Senores Pharmaceuticals Limited

19-Dec-24

SUBSCRIBE

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Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	5821
Fresh Issue (No. of Shares in Lakhs)	128
Offer for Sale (No. of Shares in Lakhs)	21
Bid/Issue opens on	20th-Dec-24
Bid/Issue closes on	24th-Dec-24
Face Value	Rs.10
Price Band	372-391
Minimum Lot	38

Objects of the Issue

- **Fresh Issue : ₹ 5,000 million**
  - Investment in one of the Subsidiaries, Havix Group, Inc. Aavis Pharmaceuticals("Havix").
  - Repayment/pre-payment, in full or in part, of certain borrowings availed by the Company.
  - Investment in the Subsidiary, namely, Havix, for re-payment /pre-payment in whole or part of certain borrowings availed by such Subsidiary.
  - Funding the working capital requirements of the Company.
  - Investment in the Subsidiaries, namely, Senores Pharmaceuticals Inc. ("SPI") and Ratnatris Pharmaceutical ("Ratnatris").
  - General Corporate Purposes.
- **Offer for sale: ₹ 821 million**

Book Running Lead Managers
Equirus Capital Private Limited
Ambit Private Limited
Nuvama Wealth Management Limited
Registrar to the Offer
Link Intime India Private Limited

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	590.0
Subscribed paid up capital (Pre-Offer)	332.7
Paid up capital (post-Offer)	461.0

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	66.7	43.6
Public – Others	33.3	56.4
Total	**100**	**100**

Financials

Particulars (₹ mn)	H1FY25	FY24	FY23	FY22
Revenue from operations	**1,810**	**2,145**	**353**	**142**
Operating expenses	1,171	1,729	227	122
EBITDA	**639**	**416**	**127**	**20**
Other Income	23	28	37	5
Depreciation	101	100	18	7
EBIT	**561**	**344**	**146**	**17**
Interest	267	94	21	6
PBT	**294**	**249**	**124**	**11**
Tax	55	(78)	40	2
PAT	**239**	**327**	**84**	**10**
Ratios	**H1FY25**	**FY24**	**FY23**	**FY22**
EBITDAM	29.78%	19.4%	35.9%	13.7%
PATM	11.16%	15.2%	23.9%	6.9%
Sales growth	NA	507.0%	149.3%	NA

Company Description

Incorporated in December 2017, Senores Pharmaceuticals Limited is a global research-driven pharmaceutical company focused on developing and manufacturing a wide range of pharmaceutical products, mainly for the Regulated Markets in the US and Canada.

The company's product portfolio consists of Amphetamine Sulfate Tablets, Hydroxychloroquine Sulfate Tablets, Ketoconazole Tablets, Butalbital, Acetaminophen and Caffeine Capsules, Mexiletine Hydrochloride Capsules, Ketorolac Tromethamine Tablets, Diclofenac Potassium Tablets, Diclofenac Potassium Tablets, Nicardipine Hydrochloride Capsules, Escitalopram Tablets, Prochlorperazine Maleate Tablets USP, Terazosin Capsules USP, Morphine Sulfate Tablets, Methadone Hydrochloride Tablets, Cyclobenzaprine Hydrochloride Tablets, Irbesartan Tablets, Risperidone Tablets Topiramate Capsules, and Ivermectin Tablets for regulated markets.

As of Sept'24, company has launched 55 products in key therapeutic areas, including antibiotics and anti-fungal treatments, as of September 30, 2024. They have established partnerships with distributors and hospitals across several states in India. It operates in emerging markets across 43 countries and manufactures critical care injectables and APIs. The company operates three dedicated R&D facilities in India and the US.

Through data analytics, market assessment, and experienced management, Senores Pharmaceuticals strategically identifies commercially underpenetrated molecules to launch products in both Regulated and Emerging Markets. The company leverages its R&D capabilities to create a portfolio of differentiated, complex pharmaceutical products.

This focus on quality and specialty molecules has resulted in an extensive pipeline of complex products across various dosage forms and therapeutic domains. Notably, Senores has established partnerships with prominent pharmaceutical companies like Prasco LLC, Lannett Company Inc., and Sun Pharmaceuticals Industries Limited.

The company's Regulated Markets Business is managed through two subsidiary companies, Havix and SPI. Havix operates a US FDA-approved oral solid dosage facility in Atlanta, while SPI handles intellectual property and agreements with marketing partners. In Emerging Markets, Senores Pharmaceuticals operates through its WHO-GMP-approved facility in Gujarat, India, catering to various therapeutic areas. Senores Pharmaceuticals also engages in the CDMO/CMO business, offering customised formulation, development, and manufacturing services.

Valuation & Outlook

Senores Pharmaceuticals Limited develops and manufactures a range of pharmaceutical products primarily for the regulated markets of the US, Canada, and the UK, while also serving emerging markets. With a presence in 43 countries, the company focuses on critical care injectables, APIs, and complex specialty pharmaceutical products.

At the upper price band company is valued at P/E of 55x with a market cap of ₹ 18,006 million post issue of equity shares and return on net worth of 23.6% based on FY24.

On the valuation front, we believe that the company is fairly priced. Therefore, we recommend a "**Subscribe**" rating to the IPO.

Company's Operations

Senores Pharma is a 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. Their strength lies in identifying, developing and manufacturing a diverse range of specialty, underpenetrated and complex pharmaceutical products establishing us 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. They leverage their R&D capabilities to develop and manufacture a portfolio of differentiated complex pharmaceutical products. Their 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 Limited, Sun Pharmaceuticals Industries Limited, Dr. Reddy's Laboratories Inc. and Cipla USA Inc.

