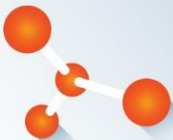




EMCURE PHARMACEUTICALS LIMITED



Emcure Pharma Ltd.

Issue Opens On
July 3, 2024
Issue Closes On
July 5, 2024
Price Band (INR)
960-1008
Issue Size (INR Mn)
19,520
Rating
SUBSCRIBE

EMCURE PHARMACEUTICALS LIMITED, was founded in 1981 by Mr. Satish Mehta, at Pune, India and is the 13th largest pharmaceuticals company from India based on MAT sales, for the domestic market, for FY24. The company exports its products in over 70 countries and has a strong presence in India, Europe, and Canada. It is largest in the gynaecology and HIV antivirals therapeutic areas in India based on MAT Sales for the same period. It manufactures Branded generics, Generics and Branded Patented Products from 13 manufacturing facilities across India. The company has the highest share of specialist prescriptions at 70.7% (vs 58.7% specialist Rx share in the IPM) on a MAT basis, as of Feb 2024 as per CMARC CRISIL MI&A. EMCURE holds the highest market share in the IPM for several chiral molecules, such as S-Metoprolol, S-Amlodipine, and Etodolac, as well as iron combination products, based on MAT sales for the domestic market for FY24 (Source: CRISIL Report). This is the result of company's focus on limited competition and high barrier to entry products, leading to company developing portfolio of differentiated products across chiral molecules complex APIs (such as iron and photo-chemistry), injectable (such as liposomal), high potency drugs, bio therapeutics and novel drug delivery systems. The company has 548 qualified scientist and 5 dedicated R&D facilities in India and has filed for 1,800 dossiers globally including 209 in EU and 142 in Canada, as of FY24.

OFFER STRUCTURE

Particulars	IPO Details	Indicative Timetable	
No. of shares under IPO (Mn)	19.4	Offer Closing Date	Friday 5 th July 2024
Fresh issue (# shares) (Mn)	7.9	Finalization of Basis of Allotment with Stock Exchange	On or about 08 th July 24
Offer for sale (# shares) (Mn)	11.4	Initiation of Refunds	On or about 9 th July 24
Price band (INR)	960 – 1,008	Credit of Equity Shares to Demat accounts	On or about 09 th July 24
Post issue MCAP (INR Mn)	1,90,601	Commencement of Trading of Eq.shares on NSE	On or about 10 th July 24

Source: IPO Prospectus

Source: IPO Prospectus

Issue	# Shares	INR Mn	%
QIB	96,82,673	9,760	50%
NIB	29,04,802	2,928	15%
Retail	67,77,871	6,832	35%
Net Offer	1,93,65,346	19,520	100%

Source: IPO Prospectus

Objects of the Offer

1. Repayment and/or prepayment of all or a portion of certain outstanding borrowings availed by our Company
2. General corporate purposes.

Shareholding Pattern	Pre-Issue (%)	Post-Issue (%)
Promoters & Promoters Group	83%	74%
Others	17%	26%
Total	100%	100%

Source: IPO Prospectus

Particulars (In INR Mn)	FY22	FY23	FY24
Revenue	58,554	59,858	66,583
EBITDA	13,299	11,812	12,297
EBITDA Margin (%)	22.7%	19.7%	18.5%
Reported PAT (After Minority Interest)	6,622	5,320	4,982
PAT Margin (%)	11.3%	8.9%	7.5%
Net Worth	23,680	21,141	26,497
RONW (%)	31.3%	20.1%	16.0%

Source: IPO Prospectus, DevenChoksey Research

Emcure Pharma Ltd.

Company Overview

EMCURE PHARMACEUTICALS LIMITED was founded in 1981, by Mr. Satish Mehta, at Pune, India, as a contract development and manufacturing organization (CDMO), initially, serving multinational corporations. It is now the 13th largest pharmaceuticals company from India based on MAT sales for the domestic market for FY24. The company exports its products in over 70 countries and has a strong presence in India, Europe, and Canada. It is the largest in the gynecology and HIV antivirals therapeutic areas in India, based on MAT sales for the same period. It manufactures Branded generics, Generics and Branded Patented Products from 13 manufacturing facilities, across India. The company has the highest share of specialist prescriptions at 70.7% (vs 58.7% specialist Rx share in the IPM) on a MAT basis, as of Feb 2024 as per CMARC CRISIL MI&A. EMCURE holds the highest market share in the IPM for several chiral molecules, such as S-Metoprolol, S-Amlodipine, and Etodolac, as well as iron combination products, based on MAT sales for the domestic market for FY24 (Source: CRISIL Report). This is the result of company's focus on limited competition and high barrier to entry products, leading to company developing portfolio of differentiated products across chiral molecules complex APIs (such as iron and photo-chemistry), injectable (such as liposomal), high potency drugs, bio therapeutics and novel drug delivery systems. The company has 548 qualified scientist and 5 dedicated R&D facilities in India and has filed for 1,800 dossiers globally including 209 in EU and 142 in Canada, as of FY24.

Domestic Market presence

In FY24, sales in India accounted for 48.3% of their total revenue from operations. With a longstanding market presence, the company has focused on Indian domestic branded generics market, since 1995.

Category	2024 (₹ in millions)	% of Total 2024	2023 (₹ in millions)	% of Total 2023	2022 (₹ in millions)	% of Total 2022
Sales in India	32,149	48.3%	31,818	53.2%	32,047	54.7%
Sales outside India	34,434	51.7%	28,040	46.8%	26,507	45.3%
- Europe	14,236	21.4%	11,873	19.8%	8,968	15.3%
- North America	9,279	13.9%	7,294	12.2%	6,795	11.6%
- Other continents	10,919	16.4%	8,872	14.8%	10,745	18.4%
Revenue from operations	66,583	100.0%	59,858	100.0%	58,554	100.0%

Source: IPO Prospectus (RHP), DevenChoksey Research

Domestic Market Product portfolio and mix: The company derives significant portion of its revenue from its formulations business. It derives revenue from both acute and Chronic (sub-chronic) therapies.

Therapy Segment	Emcure MAT	IPM MAT	Emcure MAT 5- Year CAGR (%)	IPM MAT 5- Year CAGR (%)	Emcure MAT 3- Year CAGR (%)	IPM MAT 3- Year CAGR (%)
	Financial Year 2024 (₹ in millions)	Financial Year 2024 (₹ in millions)				
Acute	29,624	9,32,934	8.0%	7.7%	8.1%	6.8%
Chronic (including sub-chronic)	25,460	10,46,529	11.9%	8.7%	4.5%	9.1%
Total Domestic Sales	55,097	19,79,762	9.7%	8.2%	6.4%	8.0%

Source: IPO Prospectus (RHP), DevenChoksey Research

The company generates significant portion of domestic revenue from select therapies such as gynecology and cardiovascular.

