

One Stop Investment Avenue



GEPL
CAPITAL

IPO Note

**EMCURE
PHARMACEUTICALS LTD**

Jul 03, 2024

Emcure[®]





Jul 03, 2024

Details of the Issue

Price Band	₹ 960 - ₹ 1,008
Issue Size	₹ 1,952.03 Cr
Face Value	₹ 10
Bid Lot	14
Listing on	BSE, NSE
Post Issue Mcap	₹ 19,029.89 Cr
Investment Range	₹ 13,440 - ₹ 14,112

Important Indicative Dates (2024)

Opening	03 - Jul
Closing	05 - Jul
Basis of Allotment	08 - Jul
Refund Initiation	09 - Jul
Credit to Demat	09 - Jul
Listing Date	10 - Jul

Lead Manager

Kotak Mahindra Capital Limited
Axis Capital Limited
Jefferies India Pvt Limited
J.P Morgan India Pvt Limited
Link Intime India Pvt Limited

Offer Details

Offer Size	₹ 1,952.03 Cr
Fresh Issue	₹ 800 Cr
OFS	₹ 1,152.03 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	976	9.68	10.16	50
NIB	293	2.94	3.05	15
Retail	683	6.77	7.11	35
Em-ploy.	-	-	-	-
Total	1,952	19.36	20.33	100

Invest Now**Company Profile**

Emcure Pharmaceuticals Limited, founded in 1981, is a leading Indian pharmaceutical company specializing in the development, manufacturing, and global marketing of pharmaceutical products across major therapeutic areas. It ranks 13th in domestic sales and holds the 4th position in market share in its covered markets as of MAT September 2023. Emcure Pharma leads in gynaecology and HIV antiviral therapeutics in India. For the six months ended September 30, 2023, and the full Financial Year 2023, domestic sales contributed 50.84% and 53.16% of total revenue, respectively, with a robust growth rate of 10.80% CAGR from September 2019 to September 2023.

As of September 30, 2023, Emcure Pharma employs 552 scientists across five research facilities in India, holds 201 granted patents, and has submitted over 1,800 documents globally, including 204 in the EU and 133 in Canada. The company operates 13 manufacturing facilities capable of producing various pharmaceutical and biopharmaceutical products. Emcure Pharma's marketing and distribution network in India is supported by more than 5,000 field personnel and includes over 5,000 stockists serviced by 37 carry-and-forward agents, ensuring extensive market coverage and efficient distribution.

Business Highlights & Services

Emcure specialize in a diverse range of pharmaceutical products globally, focusing on chronic therapeutic areas like gynecology, cardiovascular, oncology, HIV, neurology, respiratory, and anti-diabetic treatments. Its portfolio also includes acute therapies such as anti-infectives, pain management, analgesics, and nutritional supplements. It collaborate with multinational pharmaceutical companies to license their products in India and abroad. Ranked among the top pharmaceutical companies in India, it lead in gynecology and HIV antivirals, with a presence in 19 therapeutic areas and sustained growth across major markets from 2020 to 2024.

Emcure strategy focuses on leveraging their expanding product portfolio within India's growing domestic formulations market, projected to reach ₹2.9 trillion to ₹3.0 trillion by FY 2029. It aim to capitalize on market dynamics by investing in specialty products, extending brand life cycles, and expanding their sales and marketing presence. The goal is to increase market share in key therapeutic areas like gynecology, cardiovascular, and oncology through new product launches and enhanced prescriber outreach. With strategic initiatives to optimize the sales force and expand into rural markets, company is poised to strengthen its leadership position and drive sustainable growth.

It enhancing R&D and manufacturing capabilities to drive growth through differentiated product offerings in domestic and international markets. It aim to achieve greater vertical integration to enhance product quality, supply chain efficiency, and cost effectiveness, while aligning with their ESG goals through sustainable practices. Key investment areas include novel drug delivery systems and biotherapeutics, leveraging technologies like flow chemistry and photo-chemistry to address high-growth therapeutic areas with limited global competition.

Company focuses on leveraging differentiated product platforms across global markets. With over 1,800 filed dossiers, it specialize in chiral molecules, complex chemistry, and advanced injectables like liposomal and lyophilized formulations. Operating in 19 therapeutic areas across 70 countries, it tailor their marketing strategies to fit each market's regulatory, competitive, and size dynamics. Its growth plan includes expanding product registrations, enhancing customer reach through direct sales forces or strategic partnerships, and prioritizing technology-driven innovations in complex oral solids, injectables, and biotherapeutics.



Company have historically made strategic acquisitions, such as Tillomed Laboratories in the UK and Marcan in Canada. Recently, it bolstered its presence in Quebec through the acquisition of Mantra in Nov23. Additionally, it have secured exclusive distribution rights for products from Sanofi in India, including brands like Cardace and Clexane. Looking ahead, it plan to pursue further strategic acquisitions and in-license pharmaceutical products to expand in existing and new markets. It also continue to select local partners and establish subsidiaries with dedicated sales teams to efficiently distribute the products globally.

company operate 13 state-of-the-art manufacturing facilities across India, producing a wide range of pharmaceutical and biopharmaceutical products. It capabilities include manufacturing oral solids, liquids, injectables (including liposomal and lyophilized formulations), biotherapeutics, and complex APIs like chiral molecules and iron products. This vertical integration ensures cost-effective production, quality assurance, and protects the intellectual property. It specialize in in-house production of complex injectables, iron products, photochemistry items, chiral molecules, and biotherapeutics."