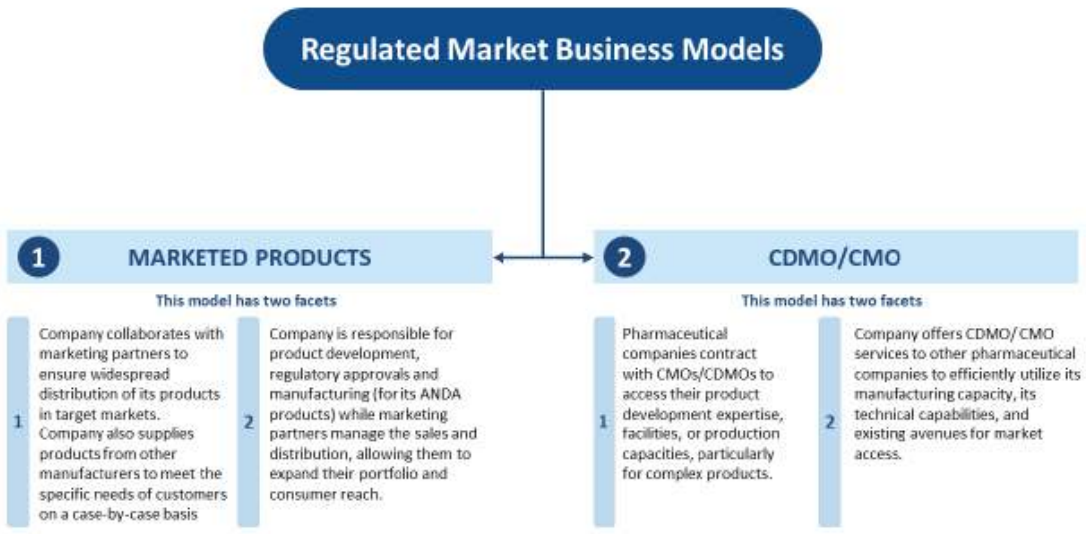
Their business is primarily focused on the Regulated Markets of US, Canada and the United Kingdom. They have a presence in the Emerging Markets across 43 countries. They also manufacture critical care injectables and APIs.

Particulars	H1FY25		FY24		FY23		FY22	
	Revenue (In Rs Millions)	% of total Revenue	Revenue (In Rs Millions)	% of total Revenue	Revenue (In Rs Millions)	% of total Revenue	Revenue (In Rs Millions)	% of total Revenue
Regulated Markets Business	1,103.69	60.97%	1,451.52	67.66%	207.40	58.69%	8.87	6.26%
Emerging Markets Business	585.87	32.37%	442.02	20.60%	-	-	-	-
Critical Care Injectables	26.29	1.45%	57.10	2.66%	17.05	4.83%	-	
API Business	61.71	3.41%	139.02	6.48%	19.78	5.60%		
Other Operational income	32.62	1.80%	55.58	2.59%	109.14	30.89%	132.83	93.74%
Total	1,810.18	100%	2,145.24	100.00%	353.37	100.00%	141.70	100.00%

Regulated Markets Business

Their Regulated Markets Business is carried out through Their two 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 Their 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. Set out below are details in connection with Their Regulated Markets Business and presence in Semi-Regulated Markets

They have adopted the following business models for Their Regulated Markets Business: (I) Marketed products ("Marketed Products") which includes ANDA Products and Sourced Products; and (II) contract development and manufacturing operations ("CDMO")/ contract manufacturing operations ("CMO").



I. Marketed Products

A) ANDA Products

For Their ANDA Products They have adopted a strategy of identifying, developing and commercializing specialty and complex niche products in the mid-market range. They identify products based on the information available on multiple public databases and Their internal research. They market products in the Regulated Markets of US, Canada and United Kingdom by entering into marketing and distribution arrangements with foreign and Indian pharmaceutical companies. As of September 30, 2024, They have received approvals for 19 ANDAs and have commercialised 21 products in the US and Canada markets on the basis of these ANDAs. Their approved and launched ANDAs include four products where They have Competitive Generic Therapeutic ("CGT") designations. This gives us an exclusivity for marketing such products for a period of six months (if They begin marketing within 75 days of approval) from the date of launch during which period no other generic player can launch competing versions of the same product in the US market (Source: F&S Report). As of September 30, 2024, They have identified and filedsix ANDAs, seven products are on stability and two products have ongoing exhibits. They also have three products which are ready for exhibit and 33 ANDAs are under development. Set out below are some of Their commercialised products in the Regulated Markets together with certain key details in connection with these products:

- Acetaminophen Butalbital and Acetaminophen Butalbital Caffeine

Their Company has obtained ANDA approvals for Acetaminophen Butalbital and Acetaminophen Butalbital Caffeine. As per the F&S Report, Centers for Medicare and Medicaid Services ("CMS") expenditure on Butalbital, a barbiturate medication often combined with acetaminophen for managing tension headaches and 209 migraine, has risen from USD 4.1 million in 2018 to USD 6.8 million in CY 2022. They have commercialised oral capsules (strength 300mg;50mg;40mg and 325mg;50mg;40mg) of Acetaminophen Butalbital Caffeine and oral tablets (strength 300mg;50mg, 325mg;25mg and 325mg;50mg) of Acetaminophen Butalbital.

They launched an oral capsule for Acetaminophen Butalbital Caffeine (325mg;50mg;40mg) in March 2022 and commanded a volume market share of 11.2% during the first 11 months of CY 23 (Source: F&S Report). They enjoyed a volume market share of 4.8% and 2.8% respectively for Acetaminophen Butalbital oral tablets (300mg;50mg) and (325mg;50mg), respectively during the first 11 months of CY 23 (Source: F&S Report).

- Chlorzoxazone

Chlorzoxazone is a centrally acting muscle relaxant primarily prescribed to alleviate muscle spasms and associated discomfort (Source: F&S Report). As per the F&S Report, CMS spending on Chlorzoxazone has risen from USD 16.5 million in 2018 to USD 21.2 million in CY 2022. They have received ANDA approvals for Chlorzoxazone and have commercialised oral tablets of 250mg and 500mg emerging as a key player in this segment (Source: F&S Report). They were the first company globally to identify CGT for Chlorzoxazone 250mg and launched the product in October 2021 with six months exclusivity, which helped us to establish a foothold in the market and consequently, They enjoyed a volume market share of 60.9% during the first 11 months of CY 23 (Source: F&S Report).

- Diclofenac potassium

Diclofenac Potassium, a nonsteroidal anti-inflammatory drug (NSAID), is widely recognized for its potent anti-inflammatory, analgesic, and antipyretic properties (Source: F&S Report). As per the F&S Report, in CY 2018, CMS spending on the drug amounted to USD 48.9 million, and has experienced a CAGR of 19.5% to reach USD 99.6 million in CY 2022. The expenditure by the CMS on Diclofenac Potassium reflects its substantial clinical utility and market demand (Source: F&S Report). They have received ANDA approvals for Diclofenac potassium and have commercialised oral tablets of 25mg and 50mg emerging as a key player in this segment (Source: F&S Report).