Therapeutic Area	MAT Financial Year 2024 (₹ in millions)	As a Percentage of Domestic Sales (%)	Market Rank in Covered Markets	Market Share in Covered Markets (%)	Share of Covered Markets in IPM (%)
Gynaecology	13,274	24.1%	1	26.6%	50.9%
Cardiovascular	8,653	15.7%	4	5.9%	56.8%
Anti-infectives	6,047	11.0%	9	3.4%	74.0%
Vitamins, minerals, and nutrients	4,841	8.8%	5	5.4%	51.9%
HIV antivirals	3,772	6.9%	1	63.5%	98.9%
Respiratory	3,501	6.4%	6	5.0%	43.6%
Gastrointestinal	3,498	6.4%	13	2.6%	57.2%
Pain and analgesics	3,020	5.5%	11	3.4%	63.9%
Blood-related	2,114	3.8%	1	13.8%	58.4%
Oncology/Anti-neoplastics	2,457	4.5%	3	10.2%	53.8%
Anti-diabetic	1,421	2.6%	21	1.3%	61.6%
Hormones	976	1.8%	3	12.1%	24.1%
Neurology/CNS	697	1.3%	16	1.2%	46.7%
Total	55,097	100.0%	4	5.3%	52.7%

Source: IPO Prospectus (RHP), DevenChoksey Research

Emcure Pharma Ltd.

Company Overview

Exports Market presence:

The company exports its differentiated products to 70 countries. The company has done so by developing its own front-end distribution capabilities or focusing on alliances with local and multi-national companies that have an established presence in the therapeutic areas of its focus. Its sales outside India contributed to 51.7% of the total revenue from operations for FY24. Further, sales of its iron, chiral, bio therapeutics, injectables and photo-chemistry products, most of which are developed and manufactured in-house, contributed to 29.7% of the revenue from sales outside India for FY24. The growth in these markets has been driven organically, including through increasing penetration in these markets by launching new products and growing its existing brands, as well as, inorganically, through the acquisition of companies and products and through in-licensing arrangements.

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Revenue from operations	66,583	100.0%	59,858	100.0%	58,554	100.0%

Source: IPO Prospectus (RHP), DevenChoksey Research

Manufacturing capabilities: The company has 13 manufacturing facilities across India in the states of Maharashtra, Gujarat, Sikkim and Karnataka and the union territory of Jammu and Kashmir, in India. The facilities are capable of producing pharmaceutical and biopharmaceutical products across a wide range of dosage forms, including oral solids, oral liquids, injectables, including liposomal and lyophilized injectables, bio therapeutics and complex APIs, including chiral molecules, iron molecules and cytotoxic products. The company has in-house manufacturing capabilities for most of its specialty products, including complex injectables, iron products, photo-chemistry products, chiral molecules and bio therapeutics. The company incurred capex of INR 4,084 Mn, INR 4,262 Mn, and INR 3,142 Mn for FY22, FY23 and FY24, respectively. In the last 2 years, the company has commissioned 4 new facilities including for Biotech formulations at Hinjawadi, for oncology injectables at Sanand, Gujarat, for oral and injectable facility at Mehsana, and orals facility at Kadu. This has increased its installed manufacturing capacities by 22.3 million vials and 1,056 Mn tablets as of FY24.

The company has been consistently implementing current Good Manufacturing Practices (“cGMPs”) across each of its manufacturing facilities, which are monitored by a comprehensive QMS encompassing all areas of business processes from R&D and raw material procurement to manufacturing, packaging and delivery.

Facility	Location	Description
Oral Solid Doses, Hinjawadi	Pune, Maharashtra, India	Formulations facility for solid orals
Biotech Formulations, Hinjawadi(1)	Pune, Maharashtra, India	Formulations facility for injectables
Injectables, Sanand	Ahmedabad, Gujarat, India	Formulations facility for general injectables
Oncology Injectables, Sanand	Ahmedabad, Gujarat, India	Formulations facility for oncology injectables
Orals, Kadu	Surendranagar, Gujarat, India	Formulations facility for solid orals
Orals, Mehsana	Mehsana, Gujarat, India	Formulations facility for solid orals and general injectables
Orals, Jammu – 1	Jammu, Jammu and Kashmir, India	Formulations facility for solid and liquid orals
API, Kurkumbh	Pune, Maharashtra, India	API facility
API, Pimpri	Pune, Maharashtra, India	API facility
Orals, Jammu – 2(2)	Jammu, Jammu and Kashmir, India	Formulations facility for solid orals, liquid orals, and injectables
Orals, Sikkim(2)	East Sikkim, Sikkim, India	Formulations facility for solid and liquid orals
Orals, Bengaluru(3)	Bengaluru Rural, Karnataka, India	Formulations facility for liquid orals
Biotech, Hinjawadi(1)	Pune, Maharashtra, India	Formulations facility for injectables

Source: IPO Prospectus (RHP), DevenChoksey Research

Emcure Pharma Ltd.

Industry Overview:

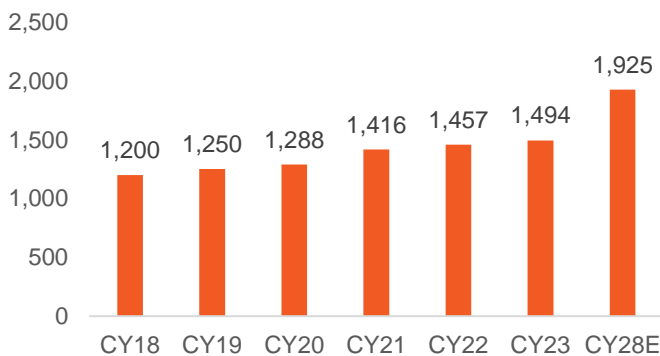
India's healthcare spending as a % of GDP increasing:

In 2021, healthcare expenditure as a percentage of GDP increased to 10.3% globally (approximately USD 9.8 trillion), owing to prioritization of public health during the pandemic, availability of better medical facilities, advancements in medicine and increase in disposable incomes. In 2021, the US, Germany and UK recorded high current healthcare expenditure ("CHE") as a percentage of GDP at 17.4%, 12.9% and 12.4% respectively. India's CHE as a percent of GDP is much lower than that of its global peers. In 2021, India's expenditure on healthcare was 3.3% of GDP; it trails not just developed countries such as the US and the UK, but also developing countries such as Brazil, Nepal, Singapore, Sri Lanka, Malaysia and Thailand. However, India's CHE as a percentage of its GDP improved post onset of COVID by approximately 3%, suggesting higher focus on healthcare.

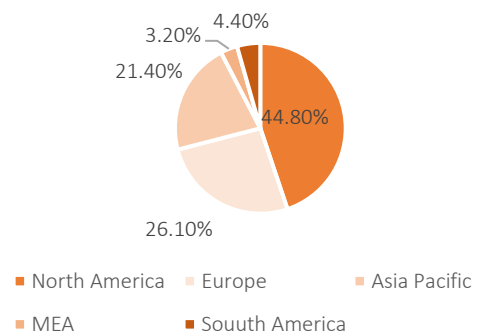
In terms of government expenditure as a percentage of GDP, India spends approximately 2.2% on healthcare. This includes expenditure on healthcare by central and state governments. In the national health policy document, 2017, it was recommended that the government's healthcare expenditure be increased to 2.5% of GDP by 2025. Also, the Fifteenth Finance Commission, in its report, had recommended that public health expenditure of union and states together be increased in a progressive manner to reach 2.5% of GDP by 2025. In keeping with this objective, the central and state governments' budgeted expenditure on the healthcare sector reached 2.1% of GDP in FY23 and 2.2% in the FY22, against 1.6% in FY21.

