679 |
| Market Lot | 22 |
| Face Value (INR) | ₹2 |
| Retail Allocation | 10% |
| Listing At | NSE, BSE |

ISSUE BREAK-UP (%)

| | | |
|----------------|---------------------------------|-----|
| QIB Portion | <div style="width: 75%;"></div> | 75% |
| NII Portion | <div style="width: 15%;"></div> | 15% |
| Retail Portion | <div style="width: 10%;"></div> | 10% |

SHAREHOLDING (No. of Shares)

| Pre Issue | Post Issue |
|-------------|-------------|
| 147,356,280 | 157,371,007 |

INDICATIVE TIMETABLE

| | |
|------------------------------------|------------|
| Finalisation of Basis of Allotment | 02-08-2024 |
| Refunds/Unblocking ASBA Fund | 05-08-2024 |
| Credit of equity shares to DP A/c | 05-08-2024 |
| Trading commences | 06-08-2024 |

Akums Drugs and Pharmaceuticals Limited is a pharmaceutical contract development and manufacturing organization (“CDMO”) offering a comprehensive range of pharmaceutical products and services in India and overseas. Its core business is focused on providing end-to-end product development and manufacturing solutions to its clients. In addition, it is also engaged in the manufacturing and sale of branded pharmaceutical formulations and active pharmaceutical ingredients.

OBJECTS OF THE ISSUE

- Payment of indebtedness of the company and its Subsidiaries.
- Funding incremental working capital requirements.
- Pursuing inorganic growth initiatives through acquisitions

OUTLOOK & VALUATION

Akums Drugs and Pharmaceuticals is a leading Contract Development and Manufacturing Organization (CDMO) in India, boasting a diverse client base, robust R&D capabilities, and a strategic foothold across the pharmaceutical value chain.

While the company has demonstrated top-line growth, its profitability has been impacted by non-operational factors such as fair value adjustments. However, the company's long-term prospects are supported by its established market position and growth potential.

Key risks include geographic concentration, potential manufacturing or quality control issues, and regulatory scrutiny. These factors require careful consideration.

Excluding adjusted put call liabilities, the IPO is valued at a reasonable P/E of approximately 28x. Given the company's market leadership, growth prospects, and valuation, we recommend a cautious approach to the IPO, with investors carefully assessing the aforementioned risks before making an investment decision.



KEY MANAGERIAL PERSONNEL

01

Sanjeev Jain

Managing Director of the Company. He has been associated with the Company as a co-founder, promoter and a director since April 19, 2004. He has over 38 years of experience in Indian pharma industry and managing end to end aspects of CDMO business. Prior to the incorporation of the Company, he was associated with M/s Welcure Pharmaceuticals.

03

Sumeet Sood

Chief Financial Officer of the Company. He holds a bachelor's degree in commerce from the University of Delhi. He is a Chartered Accountant and is registered with the Institute of Chartered Accountants of India. He joined the Company with effect from February 14, 2022. He is responsible for heading all accounts, finance, and banking teams in the Company.

02

Sandeep Jain

Managing Director of the Company. He has been associated with the Company as a co-founder, promoter and a director since April 19, 2004. He has over 36 years of experience in establishing and running large scale pharma manufacturing facilities. Presently, he is the Chairman of Association of Devbhumi Pharma Industries and Past Chairman of Confederation of Indian Industry's state council, Uttarakhand

04

Dharamvir Malik

Company Secretary and Compliance Officer of the Company. He is a fellow member of the Institute of Company Secretaries of India. He holds a bachelor's degree in law from Dr. Bhimrao Ambedkar University, Agra. He was previously associated with Suruchi Foods Private Limited. He joined the Company with effect from November 6, 2013. He is responsible for handling all company secretarial affairs and compliance related to corporate governance of the Company.