- Ketorolac

Nonsteroidal anti-inflammatory drug (NSAID) ketorolac tromethamine, also referred to as Ketorolac, is prescribed to temporarily relieve moderate to severe pain (Source: F&S Report). As per the F&S Report, with its extensive utilization in outpatient clinics and hospital settings, CMS spending on ketorolac has grown by 9.1% CAGR between CY 2018 and CY 2022 from USD 119.5 million to USD 169.7 million. They have received ANDA approvals for Ketorolac and have commercialised an oral tablet (10mg) which was launched in May 2022, for which They enjoyed a volume market share of 14.6% during the first 11 months of CY 23 (Source: F&S Report).

- Mexiletine Hydrochloride

Mexiletine Hydrochloride, also known as Mexiletine is primarily used as an antiarrhythmic agent for the treatment of irregular heartbeats and as a treatment for certain types of neuropathic pain, with CMS spending on the drug amounting to USD 14.0 million in CY 2022 (Source: F&S Report). They have received ANDA approvals for this product and have commercialised three oral capsules of 150mg, 200mg and 250 mg. They started commercializing these products in January 2022 and enjoyed a volume market share of 13.8%, 16.2% and 10.0% during the first 11 months of CY 23 for Their 150mg oral capsule, 200 mg oral capsule and 250mg oral capsule (Source: F&S Report).

B) Sourced Products

They also deal in products that are Sourced from other companies to meet certain specific requirements of Their customers (Their marketing partners). These products are not manufactured by us but are Sourced from other manufacturers/distributors and marketed to Their customers. They supply these products to Their customers basis tailor-made orders that are extended on a case-to-case basis.

II. CDMO/CMO

They also leverage Their Atlanta Facility to engage in CDMO/ CMO business in the US, Canada, and United Kingdom. They believe Their CDMO customers rely on Their customized formulation, development and manufacturing capabilities to address the growing drug and therapy complexity, cost efficiencies and regulatory scrutiny. They partner with many of Their CDMO customers early in the drug development process enabling us to expand Their relationship as molecules progress through the clinical phase and into commercial manufacturing. This results in sustained relationships with Their customers and a recurring revenue stream. They believe Their range of products and services, reliability and scale address Their CDMO/ CMO customers' increasing need to Outsource while seeking to reduce the number of supply chain partners and ensuring high quality of products and services. Through this business model 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. This helps us in utilizing Their manufacturing capacities efficiently and leveraging Their product development capabilities in a viable manner. Their CDMO customers in the Regulated Markets include Mint Pharmaceuticals Inc. (Canada), Solco Healthcare US LLC (US), Ambicare Pharmaceuticals Inc. (Canada), Amici Pharmaceuticals Inc. (US) and Waymade PLC (UK). Additionally, the Atlanta Facility enables us to service US government business which Their customers undertake, including the manufacture of controlled substances. They also act as a pure contract manufacturer for companies like Alkem Laboratories Limited and Jubliant Cadista where They provide manufacturing services to Their customers for the products already developed by them. As of September 30, 2024, through Their 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.

R&D Capabilities

They are an R&D driven company with a differentiated product portfolio across dosage forms which has enabled us to reach a range of target markets with a presence in US, Canada and the Emerging Markets. Their capabilities include internal research and development knowledge, established manufacturing capabilities in the US and in India (including the ability to synthesise and manufacture critical APIs in-house), a regulated quality assurance system given their exposure to Regulated Markets of US, Canada and United Kingdom and regulatory experience. Their strength lies in their ability to identify, research, develop and manufacture in-house pharmaceutical products for high-growth therapeutic areas, for which there is limited competition. As of September 30, 2024, they have three dedicated R&D facilities in India and the US. They are in the process of consolidating their R&D facilities into one proposed dedicated facility in Ahmedabad. They are led by a professional and experienced management team comprising qualified Key Managerial Personnel and Senior Management Personnel. They benefit from the industry experience, vision and guidance of their Individual Promoters, Swapnil Jatinbhai Shah, who has over 15 years of experience in the pharmaceutical industry, and Ashokkumar Vijaysinh Barot, who has over 21 years of experience in the pharmaceutical industry. Their global strategic decision-making functions and consolidated operations are headed by their Promoter, Swapnil Jatinbhai Shah. They also have experienced professionals with healthcare domain knowledge and sectoral experience leading key aspects of their business. As of September 30, 2024, their Company and its Subsidiaries have employed 54 persons in their R&D team, including two members having doctoral qualifications.

Key Strengths

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

Their 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. Complex products present multiple advantages for pharmaceutical companies. As per the F&S Report, while the competitive landscape may vary across different drugs, generic prices plummet by 85% (on an average of 5 competitors per product). However, this is not the same for complex products (Source: F&S Report). They tend to be less affected by price erosion, ensuring more stable pricing and profitability over time. Complex products that are difficult to manufacture also face lower competition and therefore enjoy lower price erosion and higher market share (Source: F&S Report). They follow a product identification strategy wherein they analyse the data available on various databases, data on government sourcing, as well as insights which they obtain relating to new molecular application trends in India and other markets. 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 six ANDAs, seven products are on stability, two products have ongoing exhibits, three products are ready for exhibit and 33 ANDAs are under development. Further, of the 19 ANDAs for which they have received approval, four products are CGT designated products. CGT designated products have an exclusivity period of six months for marketing of the product during which no other company manufacturing generic drugs can launch versions of the same product (Source: F&S Report). As per the F&S Report, this exclusivity period allows companies to establish a foothold in the market and generate revenue without immediate competition, providing a valuable opportunity for market penetration and revenue growth. They were the first company globally to identify CGT for Chlorzoxazone 250mg and launched the product in October 2021 with six months

exclusivity. Between 2016 and 2021, there was only one other company with approval for the product (Source: F&S Report). The exclusivity period helped us 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% (Source: F&S Report). Their products under development are across various therapeutic areas including anthelmintics, infertility, antihistamine, iron chelators, anticonvulsants, cardiovascular, pain management, antabuse, muscle relaxant, beta blockers, central nervous system and antipsychotic.

