AXIS CAPITAL


# SENORES PHARMACEUTICALS LIMITED

## IPO NOTE - Investor Education Series

*December 2024*

## ISSUE HIGHLIGHTS

- Senores Pharmaceuticals ("**Senores**") was originally incorporated on 26th December 2007. Senores 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.

- 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, US and **SPI**, a US based company holding the intellectual property used by the company, specifically for their ANDA approvals and enters into agreement with their marketing partners

- Company's curated complex products spanning diverse dosage forms and therapeutic domains, demonstrated through their partnerships in the Regulated Markets of US, Canada and United Kingdom with foreign and Indian pharmaceutical companies including **Prasco LLC, Lannett Company Inc., Jubilant Cadista Pharmaceuticals Inc., Alkem Laboratories Ltd, Sun Pharmaceuticals Industries Ltd, Dr. Reddy's Laboratories Inc.** and **Cipla USA Inc**.

- 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.

- Senores has presence in the Emerging Markets and are currently marketing their products in 43 countries with specific focus on Latin America, Africa, Commonwealth of Independent States, South-East Asia and Middle East regions.

- Their strategy of product selection has helped them to rapidly grow their business in 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. In Fiscal 2024 the revenue from the Emerging Market Business was ₹ 44.20 crore, which amounted to 20.60% of the revenue from operations for Fiscal 2024.

## BRIEF FINANCIAL DETAILS*

*(₹ IN CR)*

| | As at Sep'30, | As at Mar' 31, | | |
|---|---|---|---|---|
| | 2024 (06) | 2024 (12) | 2023 (12) | 2022 (12) |
| Equity Share Capital | 33.27 | 30.51 | 9.82 | 8.74 |
| Reserves as stated | 258.24 | 173.76 | 35.68 | 27.85 |
| Net Worth | 291.50 | 204.27 | 45.50 | 36.59 |
| Total Borrowings | 242.03 | 248.38 | 60.76 | 14.21 |
| Revenue from Operations | 181.02 | 214.52 | 35.34 | 14.17 |
| Revenue Growth (%) | - | 507.02% | 149.40% | - |
| EBITDA | 46.91 | 44.41 | 16.35 | 2.41 |
| EBITDA Margin (%) as stated | 25.91% | 20.70% | 46.28% | 17.03% |
| Net Profit for the period | 23.94 | 32.71 | 8.43 | 0.99 |
| Net Profit (%) as stated | 13.23% | 15.25% | 23.87% | 7.00% |
| EPS – Basic (₹) | 7.20^ | 13.67 | 8.87 | 1.81 |
| RONW (%) | 8.69%^ | 23.60% | 20.55% | 4.35% |
| NAV (₹) | 87.63 | 66.96 | 46.36 | 41.86 |
| ROE (%) | 8.69%^ | 23.60% | 20.55% | 4.35% |
| ROCE (%) | 7.59%^ | 11.73% | 18.56% | 5.38% |
| Debt to Equity | 0.76 | 1.07 | 1.34 | 0.39 |

*Source: RHP, *Restated Consolidated, ^ not annualized*

## Issue Details

**Fresh Issue of Equity Shares aggregating upto ₹ 500 Cr and Offer for Sale of up to 2,100,000 Equity Shares**

**Issue size: ₹ 578 - 582 Cr**
**Face value: ₹ 10/-**

**Price band: ₹ 372 - 391**
**Bid Lot**: **38 Shares** and in multiple thereof

**Post Issue Implied Market Cap = ₹ 1,737 – 1,801 Cr**

**BRLMs**: Equirus Capital, Ambit Pvt Ltd, Nuvama Wealth
**Registrar:** Link Intime India Pvt Ltd

**Issue opens on**: Friday**, 20th Dec' 2024**
**Issue closes on**: Tuesday**, 24th Dec' 2024**

## Indicative Timetable

| Activity | On or about |
|---|---|
| Finalisation of Basis of Allotment | 26-12-2024 |
| Refunds/Unblocking ASBA Fund | 26-12-2024 |
| Credit of equity shares to DP A/c | 27-12-2024 |
| Trading commences | 30-12-2024 |

## Issue Break-up

| | No. of Shares | | ₹ In Cr | | % of Issue |
|---|---|---|---|---|---|
| | @Upper | @Lower | @Upper | @Lower | |
| QIB | 11,599,397 | 11,109,543 | 431.50 | 434.38 | **75%** |
| NIB | 2,319,878 | 2,221,908 | 86.30 | 86.88 | **15%** |
| *-NIB2* | *1,546,586* | *1,481,272* | *57.53* | *57.92* | - |
| *-NIB1* | *773,292* | *740,636* | *28.77* | *28.96* | - |
| RET | 1,546,585 | 1,481,272 | 57.53 | 57.92 | **10%** |
| EMP | 75,000 | 75,000 | 2.79 | 2.93 | |
| **Total** | **15,540,860** | **14,887,723** | **578.12** | **582.11** | **100%** |

*NIB-1= Bid between ₹ 2-10 Lakhs NIB-2 = Bid Abv ₹ 10 Lakhs*

| Category | Retail Category | NII-Bid between ₹ 2 - 10 Lakhs | NII - Bid Above ₹ 10 Lakhs |
|---|---|---|---|
| Minimum Bid Lot (Shares) | 38 Shares | 532 Shares | 2,584 Shares |
| Minimum Bid Lot Amount (₹) | ₹ 14,858^ | ₹ 2,08,012^ | ₹10,10,344^ |
| Appl for 1x | 38,981 Applications | 1,392 Applications | 2,784 Applications |

**Listing: BSE & NSE**

## Shareholding (No. of Shares)

| Pre issue | Post issue~ | Post issue^ |
|---|---|---|
| 33,265,865 | 46,706,725 | 46,053,588 |

~@Lower price Band ^@ Upper Price Band

## Shareholding (%)

| | Pre-Issue | Post-Issue |
|---|---|---|
| Promoters | 23.39% | 15.16% |
| Promoter Group | 43.27% | 30.61% |
| Public – Selling S/h | 4.44% | 1.03% |
| Public - Others | 28.90% | 53.20% |
| **Total** | **100.00%** | **100.00%** |

## BACKGROUND

### Company and Directors

The Company was originally incorporated as "Senores Pharmaceuticals Private Limited" on December 26, 2007. Swapnil Jatinbhai Shah and Ashokkumar Vijaysinh Barot are the Promoters of the company. Currently, promoters cumulatively hold 7,781,311 Equity Shares, representing 23.39% of the paid-up Equity Share capital of the company.