The global pharmaceuticals market logged a 4% CAGR from approximately USD 1,200 billion (approximately ₹82 trillion) in 2018 to approximately USD 1,494 billion (approximately ₹123 trillion) in 2023. After clocking a strong growth in 2021 and 2022 on account of the pent-up demand, it is estimated to have moderated in 2023. However, the market is expected to sustain a 5.0-5.5% CAGR between 2023 and 2028 to reach approximately USD 1,900 to USD 1,950 billion (approximately ₹157-161 trillion) by 2028. Globally, pharmaceuticals companies are offering drugs for customized treatment and precision medicine for different diseases (providing medical care according to a patient's characteristics, needs, preferences and genetic make-up). Also, generic medicines are seeing increased uptake with cost advantages and effective treatment options. Therefore, pharmaceutical companies are investing in research and development activities, manufacturing capabilities, advanced technologies, etc. Subsequently, global pharmaceutical market has seen an uptick in the capex investments to sustain revenue as well as increase product portfolio.

Global Pharma Market USD Bn



Global Pharma Market share by region for CY23



Source: IPO Prospectus (RHP), DevenChoksey Research

Generic Molecules form 38% of global Pharma Market Spend, of CY23:

Generic formulation market is estimated to be around approximately 38% of the total pharmaceutical market as of 2023. There has been healthy growth of generics market in the recent years owing to strong development of generics market in countries like China and India. On the other hand, healthcare reforms in the regulated market such US are driving higher insurance coverage and greater usage of generic medicines, although there has been some pricing pressure in the recent years in these regulated market. Innovator medicines still forms a major part of the global pharmaceutical market in value terms. As of 2023, innovator medicines constituted approximately 62% of the total global pharmaceutical market. Price differentiation and patent protection have helped the value growth of innovator segment across the globe. Going ahead generic molecules are expected to constitute approximately 38% to 39% of the total global market by 2028, the rise can be attributed to rising penetration of generics in biologics and complex molecules.

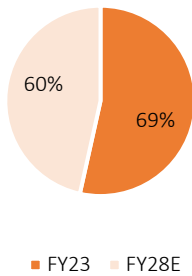
Emcure Pharma Ltd.

Industry Overview:

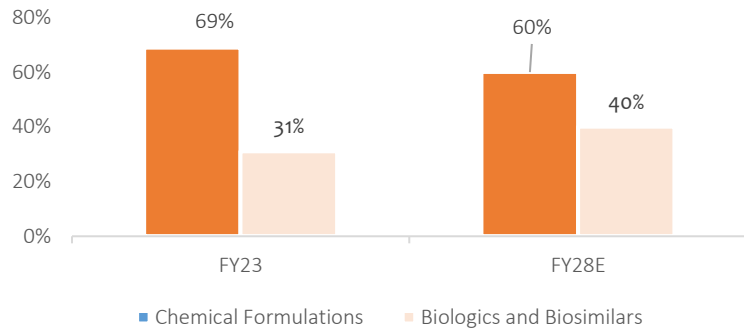
Biopharmaceutical industry share to touch approximately 39%-41% globally by 2028:

The global biopharma industry has significantly outperformed the conventional pharmaceuticals segment over the past few years. As per CRISIL, the growth in global pharmaceuticals market has been supported by the biopharma segment's approximately 12-14% CAGR from 2018 to 2023. On the other hand, patent cliffs, and the lower number of high value new molecular entity launches during the period led to slower growth in the conventional pharmaceuticals segment. CRISIL expects the performance of the biopharma segment to continue, primarily driven by the biologics segment although there is expected to be some moderation in growth owing to the biosimilar launches in the regulated markets.

Segments for Global Pharma Market



Segments for Global Pharma Market



Source: IPO Prospectus (RHP), DevenChoksey Research

Growing prevalence of chronic diseases

The prevalence of chronic diseases is increasing rapidly across the world. Rising incidence of cancer, cardiovascular diseases, obesity and diabetes are likely to drive demand for pharmaceuticals and chronic therapies, which can, consequently, significantly impact the economy of a country. According to the OECD's Health at a Glance 2023 report, more than one-third of people aged 16 and over reported living with a longstanding illness or health problem on average across 24 OECD countries in 2021. Approximately, 41 million people each year (74% of all deaths globally) are killed by non-communicable diseases. Within non-communicable diseases, cardiovascular diseases account for most non-communicable disease-related deaths, or 17.9 million people annually, followed by cancers (9.3 million), chronic respiratory diseases (4.1 million), and diabetes (2.0 million including kidney disease deaths caused by diabetes).

Better access to medicine in emerging markets

As the world's population reaches closer to approximately eight billion in CY23, per capita usage of medicine per person per day is also estimated to have increased. Much of the increased usage is driven by emerging pharmaceutical markets, such as China, India, Brazil and Indonesia, where substantial increase have been made in average medicine volume usage. India's level of medicine usage is a reflection of both a very basic healthcare infrastructure and the ease of access for medicines where even the most complex medicines can be readily available. The gap in average medicine usage between developed markets and emerging markets is closing, owing to reasons such as increased per capita income, improvement in healthcare infrastructure, and increase in insurance coverage. The rise of government safety nets and private insurance are also key factors that will increase medicine volume usage across emerging markets. The extent and pace of investments, both public and private, will be a key determinant of continued increase in medicine usage.

Pharmaceutical players building complex generics and specialty molecules portfolio

With declining opportunity in the conventional generics segment and pricing pressures on the existing portfolios, it has become important for generic players to look for high-value and high-margin drugs. Players have been developing niche products in order to weather the impact of pricing pressure. Some of the leading global generic companies has a major pipeline of specialty drugs in order to mitigate the impact of base erosion in the US. The global biopharma industry has shown significant growth in the recent years. Patented biopharmaceuticals of value of nearly USD 190-200 billion are set to expire over 2024 to 2028 globally. Further, even among the drugs where patents have already expired, the penetration of biosimilars is very low due to regulatory challenges and difficult procedural requirements of all-phase clinical trials. In core pharmaceuticals, all-phase clinical trials are not required for generic launches. These expiries will present a lucrative opportunity for Indian players to launch biosimilar versions in regulated markets.

Emcure Pharma Ltd.**Key Strengths:**

Well-placed to Leverage its leading Position in the Domestic Market: The company is focused on the domestic market, with its sales in India contributing to 48.3% of the total revenue from operations for FY24. The company has outgrown the IPM in terms of Domestic Sales between MAT FY20 and MAT FY24 in several of its key therapeutic areas, including gynecology, blood-related, HIV antivirals, respiratory, oncology/anti-neoplastic, hormones and anti-diabetics (Source: CRISIL Report). The company has a Covered Market presence of 52.7% of the IPM in terms of Domestic Sales for MAT FY24 (Source: CRISIL Report). The company was ranked among the five largest pharmaceutical companies by market share in its Covered Markets for the gynecology, cardiovascular, vitamins, minerals and nutrients (VMN), HIV antivirals, oncology/anti-neoplastics, blood-related and hormones therapeutic areas, in terms of Domestic Sales for MAT FY24 (Source: CRISIL Report). The company's ability to grow has, in part, also been supported by its relationships with global innovators, which has allowed it to in-license new technologies and products in India. The share of its in-licensed products has reduced over a period of time as its differentiated products portfolio grows. The share of in-licensed products to revenue from sale of products has reduced to 10.9% in FY24 from 13.3% in FY22 and 11.4% in FY23.

The company's specialist prescriptions contributed to 70.7% of its total prescriptions for MAT February 2024, which was the highest share among the 20 largest pharmaceutical companies in India (Source: CRISIL Report). Its sales of injectables contributed to 27.5% of its Domestic Sales for MAT FY24, which was the 4th highest share among the 20 largest pharmaceutical companies in India (Source: CRISIL Report).