Brand and Molecule portfolio

Molecule	Therapeutic Area	Number of Peers in India ⁽¹⁾	MAT Financial Year 2024 (₹ in millions)	MAT Financial Year 2024 Market Rank ⁽²⁾	MAT Financial Year 2024 Market Share ⁽³⁾
Ferric Carboxymaltose	Gynecology	6	2,597.76	1	58.56%
S-Amlodipine	Cardiovascular	2	1,513.55	1	87.84%
Tenecteplase	Cardiovascular	1	1,165.23	1	85.90%
S-Metoprolol	Cardiovascular	1	1,077.37	1	92.16%
Ibutilide	Cardiovascular	1	2.79	1	100.00%
Treosulfan	Anti-neoplastics	1	0.79	1	100.00%
Ferrous Ascorbate	Gynecology	1	1.93	1	100.00%

Therapeutic Area	MAT Financial Year 2024 ⁽¹⁾ (₹ in millions)	MAT Financial Year 2024 Market Rank in subgroup ⁽²⁾	MAT Financial Year 2024 Market Share (at subgroup level) ⁽³⁾ (%)
Orofer-XT	Gynecology	3,688.34	1 50.89%
Bevon	Vitamins, minerals and nutrients	2,211.26	3 10.08%
Zostum	Anti-infectives	1,934.46	1 33.87%
Maxtra	Respiratory	1,397.47	1 34.17%
Orofer FCM	Gynecology	1,310.47	1 29.54%
Orofer-S	Cardiovascular	1,273.78	1 42.17%
Metpure XL	Cardiovascular	974.58	1 83.37%
Feronia XT	Gynecology	940.12	2 14.09%
Spegra	HIV antivirals	927.54	1 100.00%
Orofer XT Plus	Gynecology	901.76	1 59.81%
Exhep	Cardiovascular	825.10	4 10.74%
Eslo	Cardiovascular	741.64	1 43.04%
Viropil	HIV antivirals	678.23	1 93.15%
Elaxim	Cardiovascular	677.76	1 49.96%
Augpen	Anti-infectives	661.49	10 1.98%
Dydrofem	Gynecology	632.35	4 6.76%
Maxtra P	Respiratory	615.21	5 9.41%
Lomit	Gastrointestinal	587.89	2 34.34%
Pause	Blood-related	585.13	2 26.45%
Encicarb	Gynecology	579.74	2 13.07%

Revenue Breakup Details

	For the Financial Year ended March 31,					
	2024		2023		2022	
	(₹ in millions, except percentages)					
Sales in India	32,148.98	48.28%	31,818.18	53.16%	32,046.66	54.73%
Sales outside India	34,433.53	51.72%	28,039.93	46.84%	26,507.21	45.27%
Europe	14,235.72	21.38%	11,873.26	19.84%	8,968.17	15.32%
North America	9,279.09	13.94%	7,294.21	12.19%	6,794.50	11.60%
Other continents	10,918.72	16.40%	8,872.46	14.81%	10,744.54	18.35%
Revenue from operations	66,582.51	100.00%	59,858.11	100.00%	58,553.87	100.00%