### Brief Biographies of Directors and Key Managerial Personnel

**Swapnil Jatinbhai Shah** is the Promoter and Managing Director of the company. He has over 15 years of experience in the pharmaceutical sector. He is currently leading the company's overall functioning and is a part of the core management team. He is also responsible for product portfolio management, corporate strategy, business development and overall strategic management of the company. He was previously associated as a strategist at Planet Payment Inc. (*now acquired by Fintrx, Inc., a fintech company listed on the NASDAQ*).

**Sanjay Shaileshbhai Majmudar** is the Chairman and Non-Executive, Non-Independent Director of the company. He has over 39 years of experience. He currently serves as a director on the board of AIA Engineering Ltd. He serves on the board of Ashima Ltd, M&B Engineering Ltd and Welcast Steels Ltd.

**Hemanshu Nitinchandra Pandya** is the Non-Executive, Non-Independent Director of the company. He has over 4 years of experience in the pharmaceuticals industry. He was previously associated with Cyrilmed LLC and is currently associated with Havix Group Inc. d/b/a Aavis Pharmaceuticals.

**Jitendra Babulal Sanghvi** is the Non-Executive, Non-Independent Director of the company. He has over 15 years of experience in the pharmaceutical industry. He has been associated with Ratnatris Pharmaceuticals Pvt Ltd.

**Chetan Bipinchandra Shah** is the Whole-Time Director and Chief Operating Officer of the company. He has over 24 years of experience in the pharmaceutical industry and was previously associated with pharmaceutical companies such as Torrent Pharmaceuticals Ltd and Cadila Pharmaceuticals Ltd. He was also associated with Reliance Retail Ltd, Reliance Fresh Ltd, and Reliance Corporate IT Park Ltd. He is currently responsible for the overall operations of the company.

**Deval Rajnikant Shah** is the Whole-Time Director and Chief Financial Officer of the company. He has more than 40 years of experience in chartered accountancy, engineering and pharmaceuticals. He was previously associated with SAI Consulting Engineers Pvt Ltd.

**Ashokkumar Vijaysinh Barot** is the Promoter and Non-Executive, Non-Independent Director of the company. He has over 21 years of experience in the pharmaceutical industry. He has been on the board of Di-Cal Pharma Pvt Ltd.

**Arpit Deepakkumar Shah** is the Non-Executive, Non-Independent Director of the company. He has over 10 years of experience. He was previously associated with Case-Mate Inc. He is also the promoter and managing director of Remus Pharmaceuticals Ltd, a company listed on the Emerge platform of NSE Ltd.

**Naresh Bansilal Shah** is the Non-Executive, Independent Director of the company. He has over 17 years of experience in the pharmaceuticals industry. He was previously associated with Cadila Healthcare Ltd and Ranbaxy Laboratories Ltd and is currently the chief operating officer at Inventia Healthcare Ltd.

**Manjula Devi Shroff** is the Non-Executive, Independent Director of the company. She has over 15 years of experience.

**Kalpit Rajesh Gandhi** is the Non-Executive, Independent Director of the company. He has over 15 years of experience. He currently serves on the board of Vadilal Industries Ltd.

**Udayan Dileep Choksi** is the Non-Executive, Independent Director of the company. He has over 17 years of experience in the legal industry. He is currently a partner at Khaitan & Co.

**Vinay Kumar Mishra** is the Company Secretary and Compliance Officer of the company. He has been associated with the company from August 1, 2024. He has over 10 years of experience.

## OBJECTS OF THE ISSUE

| Objects | Amount (₹ Cr) |
|---|---|
| • Investment in one of the subsidiaries, Havix, to fund capital expenditure requirements for setting up a manufacturing facility for the production of sterile injections in the Atlanta Facility | 107.00 |
| • Re-payment/pre-payment, in full or in part, of certain borrowings availed by the company | 73.48 |
| • Funding the working capital requirements of the company | 20.22 |
| • Investment in the subsidiaries, namely, SPI and Ratnatris to fund their working capital requirements | 43.26 |
| • Funding inorganic growth through acquisition and other strategic initiatives | 59.48 |
| • General Corporate Purposes | [ • ] |

| Objects | Amount (₹ Cr) |
|---|---|
| **Total** | [ • ] |

## OFFER DETAILS

| Particulars | No. of Shares | WACA per Equity Share (₹) |
|---|---|---|
| Fresh Issue (₹ 500 Cr) | Upto 13,440,860~ - 12,787,723^ Equity Shares^ | _ |
| | | |
| **The Promoter Selling Shareholders:** | | |
| Swapnil Jatinbhai Shah – Promoter Selling Shareholder | Upto 250,000 Equity Shares | 51.31 |
| Ashokkumar Vijaysinh Barot - Promoter Selling Shareholder | Upto 550,000 Equity Shares | 57.54 |
| Sangeeta Mukur Barot – Promoters Group Selling Shareholder | Upto 300,000 Equity Shares | 37.20 |
| Prakash M Sanghvi – Other Selling Shareholder | Upto 1,000,000 Equity Shares | 60.97 |

*(~ at lower price band and ^at upper price band); WACA=Weighted Average Cost of Acquisition*

## SHAREHOLDING PATTERN

| Particulars | Pre-offer# | | Offer for Sale Shares and Fresh Issue | Post-offer | |
|---|---|---|---|---|---|
| | Number of Equity Shares | % of Total Equity Share Capital | | Number of Equity Shares | % of Total Equity Share Capital |
| *Promoter* | *7,781,311* | *23.39%* | *800,000* | *6,981,311* | *15.16%* |
| *Promoters Group* | *14,394,768* | *43.27%* | *300,000* | *14,094,768* | *30.61%* |
| **Total for Promoter** | **22,176,079** | **66.66%** | **1,100,000** | **21,076,079** | **45.76%** |
| *Public - Other Selling Shareholder* | *1,476,190* | *4.44%* | *1,000,000* | *476,190* | *1.03%* |
| *Public - Other* | *9,613,596* | *28.90%* | *12,787,723* | *24,501,319* | *53.20%* |
| **Total for Public Shareholders** | **11,089,786** | **33.34%** | | **24,977,509** | ***54.24%*** |
| **Total Equity Share Capital** | **33,265,865** | **100.00%** | | **46,053,588** | ***100.00%*** |