The company has structured its operations such that the acute and chronic (including sub-chronic) therapeutic area businesses are pre-dominantly run by separate management teams as they require different focus and marketing strengths. The company operates the majority of its chronic business directly through the company, while the majority of its acute business is operated through its Subsidiary, Zuventus Healthcare Limited. This focused strategy has led to it outpacing the IPM's growth in the chronic therapeutic area and acute therapeutic area by 1.40 times and 1.04 times, respectively, in terms of CAGR of Domestic Sales between MAT FY20 and MAT FY24 (Source: CRISIL Report).

The company's leading position in the IPM is further reinforced by the strong marketing and distribution capabilities. As of March 31, 2024, its marketing and distribution network in India was supported by a field force of over 5,000 personnel who interact regularly with doctors and other healthcare providers to promote its pharmaceutical products. As of March 31, 2024, the distribution network had over 5,000 stockists, catered by 37 carry-and forward agents.

Strong R&D Capabilities Driving Differentiated Portfolio of Products: The company has a strong in-house R&D expertise, which has allowed it to develop a differentiated portfolio of pharmaceutical products that gives it a competitive advantage in the markets in which the company operates in. As of March 31, 2024, the company had 548 qualified scientists, of which 11 are post doctorates, 48 hold PhDs, 391 are post graduates, and the remaining are graduates. The company has five R&D facilities in India, and have established dedicated teams for new product development, including complex oral solids, injectables, complex generic APIs and biotherapeutics, technology transfer and life cycle management. As a result of the advanced research facilities, sophisticated equipment, talented R&D team and strong focus towards innovation, Savitribai Phule Pune University has accredited one of its R&D centers as a Ph.D. center for prospective students to conduct and complete their research and thesis. Of its five R&D facilities, the company has three facilities focused on formulations research, one facility focused on API research and one facility focused on biopharmaceuticals research. Despite the extensive R&D operations, the company has maintained reasonable R&D expenditures. For FY24, its R&D expenditure amounted to INR 3,100 Mn, representing 4.7% of the revenue from operations. Further, due to its differentiated portfolio, the company benefits from having limited exposure to the Government of India's National List of Essential Medicines, 2022 ("NLEM"), which imposes prices controls of certain pharmaceutical products, and only 17.4% of its Domestic Sales for MAT FY24 was attributed to sales of products listed on the NLEM, which was the 8th lowest among the 20 largest pharmaceutical companies in India in terms of Domestic Sales for MAT FY24 (Source: CRISIL Report).

Highly Qualified, Experienced and Entrepreneurial Management Team and Board: Mr. Satish Ramanlal Mehta, Promoter, Managing Director and Chief Executive Officer, has been associated with the company since its incorporation and has significant experience in the pharmaceutical industry. Further, several members of Satish Ramanlal Mehta's family have been involved in the management of the Company for over 17 years, including its Whole Time Director – India Business, Whole Time Director – Operations, President of Emerging Markets, Whole Time Director – Projects and President of Corporate Development, Strategy and Finance.

Emcure Pharma Ltd.

Key Risks

GMP non-compliance for the US: The company has not received any critical adverse remarks or critical adverse observations as a result of regulatory inspections over the last three FYs. However, in 2019, the USFDA had issued a warning letter for three manufacturing facilities at its Hinjawadi, Pune, Maharashtra campus, and the products manufactured at such facilities, including 28 oral solids, 16 general injectables and four oncology injectables, have been under an import alert. Certain observations were issued to by the USFDA, including that the company failed to thoroughly investigate any unexplained discrepancy or failure of a batch of products or any of its components to meet their specifications. The company has taken corrective actions, including engaging external consultants, to address the observations by the USFDA. While the USFDA has not conducted a re-inspection of the three manufacturing facilities at Hinjawadi, Pune, Maharashtra campus since 2019, the company has also not exported any products manufactured at such facilities into the United States post June 2020. Further, while the warning letter from the USFDA remains in place, these facilities have been approved by various other global regulatory agencies in recent years and have been issued Good Manufacturing Practices (“GMP”) certificates from regulators including Health Canada, the World Health Organization (“WHO”), the Agency for Medicinal Products and Medical Devices of Croatia “HALMED Croatia”), the National Institute of Pharmacy and Nutrition of Hungary (“NIPN Hungary”) and the Therapeutic Goods Administration of Australia (“TGA Australia”).

Dependence on third party suppliers for finished dosages: The company gets its finished products manufactured by third parties include, among others, types of branded and generic formulations such as Meropenem, Gabapentin and Amlodipine. From finished products manufactured through third-party manufacturing arrangements amounted to INR 31,693 Mn for FY24, representing 47.6% of revenue from operations. Additionally, the company do not have any long-term contracts with its suppliers and prices are typically negotiated for each purchase order. This makes it susceptible to the risk of sudden and/or substantial increases in the prices of the raw materials and finished products that it outsources. It also sources raw material supplies from India, China, Spain, and Germany. These form 3.7% of revenue as of FY24 vs. 7.0% it was in FY22. This has been the result of reduced dependence on China.

Debt levels high: The company has entered into various borrowing arrangements from time to time, with banks, financial institutions and other entities for borrowings in the form of, inter alia, fund based and non-fund based working capital facilities, term loans and external commercial borrowings. As on March 31, 2024, the total outstanding borrowings of the company was INR 20,919 Mn, on a consolidated basis. The debt to equity has been at 0.67x vs. industry peers being at 0.10x. The company intends to utilize INR 6,000 Mn from the Net Proceeds of IPO towards repayment and /or prepayment of all or a portion of the principal amount on certain borrowings availed by the company and the accrued interest thereon.

Strategy:

Pursue Strategic Acquisitions, Partnerships and In-Licensing Arrangements: The company has, in the past, made strategic acquisitions of companies, such as Tillomed Laboratories in the United Kingdom in 2014 and Marcan in Canada in 2015. The company has recently strengthened the presence in the Quebec region of Canada through its acquisition of Mantra in November 2023. Further, on March 13, 2024, the company entered into agreements with Sanofi India Limited and Sanofi Healthcare India Private Limited to exclusively distribute and promote their products, which include brands such as Cardace, Clexane, Targocid, Lasix, Lasilactone, Cordarone, Plavix and Synvisc, in India. The company intends to continue to pursue strategic acquisitions of companies, products and facilities across key markets as well as in-license pharmaceutical products of other companies for its key and focus therapeutic areas, which the company expects would allow it to both deepen its presence in the existing markets and facilitate its entry into new markets. In addition, the company plans to continue to strategically select local partners and/or establish subsidiaries with its own on-the-ground sales force in its target markets, which the company expects would allow it to quickly and cost-efficiently establish distribution channels for its products.

Deepen and Expand the International Presence with a Focused Go-to-Market Approach: The company has filed over 1,800 dossiers globally for products offered through differentiated product platforms, such as chiral molecules, complex chemistry products, complex injectables including liposomal and lyophilized injectables, extended release, iron molecules and biotherapeutics products based on differentiated technologies. As of March 31, 2024, the company was present in a total of 19 therapeutic areas. The company intends to continue to grow its sales in all the target international markets by registering more of its products and increasing customer penetration, through either developing its own on-the-ground sales force or establishing partnerships, in these markets. The company intends to continue to focus on technology-driven differentiated products, especially complex oral solids, injectables and biotherapeutics, in these markets.

