

July 2, 2024

IPO Note

## IPO NOTE

### Issue Details

<b>Price Band:</b> ₹ 960 to ₹ 1,008
<b>Employee Discount:</b> ₹ 90/Share
<b>Issue Opens on:</b> July 3, 2024
<b>Issue Closes on:</b> July 5, 2024
<b>Lot Size:</b> 14 Shares & in Multiples thereafter

### Issue Highlights

<b>Issue Size:</b>	₹ 1,952.03 Cr.
<b>No of Shares:</b>	19,365,346
<b>Face Value:</b>	₹ 10

### Offer Structure

Issuance	₹ in Cr.
Fresh Issue	800.00
Offer for Sale	1,152.03
<b>Total</b>	<b>1,952.03</b>

### Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	971.02
HNI	15	291.30
Retail	35	679.71
Employee	-	10.00
<b>Total</b>	<b>100</b>	<b>1,952.03</b>

### Listing

**BSE & NSE**

### Lead Managers

- Axis Capital Ltd.
- J.P. Morgan India Private Ltd.
- Jefferies India Private Ltd.
- Kotak Mahindra Capital Co. Ltd.

### Registrar

**Link Intime India Private Limited**

### ANALYST

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### SALES

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## COMPANY OVERVIEW

Emcure Pharmaceuticals Limited, is an Indian pharmaceutical company engaged in developing, manufacturing and globally marketing a broad range of pharmaceutical products across several major therapeutic areas. They are a research and development ("R&D") driven company with a differentiated product portfolio that includes orals, injectables and biotherapeutics, which has enabled them to reach a range of target markets across over 70 countries, with a strong presence in India, Europe and Canada.

Emcure Pharmaceuticals is the 13th largest pharmaceutical company in India in terms of Domestic Sales for Moving Annual Total (MAT) FY24, and the 4th largest pharmaceutical company by market share in its Covered Markets in terms of Domestic Sales for MAT FY24. Further, the company is the largest pharmaceutical company in the gynecology and human immunodeficiency virus ("HIV") antivirals therapeutic areas in India in terms of Domestic Sales for MAT FY24.

They are focused towards pharmaceutical products used in chronic (including sub-chronic) therapeutic areas. Six of their brands were ranked among the 300 highest selling brands in the IPM, in terms of Domestic Sales for MAT Financial Year 2024. They have 13 manufacturing facilities across India.

Emcure Pharmaceuticals has a strong focus in the women's healthcare market, and it is a market leader in the gynecology therapeutic area in the IPM, with a 13.53% market share, in terms of Domestic Sales for MAT FY24. The company's market share was 1.70 times the market share of the next largest competitor in this therapeutic area in the IPM.

## HIGHLIGHTS

1. Well-placed to Leverage the Position in the Domestic Market
2. Demonstrated Capabilities of Building Brands
3. Large, Diversified and Fast-Growing Product Portfolio in International Markets
4. Strong R&D Capabilities Driving Differentiated Portfolio of Products
5. Extensive and Diversified Manufacturing Capacity

## OBJECTS OF THE ISSUE

1. Repayment and/ or prepayment of all or a portion of certain outstanding borrowings availed by the Company (₹ 600 Cr.)
  2. General corporate purposes
- Offer for sale of up-to 11,428,839 equity shares. The company will not receive any proceeds from the Offer for sale.

## OUR VIEW

Incorporated in 1981, Emcure Pharmaceuticals Limited, an Indian pharmaceutical company, develops, manufactures, and globally markets a wide range of pharmaceutical products across several major therapeutic areas. It is the 13th largest pharmaceutical company in India in terms of Domestic Sales for MAT Financial Year 2024.

Emcure plans to increase market Share in the Domestic Market and intend to continue to consolidate the position and increase the market share in their key and leading therapeutic areas, such as gynecology, cardiovascular, anti-infectives, HIV, blood-related, oncology/anti-neoplastics, hormones and vitamins, minerals and nutrients. The company is also open to pursuing Strategic Acquisitions, Partnerships and In-Licensing Arrangements.

However, the company is subject to extensive government regulations in India and international markets, which are paramount in smooth operations of the company. The company is present in a highly competitive pharmaceutical industry, which has certain companies with a very strong foothold. Thus, Emcure faces stiff competition from these peers.

The revenue CAGR for the period FY21-23 stood at about 6.6%. The company operated on an EBITDA margin of 19.01% and PAT margin of 7.86% for year ended FY24. Generating ROE and ROCE of 16.9% and 19.37% respectively for FY23. The company expects its bottom-line to improve with debt reduction and more domestic market penetration.

The company is asking for a PE multiple of 36.6x on the upper end of the price band and using diluted EPS for FY24 (₹ 27.54) which seems fully priced. The P/BV is at 6.17x for FY24. **Looking at all the factors, risks, opportunities and a high valuation, investors may subscribe for the issue with a medium to long-term view.**

**Brief Financials**

PARTICULARS	₹ in Million		
	FY '24	FY '23	FY '22
Total Income	67,152.41	60,317.16	59,188.60
Total Expenditure	59,780.82	52,783.55	49,463.12
EBITDA	12,767.82	12,209.41	13,933.81
Profit before Tax	7,272.28	7,472.15	9,725.48
Profit after Tax	5,275.75	5,618.45	7,025.56
E.P.S. (Diluted)	27.54	29.42	36.62
P/E (x) (Diluted)	36.6	-	-
RONW (%)	16.87	21.27	33.32

\* Not Annualised

**PRICE CHART (@ ₹ 1,008) (Retail Category)**

LOT SIZE	Amount
14	14,112
28	28,224
42	42,336
56	56,448
70	70,560
84	84,672
98	98,784
112	112,896
126	127,008
140	141,120
154	155,232
168	169,344
182	183,456
196	197,568

**HNI Payment Chart**

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Small HNI	210	211,680
Big HNI	994	1,001,952

**Indicative Time Table**

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	8/07/2024
Initiation of refunds/unblocking ASBA Fund	9/07/2024
Credit of Equity Shares to demat accounts of Allottees	9/07/2024
Commencement of trading of the Equity Shares on the Stock Exchanges	10/07/2024

**For more details, Please refer RHP,**

[https://www.sebi.gov.in/filings/public-issues/jun-2024/emcure-pharmaceuticals-limited-rhp\\_84516.html](https://www.sebi.gov.in/filings/public-issues/jun-2024/emcure-pharmaceuticals-limited-rhp_84516.html)

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