*Source: RHP*

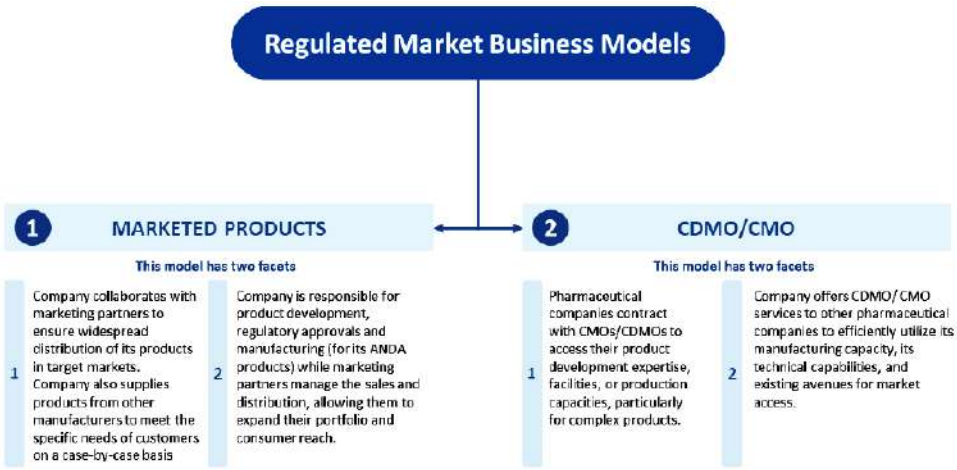
## BUSINESS OVERVIEW

Senores Pharmaceuticals ("**Senores**") 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. Company's strength lies in identifying, developing and manufacturing a diverse range of specialty, underpenetrated and complex pharmaceutical products establishing them as a preferred partner to certain customers. Through data analytics, research, market assessment and experienced management, they strategically identify commercially underpenetrated molecules to launch products in the Regulated and Emerging Markets.

The company leverages their R&D capabilities to develop and manufacture a portfolio of differentiated complex pharmaceutical products. Company's focus on quality and their ability to identify specialty and complex molecules has resulted in a pipeline of curated complex products spanning diverse dosage forms and therapeutic domains, demonstrated through their partnerships in the Regulated Markets of US, Canada and United Kingdom with foreign and Indian pharmaceutical companies including Prasco LLC, Lannett Company Inc., Jubilant Cadista Pharmaceuticals Inc., Alkem Laboratories Ltd, Sun Pharmaceuticals Industries Ltd, Dr. Reddy's Laboratories Inc. and Cipla USA Inc. Company's business is primarily focused on the Regulated Markets of US, Canada and the United Kingdom. They have presence in the Emerging Markets across 43 countries. They also manufacture critical care injectables and APIs.


** The API business was housed under the wholly owned subsidiary RLPL until RLPL merged with Senores, with the appointed date being January 1, 2024.*

## REGULATED MARKET BUSINESS




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, US and SPI, a US based company holding the intellectual property used by the company, specifically for their ANDA approvals and enters into agreement with their marketing partners. Their Regulated Markets Business primarily serves the US, Canada, and United Kingdom markets. They are also expanding their reach into other Regulated Markets and Semi-Regulated Markets.

The company has diversified revenue streams for their Regulated Markets Business:

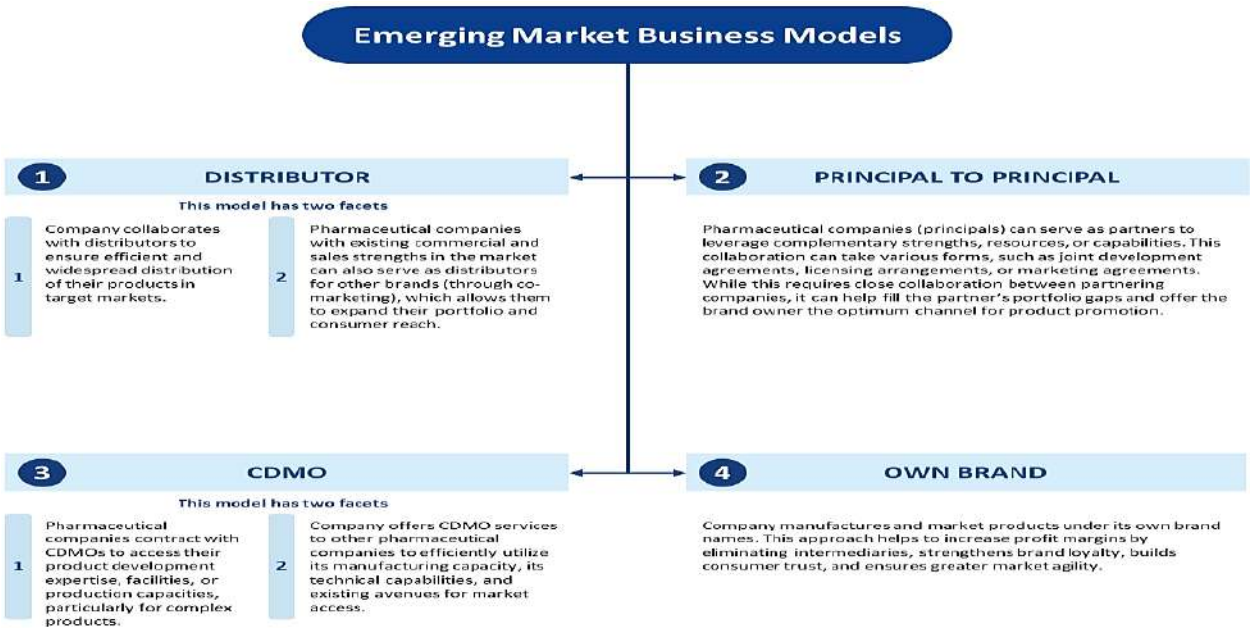
- Marketed Products that include:
  - "ANDA Products"
  - (b) Sourced Products
- Contract development and manufacturing operations ("**CDMO**")/ contract manufacturing operations ("**CMO**").