Emcure Pharma Ltd.

Increase Market Share in the Domestic Market: The Indian domestic formulations market is expected to grow at a CAGR of approximately 8-9% over the next five years, to reach approximately INR 2.9 Tn to INR 3.0 Tn in FY29, aided by strong demand from the rising incidence of chronic diseases as well as increased awareness and access to quality healthcare (Source: CRISIL Report). The company intends to capitalize on such market dynamics through its constant investment in the capabilities, including by investing in its growing specialty product portfolio, managing the life cycle of its brands through brand extensions, increasing the reach through expansion of its sales and marketing team, and implementing patient awareness programs in its key and leading gynecology, cardiovascular, anti-infectives, HIV, blood-related, oncology/anti-neoplastics, hormones and vitamins, minerals and nutrients (VMN) therapies. Further, the company has a covered Market presence of 52.7% of the IPM in terms of Domestic Sales for MAT FY24, which is the lowest among the peers in the IPM (Source: CRISIL Report), demonstrating that the company has substantial room to grow as it launches new products and enter into new therapeutic areas. The company also intends to increase its market share in other therapies such as neurology, anti-diabetics, respiratory and gastrointestinal. The company has added over 1,000 sales personnel during the last 24 months. The company is working to increase the productivity of the sales force following these recent additions. The company has implemented various initiatives relating to sales force effectiveness, including restructuring the sales force across territories and realigning the overall portfolio. The revenue per sales personnel per month was INR 0.57 million, INR 0.61 million and INR 0.65 million for FY24, FY23 and FY22, respectively.

Continue to Invest in Research & Development and Manufacturing Capabilities to Enhance and Grow the Differentiated Product Portfolio: The company intends to continue to invest in the R&D initiatives and further strengthen its manufacturing capabilities in order to grow its differentiated product portfolio for both the domestic and international markets. The company also expects to continue to make investments in formulations and APIs for high-growth therapeutic areas. In addition, its new R&D focus areas include flow chemistry and photo-chemistry. In particular, the company expects to benefit from significant growth opportunities, due to limited competition globally, in the development, production and commercialization of novel drug delivery systems and biopharmaceuticals to address life-threatening diseases that exist across various indications. As such, the company intends to make investments directed towards (i) developing, and increasing the manufacturing capabilities for, novel drug delivery systems, and (ii) increasing its biotherapeutics manufacturing capabilities to facilitate the launch of new biotherapeutics in the global markets. The company is working on “ready-to-use” products that reduce multi-step dose preparation and enable ease of use by physicians. This technology has already been accomplished on drugs such as Bortezomib and Carmustine. The company plans to continue developing its pipeline of biotherapeutics projects, which it intends to first launch in India and, subsequently, in various international markets. The company has already commercialized six in-house manufactured biotherapeutics through its microbial and mammalian based platforms. For the biotherapeutics products that have already been launched in India, the company intends to make the applicable regulatory filings and launch these products in international markets, either through strategically selecting local partners or through its own on-the-ground sales force in these markets. For certain of these biotherapeutics, the company also intends to apply for WHO approvals, which the company expects would allow it to fast track the launch of such products in multiple international markets.

Emcure Pharma Ltd.

Investment Rationale:

Leading position in domestic market in select therapies to bode well for profitable growth:

The company is focused on the domestic market, with its sales in India contributing to 48.3% of its total revenue from operations for FY24. The company has a long standing market presence and, since it began focusing on Indian domestic branded generics in 1995, it has successfully grown its business, to become (i) the 13th largest pharmaceutical company in India in terms of Domestic Sales for MAT FY24, (ii) the 4th largest pharmaceutical company by market share in its Covered Markets in terms of Domestic Sales for MAT FY24, and (iii) the largest pharmaceutical company in the gynecology and HIV antivirals therapeutic areas in India in terms of Domestic Sales for MAT FY24 (Source: CRISIL Report).

The company is ranked 1st with a market share of over 50.0% for several of its molecules across therapeutic areas, highlighting its differentiated portfolio with leading market positions, as demonstrated in the following table:

Molecule	Therapeutic Area	Number of Peers in India	MAT Financial Year 2024 (₹ in millions)	MAT Financial Year 2024 Market Rank	MAT Financial Year 2024 Market Share
Ferric Carboxymaltose	Gynecology	6	2,598	1	58.6%
S-Amlodipine	Cardiovascular	2	1,514	1	87.8%
Tenecteplase	Cardiovascular	1	1,165	1	85.9%
S-Metoprolol	Cardiovascular	1	1,077	1	92.2%
Ibutilide	Cardiovascular	1	3	1	100.0%
Treosulfan	Anti-neoplastics	1	1	1	100.0%
Ferrous Ascorbate	Gynecology	1	2	1	100.0%

Source: IPO Prospectus (RHP), DevenChoksey Research'

The company has a strong focus in the women's healthcare market. The company is a market leader in the gynecology therapeutic area in the IPM, where it is ranked 1st and have a 13.5% market share, in terms of Domestic Sales for MAT FY24, and its market share was 1.70 times the market share of its next largest competitor in this therapeutic area in the IPM (Source: CRISIL Report). The company provides medication that is required throughout the life cycle of women, including Orofer-XT, Materna, Dydrofem Galact and Osteri. Increased education and healthcare awareness among women in India have resulted in more women accessing healthcare services for maternal health (Source: CRISIL Report). The company's leading presence and range of products in the gynecology therapeutic area positions it well to gain market share in this growing market. The company has also implemented patient awareness initiatives such as "Uncondition Yourself", a platform which raises awareness about women's health issues.

Brand Names across Women Health	Domestic Sales for MAT Financial Year 2024 (₹ in millions)	Indication/Use
Orofer XT, Ferium XT, Feronia XT	5,080	Iron deficiency; Anemia management (for adolescence, pregnancy, post-pregnancy, and pre- and post-menopause)
Metpure, Numlo, Asomex, Temsan, Eslo	4,798	Hypertension management (for adolescence, pregnancy, post-pregnancy, and pre- and post-menopause)
Vylida, Emsita, Xilia	947	Diabetes management (for adolescence, pregnancy, post-pregnancy, and pre- and post-menopause)
Pause, Sylate, Evanew	1,441	Menstrual disorder management (for adolescence and pre- and post-menopause)
Galact	424	Breastfeeding (for post-pregnancy)
Materna HCG, Materna HMG, Emprogest, Exhep, Tosiban	1,987	Infertility management (for pregnancy)
Dydrofen, Emdydro, Zuviston	945	Pregnancy support (for pregnancy and post-pregnancy)
Celol, Denmab, Osteri, Coralium	931	Post-menopausal osteoporosis (for pre- and post-menopause)
Pegex, Emtreo, Eligard, Trazumab, Oxa, Citafine, Embremma, Bevest	602	Cancer treatment (for adolescence, pregnancy, post-pregnancy, and pre- and post-menopause)

Source: IPO Prospectus (RHP), DevenChoksey Research

Emcure Pharma Ltd.

Investment Rationale:

Number of Brands in top 300 IPM growing, indicating strength of the products:

The company has demonstrated strong capabilities and a proven track record in building brands. Six of its brands were ranked among the 300 highest selling brands in the IPM, in terms of Domestic Sales for MAT FY24 (Source: CRISIL Report).

