

IPO Note – Senores Pharmaceuticals Ltd.

Speciality Generics with global reach

19 December 2024

Senores Pharmaceuticals Ltd. (SPL) is a global research-driven pharmaceutical company specializing in developing and manufacturing specialty, underpenetrated, and complex pharmaceutical products for regulated markets like the US, Canada, and UK, as well as emerging markets. Leveraging strong R&D capabilities, it strategically identifies and launches differentiated products across therapeutic areas, partnering with leading global and Indian pharmaceutical companies.

Regulated market business with US footprint: The Company operates its Regulated Markets business through two subsidiaries: Havix, managing its US FDA-approved oral solid dosage (OSD) facility in Atlanta, and SPI, which holds intellectual property for ANDA approvals and partners with marketing firms. With 19 approved ANDAs, 4 CGT designations, and a pipeline of 51 ANDAs and 28 CGTs, the Company collaborates with global and Indian pharmaceutical leaders like Prasco LLC, Lannett, and Cipla USA Inc. The company also has a DEA, USFDA & BAA accredited CDMO/CMO facility which caters to 40 products and Govt. supplies and has compliances to manufacture controlled substance. Approximately 60.97% of revenues come from regulated markets.

Fast growing emerging market business and focus on brand acquisitions: With 611 total products, the company caters to 43 countries across Southeast Asia, Africa, LATAM & Middle East. The company also intends to enter new fast-growing markets of New Zealand, Brazil & Australia. The company services these markets from its Indian mfg. facilities in Ahmedabad which also provides support functions to the regulated markets creating cost advantages. The company aims to strategically acquire ANDAs & products going ahead identified through careful analysis and feasibility studies.

Key Risks: - 1) The company operates in highly regulated markets, any default in compliance or regulatory action can be detrimental. 2) Geopolitical issues or any change in regulations by the new US Govt. can affect business. 3) Price erosion can hamper the revenues & profitability of the business.

Financials & valuation –

The company plans to raise Rs. 582 cr. with fresh issue of Rs. 500 cr. to be used in debt repayment & funding capex & WC requirements in its subsidiaries in form of debt. At the upper price-band of Rs. 391, the issue is available at P/E of ~37 times of annualized EPS of HIFY25. Although fairly priced, we see robust growth in the business with scope of improvement in profitability, hence we recommend 'SUBSCRIBE' to the IPO.

Key Financials/ Parameters	Mar-22	Mar-23	Mar-24	Sep-24
Operating Revenue (Rs. Crore)	14.2	35.3	214.5	181.0
EBITDA (Rs. Crore)	2.4	16.4	44.4	46.9
EBITDA Margins (%)	17.0%	46.3%	20.7%	25.9%
Net Profit/ Loss	1.0	8.4	32.7	23.9
Net Worth (Rs. Crore)	36.6	45.5	204.3	291.5
Debt/ Equity (x)	0.39	1.34	1.07	0.76

Source: ABML Research, RHP, company presentation

Rating	Subscribe
Issue Details	
Issue Opens	20-Dec-24
Issue Closes	24-Dec-24
Face Value (₹)	10
Price Band (₹)	372-391
Bid Lot	38
Issue Size at higher price band (₹ Cr)	582.11
Market cap @ upper price band (₹ Cr)	1,801
Listing	NSE/BSE
BRLMs	Equirus Capital, Ambit, Nuvama Wealth.
Registrar	Link Intime India Pvt. Ltd.

Shareholding Pattern (%)		
	Pre-Issue	Post Issue
Promoter	71.10	45.77
Public	28.9	54.23

Issue Structure (In cr no. of shares)	
Issue size	1.55
OFS	0.21
Break-up of net issue to public (%):	
QIB's portion	75%
Non-Institutional portion	15%
Retail Portion	10%

Source: ABML Research, RHP

Analyst Details	
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