The details in connection with their Regulated Markets Business and presence in Semi-Regulated Markets:


Senores has entered into long-term marketing arrangements for a period ranging between 5-7 years with major generic pharmaceutical and marketing companies which operate in the Regulated Markets of US, Canada and United Kingdom

| Customers in Regulated Market | CDMO customers in Regulated Market | CMO Customers |
|---|---|---|
| • Alkem Laboratories Ltd,<br>• Lannett Company Inc.,<br>• Prasco LLC,<br>• Jubilant Cadista Pharmaceuticals Inc.,<br>• Sun Pharmaceuticals Industries Ltd,<br>• Cintex Services LLC<br>• Dr. Reddy's Laboratories Inc | • Mint Pharmaceuticals Inc. (Canada),<br>• Solco Healthcare US LLC (US),<br>• Ambicare Pharmaceuticals Inc. (Canada),<br>• Amici Pharmaceuticals Inc. (US)<br>• Waymade PLC (UK). | • Alkem Laboratories Ltd<br>• Jubliant |

## EMERGING MARKETS BUSINESS




The company develop, manufacture and market pharmaceutical products across several major therapeutic areas for the Emerging Markets through their WHO-GMP approved manufacturing facility at Chhatral (Ahmedabad), Gujarat.

As of September 30, 2024, they marketed their products in 43 countries in the Emerging Markets and have obtained product registrations for 205 products. They have introduced several complex molecules in Emerging Markets based on product and therapeutic identification process adopted by them for the Regulated Markets of US, and Canada which has given them insight into the potential of these complex products in the Emerging Markets. **All of these products are under patent protection in the US markets and are not available in some countries within the Emerging Markets**. The company has filed applications for approvals of such products in the Emerging Markets including for the molecules Apixaban, Tofacitinib, Sacubitril + Valsartan, Sugammedex, Ferric Carboxymaltose and Eltrombopag Olamine.

The presence in the countries in the Emerging Markets together with certain details in connection with these markets:


## API BUSINESS

Senores commenced the business of manufacturing APIs in March 2023 with the objective of having an API manufacturing facility as a backward integration activity. While the API business currently caters to the domestic market, in the medium to long-term they intend to manufacture APIs for the Regulated Markets and also in the Semi-Regulated Markets as a direct product sale. Their proficiency in API manufacturing encompasses capabilities in various reaction processes such as nitration,

hydrogenation and bromination among others. Presently, they manufacture the APIs for the domestic market and SAARC countries. As of September 30, 2024, they served 183 customers in their API business including Akum Drugs & Pharmaceuticals Ltd, Lincoln Pharmaceuticals Ltd, Acme Lifetech LLP among others.

## CRITICAL CARE INJECTABLE BUSINESS

The company launched their Critical Care Injectables Business in August, 2022 for supply of critical care injectables across India to various hospitals. Part of the critical care injectables are manufactured at their Chhatral Facility and part sourcing is done from injectables players in the Indian market. As of September 30, 2024, they have launched 55 products in major therapeutic segments including antibiotics, anti-bacterial, anti-fungal and blood line. As of September 30, 2024, they have presence over several hospitals across states in India. They tie-up with distributors in various states and also through entering into arrangements with hospitals in India.

**Product Description:**

| API Products | |
|---|---|
| **API** | **Therapeutic Area** |
| Anastrozole | Anti-Psychotic |
| Aripiprazole | Anti-Psychotic |
| Benfotiamine | Central Nervous System |
| Clomiphene Citrate | Infertility |
| Desloratadine | Antihistamine |
| Desvenlafaxine Succinate | Anti-depressant |
| Fluoxetine Hydrochloride | Anti-depressant |
| Imatinib Mesylate | Oncology |
| Letrozole | Oncology |
| Mesalamine | Anti-Inflammatory |
| Nicardipine Hydrochloride | Cardiovascular |
| Oxcarbazepine | Anticonvulsants |
| Rivaroxaban | Cardiovascular |
| Tamsulosin Hydrochloride | Urology |
| Tofacitinib Citrate | Alpha Blocker |

| Critical Care Injectables Products | |
|---|---|
| **Product** | **Therapeutic Area** |
| Albumin | Blood line |
| Colistimethate Sodium | Anti-Bacterial |
| Tigecyline | Antibiotics |
| Cefuxorime Axetil | Anti-Bacterial |
| Caspofungin Acetate | Anti-Fungal |
| Glutathione | Anti-Oxidant |
| Enaxoparin | Blood line |
| Teicoplanin | Anti-Bacterial |
| Meropenem | Antibiotics |
| Iron Sucrose | Blood line |

## CDMO/CMO BUSINESS

The company leverages their Atlanta Facility to engage in CDMO/ CMO business in the US, Canada, and United Kingdom. They partner with many of their CDMO customers early in the drug development process enabling them to expand their relationship as molecules progress through the clinical phase and into commercial manufacturing. They offer a range of services including bioavailability and development services, providing analytical solutions like method development, validation and stability testing, project management services, manufacturing and regulatory support. They also act as a pure contract manufacturer for companies like Alkem Laboratories Ltd and Jubliant Cadista where they provide manufacturing services to their customers for the products already developed by them. As of September 30, 2024, through the Regulated Markets business, they have entered into CDMO/ CMO contracts for more than 40 products with customers based in the US, Canada, United Kingdom, South Africa, UAE, Israel, Denmark, Saudi Arabia and Vietnam.

## RESEARCH AND DEVELOPMENT

The manufacturing of pharmaceutical products in the US is supported by their R&D capabilities. They have a formulation development laboratory at the Atlanta Facility which acts as their front-end R&D centre with. This R&D laboratory in the US is supported by a back-end R&D in India which helps them in dossier preparation and the submission of ANDA applications in a time and cost-efficient manner.

They have dedicated R&D units in India for both their pharmaceutical products and for APIs. As of September 30, 2024, the company and its Subsidiaries have employed 54 persons in their R&D team, including 2 members having doctoral qualifications.

The R&D laboratory at the Chhatral Facility is equipped with 13 high performance liquid chromatography, 7 stability chambers and 5 auto dissolution machines. The R&D laboratory at the Naroda Facility is capable of handling various reactions including nitration, bromination, Friedel-crafts, Grignard, hydrogenation, chlorination, esterification and hydrolysis. It is equipped with 1 UV chamber, 6 fume hoods and 2 high performance liquid chromatography. They are in the process of

consolidating their R&D activities in India by setting up a dedicated R&D centre at Ahmedabad, Gujarat for which they have acquired a commercial building measuring 11,750 sq. ft. on a leasehold basis.