The number of brands with domestic sales of over INR 1,000 Mn have grown from 7 in FY20 to 10 in FY24. Similarly, number of brands with domestic sales of over INR 500 Mn have grown from 6 in FY20 to 16 in FY24 and number of brands with domestic sales of over INR 200 Mn – INR 500 Mn have grown from 27 to 37 during FY20 – FY24. In addition, 16 of its top 20 brands were each ranked among the three highest selling brands in their respective therapeutic areas in the IPM, in terms of Domestic Sales for MAT FY24 (Source: CRISIL Report). Following are the top 20 highest selling pharma brands for the company.

The company has added over 1,000 sales personnel (Medical Representatives) during the last 2 years and intends to increase their productivity, going forward. This should bode well for profitable growth over the medium to long term.

Product	Therapeutic Area	MAT Financial Year 2024 (₹ in millions)	MAT Financial Year 2024 Market Rank in Subgroup	MAT Financial Year 2024 Market Share at Subgroup Level (%)
Orofer-XT	Gynecology	3,688	1	50.9%
Bevon	Vitamins, minerals and nutrients	2,211	3	10.1%
Zostum	Anti-infectives	1,934	1	33.9%
Maxtra	Respiratory	1,397	1	34.2%
Orofer FCM	Gynecology	1,310	1	29.5%
Orofer-S	Cardiovascular	1,274	1	42.2%
Metpure XL	Cardiovascular	975	1	83.4%
Feronia XT	Gynecology	940	2	14.1%
Spegra	HIV antivirals	928	1	100.0%
Orofer XT Plus	Gynecology	902	1	59.8%
Exhep	Cardiovascular	825	4	10.7%
Eslo	Cardiovascular	742	1	43.0%
Viropil	HIV antivirals	678	1	93.2%
Elaxim	Cardiovascular	678	1	50.0%
Augpen	Anti-infectives	661	10	2.0%
Dydrofem	Gynecology	632	4	6.8%
Maxtra P	Respiratory	615	5	9.4%
Lornit	Gastrointestinal	588	2	34.3%
Pause	Blood-related	585	2	26.5%
Encicarb	Gynecology	580	2	13.1%

Source: IPO Prospectus (RHP), DevenChoksey Research

Large, diversified and fast growing product portfolio in international Market:

The company sells its portfolio of products internationally in over 70 countries, with Europe and Canada currently being the primary international markets. The sales outside India contributed to 51.7% of its total revenue from operations for FY24, and no single geography outside of India, Europe and Canada accounted for more than 5.0% of its revenue from operations for each of FY22, FY23, and FY24. respectively. Its product portfolio in the international markets comprises a mix of specialty branded generics, injectables and generic products. Further, sales of its iron, chiral, biotherapeutics, injectables and photo-chemistry products, most of which have been developed and manufactured in-house, contributed to 29.7% of the revenue from sales outside India for FY24. The range of products and geographic presence provides it with a risk-minimizing business model that derives considerable resilience through different revenue streams, as well as leverages its manufacturing and R&D capabilities. As of March 31, 2024, the company had sales team of 253 personnel for its international markets. Its focus in its international markets by developing and commercializing products, which are differentiated and require significant expertise to develop and manufacture, and, as such, are subject to less competition and allow it to enjoy higher margins.

Emcure Pharma Ltd.**INVESTMENT RATIONALE:****Complex and differentiated products portfolio to drive profitable growth:**

Focus on complex and first to market molecules: The company has been establishing differentiated technology platforms and then develop multiple products on the same. Of its five R&D facilities, the company has three facilities focused on formulations research, one facility focused on API research and one facility focused on biopharmaceuticals research. The company has a portfolio of nine chiral molecules, of which six were the first to be launched in India, namely S-Amlodipine, S-Atenolol, Dexketoprofen, Dexrabeprazole, S-Metoprolol Succinate and S-Pantoprazole Sodium Salt (Source: CRISIL Report). The company has also been able to develop and master the complex characterization techniques and niche skill-sets required to manufacture complex generic iron products, such as Iron Sucrose, Ferric Carboxymaltose and Ferrous Ascorbate, at the desired quality. The company was the first in India to launch Ferric Carboxymaltose under the brand name Encicarb, an iron replacement medicine used to treat iron deficiency anemia (Source: CRISIL Report). In addition, the company has developed and commercialized complex generic APIs in the domestic market, such as Atosiban, a peptide used to halt premature labor, Aviptadil, a peptide used for the treatment of acute respiratory syndrome, and Treprostinil, a medication used to treat pulmonary arterial hypertension and which contains five chiral centers. The company is also working on advancing its photo-chemistry technology and have developed and commercialized Dydrogesterone using this technology.

Strong set of products in high growth oncology: The company has successfully commercialized multiple oncology products, such as Eribulin, which requires a 45 step synthesis process. The company was also the first to launch Treosulfan under the brand name Emtreo, a chemotherapy drug used to treat ovarian cancer, in India (Source: CRISIL Report). The company has launched complex injectables, such as Carmustine, a chemotherapy drug used to treat brain tumors, in its international markets. Further, its R&D is also focused on developing novel drug delivery systems, including controlled release and high-potency injectables, in lyophilized and nano-particles form. In addition, the company can manufacture liposomal drug delivery and have effectively scaled up molecules such as Liposomal Doxorubicin and Liposomal Amphotericin. The company was the first company to obtain regulatory approval in the United Kingdom for Liposomal Amphotericin B (Source: CRISIL Report). The company was also the first in India to launch Instgra and Spegra in the Dolutegravir molecule, for the treatment of HIV, and the company has also launched antiretrovirals such as Atazanavir, Ritonavir, Dolutegravir and Tenofovir.

Strong set of biosimilar products portfolio: The company has developed its own microbial and mammalian based platforms, through which it developed its portfolio of six commercialized biologics products in the Indian domestic formulation market (Source: CRISIL Report). The company was the first to domestically launch the biosimilar for Tenecteplase, commonly used for treating acute myocardial infarction, and the biosimilar for Pegaspargase, commonly used for treating patients with leukemia (Source: CRISIL Report). The company also hold the global patent for use of pharmaceutical compositions of Tenecteplase to treat Acute Ischemic Stroke as a second indication.

Sales of its iron, chiral, biotherapeutics, injectables and photo-chemistry products contributed to 53.0% of its revenue from sales in India and 29.7% of international revenue for FY24. Due to its differentiated portfolio, the company benefits from having limited exposure to the Government of India's National List of Essential Medicines, 2022 ("NLEM") as only 17.4% of its Domestic Sales for MAT FY24 was attributed to sales of products listed on the NLEM, which was the 8th lowest among the 20 largest pharmaceutical companies in India in terms of Domestic Sales for MAT FY24 (Source: CRISIL Report).

We believe differentiated portfolio of products can help it consolidate its position and increase its market share in its key and leading therapy areas such as gynecology, cardiovascular, anti-infectives, HIV, blood-related, oncology/anti-neoplastics, hormones and vitamins, minerals and nutrients (VMN) in both domestic and international markets.

Emcure Pharma Ltd.

Manufacturing capacity addition to drive profitable growth over a period of time:

The company has 13 manufacturing facilities across the states of Maharashtra, Gujarat, Sikkim and Karnataka and the union territory of Jammu and Kashmir, in India. The facilities are capable of producing pharmaceutical products of a wide range of dosage forms, including oral solids, oral liquids, injectables, including complex injectables such as liposomal and lyophilized injectables, biotherapeutics and complex APIs, including chiral molecules, iron molecules and cytotoxic products.