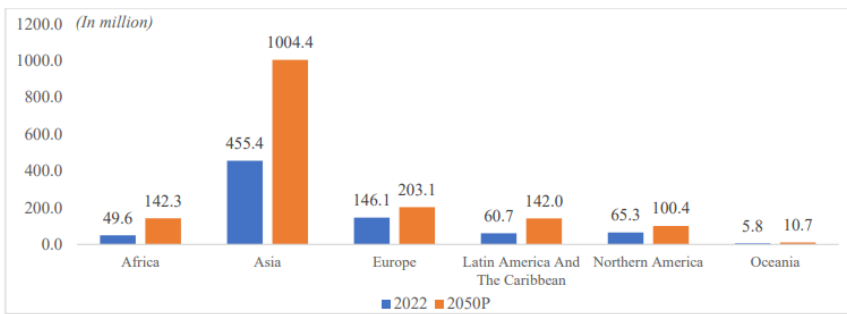


Therapeutic Portfolio

Therapeutic Area	Covered Market Growth			
	Emcure MAT 5-Year CAGR ⁽¹⁾	IPM MAT 5-Year CAGR ⁽¹⁾	Emcure MAT 3-Year CAGR ⁽²⁾	IPM MAT 3-Year CAGR ⁽²⁾
	(%)	(%)	(%)	(%)
Gynecology	9.94%	11.59%	9.00%	11.85%
Cardiovascular	5.90%	7.33%	(5.26)%	12.83%
Anti-infectives	5.26%	5.81%	3.06%	4.86%
Vitamins, minerals and nutrients	7.47%	11.90%	(1.19)%	8.16%
HIV antivirals	25.19%	12.57%	11.99%	11.31%
Respiratory	10.46%	12.10%	11.00%	11.88%
Gastrointestinal	8.23%	8.25%	7.20%	7.06%
Pain and analgesics	9.99%	11.18%	13.71%	8.42%
Blood-related	7.90%	8.46%	8.68%	15.75%
Oncology/Anti-neoplastics	25.72%	8.48%	34.03%	19.36%
Anti-diabetic	32.75%	12.78%	22.07%	18.34%
Hormones	21.17%	2.08%	26.05%	11.58%
Neurology/CNS	0.83%	4.27%	5.24%	6.12%
Others ⁽³⁾	(0.72)%	5.75%	13.81%	19.79%
Total	9.73%	8.60%	6.38%	10.32%

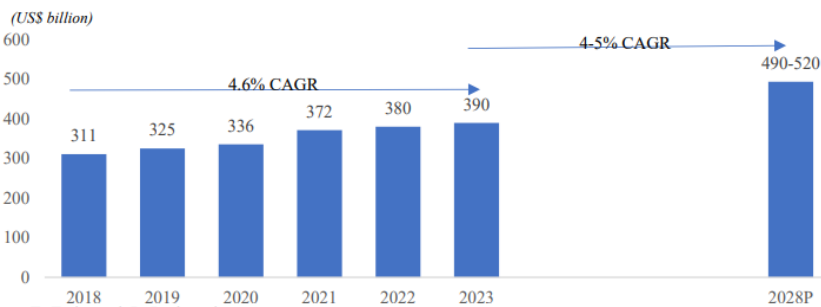
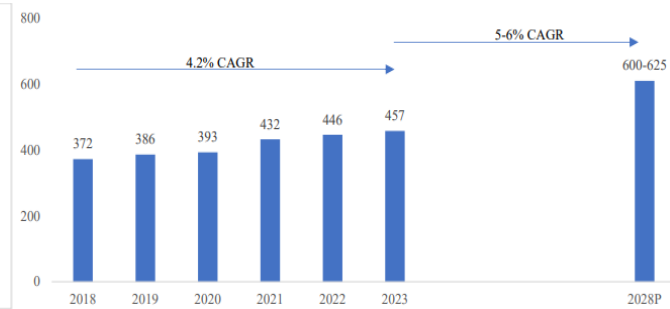
Industries Outlook

Number of persons aged 65 years or over by geographic region, 2019 and 2050

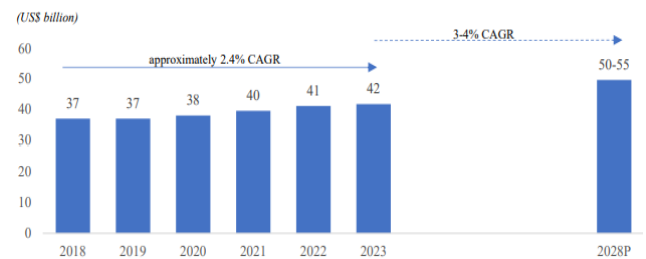


Review and outlook on Europe market

Review and outlook on Rest of the World market



Review and outlook on Canada market



Peers Comparison

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	NAV (₹)	P/E	RoNW (%)
Emcure Pharmaceutical Ltd	10	6,658	27.5	163	NA	16.87%
Peers Group						
Dr Reddys Lab Ltd	5	28,011	334	1693	17	19.74%
Cipla Ltd	2	25,774	51	330	30	15.43%
Alkem Laboratories Ltd	2	12,668	150	862	33	17.41%
Torrent Pharmaceutical Ltd	5	10,728	48	202	57	24.15%

**Companies Competitive Strength :**

- 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 Implemented by Company

- 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.

Particular (INR in Cr)	FY24	FY23	FY22
Equity Capital	181	181	181
Reserves and Surplus	2771	2320	1807
Net Worth	3122	2650	2114
Revenue	6,658	5,986	5,855
Growth (%)	11%	2%	
EBITDA	1,220	1,175	1,331
EBITDAM (%)	18%	20%	23%
PAT	528	562	703
PATM (%)	8%	9%	12%
ROCE (%)	19%	22%	30%
ROE (%)	17%	21%	33%

Valuations and Recommendation:

- Based on annualized FY24 earnings to post-IPO paid-up equity capital of the company, The issue is priced at a P/E of 36.07X. Thus the issue appears to be fairly priced compared to peers.
- Emcure is a leading pharmaceutical manufacturer known for its diverse portfolio and robust R&D capabilities. Despite recent profitability challenges due to high finance costs, expected improvements post-debt reduction are anticipated. It consistently outpaces industry growth rates with a domestic sales CAGR of 9.73% and export sales CAGR of 19.51%. With a strong focus on chronic therapeutic fields, which constitute 46.22% of total domestic sales, the company leverages its leading market positions (>50% market share in key molecules) to expand into adjacent therapeutic areas. Strategic acquisitions have bolstered its global presence, ensuring resilience through diversified revenue streams and specialized products targeting high-growth markets. Hence, we recommend an "Subscribe" rating for the issue.



Notes

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