The investments in R&D activities:

| Particulars | Quarter ended on June 30, 2024 | | As of March 31, 2024 | | 2023 | | 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Amount (₹ in Cr) | % of Revenue from operations | Amount (₹ in Cr) | % of Revenue from operations | Amount (₹ in Cr) | % of Revenue from operations | Amount (₹ in Cr) | % of Revenue from operations |
| R&D Investment* | 19.32 | 10.71% | 71.34 | 33.25% | 39.01 | 110.40% | 5.00 | 35.30% |

** R&D Investments are additions in intangibles developed and under development, related to product development.*

## Quality Control and Quality Assurance

The provision of high-quality products is a key differentiator in company's business, critical to their continued success and the maintenance of long-term relationships with their customers. They have a centralized corporate quality function that tracks all changes in quality requirements and standards and ensures implementation across all their facilities, which maintain uniform standard of quality. Final finished products are tested as per the predetermined quality specifications before release in the market. All products are subjected to stability testing program to understand the real product behaviour during its shelf life.

The Atlanta Facility has a regulatory track record of compliance having been audited and approved by the US FDA 4 times since commencement of its operations, with the latest audit being completed in April 2024. The Chhatral Facility has been approved by WHO in accordance with the WHO-GMP standards in relation to the Beta-lactum category of pharmaceutical products. The Chhatral Facility has been approved by the regulatory authorities of 10 countries which include Kuwait, Cambodia, Sri Lanka, Ivory Coast, Kenya, Nigeria, Philippines, Liberia, Peru and Zambia.

Their quality assurance team has dedicated qualified professionals with industry experience that is responsible for maintaining the required quality standards.

The number of the quality control and quality assurance professionals as of September 30, 2024:

| Entity | Quality Assurance | Quality Control | Total |
|---|---|---|---|
| SPL (API)* | 1 | 4 | 5 |
| RPPL (Emerging Markets) | 26 | 55 | 81 |
| SPL (Critical Care Injectables) | 1 | 1 | 2 |
| Havix (Regulated Markets) | 11 | 17 | 28 |
| **Total** | **49** | **77** | **126** |

## Intellectual Property

As of September 30, 2024, Senores has obtained 19 ANDAs and commercialised 21 products. As part of their strategy of developing their ANDA portfolio they intend to develop their own ANDAs and also acquire ANDAs to reduce the time to market for the identified molecules.

As of September 30, 2024, they marketed their products in 43 countries in the Emerging Markets and have obtained product registrations for 205 products and have filed product registrations for 406 products. The breakdown of product registrations, applications filed and applications which are under preparation for various regions in the Emerging Markets, as of September 30, 2024:

| Region | Product Registration | Product Applications Filed | Total |
|---|---|---|---|
| Latin America | 70 | 95 | 165 |
| Commonwealth of Independent States | 60 | 14 | 74 |
| Southeast Asia | 52 | 192 | 244 |
| Africa | 22 | 102 | 124 |
| Middle East | 1 | 3 | 4 |
| **Total** | **205** | **406** | **600** |

## Manufacturing Units

They manufacture pharmaceutical products including tablets, capsules, liquids, dry syrups, ORS and injectables at the manufacturing facility at Chhatral. The Chhatral Facility is capable of manufacturing 4 dosage forms, i.e., oral solids, oral liquids, injectables and ORS and has separate facilities for Cephalosporins and Beta Lactam products. The Chhatral Facility

has received an ISO 9001:2015 quality management system certification for the development, manufacturing, testing and marketing of pharmaceutical oral dosage formulations for its Beta Lactum products. The Chhatral Facility has been approved by WHO in accordance with the WHO-GMP standards and by the Food and Drug Control Administration in accordance with the GMP guidelines. As part of the regulatory approval process, most countries into which they supply their products require their facility to be approved by the regulatory authorities of these countries. As of September 30, 2024, the Chhatral Facility has been approved by the regulatory authorities of 10 countries which include Kuwait, Cambodia, Sri Lanka, Ivory Coast, Kenya, Nigeria, Philippines, Liberia, Peru and Zambia.

**The information of Manufacturing Facilities:**

| Facility & Location | Entity under which the Facility is housed under | Description | Key Approvals |
|---|---|---|---|
| Atlanta Facility, Atlanta, US | Havix | Facility for manufacturing oral solid dosages | •US FDA, •DEA, •Compliant with Trade Agreements Act, •Compliant with Buy American Act |
| Chhatral Facility Chhatral, Ahmedabad, Gujarat | RPPL | Facility for manufacturing oral solids, oral liquids, injectables and ORS. | •WHO-GMP, •Ministry of Health, Cambodia, •Ministry of Health and Public Hygiene, Ivory Coast, •Pharmacy and Poisons Board, Kenya, •Pharmaceutical and Herbal Medicines Registration and Control Administration (Drug & Food Control), Kuwait, •National Agency for Food and Drug Administration and Control, Nigeria (NAFDAC), •National Authority of Medicines, Medical Devices and Health Products, Peru, •Food and Drug Administration, Philippines, •Drug Regulatory Authority, Sri Lanka, •Zambia Medicines Regulatory Authority, •Liberia Medicines & Health Products Regulatory Authority (LMHRA) |
| Naroda Facility Naroda, Gujarat | Senores | Facility for manufacturing APIs | Indian GMP Guidelines |

The Atlanta Facility is spread across an area of 17,211.58 sq. mtr and comprises of 2 manufacturing lines. The Chhatral Facility is spread across an area of 35,205.00 sq. mtr. and comprises of 12 manufacturing lines and the Naroda Facility is spread across an area of 1,406.00 sq. mtr.