COMPANY PROFILE

- Akums Drugs and Pharmaceuticals Limited is the largest India-focused CDMO in revenue, production capacity, and clients served during the Financial Year 2023.
- During the Financial Year 2024, it had a market share of 30.2% of the Indian domestic CDMO market by value.
- As a CDMO, it produces an extensive range of dosage forms including tablets, capsules, liquid orals, vials, ampoules, blow-filled seals, topical preparations, eye drops, dry powder injections, and gummies, among others.
- For its CDMO business, it operates 10 manufacturing units, with a cumulative formulations manufacturing capacity of 49.23 billion units annually, as of March 31, 2024. Further, it expects its new injectable facility to be operational in the Financial Year 2025.
- As of March 31, 2024, key clients for its CDMO business include Alembic Pharmaceuticals, Alkem Laboratories, Blue Cross Laboratories, Cipla, Dabur India, Dr. Reddy's Laboratories, Hetero Healthcare, Ipca Laboratories, Mankind Pharma, MedPlus Health Services.

COMPETITIVE STRENGTHS

- Largest CDMO serving the Indian pharmaceutical industry.
- Diverse client base with longstanding CDMO relationships.
- Large and rapidly growing R&D capabilities across its product portfolio.
- Strategic presence across the pharmaceutical value chain.
- Experienced and entrepreneurial management team with a proven track record and marquee healthcare-focused private equity investor.

KEY STRATEGIES

- Leverage its leadership position to continue to increase its market share and consolidate its position in the CDMO market.
- Sustaining R&D for product development across therapies and dosage forms.
- Grow its domestic formulations business.
- Expanding its global presence through strategic initiatives.
- Scale its API business.

KEY CONCERNS

- The geographic concentration of its manufacturing units and R&D centers heightens its exposure to adverse developments and economic shifts within this region.
- Any slowdown or shutdown in its manufacturing and research and development operations could have an adverse effect on its business.
- Any manufacturing or quality control concerns or its inability to deliver products on a timely basis, or at all, could result in the cancellation of purchase orders.
- Its manufacturing units are subject to periodic inspections and audits by regulatory authorities and clients.
- The Company has incurred losses in the past and may incur losses in the future.
- It has received various notices from regulatory authorities in India alleging instances of non-compliance.

COMPARISON WITH LISTED INDUSTRY PEERS

| Name of the Company | EPS (Basic) | NAV | P/E | TOTAL INCOME (In ML) | RoNW (%) |
|--|---------------|--------------|----------|----------------------|----------------|
| Akums Drugs and Pharmaceuticals | (0.28) | 49.59 | - | 41,781.82 | (0.57)% |
| Peer Group | | | | | |
| Divi's Laboratories | 60.27 | 511.21 | 74.99 | 78,450.00 | 11.79% |
| Suven Pharma | 11.80 | 80.56 | 69.54 | 10,513.54 | 14.64% |
| Gland Pharma | 46.90 | 529.65 | 42.45 | 56,647.22 | 8.85% |
| Torrent Pharma | 48.94 | 202.57 | 60.20 | 107,280.00 | 24.15% |
| Alkem Laboratories | 150.19 | 862.46 | 34.18 | 126,675.80 | 17.41% |
| Eris Lifesciences | 28.82 | 190.12 | 34.95 | 20,091.43 | 15.16% |
| JB Chemicals | 35.66 | 188.37 | 51.38 | 34,841.80 | 18.90% |
| Mankind Pharma | 47.75 | 233.73 | 44.65 | 103,347.74 | 20.43% |
| Innova Captab | 18.66 | 145.20 | 29.91 | 10,813.05 | 11.35% |

FINANCIALS (RESTATED CONSOLIDATED)

| PARTICULARS (RS. IN MILLION) | FY 2024 | FY 2023 | FY 2022 |
|------------------------------------|-----------|-----------|------------|
| Equity Share Capital | 286.13 | 286.13 | 143.07 |
| Other equity | 6,808.85 | 6,885.76 | 6,076.69 |
| Net Worth | 7,204.86 | 7,233.74 | 6,251.71 |
| Total Borrowings | 782.97 | 1,154.96 | 133.33 |
| Revenue | 41,781.82 | 36,548.20 | 36,718.93 |
| EBITDA | 1,570.10 | 3,840.55 | (690.89) |
| Profit/loss of the year | (452.78) | 1,502.97 | (1,931.97) |
| Net Profit/loss of the Year | 7.90 | 978.17 | (2,508.74) |



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