This strategy of product selection has helped us rapidly grow their business in the Regulated Markets of US, Canada and the United Kingdom over a short span of three years since the launch of their first commercial product in April 2020. Their revenue from the Regulated Markets has grown at a CAGR of 1,179.23% from ₹ 8.87 million in Fiscal 2022 to ₹ 1,451.52 million in Fiscal 2024. The increase in revenue from Fiscal 2022 to Fiscal 2024 is primarily attributable to the acquisition of Havix by their Company with effect from May 3, 2023 and the acquisition of RPPL with effect from December 14, 2023.

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

They have a presence in the Emerging Markets and are currently marketing their products in 43 countries with specific focus on Latin America, Africa, South-East Asia and Middle East regions. They cater to the Emerging Markets through their Chhatral Facility. 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 have adopted a product identification and launch approach by registering and launching complex products which are widely sold in Regulated Markets of US, Canada and United Kingdom, but which they have chosen to launch in the Emerging Markets instead of launching the products in the Regulated Markets to receive benefits of relatively less competition for these 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 Emerging Markets.

They manufacture pharmaceutical products including tablets, capsules, liquids, dry syrups, ORS and injectables at their manufacturing facility at Chhatral. The Chhatral Facility is capable of manufacturing four 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.

Their strategy of product selection has helped us 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 in 43 countries across the world in the Emerging Markets. In Fiscal 2024 their revenue from their Emerging Market Business was ₹ 442.02 million respectively, which amounted to 20.60% of their revenue from operations for Fiscal 2024.

They sell and market their products in the Emerging Markets through various business models which includes the distributor model, P2P model and CDMO. In the CDMO segment, they have partnered with companies such as Ajanta Pharma Limited and La Renon Healthcare Private Limited to develop and manufacture complex oral solids and injectables for India and in other countries within the Emerging Markets. Their success in Emerging Markets and product portfolio, stems from their strategic approach and understanding of local dynamics. They have invested in building relationships and localised experience, enabling us to navigate regulatory frameworks efficiently and establish a structured distribution network.

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

They identify niche products based on information available on public databases and on the basis of their internal research carried out to identify relevant product opportunities in the US market. They 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 outsourrcing basis. Upon completion of product identification and when the product development reaches an advanced stage, they approach the identified marketing or distribution partners in the Regulated Markets of US, Canada and United Kingdom for in-licensing. Once the arrangement is confirmed, the products are filed and after approval then launched by the distribution and marketing companies, while the manufacturing of products takes place at the Atlanta Facility. Their strength lies in their ability to identify, research, develop and manufacture in-house pharmaceutical products for high-growth therapeutic areas, for which there is limited competition.

The manufacturing of pharmaceutical products in the US and other Regulated Markets is supported by their R&D capabilities. They have a formulation development laboratory at their Atlanta Facility which acts as their front-end R&D center. This R&D laboratory in the US is supported by a back-end R&D in India which helps us in dossier preparation and the submission of ANDA applications in a time and cost-efficient manner. Their manufacturing of pharmaceutical products for Emerging Markets are supported by their R&D capabilities in India. They have dedicated R&D units in India for both their pharmaceutical products and for APIs. As of September 30, 2024, their Company and its Subsidiaries have employed 54 persons in their R&D team, including two members having doctoral qualifications. They are focused on undertaking dedicated R&D in areas where they believe there is growth potential. They believe that their process research, analytical research and process chemistry research capabilities provide us competitive advantages. Their R&D laboratory at the Chhatral Facility is equipped with 13 high performance liquid chromatography, seven stability chambers and five auto dissolution machines. Their 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 one UV chamber, six fume hoods and two 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 square feet on a leasehold basis. They have consistently invested in their R&D initiatives to grow their differentiated product

portfolio for both the domestic and international markets and will continue to focus on expanding their research activities for their CDMO and manufacturing operations.

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

They manufacture products for the Regulated Markets of US, Canada and United Kingdom through their US FDA approved OSD facility at Atlanta, US. The Atlanta Facility has a regulatory track record of compliance having been audited and approved by the US FDA ftheir times since commencement of its operations, with the latest audit being completed in April 2024. The US FDA approval certifies the quality of their manufacturing facility and processes for its consumption in a stringent Regulated Market such as the US, demonstrating their commitment to maintaining quality standards. This enforces belief in the product, thereby increasing the ability to scale, permits access to customers in certain markets in which the US FDA approval is a precondition, increases corporate goodwill and provides us with a competitive advantage. The Atlanta Facility is also (i) approved by the DEA which makes us eligible for manufacturing formulations having controlled substances in the US market; and (ii) compliant with the Trade Agreements Act and the Buy American Act which is a pre-requisite for catering to government supplies in the US market.

Their Atlanta Facility is also subject to periodic audits by their customers, which ensures that the regulator and their customers are able to confirm the continuance of quality of their facility and processes. Since inception in 2018, their Atlanta Facility has been audited eight times by their customers until September 30, 2024. They have been consistently implementing GMPs across each of their manufacturing facilities, which are monitored by a comprehensive QMS encompassing all areas of business processes from R&D and raw material procurement to manufacturing to packaging and delivery. Their Atlanta Facility also caters to certain jurisdictions within the Semi-Regulated Markets including South Africa, Saudi Arabia and Israel. They also have a CDMO business in the Regulated Markets catering to pharmaceutical companies. which is carried out of their Atlanta Facility. Pharmaceutical companies increasingly partnering with one-stop-shop solution providers that seamlessly integrate both development and manufacturing services within a unified framework (Source: F&S Report) 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.

The CDMO business model helps us plan and efficiently utilize their manufacturing capacities and leverage their product development capabilities in a viable manner. Their CDMO customers include Mint Pharmaceuticals Inc. (Canada), Solco Healthcare US LLC (US), Ambicare Pharmaceuticals Inc. (Canada), Amici Pharmaceuticals Inc. (US) and Waymade PLC (UK). They also act as a pure contract manufacturer for their customers such as Alkem Laboratories Limited and Jubliant Cadista for products which have already been developed by such customers. Leveraging on the strengths, capabilities and track record as CDMO/ CMO partner in the Regulated Markets of US, Canada and the United Kingdom, they are in the process of expanding their reach by entering into similar CDMO/ CMO partnerships in other Regulated and Semi Regulated Markets. This will ensure that the share of their revenues on a consolidated basis from Regulated Markets will consistently grow and will also ensure efficient utilization of the capacities created at their Atlanta Facility.