**Installed capacity and capacity utilization:**

| Particulars | As at and for the 6 months ended September 30, 2024 | | | As at and for the year ended March 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2024 | | | 2023 | | | 2022 | | |
| | Annual Installed Capacity (in Cr) | Capacity Utilization (in Cr) | Capacity Utilization (%) | Annual Installed Capacity (in Cr) | Capacity Utilization (in Cr) | Capacity Utilization (%) | Annual Installed Capacity (in Cr) | Capacity Utilization (in Cr) | Capacity Utilization (%) | Annual Installed Capacity (in Cr) | Capacity Utilization (in Cr) | Capacity Utilization (%) |
| **Atlanta Facility** | | | | | | | | | | | | |
| Capsule | 7.68 | 3.54 | 92.06% | 3.84 | 1.04 | 27.15% | 2.93 | 0.60 | 5.97% | 1.15 | 0.17 | 14.69% |
| Tablet | 13.25 | 1.50 | 22.57% | 2.56 | 2.56 | 19.31% | 5.08 | 1.30 | 1.30 | 4.89 | 0.69 | 14.15% |
| **Total** | **20.93** | **5.03** | **48.07%** | **3.60** | **3.60** | **21.07%** | **8.00** | **1.89** | **1.89** | **6.04** | **0.86** | **14.25%** |
| **Chhatral Facility** | | | | | | | | | | | | |
| General Oral Dosage | 139.80 | 52.86 | 76.64% | 89.86 | 58.00 | 64.55% | 89.86 | 60.93 | 67.81% | 89.86 | 51.96 | 57.82% |
| Injectables | 4.99 | 0.76 | 30.61% | 4.99 | 0.67 | 13.50% | 4.99 | 0.18 | 3.61% | 4.99 | 0.79 | 1.59% |
| Beta Lactum Oral Dosage Form | 51.17 | 1.68 | 6.58% | 51.17 | 25.12 | 49.09% | 51.17 | 27.01 | 52.79% | 51.17 | 17.44 | 3.41% |
| **Total** | **195.94** | **55.31** | **56.46%** | **146.02** | **83.79** | **57.39%** | **146.02** | **88.13** | **60.35%** | **146.02** | **70.19** | **48.07%** |
| | **Annual Installed Capacity (in MT)** | **Capacity Utilization (in MT)** | **Capacity Utilization (%)** | **Annual Installed Capacity (in MT)** | **Capacity Utilization (in MT)** | **Capacity Utilization (%)** | **Annual Installed Capacity (in MT)** | **Capacity Utilization (in MT)** | **Capacity Utilization (%)** | **Annual Installed Capacity (in MT)** | **Capacity Utilization (in MT)** | **Capacity Utilization (%)** |
| **Naroda Facility** | | | | | | | | | | | | |
| **API** | **2.50** | **1.07** | **85.56%** | **2.50** | **1.88** | **75.10%** | **2.50** | **1.49** | **59.72%** | **2.50** | **1.69** | **67.76%** |

## REVENUE FROM OPERATIONS

*(₹ in crore)*

| Particulars | 6 months ended September 30, 2024 | | As of March 31, 2024 | | 2023 | | 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Revenue from operations | % of Revenue from operations | Revenue from operations | % of Revenue from operations | Revenue from operations | % of Revenue from operations | Revenue from operations | % of Revenue from operations |
| Regulated Markets Business | 110.37 | 60.97% | 145.15 | 67.66% | 20.74 | 58.69% | 0.89 | 6.26% |
| • *Marketed Products* | *86.17* | | *130.70* | | *20.74* | | *0.75* | |
| - *ANDA Products* | *48.66* | | *71.64* | | *19.50* | | *0.75* | |
| - *Sourced Products* | *37.51* | | *59.07* | | *1.24* | | - | |
| • *CDMO/CMO* | *24.20* | | *14.45* | | *0.15* | | *0.14* | |
| Emerging Markets Business | 58.59 | 32.37% | 44.20 | 20.60% | - | - | - | - |
| • *Distributor Model* | *21.33* | | *23.96* | | - | | - | |
| • *P2P Model* | *35.18* | | *20.03* | | - | | - | |
| • *CDMO* | *2.08* | | *0.21* | | - | | - | |
| Critical Care Injectables Business | 2.63 | 1.45% | 5.71 | 2.66% | 1.71 | 4.83% | - | - |
| API Business | 6.17 | 3.41% | 13.90 | 6.48% | 1.98 | 5.60% | - | - |
| Other Operational income | 3.26 | 1.80% | 5.56 | 2.59% | 10.91 | 30.89% | 13.28 | 93.74% |
| **Total** | **181.02** | **100.00%** | **214.52** | **100.00%** | **35.34** | **100.00%** | **14.17** | **100.00%** |

***Revenue from Operations – Product/Service wise***

*(₹ in crore)*

| Particulars | 6 months ended September 30, 2024 | As of March 31, 2024 | 2023 | 2022 |
|---|---|---|---|---|
| **API, Formulations & other related products** | **143.61** | **188.95** | **31.90** | **8.55** |
| - *Traded Goods* | *43.99* | *76.48* | *8.97* | *2.98* |
| - *Manufactured Goods* | *99.62* | *112.47* | *22.93* | *5.57* |
| **Sale of Services** | **33.77** | **22.39** | **3.43** | **5.62** |
| - *Consultancy Income* | *1.01* | *0.31* | *2.64* | *2.07* |
| - *Licencing Fees* | *16.33* | *15.44* | *0.79* | *3.55* |
| - *Tech Transfer Fees* | *11.07* | *3.73* | - | - |
| - *Jobwork Income* | *0.63* | *0.22* | - | - |
| - *R&D Incentives* | *1.67* | *2.69* | - | - |
| - *Product Development Income* | *3.07* | - | - | - |
| **Other Operating Income** | **3.64** | **3.18** | **0.00** | **0.000** |
| **Total** | **181.02** | **214.52** | **35.34** | **14.17** |

***Revenue from Operations – Geographical disaggregation***

*(₹ in crore)*

| Particulars | 6 months ended September 30, 2024 | As of March 31, 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | Revenue from operations | Revenue from operations | Revenue from operations | Revenue from operations |
| Revenues outside India | 134.68 | 47.43 | 29.83 | 8.34 |
| Revenues within India | 46.34 | 167.10 | 5.51 | 5.83 |
| **Total** | **181.02** | **214.52** | **35.34** | **14.17** |

## COMPETITIVE STRENGTHS

- ***Ability to cater to the Regulated Markets of US, Canada and the United Kingdon through US FDA approved formulation manufacturing facility in the US***

The company manufactures products for the Regulated Markets of US, Canada and United Kingdom through their US FDA approved OSD facility at Atlanta, US. The Atlanta Facility is also (i) approved by the DEA which makes them eligible for manufacturing formulations having controlled substances in the US market. They also have a CDMO business in the Regulated Markets catering to pharmaceutical companies. which is carried out of their Atlanta Facility. Through their CDMO services, they provide a one stop solution from development to manufacturing and includes services such as bioavailability enhancement, integrated development solutions, dose form design, scaling up to commercial manufacturing, technology transfer, method development and validation, stability testing, project management and regulatory support.