Over the last 2 years, the company began commercial production at four manufacturing facilities, namely (i) the Biotech Formulations, Hinjawadi (Maharashtra, India) manufacturing facility, which was repurposed and commissioned in June 2023 for the production of injectables, as the company required higher capacity for bio-therapeutic products, (ii) its Oncology Injectables, Sanand (Gujarat, India) manufacturing facility, which was commissioned in April 2023 for the production of oncology injectables, (iii) its Orals, Mehsana (Gujarat, India) manufacturing facility, at which the solid orals plant was commissioned in March 2022 and the injectables plant was commissioned in August 2023, and (iv) its Orals, Kadu (Gujarat, India) manufacturing facility, which was commissioned in September 2023 for the production of solid orals. Collectively, these newly operational facilities have increased the installed manufacturing capacities by 22.3 Mn vials and 1,056 Mn tablets. These new manufacturing capacities and capabilities are expected to help meet the growing demand for its differentiated product portfolio and also allow it to take its products to newer markets.

The company exhibited ~61% weighted average capacity utilization in the existing facilities in FY24. However, as four of its new commissioned facilities such as biotech facility at Hinjawadi, oncology injectables at Sanand, oral facility at Kadu and orals and injectable facilities at Mehsana were commissioned over the last 2 years, the weighted average total capacity utilization has fallen to 53.0% levels in FY24. We believe with ramp up in its new facilities' utilization, the margins profile will also inch up near to historically high levels, over medium term.

New facilities	2024	2023	2022
Biotech Formulations, Hinjawadi			
Installed capacity (vials in millions)	7.9	0	0
Actual production volumes (vials in millions)	0	0	0
Capacity utilization (%)	0	0	0
Oncology Injectables, Sanand			
Installed capacity (vials in millions)	10.5	0	0
Actual production volumes (vials in millions)	0.5	0	0
Capacity utilization (%)	4.5%	0	0
Orals, Kadu			
Installed capacity (tablets/capsules in millions)	507.9	0	0
Actual production volumes (tablets/capsules in millions)	54.8	0	0
Capacity utilization	10.8%	0	0
Orals, Mehsana			
Installed capacity (tablets/capsules in millions)	547.8	547.8	0
Actual production volumes (tablets/capsules in millions)	141.8	80.2	0
Capacity utilization	25.9%	14.6%	0
Installed capacity (vials in millions)	11.9	0	0
Actual production volumes (vials in millions)	0.8	0	0
Capacity utilization	6.9%	0	0

Source: IPO Prospectus, DevenChoksey Research

Emcure Pharma Ltd.

Management

- **Satish Ramanlal Mehta** is the Managing Director and CEO of the Company, associated since its incorporation on April 16, 1981. He holds a master's degree in chemistry from the University of Pune and a PG diploma in business administration from IIM Ahmedabad.
- **Sunil Rajanikant Mehta** is a Whole-time Director of the Company, associated since February 1, 1985. He holds a bachelor's degree in commerce from B.M. College of Commerce (University of Pune) and a master's diploma in business administration from IMDR, Pune.
- **Namita Vikas Thapar** is a Whole-time Director, associated with the Company since August 1, 2006. A qualified chartered accountant, she holds a bachelor's degree in commerce from the University of Pune and an MBA from the Fuqua School of Business, Duke University.
- **Samit Satish Mehta** is a Whole-time Director, with the Company since April 1, 2003, and a Director since July 28, 2022. He holds a bachelor's degree in commerce from B.M. College of Commerce and an MBA from the Wharton School, University of Pennsylvania.
- **Mukund Keshao Gurjar** is a Whole-time Director, associated since July 23, 2001. He holds bachelor's, master's, and PhD degree in science from Nagpur University and another PhD from Queen Elizabeth College, University of London. He has received several awards for his contributions to synthetic organic chemistry.
- **Tajuddin Sabir Shaikh** is the CFO, associated with the Company since October 1, 2003, and appointed CFO on April 16, 2021. He is a qualified chartered accountant from ICAI, a cost accountant, and has completed a senior management program at IIM Ahmedabad. Previously, he worked with S.R. Batliboi & Associates.
- **Chetan Rajendra Sharma** is the Company Secretary and Compliance Officer. He is a fellow of ICSI, an associate of the Chartered Governance Institute, UK, and holds degrees in law and commerce from Gujarat University. He has advanced degrees in criminal law, business policy, corporate governance, international business management, and business administration. Prior to joining the Company, he worked with Cadila Pharmaceuticals, Varroc Engineering, and Zuventus.

Board of Directors of the company

- **Berjis Minoo Desai** is the Chairman and Non-Executive Director of the Company, serving on the Board since April 3, 1997. He holds a bachelor's degree in law from Government Law College (University of Bombay) and a master's degree in law from the University of Cambridge. With experience in private client practice, business laws, transactional, and dispute resolution, he was previously the Managing Partner at J. Sagar Associates.
- **Satish Ramanlal Mehta** is the Managing Director and CEO of the Company, associated since its incorporation on April 16, 1981 as one of the first directors of the Company. He holds a master's degree in chemistry from the University of Pune and a PG diploma in business administration from IIM Ahmedabad.
- **Sunil Rajanikant Mehta** is a Whole-time Director of the Company, associated since February 1, 1985. He holds a bachelor's degree in commerce from B.M. College of Commerce (University of Pune) and a master's diploma in business administration from IMDR, Pune.
- **Namita Vikas Thapar** is a Whole-time Director, associated with the Company since August 1, 2006. A qualified chartered accountant, she holds a bachelor's degree in commerce from the University of Pune and an MBA from the Fuqua School of Business, Duke University.
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- **Samonnoi Banerjee** is a Non-Executive Director, holding bachelor's and master's degrees in engineering and science from BITS Pilani, and an MBA from the Wharton School. He has worked with McKinsey & Company and Accenture India.
- **Palamadai Sundararajan Jayakumar** is an Independent Director, holding a master's degree in commerce from the University of Chennai, a chartered accountant qualification from ICAI, and a PG diploma in business management from XLRI Jamshedpur. He has worked with Citibank, VBHC Value Homes, and Bank of Baroda.
- **Vijay Keshav Gokhale** is an Independent Director, holding bachelor's and master's degrees in arts from the University of Delhi. He joined the Indian Foreign Services in 1981 and retired as Foreign Secretary in 2020. He has served as High Commissioner to Malaysia and Ambassador to Germany and China.
- **Vidya Rajiv Yeravdekar** is an Independent Director, holding a degree in medicine and law from the University of Pune and a PhD from Symbiosis International University. She is the Principal Director of Symbiosis Society and Pro-Chancellor of Symbiosis International University.
- **Shailesh Devenipalu Ayyangar** is an Independent Director, holding a bachelor's degree in veterinary science and a PG diploma in management from IIM Ahmedabad. He was previously associated with Sanofi India Limited as Managing Director and later as Non-Executive Director.

Emcure Pharma Ltd.

Outlook and valuation:

Emcure Pharma Ltd. is one of the large formulations Pharmaceutical companies from India, ranked 13th largest in India in terms of domestic revenue as per IPM MAT revenue, as of FY24. The company started in 1981 as a contract development and manufacturing organization (“CDMO”) business catering to multi-national corporations. Its beginnings as a CDMO has helped it develop the ability to handle complex manufacturing processes at scale, such as lyophilization and complete isolation technology for cytotoxic products. Today, it draws 40% of revenue from generic formulations, 53% of revenue from branded generics, and 3% from sale of branded patented products, as of FY24. It also generates 4% of revenue from sale of APIs, as of FY24. Domestic market contributes 48.3% of revenue while rest comes from exports to over 70 countries, as of FY24.

