MINERVA CAPITAL RESEARCH SOLUTIONS

AMANTA HEALTHCARE LTD. Amanta

IPO NOTE

IPO Price Band: INR 120 to 126 per share

M.Cap: ~INR 489.25 Cr.

Recommendation: May Subscribe

ABOUT: Incorporated in 1994 in Gujarat, Company is engaged in developing, manufacturing and marketing diverse range of sterile liquid products – parenteral products from its manufacturing facility located in District Kheda, Gujarat with manufacturing lines bifurcated as Large Volume Parenterals ('LVP'), Small Volume Parenterals ('SVP') and Steriport with total installed capacity of 33.19 Crore units per annum (utilization of 96% in FY25). Company has diversified product profile catering to six therapeutic segments: fluid therapy, formulations, diluents, ophthalmic, respiratory care & irrigation solutions.

INVESTMENT RATIONALE:

- Proposed capacity expansion in Steriport & SVP segments:
 - Steriport capacity to expand by ~81% of existing 6.62 Cr. units to reach 12.01 Cr. units) with scheduled commencement date 01-Jan'26. This is high value added segment and will help in sustaining and potentially improve margins
 - SVP capacity to expand by ~52% of existing 20.91 Cr.units to reach 31.69 Cr. units with scheduled commencement date 01-Jan'27
- Established market position and extensive experience of promoters
- Promoter & MD, Mr. Bhavesh Patel has over three decades of experience in pharmaceutical business and have large network of ~320 distributors and stockists across India
- Diverse product profile along with geographical diversification
 - Portfolio of 47 products registered across 120 international jurisdictions. FY25 Domestic: export sales mix of 67: 33 with USA contributing 0.04% of total FY25 sales

BRIEF FINANCIALS:

| Particulars (INR Cr.) | FY23 | FY24 | FY25 | |
|---|--------|-------|--------|--|
| Revenue (excl. other inc.) | 259 | 280 | 275 | |
| Growth Rate Y-o-Y % | 14.9% | 8.2% | (2.0%) | |
| EBITDA (excl. other inc.) | 52.7 | 57.5 | 59.7 | |
| PAT | (2.1) | 3.6 | 10.5 | |
| Gross Margin % | 60.7% | 62.5% | 65.8% | |
| EBITDA % (excl. other inc.) | 20.4% | 20.5% | 21.7% | |
| PAT % | (0.8%) | 1.3% | 3.8% | |
| Debt (Short+Long+Lease) | 225 | 211 | 204 | |
| Equity | 63 | 66 | 96 | |
| Debt/Equity | 3.57x | 3.18x | 2.12x | |
| NWC | 86 | 83 | 93 | |
| NWC (days) | 122 | 108 | 123 | |
| NWC includes Inventory, Receivables & Payables; & NWC days is computed as % of rev. | | | | |
| ROE % | (3.3%) | 5.3% | 12.4% | |
| ROCE % (excl. short term debt) | 12.2% | 12.8% | 13.7% | |
| CFO / EBITDA % | 80.7% | 101% | 78.1% | |

IPO VALUATION & VIEW:

Issue is valued at P/E ratio of 46.6x based on FY25 PAT. Strengths of experienced promoter and established market position, large distributor network, proposed capacity expansion plans along with diverse product profile is offset by high debt to equity ratio, exposure to intense competition, susceptibility of operating margins to volatility in prices of packing material, we recommend a 'May Subscribe' to this issue.

ISSUE SUMMARY

| Particulars | Details |
|---|-------------------------|
| Price Band (INR) | 120 to 126 |
| Face Value (INR) | 10 |
| Implied M.Cap (INR Cr.) | 489.25 |
| Exchange | NSE & BSE |
| Min. Lot Size (Retail sHNI bHNI) | 119 1,666 7,973 |
| Issue Opens on | 01-Sep'25 |
| Issue Closes on | 03-Sep'25 |
| Listing Date | 09-Sep'25 |
| No. of shares pre-issue (#) | 2,88,29,351 |
| Fresh Issue of Shares (#) | 1,00,00,000 |
| Offer for Sale (#) | - |
| No. of shares post-issue (#) | 3,88,29,351 |
| Funds Mobilized (INR Cr.) (a) Fresh Issue of Shares (b) Offer for Sale | 126.0 0.0 |
| IPO Reservation (a) QIB shares offered (b) Retail shares offered (c) NII (HNI) shares offered | <=50% >=35% >=15% |
| Registrar | MUFG Intime India |
| Book Running Lead Managers | Beeline Capital |
| Objects of Issue (INR Cr.) (a) Funding capex for setting new manufacturing line (Steriport) | 70.00 |
| (b) Funding capex for setting new manufacturing line (SVP) (c) General Corporate Purpose | 30.13 [•] |
| CHAREHOLDING | |

SHAREHOLDING

| Particulars | Pre-Issue | Post-Issue |
|---------------------------|-----------|------------|
| Promoter & Promoter Group | 85.60% | 63.56% |
| Public | 14.40% | 36.44% |
| Total | 100.00% | 100.00% |

KEY RISKS / MONITORABLES

- Future sales growth pegged to proposed capacity expansion plans. Any delay in commencement of scheduled operations will offset growth in revenue (existing capacity utilization as 87%, 91% and 96% for FY23, FY24 and FY25 resp.)
- High debt to equity ratio of 2.12x for FY25 (though decreasing from 3.57x and 3.18x in FY23 and FY24 respectively) remains key monitorable.
- Operating margins remain susceptible to volatility of packing materials (LDPE & PP) which are imported and linked to crude oil prices. Further, export sales contributing ~ 33% of total sales exposes Co. to foreign exchange fluctuations risk
- Others: Contingent liabilities (~INR 11.6 Cr.), closure of litigation proceeding (regarding sterility failure of product filed in 2013/2014) remain overhang

MINERVA CAPITAL RESEARCH SOLUTIONS

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- Buy:> 15%
- Hold: -5% to 15%
- Reduce: -15% to -5%
- Sell: <-15%