They believe their ability to serve Regulated Markets through their US FDA-approved formulation manufacturing facility in the US provides us with a distinct competitive advantage. This approval not only ensures compliance with stringent regulatory standards but also enhances their credibility and market reach, positioning us favourably against competitors.

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

They have entered into long-term marketing arrangements for a period ranging bettheyen 5-7 years with major generic pharmaceutical and marketing companies which operate in the Regulated Markets including Lannett Company Inc., Prasco LLC, Jubilant Cadista Pharmaceuticals Inc., Sun Pharmaceuticals Industries Limited, Cintex Services LLC and Dr. Reddy's. Laboratories Inc. Upon completion of product identification and when the product development reaches an advanced stage, they approach the identified marketing or distribution partners in the Regulated Markets for in-licensing. 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. Their CDMO business has helped us in optimally utilizing their production capacities.

They believe that their ability to build and strengthen their relationships with their key customers stems from various factors, such as their product quality, their R&D and manufacturing capabilities, their track record of compliance with the various regulatory standards of jurisdictions in which they supply their products, the consistency of their supply and their competitive pricing. Their customer engagements are dependent on us delivering quality products consistently. Their potential customers may require considerable amounts of time to approve us as suppliers to ensure that all their quality controls are met and that they meet all their regulatory requirements across a variety of jurisdictions and multiple regulators. They aim at putting importance on maintaining their relationships with their top pharmaceutical customers, building their customer base and strengthening their product basket for existing customers. Through strategic alliances with pharmaceutical companies worldwide, they forge long-term relationships. These long-term arrangements facilitate steady and predictable cashflows. Their commitment to sustained collaboration not only drives profitability but also strengthens their reputation as a preferred partner to certain customers.

Key Strategies

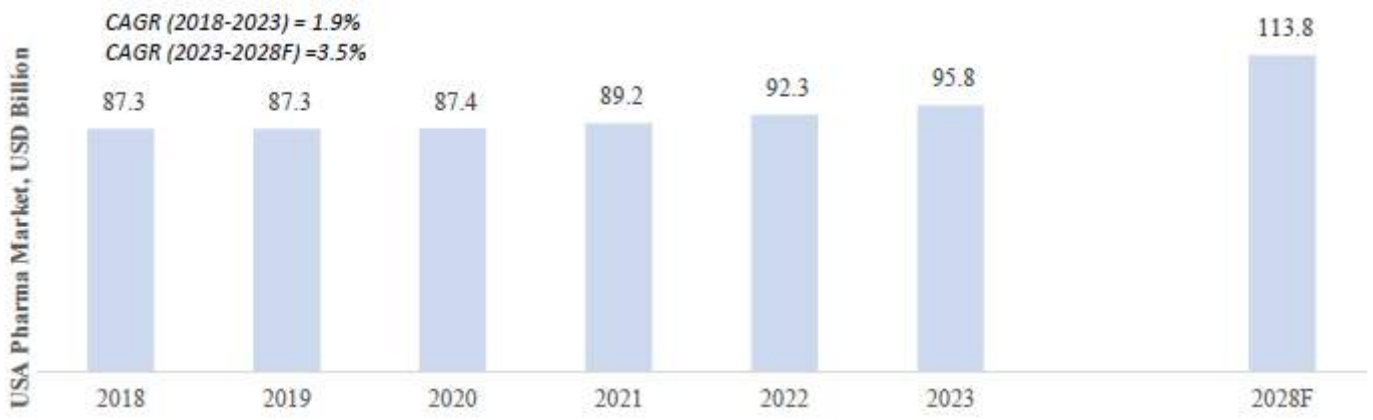
- **Enhance market presence of our Marketed Products in North America and other Regulated Markets**

As per the F&S Report, in CY 2023, the US accounted for nearly 43% of the global pharmaceutical market, 56% of the Regulated Market and 91% of the North American market and is expected to maintain its dominance during the forecast period. The United States dominates the global healthcare market, boasting the largest and most advanced pharmaceutical industry with the government allocating approximately 17% or more of the GDP towards healthcare signifying a substantial and growing investment in the healthcare segment (Source: F&S Report). The pharmaceutical sector in the United States is expected to reach USD 1,010.0 billion in CY 2028, growing at a CAGR of 7.3% between CY 2023 and CY 2028 and the generic pharmaceutical market in the United States is expected to reach USD 113.8 billion growing at a CAGR of 7.3% between 2023 and 2028 (Source: F&S Report).

USA Pharma Market, 2018 - 2028F

Source: IQVIA Global Use of Medicines- 2023 & 2024, Evaluate Pharma, Frost & Sullivan

USA Generic Pharma Market, 2018 - 2028F



In Fiscals 2024, 2023 and 2022, their revenue from their Marketed Products in the Regulated Market Business was ₹1,307.03 million, ₹207.40 million, ₹7.50 million, respectively, which amounted to 60.93%, 58.69% and 5.29% of their revenue from operations for the respective periods. They intend to focus on enhancing the business of their Marketed Products in the Regulated Markets of US, Canada and United Kingdom. As of September 30, 2024, they have 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. In furtherance of this strategy, they are 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. For details, see "Objects of the Offer- Details of the Objects- Investment in of one of their Subsidiaries, Havix, to fund capital expenditure requirements for setting up a manufacturing facility for the production of sterile injections in their Atlanta Facility" on page 126. As per the F&S Report, formulations such as injectables, inhalations and liquids are witnessing rapid growth. Injectables pegged at USD 3.3 billion in 2023 are expected to grow at a CAGR of 7.5% from 2023 to 2028 to reach USD 4.7 billion in 2028 (Source: F&S Report). As per the F&S Report, the growth of the injectables market is fueled by technical and scientific advantages over other dosage forms. Injectable medications offer precise dosing, rapid onset of action, and enhanced bioavailability compared to oral formulations (Source: F&S Report). Injectable drugs are more stable and compatible with complex molecules, making them ideal for targeted drug delivery and the administration of biologics (Source: F&S Report). Globally, almost 64% of the new drug pipeline consists of injectables, indicating the growing significance of the segment and the next wave of opportunity for companies (Source: F&S Report).