- ***Distinct niche product portfolio built in a short span for Regulated Markets***

Company's approach on product selection strategy for the Regulated Markets of US, Canada and United Kingdom is to target the development and manufacture of specialty, niche and difficult to manufacture complex products which have market potential in the small to mid-market range, where typically global pharmaceutical companies are not present and therefore the competition is lesser.

Following this strategy, they have 19 ANDAs approved by the US FDA and they have commercialized 21 products in the US and Canada markets. As of September 30, 2024, they have identified and filed 6 ANDAs, 7 products are on stability, 2 products have ongoing exhibits, 3 products are ready for exhibit and 33 ANDAs are under development. Further, of the 19 ANDAs for which they have received approval, 4 products are CGT designated products.

They were the 1st company globally to identify CGT for Chlorzoxazone 250mg and launched the product in October 2021 with 6 months exclusivity. Between 2016 and 2021, there was only one other company with approval for the product. The exclusivity period helped them to establish a foothold in the market and consequently, during the first 11 months of CY 23, they enjoyed a volume market share of 60.9%.

- ***Long-term marketing arrangements with pharmaceutical companies in the Regulated Markets of US, Canada and the United Kingdom***

Senores has entered into long-term marketing arrangements for a period ranging between 5-7 years with major generic pharmaceutical and marketing companies which operate in the Regulated Markets. Once the arrangement is confirmed, the products are filed and then launched by the distribution and marketing companies, while the manufacturing of products takes place at their Atlanta Facility. In addition to an agreed proportion of the net proceeds received from the sale of these products, they receive a transfer price from the distribution and marketing company and an in-licensing fee to cover the cost of product development and for filing and receiving the ANDA approval. They also have well established CDMO relationships with partners including Mint Pharmaceuticals Inc., Amici Pharmaceuticals Inc., Solco Healthcare US LLC and Ambicare Pharmaceuticals Inc.

Through strategic alliances with pharmaceutical companies worldwide, they forge long-term relationships. These long-term arrangements facilitate steady and predictable cashflows.

- ***Presence in the Emerging Markets with a product portfolio, including specialty or complex products***

Senores has a presence in the Emerging Markets and are currently marketing their products in 43 countries with specific focus on Latin America, Africa, Commonwealth of Independent States, South-East Asia and Middle East regions. They focus on value added and niche products which are identified on the basis of research and analysis of market trends and demand trends in the regions to which they cater. They manufacture pharmaceutical products including tablets, capsules, liquids, dry syrups, ORS and injectables at their manufacturing facility at Chhatral.

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.

- ***Robust R&D capabilities driving the differentiated portfolio of products***

The company undertake the formulation development process which involves various steps such as R&D to establish API equivalency, formulation development, conducting bioequivalence studies, stability studies and other technical support services partly in their R&D facilities located in the US and in India and partly on an outsourcing basis.

They have a formulation development laboratory at their Atlanta Facility which acts as their front-end R&D centre. This R&D laboratory in the US is supported by a back-end R&D in India which helps them in dossier preparation and the submission of ANDA applications in a time and cost-efficient manner. As of September 30, 2024, the company and its Subsidiaries have employed 54 persons in their R&D team, including 2 members having doctoral qualifications.

- ***Professional and dedicated management teams for the diverse business verticals***

Company's business and operations are led by a qualified and experienced management team and their Board of Directors, who come from diverse backgrounds with prior industry experience in various fields such as pharmaceuticals, accounting, management, law, sales and marketing. The company benefits from the industry experience, vision and guidance of their Promoters. They also have experienced professionals with healthcare domain knowledge and sectoral experience leading key aspects of their business including, among others.

## KEY BUSINESS STRATEGIES

- ***Enhance market presence of the Marketed Products in North America and other Regulated Markets***

The company is in the process of expanding their Atlanta Facility by implementing a brownfield project and ramping up their R&D facilities at their Atlanta Facility by installing additional laboratory equipment. They intend to set up a niche injectables manufacturing facility in the US to carry out manufacturing and marketing of high value-added injectables for the US market. Their new critical care injectables manufacturing facility will leverage technology and rigorous quality control to produce high-quality critical care injectables, allowing them to expand their product portfolio.

- ***Launch of products in the US with New Drug Applications ("NDA") approval***

They plan to enter into the NDA products segment in the US Markets i.e., generic products which have potential to be approved as New Drug Applications. Full new drug applications under NDA can receive 5 years of exclusivity for a new chemical drug product, providing growth potential for them. They currently have 1 combination product in the pipeline. they will continue to work on development of such molecules and file applications for them to be approved as NDAs.

- ***Expanding into new Regulated and Emerging Markets***

The company has and will continue to invest in equipping their facilities with specialized infrastructure and advance equipment, capable of catering to the international industry standards that is expected of them. Keeping pace with the technological developments in the industry is a key to ensuring process development and product diversity and is essential to maintain their competitive edge. They have harnessed the benefits of technology and digitization to bring about cohesion in planning, production and processing of their products.

- ***Strategic alliance for CMO/ CDMO in Regulated Markets***

The company plans to expand into new Regulated Markets and Emerging Markets, aiming to broaden their global reach and drive scale and growth of their operations. They have identified certain markets within the Emerging Markets where they see opportunities for registering and marketing value added niche formulations. These markets include Philippines, Uzbekistan, Peru, Ghana, Tanzania, Kenya, Libya and Guatemala. The company intends to focus on niche and complex range of products with higher margin profile and pursue multiple marketing and distribution models to enhance their presence in various emerging market countries. Leveraging on the strengths, capabilities and track record as CDMO/ CMO partner in the Regulated Markets they are in the process of expanding their reach by entering into similar CDMO/ CMO partnerships in other Regulated and Semi Regulated Markets.

- ***Pursuing an integrated approach to the business by enhancing the capabilities for greater backward integration***

Company's strategy to manufacture their own APIs will allow them to attain a degree of vertical integration, allowing them to source products in a cost-effective manner, and ensure quality and availability of essential raw material. In order to ensure the continued availability of APIs required on a captive basis for the domestic markets, they will continue to expand their API capacities in a phased manner in India. They are in the process of setting up a new greenfield unit for the manufacture of APIs at Chhatral, Gujarat. They intend to increase the installed capacity of manufacturing APIs from 25 MTPA to 169 MTPA through the setting up of the new greenfield unit.

