

IPO NOTE

Issue Details

Price Band: ₹ 372 to ₹ 391

Issue Opens on: December 20, 2024

Issue Closes on: December 24, 2024

Lot Size: 38 Shares & in Multiples thereafter

Issue Highlights

Issue Size: ₹ 582.11

No of Shares: 1,48,87,723

Face Value: ₹ 10

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	500.00
Offer for Sale	82.11
Total	582.11

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	75	436.58
HNI	15	87.32
Retail	10	58.21
Employee	-	2.93
Total	100	582.11

Listing

BSE & NSE

Lead Managers

- Equirus Capital Private Ltd.
- Ambit Private Limited
- Nuvama Wealth Management Limited

Registrar

Link Intime India Private Ltd

Contact Details

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COMPANY OVERVIEW

Senores Pharmaceuticals Ltd. is the global research driven pharmaceutical company engaged in developing and manufacturing a wide range of pharmaceutical products predominantly for the Regulated Markets of US, Canada and United Kingdom across various therapeutic areas and dosage forms, with a presence in Emerging Markets. The company have a presence in the Emerging Markets across 43 countries. They also manufacture critical care injectables and APIs.

Company's Regulated Markets Business is carried out through their 2 subsidiary companies, Havix, which houses their US FDA approved oral solid dosage ("OSD") facility at Atlanta and SPI, a US based company holding the intellectual property used by the company. In the CDMO segment, they have partnered with companies such as Ajanta Pharma Ltd and La Renon Healthcare Pvt Ltd to develop and manufacture complex oral solids and injectables for India and in other countries within the Emerging Markets.

As of September 30, 2024, they have a product portfolio of 205 products and combination molecules which are launched and are marketed under various models across the world in the Emerging Markets.

HIGHLIGHTS

1. Ability to cater to the Regulated Markets of US, Canada and the United Kingdom through their US FDA approved formulation manufacturing facility in the US
2. Distinct niche product portfolio built in a short span for Regulated Markets
3. Long-term marketing arrangements with pharmaceutical companies in the Regulated Markets of US, Canada and the United Kingdom
4. Presence in the Emerging Markets with a product portfolio, including specialty or complex products
5. Robust R&D capabilities

OBJECTS OF THE ISSUE

1. Investment in one of the Subsidiaries, Havix Group, Inc. d/b/a Aavis Pharmaceuticals ("Havix"), to fund capital expenditure requirements for setting up a manufacturing facility for the production of sterile injections in Atlanta Facility (₹ 107 Cr.)
2. Re-payment/pre-payment, in full or in part, of certain borrowings availed by the Company (₹73.48 Cr.)
3. Investment in the Subsidiary, namely, Havix, for re- payment/pre-payment in full or in part, of certain borrowings availed by such Subsidiaries (₹ 20.22 Cr.)
4. Funding the working capital requirements of the Company (₹ 43.26 Cr.)
5. Investment in the Subsidiaries, namely, SPI and Ratnatris to fund their working capital requirements (₹ 59.48 Cr.)
6. Funding inorganic growth through acquisition and other strategic initiatives and general corporate purposes

To carry out the Offer for Sale of 2,100,000 Equity Shares. The company will not receive any proceeds from Offer for sale.

OUR VIEW

Incorporated in 2017, Senores Pharmaceuticals Ltd. is the global research driven pharmaceutical company engaged in developing and manufacturing a wide range of pharmaceutical products predominantly for the Regulated Markets of US, Canada and United Kingdom across various therapeutic areas and dosage forms, with a presence in Emerging Markets. Through data analytics, research, market assessment and experienced management, they strategically identify commercially underpenetrated molecules to launch products in the Regulated and Emerging Markets. As of Sept.30, Senores has launched 55 products in key therapeutic areas, including antibiotics and anti-fungal treatments.

However, risks to consider are regulatory risk, market competition, revenue concentration, debt dependency, product development risk, dependence on third party marketing partners and distributors, negative cash flows from operating activities all of which could impact operations, profitability, and financial stability.

On the financial front, the Revenue and PAT CAGR for the period FY22-24 grew at around 289% and 474% respectively. The company operated on an EBITDA margin of 20.7% and PAT margin of 15.25% for FY24. The number was 25.91% and 13.23% respectively for H1FY25. ROE & ROCE stood at 23.6% and 11.73% respectively at FY24. Total borrowing is ₹ 299 Cr. as on 30 November 2024.

The issue is priced at a P/BV of 4.46 based on its NAV of Rs. 87.63 as at H1FY25 and is asking for a PE multiple of 32x on the upper end of the price band and using diluted EPS for FY24 (₹ 12.21) and if we attribute FY25 earnings, then the asking price is at P/E of 27x which seems reasonably priced when average industry P/E at around 38.84x.

Senores Pharmaceuticals has a significant potential for further expansion in emerging markets. Also, with proven track record of the financials and a strong focus on technology-driven operations the company is well positioned to benefit from rapidly growing pharma sector.

Looking at all the factors, risks, opportunities and valuation, investors can invest in the issue with Long term horizon.

Brief Financials

PARTICULARS	As at Sept. 30, 2024	₹ in Lakhs		
		FY '24	FY '23	FY '22
Total Income	1,833.53	2,173.42	390.21	146.31
Total Expenditure	1,539.50	1,923.98	265.84	134.88
EBITDA	469.08	444.08	163.54	24.13
Profit before Tax	294.03	249.44	124.37	11.43
Profit after Tax	239.43	327.08	84.33	9.91
E.P.S. (Diluted)	7.20*	12.21	6.65	1.81
P/E (x) (Diluted)	-	32	-	-
RONW (%)	8.69*	23.60	20.55	4.35

* Not Annualised

PRICE CHART (@ ₹ 391) (Retail Category)

LOT SIZE	Amount
38	14,858
76	29,716
114	44,574
152	59,432
190	74,290
228	89,148
266	1,04,006
304	1,18,864
342	1,33,722
380	1,48,580
418	1,63,438
456	1,78,296
494	1,93,154

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount (Rs.)
Small HNI	532	2,08,012
Big HNI	2,584	10,10,344

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	26/12/2024
Initiation of refunds/unblocking ASBA Fund	27/12/2024
Credit of Equity Shares to demat accounts of Allottees	27/12/2024
Commencement of trading of the Equity Shares on the Stock Exchanges	30/12/2024

For more details, Please refer RHP,

(https://www.sebi.gov.in/filings/public-issues/dec-2024/senores-pharmaceuticals-limited-rhp_89951.html)

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