This strategic move will expand their capability to offer new dosage formats and enhance their capability to meet the growing demand for injectables. Their new critical care injectables manufacturing facility will leverage technology and rigorous quality control to produce high-quality critical care injectables, allowing us to expand their product portfolio.

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

They forayed into the business of manufacturing APIs by setting up their subsidiary, RLPL with the objective of having a API manufacturing facility as a backward integration activity for the key formulations to be manufactured by their Chhatral Facility. RLPL has been merged with their Company with effect from January 1, 2024. Their strategy to manufacture their own APIs will allow us to attain a degree of vertical integration, allowing us to Source products in a cost-effective manner, and ensure quality and availability of essential raw material. As per the F&S Report,

benefits associated with setting up API manufacturing includes supply chain control, cost efficiencies through vertical integration, quality assurance, flexibility to customize API specifications to meet specific formulation requirements, reduced time to market, competitive advantage, diversified revenue stream and business resilience.

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. While their API business currently caters to the domestic market and SAARC countries, in the medium to long-term they intend to manufacture APIs for the Regulated Markets and also for the Semi-Regulated markets as a direct product sale. 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. They believe that the backward integration through manufacturing of APIs will help us in minimizing their dependence on third party vendors and allows us to gain greater market competitiveness. They are also in the process of setting up this business model in the Emerging Markets through which they will manufacture and market products under their own brand names.

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

As per the F&S Report, the dependence on CDMO and CMO has increased as they offer appended manufacturing capacities, access to new markets, mitigate investment, production and supply risk and bring necessary technology overhaul. The pharmaceutical industry faces formidable challenges, including but not limited to substantial capital expenditure necessary for establishing and sustaining extensive manufacturing facilities, developing capabilities and investing in advanced R&D to develop a diverse product portfolio, building technical proficiency and managing protracted regulatory approval processes (Source: F&S Report). The chart below sets out the growth of the CDMO/ CMO market in the US

As per the F&S Report, increasing trends in outsourcing (with average outsourcing penetration expected to jump from 27% in CY 2018 to 37% in CY 2028) stemming from growing drug complexity and rapid technological turnaround, upcoming loss of exclusivity for drugs driving high-volume demand for generics, and increased business model shift from capital expenditure to operational expenditures will help propel the CDMO market to grow faster than the pharmaceutical market. As a result, the US CDMO market was valued at USD 44.7 billion in CY 2023 and is forecasted to reach USD 64.8 billion by CY 2028, growing at a CAGR of 7.7% (Source: F&S Report). As per the F&S Report, the US CDMO market is the largest globally, accounting for 40-45% of the global share across the forecast period. US-based CDMOs and CMOs operate in accordance with stringent regulatory standards set by the US FDA and pharmaceutical companies often prioritize working with CDMOs and CMOs that adhere to FDA regulations, ensuring compliance and mitigating regulatory risks (Source: F&S Report).

The CDMO business model helps us plan and efficiently utilize their manufacturing capacities and leverage their product development capabilities in a viable manner. They intend to continue to focus on their CDMO business focused on the Regulated Markets of US, Canada and United Kingdom by partnering with pharmaceutical companies with established marketing capabilities and ground force in the respective countries. They intend to continue with strategic tie ups for the Regulated Markets of US, Canada and United Kingdom from 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. Leveraging on the strengths, capabilities and track record as CDMO/ CMO partner in the Regulated Markets of US, Canada and the United Kingdom, they are in the process of expanding their reach by entering into similar CDMO/ CMO partnerships in other Regulated and Semi Regulated Markets. This will ensure that the share of their revenues on a consolidated basis from Regulated Markets will consistently grow and will also ensure efficient utilization of the capacities created at their Atlanta Facility.

- **Inorganic growth through synergistic acquisition**

They have during Fiscal 2024 acquired strategic controlling stake in Havix and in RPPL. For details, see "History and Certain Corporate Matters- Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations, and revaluation of assets, if any, in the last ten years" on page 246. To complement their organic growth and internal knowledge, they may also pursue strategic acquisitions of companies and products that they believe 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 us to both deepen their presence in their existing markets and facilitate their entry into new markets.

They will look to capitalize on the growth in the pharmaceuticals market by pursuing strategic acquisitions with a focus on backward integration or expansion of capabilities in terms of capacity or products. In particular, they will look for targets with R&D and manufacturing assets that are in line with their existing or desired competencies as well as having the profitability metrics that fit in with their business philosophy. They also will look for opportunities to acquire businesses to add additional pharmaceutical, chemistry or technological competencies or to expand their product portfolio into new brands, new dosage capabilities or enter therapeutic segments where they are currently not present. Further, they are focused on identifying acquisition targets that have natural synergies with their business and that will benefit from their management knowledge, their R&D and manufacturing competencies and the scale of their pan-Indian distribution network.

- **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. While these products would have been launched in other markets, we intend to be the first company to launch them in the US. Full new drug applications under NDA can receive 5 years of exclusivity for a new chemical drug product (Source: F&S Report), providing growth potential for them. They currently have one combination product in the pipeline. We 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**

As per the F&S Report population growth, expanding disease burden, local government prioritization of healthcare, private sector investment in improving infrastructure, and local manufacturing are helping Emerging Markets outpace the growth of developed markets. The chart below sets out the growth of emerging markets

As per the F&S Report, Emerging Markets have surpassed several developed economies, particularly in Europe, in pharmaceutical spending, reaching a total market size of USD 376.3 billion in CY 2023.

As per the F&S Report, this strategic shift positions emerging markets as pivotal contributors to pharmaceutical sales growth in the coming years, projecting a CAGR of 7.5% between CY 2023 and 2028. Approximately 45% of this growth will stem from generic drugs, indicating a pronounced preference for cost-effective options, especially in Asia, Europe, and the Middle East, encompassing key nations like Russia, India, China, Indonesia, Egypt, KSA, and Turkey (Source: F&S Report). Despite the increasing popularity of innovative drugs, generics are expected to maintain their importance in these price-sensitive markets (Source: F&S Report).

