

Rating: Subscribe

Issue Offer

OFS of 21,00,000 equity shares amounting to INR 821.1 Mn and Fresh Issue of 1,27,87,723 equity shares aggregating upto INR 5,000 Mn.

Issue Summary

Price Band (INR)	372-391
Face Value (INR)	10
Implied Market Cap (INR Mn)	13,507
Market Lot	38

Issue Opens on	December 20, 2024
Issue Close on	December 24, 2024
No. of share pre-issue	3,32,65,865
No. of share post issue	4,60,53,588
Listing	NSE , BSE

Issue Break-up (%)

QIB Portion	≥75
NII Portion	≤15
Retail Portion	≤10

Book Running Lead Managers

Equirius Capital Pvt Ltd

Ambit Pvt Ltd

Nuvama Wealth Management Ltd

Registrar

Link Intime India Pvt Ltd

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	66.67%	45.76%
Public & Others	33.33%	54.24%

➤ Objects of the issue

- Investment in one of their subsidiaries Havix Group, to fund capital expenditure requirements for setting up a manufacturing facility for the production of sterile injections in their Atlanta facility.
- Repayment/Pre-payment in full or in part of certain borrowings
- Repayment/Pre-payment in full or in part of certain borrowings availed by Havix Group
- Fund the Working Capital Requirements
- To fund the Working Capital requirements of their subsidiaries Senores Pharmaceuticals and Ratnaris Pharmaceuticals Pvt Ltd
- Future inorganic growth through acquisitions and other strategic initiatives

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Senores Pharmaceuticals is a global research driven pharmaceutical company primarily engaged in developing and manufacturing pharma products. The company's strength lies in identifying, developing and manufacturing diverse range of specialty, underpenetrated and complex products. Their business is primarily focused on the regulated markets of US, Canada and UK along with decent presence in the Emerging markets across 43 countries. Other than this, they also manufacture critical care injectables and APIs. As of H1FY25, Regulated markets business has major contribution of ~61% to revenues, followed by Emerging markets business with ~32% share. The company has different business models for both the markets including CDMO services. They operate through 3 facilities in USA and India. The facilities are USFDA and WHO-GMP approved.

Investment Rationale

Specialty and Complex products portfolio for the Emerging markets: Senores is present in 43 emerging markets with specific focus on Latin America, Africa South East Asia and Middle East. They focus on value added and niche products, which they identify on the basis of analysis of market and demand trends. They have implemented the strategy of registering and launching complex products, which are widely sold in the regulated markets, in the emerging markets where the competition is much less. They sell and market their products through various business models like distributor model, P2P model and CDMO.

Strong presence in the Regulated markets of US, Canada and UK: The company's strategy is to target specialty, niche and difficult to manufacture complex products which have the market potential in the small to mid-market range, where typically the global players do not have much presence, thereby reducing the competition. The company has 19 ANDAs approved as of now with 21 products launched; 33 ANDAs are under development. They have a long term relationship with pharma and marketing companies with an agreement of 5-7 years; they also have a well established relationship with their CDMO partners.

Plans to further penetrate the regulated markets with capacity expansion: Senores plans to further develop their ANDA portfolio with own developments and acquisitions. For this, the company plans a brownfield expansion at their Atlanta facility along with their R&D capabilities. They also intend to set up a niche injectables manufacturing facility in the US. Plan to also launch NDA products in the US markets with a target to become one of the first companies in this segment in the market. The company had also recently set up API facility through their subsidiary, mainly to cater to the domestic and SRAAC countries. Now, they plan to further increase their capacity of 25 MTPA to 169 MTPA, mainly to reduce dependency and start direct sales of APIs in the regulated and semi regulated markets.

Valuation and View: Senores Pharmaceuticals is a research driven company manufacturing and developing pharma products, majorly focused on regulated markets of US, UK and Canada along with presence in the emerging markets. They operate through different business models like P2P, Marketed products and CDMO. With new brownfield and greenfield projects, they plan to further penetrate the regulated markets with additional ANDA products and increasing API capacity. At the upper band price of INR 391, the issue is valued at 41.3x P/E based on FY24 EPS of INR 9.47 and 28.2x P/E based on annualized FY25 earnings. We have a "Subscribe" rating for the issue.

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Stock Rating Scale	Absolute Return
BUY	
ACCUMULATE	
HOLD	
NEUTRAL	
REDUCE	
SELL	

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