The company has a leading presence in Gynecology (24% of domestic revenue), HIV (7%) and blood related therapies (4%) in its covered markets in India (It has presence in 53% of IPM segments in India). It is one of the top 5 in cardiovascular (16%), oncology (5%), hormones (2%), and VMN (9%) segments and top 10 in anti-infective (11%) and respiratory (6%) segments and one of the top 15 in gastro (6%) and analgesics (5.5%) therapies. In addition, it intends to grow its presence in neurology (1.3%), respiratory, and anti-diabetic (2.6%) markets in India.

It has been able to outperform IPM growth in its covered markets in case of HIV Antivirals, oncology, anti-diabetic, and hormones segments over last 5 as well as 3 years, as of FY24. The company has recently augmented its capacity for biotech formulations at Hinjawadi, oncology injectables at Sanand, solid orals and injectables at Mehsana, and solid orals at Kadu. Collectively, these newly operational facilities have increased the installed manufacturing capacities by 22.3 Mn vials and 1,056 Mn tablets. These new manufacturing capacities and capabilities are expected to help meet the growing demand for its differentiated product portfolio and also allow it to take its products to newer markets.

We believe the company’s strong brands (which are as well growing) presence in India market with 70.7% share of specialist Rx, as of Feb 24 vs. 58.7% for IPM and recent additions in MRs and manufacturing capacity should bode well for its profitable growth over medium term. The IPO at upper price band of INR 1,008 is being offered at an 10% discount to its listed peers like Dr. Reddy’s, Cipla, Alkem Labs, Torrent Pharma, Mankind Pharma, Abbott India, and JB Chemicals on an LTM PE basis. **We therefore recommend “Subscribe” for the IPO.**

Name of the Company	Current Price	TTM PE	ROE	ROA	FY25E*	FY26E*
Emcure Pharmaceuticals Limited	NA	37x	18%	7%	NA	NA
Listed peers						
Dr. Reddy's Laboratories Limited	6,365	19x	22%	16%	19x	19x
Cipla Limited	1,490	29x	13%	10%	26x	23x
Alkem Laboratories Limited	4,940	33x	21%	13%	28x	24x
Torrent Pharmaceuticals Limited	2,824	60x	13%	6%	47x	36x
Mankind Pharma Limited	2,130	44x	23%	18%	39x	32x
Abbott India Limited(Standalone)	27,680	49x	35%	25%	44x	39x
J. B. Chemicals & Pharmaceuticals Limited	1,800	51x	20%	15%	39x	32x
Average		41x	21%	15%	34x	29x

Source: IPO Prospectus, DevenChoksey Research

*Consensus Estimates

Emcure Pharma Ltd.
Financials:

Income statement (In INR Mn)	FY22	FY23	FY24
Revenue	58,554	59,858	66,583
COGS	22,332	22,605	24,754
Gross Profit	36,222	37,253	41,828
Gross Profit Margin	61.9%	62.2%	62.8%
Employee Expenses	10,118	11,173	12,921
Other Expenses	12,805	14,268	16,610
EBITDA	13,299	11,812	12,297
Margin	59.6%	52.3%	49.7%
Depreciation & Amortization	2,449	2,601	3,124
EBIT	10,851	9,211	9,173
Other Income	635	459	570
Interest	1,760	2,136	2,371
Exceptional Items	0	61	99
PBT	9,725	7,472	7,272
Tax	2,700	1,854	1,997
Reported PAT (After Minority Interest)	6,622	5,320	4,982
Reported EPS (INR)	36.6	29.4	27.5

Source: IPO Prospectus, DevenChoksey Research

Cash Flow Statement (INR Mn)	FY22	FY23	FY24
Net cash flow from operating activities (A)	7,682	7,469	10,972
Net cash used in investing activities (B)	(7,888)	(4,677)	(7,125)
Net cash flow from/ (used in) financing activities (C)	(1,519)	(1,454)	(1,642)
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	(1,724)	1,338	2,205
Cash and cash equivalents at beginning of the period/year	(3,500)	(3,082)	(1,745)
Effect of exchange rate fluctuations on cash and cash equivalent	2	(1)	(20)
Less: Transferred pursuant to composite scheme of arrangement	2,141	0	0
Cash and cash equivalents at end of the period/year	(3,082)	(1,745)	440

Source: IPO Prospectus, DevenChoksey Research

Emcure Pharma Ltd.

Financials:

Particulars	FY22	FY23	FY24
Property, plant and equipment	14,703	16,046	19,486
Capital work-in-progress	3,098	4,035	1,323
Right-of-use assets	2,054	2,066	3,163
Goodwill	2,174	2,177	3,787
Other Intangible assets	1,513	1,179	4,810
Intangible assets under development	101	79	268
Financial assets			
i) Investments	250	250	184
ii) Other non-current financial assets	478	646	408
Deferred tax assets (net)	1,161	991	968
Income tax assets (net)	510	633	872
Other non-current assets	353	263	194
Total non-current assets	26,394	28,366	35,462
Inventories	14,494	13,830	15,251
Financial assets			
i) Investments	-	-	2,997
ii) Trade receivables	13,085	16,483	18,588
iii) Cash and cash equivalents	1,628	2,423	1,690
iv) Bank balances other than (iii) above	1,504	2,159	634
v) Other current financial assets	556	589	689
Other current assets	2,973	2,874	2,696
Total current assets	34,241	38,359	42,545
Assets held for sale	-	-	54
Total current assets	34,241	38,359	42,599
Total assets	60,635	66,725	78,062
Equity share capital	1,809	1,809	1,812
Other equity	18,067	23,203	27,711
Equity attributable to owners of the Holding company	19,875	25,011	29,523
Non-controlling interest	1,266	1,485	1,695
Total equity	21,141	26,497	31,218
Financial liabilities			
i) Borrowings	7,173	7,441	7,666
ii) Lease liabilities	1,113	1,152	2,157
iii) Other non-current financial liabilities	440	495	2,946
Provisions	421	397	433
Deferred tax liabilities (net)	426	389	1,374
Other non-current liabilities	272	163	163
Total non-current liabilities	9,845	10,037	14,739
Financial liabilities			
i) Borrowings	13,663	14,508	13,207
ii) Lease liabilities	223	242	319
iii) Trade payables			
Total outstanding dues of micro and small enterprises	331	191	169
Total outstanding dues to others	10,921	10,671	12,925
iv) Other current financial liabilities	2,706	2,806	3,044
Other current liabilities	744	886	1,449
Provisions	439	401	457
Current tax liabilities (net)	622	488	534
Total current liabilities	29,648	30,192	32,105
Total liabilities	39,493	40,229	46,844
Total equity and liabilities	60,635	66,725	78,062

Source: IPO Prospectus, DevenChoksey Research

Emcure Pharma Ltd.**ANALYST CERTIFICATION:**

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DRChoksey FinServ Private Limited

CIN Number -U67100MH2020PTC352816

Registered Office and Corporate Office:

5th Floor Abhishek Building, Behind Monginis Cake Factory, Off New Link Road, Andheri West, Mumbai-400058