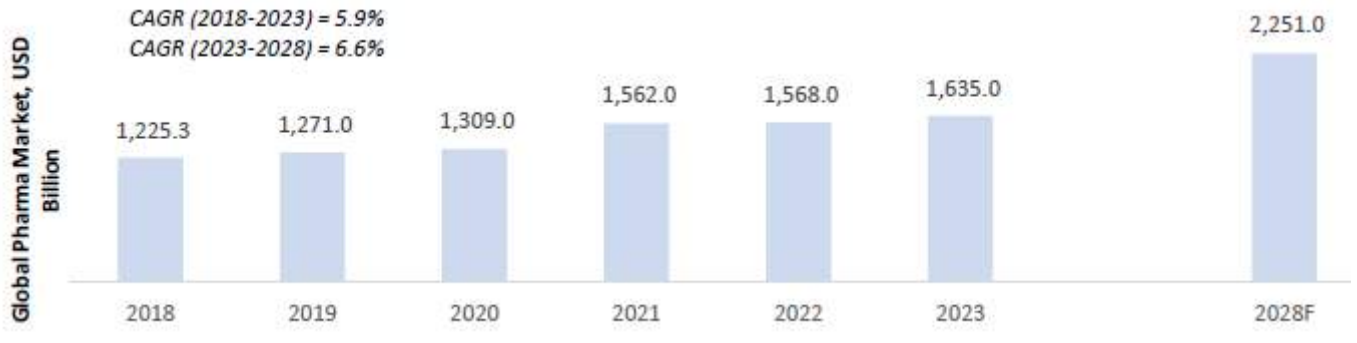
They plan to expand into new Regulated Markets and Emerging Markets, aiming to broaden our global reach and drive scale and growth of our operations. By tapping into newer mid-tier markets such as Brazil, Australia, New Zealand, they can leverage the experience and niche product portfolio to meet the diverse needs of customers worldwide. We have identified certain markets within the Emerging Markets where we see opportunities for registering and marketing value added niche formulations. These markets include Philippines, Uzbekistan, Peru, Ghana, Tanzania, Kenya, Libya and Guatemala. We intend to focus on niche and complex range of products with higher margin profile and pursue multiple marketing and distribution models to enhance presence in various emerging market countries.

The Company currently has marketing presence in the Emerging Markets. They intend to leverage our knowledge of these markets to manufacture more products by exploring the opportunity of setting up facilities at these Emerging Market locations to cater to these markets. The Atlanta Facility also caters to certain jurisdictions within the Semi-Regulated Markets including South Africa, Saudi Arabia and Israel they intend to leverage presence in the Regulated Markets through our Atlanta Facility, and intend to increase reach in the Semi Regulated Markets which will be served through US FDA approved Atlanta Facility.

Industry Snapshot

Global Pharmaceutical Market Overview

Pharmaceutical spending has grown in tandem with overall healthcare spending, particularly driven by an increase in chronic disease cases, the growth of the senior population, trends in self-medication, the availability of cost-effective generics, and the overall affordability of drugs compared to other available clinical alternatives.



The global pharmaceutical sector is undergoing a profound transformation across its entire value chain, driven by a strong emphasis on product innovation, healthcare equity (healthcare for all), operational efficiency, and enhanced engagement with healthcare providers and patients. Despite facing inherent challenges within this transformative landscape, the pharmaceutical industry has demonstrated remarkable agility and delivered groundbreaking innovations, particularly highlighted during the COVID-19 pandemic, enjoying resilient growth.

The global pharmaceutical market was valued at USD 1,635.0 billion in 2023 and is projected to reach USD 2,251.0 billion by 2028, growing at a CAGR of 6.6% from 2023 to 2028. This growth is primarily attributable to factors like:

- **Aging Population and Disease Burden**: The global demographic shift towards an aging population is a significant driver of pharmaceutical market growth. With the percentage of the global population over 60 years old expected to nearly double from 12% to 22% and reach ~2.1 billion by 20508 increase in the prevalence of chronic diseases and age-related conditions will drive demand for drugs targeting conditions like hypertension, diabetes, osteoporosis, and neurodegenerative disease, to name a few.

- **Increasing incidence of chronic diseases**: While the aging population is susceptible to chronic diseases, there is a growing incidence among the younger population as well, largely due to lifestyle changes. For instance, in a study done in the US in 2019, approximately one-half of young adults reported at least one chronic condition, with the most common being obesity (25.5%), depression (21.3%), and high blood pressure (10.7%)9. Globally, approximately one in three of all adults suffer from multiple chronic conditions (MCCs)10. The cost of chronic disease worldwide is estimated to reach USD 47 trillion by 203011. Since the management of chronic diseases requires life-long use of pharmaceutical drugs, it is further driving the market growth.

- **Increasing demand from developing nations:** Developing nations face a dual demand for pharmaceutical drugs, driven by both the rising incidence of chronic conditions and the persistent burden of infectious diseases. For instance, India has earned the moniker of "diabetes capital of the world" with its 77 million diabetic and 25 million prediabetic population12, reflecting a trend observed in many developing countries mirroring developed markets' demand for similar drugs. Simultaneously, the continued epidemic of tropical and infectious diseases, such as malaria and dengue, maintains a high demand for drugs combating these conditions. To quantify, there were an estimated 249 million cases of malaria worldwide in 2022, with the majority occurring in Africa (94%)13. Similarly, Tuberculosis (TB) also imposes a substantial burden, with approximately 10.6 million new cases globally in 2022, with 46 % occurring in the Southeast Asia Region and 23% in the African Region14.

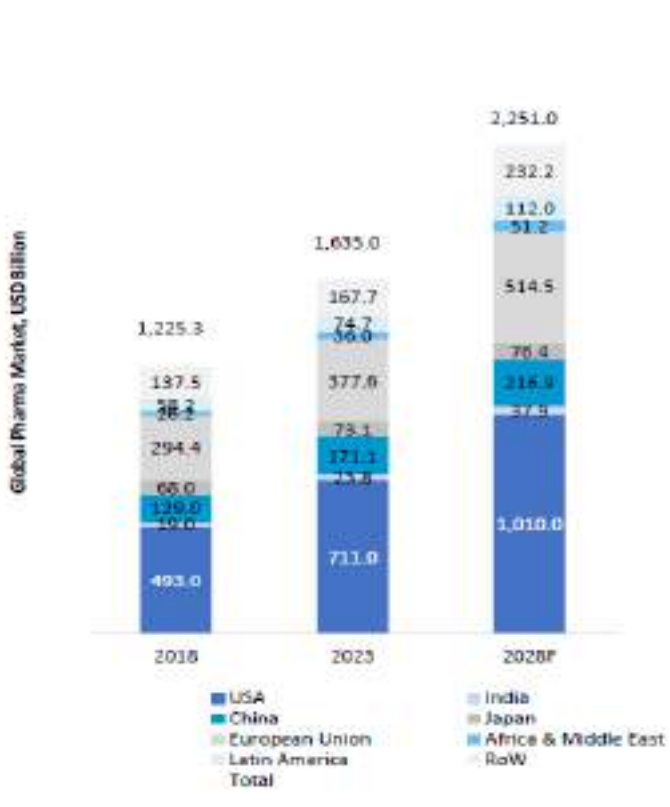
- **Consumer awareness and trends in self-medication:** The COVID-19 pandemic has had an immense impact on heightened consumer awareness of health, wellness, and preventive care, leading to massive growth in the over-the-counter (OTC) pharmaceutical market segment.

