



IPO NOTE

EMCURE PHARMACEUTICALS LIMITED

Rating:

SUBSCRIBE

(For listing gains and long term)



ISSUE OFFER

Issue Opens on	JULY 03, 2024
Issue Close on	JULY 05, 2024
Total IPO size (cr)	₹1,952.03
Fresh issue (cr)	₹800.00
Offer For Sale (cr)	₹1,152.03
Price Band (INR)	960- 1008
Market Lot	14
Face Value (INR)	₹10
Retail Allocation	35%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 50%;"></div>	50%
NII Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 35%;"></div>	35%

SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
180,852,116	188,788,623

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	08-07-2024
Refunds/Unblocking ASBA Fund	09-07-2024
Credit of equity shares to DP A/c	09-07-2024
Trading commences	10-07-2024

Emcure Pharmaceuticals Limited, an Indian pharmaceutical company, develops, manufactures, and globally markets a wide range of pharmaceutical products across several major therapeutic areas. The company has been ranked 13th in domestic sales among pharmaceutical companies in India for MAT September 2023.

OBJECTS OF THE ISSUE

- Repayment of all or a portion of certain outstanding borrowings.
- General corporate purposes

OUTLOOK & VALUATION

Emcure Pharmaceuticals is a prominent player in the domestic and international pharmaceutical markets. The company boasts a large, diversified, and fast-growing product portfolio, coupled with proven brand-building capabilities and strong R&D infrastructure.

Emcure has demonstrated consistent top-line growth, although recent profitability has seen a slight decline due to interest expenses and depreciation.

However, some key risks require careful consideration. The pharmaceutical industry is highly regulated, and Emcure faces potential disruptions to its raw material supply chain. Additionally, the company relies on third parties for product marketing and distribution.

Considering the company's strengths, growth trajectory, and the potential for debt reduction post-IPO, we view the P/E valuation of 36.6x as reasonable. We recommend applying for this IPO with a long-term view.



KEY MANAGERIAL PERSONNEL

01

Berjis Minoo Desai

Chairman and Non-Executive Director of the Company. He has been on the Board of the Company since April 3, 1997. He holds a bachelor's degree in law from Government Law College (University of Bombay, Mumbai) and a master's degree in law from the University of Cambridge, United Kingdom.

02

Satish Ramanlal Mehta

Managing Director and Chief Executive Officer of the Company. He holds a master's degree in science (chemistry) from the University of Pune, Pune. He has also obtained a post graduate diploma in business administration from the Indian Institute of Management, Ahmedabad. He has significant experience in the pharmaceutical industry.

03

Namita Vikas Thapar

Whole-time Director of the Company. She is a qualified chartered accountant having passed the final examination held by ICAI in 1998. She holds a bachelor's degree in commerce from the University of Pune, Pune. She holds a master's degree in business administration from the Fuqua School of Business, Duke University, USA.

04

Tajuddin Sabir Shaikh

Chief Financial Officer of the Company. He is a qualified chartered accountant from the ICAI and cost accountant from the Institute of Cost Accountants of India. He has further completed senior management programme course from the Indian Institute of Management, Ahmedabad.

05

Chetan Rajendra Sharma

Company Secretary and Compliance Officer of the company. He has been associated with us since December 24, 2019. He was further appointed as the Compliance Officer on December 11, 2023. He holds a membership as a fellow of the ICSI and is an associate of the Chartered Governance Institute, UK.



COMPANY PROFILE

- The company is a research and development (“R&D”) driven company with a differentiated product portfolio that includes orals, injectables, and biotherapeutics, which has enabled us to reach a range of target markets across over 70 countries.
- The Company ranked as the 13th largest pharmaceutical company in India in terms of Domestic Sales for the MAT Financial Year 2024, and the 4th largest pharmaceutical company by market share in its Covered Markets in terms of Domestic Sales for the MAT Financial Year 2024.
- The company has demonstrated strong capabilities and a proven track record in building brands. Six of the brands were ranked among the 300 highest-selling brands in the IPM, in terms of Domestic Sales for MAT Financial Year 2024.

COMPETITIVE STRENGTHS

- Well-placed to Leverage the Position in the Domestic Market.
- Demonstrated Capabilities of Building Brands.
- Large, Diversified, and Fast-Growing Product Portfolio in International Markets.
- Strong R&D Capabilities Driving Differentiated Portfolio of Products.
- Extensive and Diversified Manufacturing Capacity.
- Highly Qualified, Experienced and Entrepreneurial Management Team and Board.

KEY STRATEGIES

- Increase the Market Share in the Domestic Market.
- Continue to Invest in Research & Development and Manufacturing Capabilities to Enhance and Grow the Differentiated Product Portfolio.
- Deepen and Expand the International Presence with a Focused Go-to-Market Approach.
- Pursue Strategic Acquisitions, Partnerships and In-Licensing Arrangements.

KEY CONCERNS

- The company is subject to extensive government regulations in India and in international markets.
- Any disruptions to the supply, or increases in the pricing, of the raw materials and finished products that the company outsources, may adversely affect the supply and pricing of the products.
- The company is dependent on third parties for the distribution and marketing of the products.
- Company has experienced negative cash and cash equivalents in the past and may continue to do so in the future.

COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Company	EPS (Basic)	NAV	P/E	TOTAL INCOME (In ML)	RoNW (%)
Emcure Pharmaceutical s Limited	27.54	163.22		66,582.51	16.87
Peer Group					
Dr. Reddy's Laboratories Limited	334.59	1,693.75	17.93	280,111.00	334.59
Cipla Limited	51.01	330.78	30.10	257,740.90	51.01
Alkem Laboratories Limited	150.19	862.46	33.86	126,675.80	150.19
Torrent Pharmaceutical s Limited	48.94	202.57	57.74	107,280.00	48.94
Mankind Pharma Limited	47.68	233.73	45.30	103,347.75	47.68
Abbott India Limited	565.28	1,740.71	47.43	58,489.10	565.28
J. B. Chemicals & Pharmaceutical s Limited	34.85	188.37	50.49	34,841.80	34.85

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLION)	FY 2024	FY 2023	FY 2022
Equity Share Capital	1,811.52	1,808.52	1,808.52
Other equity	27,711.31	23,202.74	18,066.96
Net Worth	31,217.65	26,496.60	21,141.42
Total Borrowings	7,665.95	7,441.35	7,172.82
Revenue	66,582.51	59,858.11	58,553.87
EBITDA	12,767.82	12,209.41	13,933.81
Profit before Tax	7,272.28	7,472.15	9,725.48
Net Profit of the Year	5,275.75	5,618.45	7,025.56


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