- ***Inorganic growth through synergistic acquisitions***

The company has during Fiscal 2024 acquired strategic controlling stake in Havix and in RPPL. To complement their organic growth and internal knowledge, they may also pursue strategic acquisitions of companies and products that will add to their capabilities and technical experience or enter into partnerships to strengthen their product and technology infrastructure and which they expect would allow them to both deepen their presence in their existing markets and facilitate the entry into new markets.

## COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2024)

| Name of the Company | Consolidated/ Standalone | Face Value | Tota Revenue for Fiscal 2024 (₹ Cr) | EPS (₹) | | P/E | RoNW | NAV (₹) |
|---|---|---|---|---|---|---|---|---|
| | | | | Basic | Diluted | | | |
| **Senores Pharmaceuticals Ltd** | **Consolidated** | **10** | **214.52** | **13.67** | **12.21** | **NA** | **23.60%** | **66.96** |
| Ajanta Pharma Ltd | Consolidated | 2 | 4,208.71 | 64.82 | 64.77 | 43.34 | 23.47% | 281.60 |
| Alembic Pharmaceuticals Ltd | Consolidated | 2 | 6,228.63 | 31.33 | 31.33 | 33.90 | 13.40% | 245.12 |
| Caplin Point Laboratories Ltd | Consolidated | 2 | 1,694.10 | 60.79 | 59.90 | 40.84 | 21.69% | 309.03 |
| Gland Pharma Ltd | Standalone | 1 | 5,664.72 | 46.90 | 46.90 | 37.27 | 9.26% | 529.65 |
| Strides Pharma Science Ltd | Consolidated | 10 | 4,051.12 | (7.76) | (7.76) | NM | (4.44)% | 225.43 |

*Source: RHP; P/E Ratio has been computed based on the closing market price of equity shares on December 13, 2024*

## COMPARISON WITH LISTED INDUSTRY PEERS

*(in ₹ Cr, unless otherwise indicated)*

| | Senores Pharma | Ajanta Pharma | Alembic Pharma | Caplin Point | Gland Pharma | Strides Pharma | Senores Pharma | Ajanta Pharma | Alembic Pharma | Caplin Point | Gland Pharma | Strides Pharma |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 6 months ended September 30, 2024 | | | | | | Fiscal 2024 | | | | | |
| Revenue from Operations | 181.02 | 2,331.56 | 3,209.71 | 942.06 | 2,807.54 | 2,288.62 | 214.52 | 4,208.71 | 6,228.63 | 1,694.10 | 5,664.72 | 4,051.12 |
| EBITDA margin | 25.91% | 29.49% | 15.86% | 37.77% | 23.95% | 20.17% | 20.70% | 2986% | 15.42% | 36.52% | 26.54% | 10.32% |
| PAT margin | 13.23% | 19.83% | 8.98% | 27.15% | 10.95% | 7.08% | 15.25% | 19.39% | 9.89% | 27.24% | 13.64% | (2.33)% |
| ROCE | 7.59% | 17.09% | 6.64% | 13.13% | 5.38% | 8.13% | 11.73% | 32.22% | 13.42% | 26.55% | 13.63% | 4.19% |
| Return on equity | 8.69% | 12.76% | 5.94% | 10.39% | 3.51% | 7.56% | 23.60% | 23.47% | 13.40% | 21.69% | 9.26% | (4.44)% |
| Debt to Equity | 0.76 | 0.00 | 0.20 | 0.00 | 0.03 | 1.00 | 1.07 | 0.00 | 0.09 | 0.00 | 0.04 | 1.17 |
| | Fiscal 2023 | | | | | | Fiscal 2022 | | | | | |
| Revenue from Operations | 35.34 | 3,742.64 | 5,652.62 | 1,466.73 | 3,624.60 | 3,688.39 | 14.17 | 3,340.99 | 5,305.79 | 1,269.41 | 4,400.71 | 3,070.25 |
| EBITDA margin | 46.28% | 23.56% | 12.03% | 33.89% | 33.35% | 5.92% | 17.03% | 31.28% | 17.53% | 34.14% | 39.40% | (7.91)% |
| PAT margin | 23.87% | 15.71% | 6.05% | 25.70% | 21.55% | (5.76)% | 7.00% | 21.33% | 9.82% | 24.30% | 27.53% | (15.45)% |
| ROCE | 18.56% | 22.57% | 7.44% | 26.43% | 14.79% | (0.50)% | 5.38% | 29.37% | 11.16% | 28.31% | 24.85% | (9.63)% |
| Return on equity | 20.55% | 17.68% | 7.12% | 22.06% | 10.33% | (9.32)% | 4.35% | 22.77% | 10.11% | 22.74% | 18.55% | (18.28)% |
| Debt to Equity | 1.34 | 0.00 | 0.15 | 0.00 | 0.00 | 1.28 | 0.39 | 0.00 | 0.12 | 0.00 | 0.00 | 1.17 |

***Restated Consolidated Summary of Cash Flows***

| | For the quarter ended Jun'30, | For the year ended March 31, | | |
|---|---|---|---|---|
| | 2024 | 2024 | 2023 | 2022 |
| **Profit before tax** | **29.40** | **24.94** | **12.44** | **1.14** |
| Adjustments Related to Non-Cash & Non-Operating Items | 14.59 | 17.86 | 2.54 | 1.09 |
| **Operating Profits before Working Capital Changes** | **43.99** | **42.80** | **14.98** | **2.23** |
| Adjustments for Changes in Working Capital | (34.87) | (54.67) | (14.61) | (12.54) |
| **Net cash generated from operations before tax** | **9.12** | **(11.87)** | **0.37** | **(10.31)** |
| Income tax paid (net) | (2.73) | (8.01) | (1.45) | (0.14) |
| **Net cash generated from operating activities** | **6.39** | **(19.88)** | **(1.08)** | **(10.45)** |
| Net cash used in investing activities | (54.47) | (54.65) | (48.29) | (24.44) |
| Net cash used in financing activities | 48.95 | 86.98 | 46.25 | 36.46 |
| Net (decrease) / increase in cash and cash equivalents during the period | 0.87 | 12.45 | (3.12) | 1.57 |
| Add: Cash and cash equivalents as at the beginning of the period | 13.06 | 0.10 | 3.22 | 1.64 |
| Add: Cash & Bank Acquired in Business Combinations | - | 0.50 | - | - |
| **Cash and cash equivalents as at the end of the period** | **13.93** | **13.05** | **0.10** | **3.21** |