- **Growing Investments in R&D:** R&D investments contribute to the discovery of breakthrough treatments for prevalent and emerging diseases, driving market growth by expanding the range of therapeutic options available to patients. According to Evaluate Pharma, the global R&D expenditure on pharmaceuticals has increased from USD 184 billion in 2018 to USD 262 billion in 2023. This has resulted in the launch of several novel cell and gene therapies, monoclonal antibodies, and mRNA therapies, to name a few.

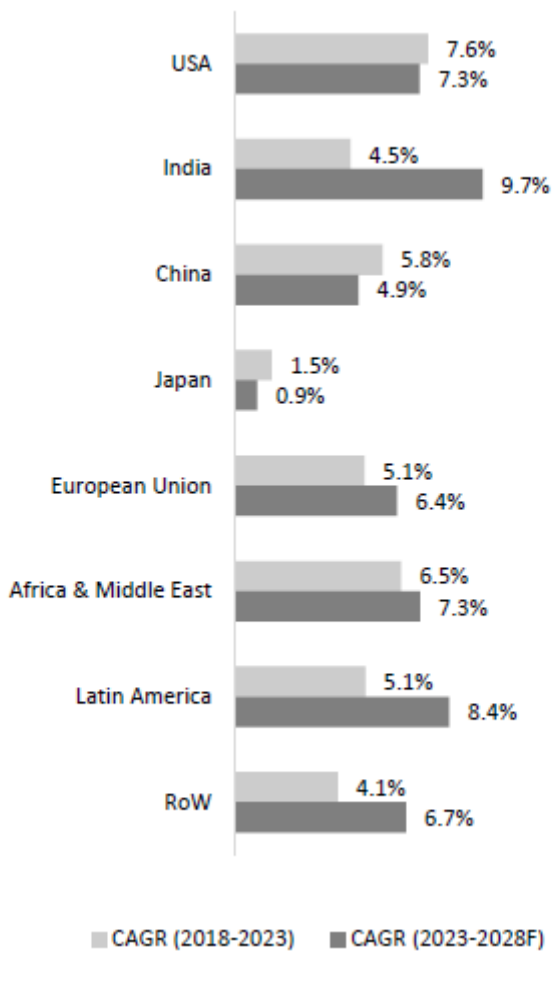
Global Pharmaceutical Market by Regions

Regulated markets, particularly the US, continue to exert dominance and influence over the global pharma market, driven by high demand, appetite for innovation, and comparatively higher prices for comparable products.

Global Pharma Market by Region, 2018 - 2028F



Growth Rate of Global Pharma Market by Region, 2018



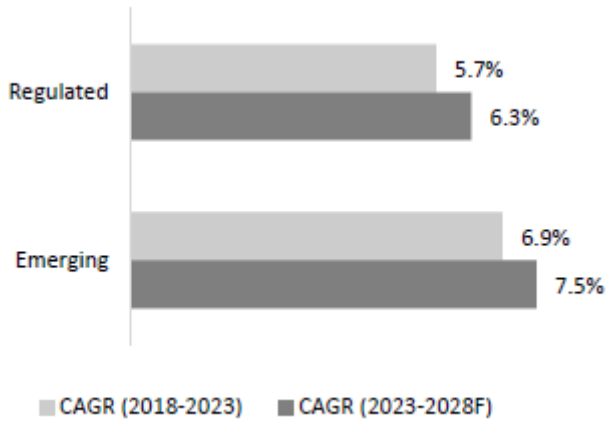
In 2023, the United States dominated the global prescription pharmaceutical market with a 43.5% share, followed by the EU region at 23.1%. This stronghold reflects the US's robust healthcare expenditure and significant investments in R&D. Similarly, Europe's leadership in R&D and innovative pharmaceutical introductions is reinforced by extensive reimbursement coverage and high treatment rates. Despite the historical precedence of these established markets, the burgeoning growth trajectory is distinctly observable in emerging markets across the Asia Pacific (APAC), Latin America, and the Rest of the World (ROW). These regions, characterized by dynamic economies such as the BRICS nations (Brazil, Russia, India, China, and South Africa) and the MIST countries (Mexico, Indonesia, South Korea, and Turkey), present new opportunities because of substantial population size, increasing affluence, and augmented financial capabilities of both governments (public health expenditure) and citizens (private health expenditure), enhanced life expectancy, improved access to pharmaceuticals, increasing coverage in medical insurance policies, better healthcare infrastructure along with awareness, changing disease patterns (from acute to chronic), and availability of low-cost generics. During the forecast period, while the US will retain its dominant position with almost 44% market share, the fastest growth is expected in India, Russia, and Brazil, each breaching a CAGR of 8-10%, followed by China and South Korea, with an anticipated CAGR of 4.5-7.5% between 2022 and 2027.

Overall, the regulatory pharma market, comprising 38 countries accounted for 77.0% share by value in 2023. The emerging pharma market, which includes high-growth regions of the Middle East and Africa, Latin America, and APAC countries like India, accounted for the remaining 23.0% in 2023 but is expected to reach a share of 24.0% by 2028, outpacing the growth of the global pharma market.

Global Pharma Market by Regions, 2018 - 2028F

Source: IQVIA, Global Use of Medicines 2022 and 2024, Frost & Sullivan

Rate of Global Pharma Market by Regions, 2018 - 2028F



Key Risks and Challenges in the Global Pharma Market

- **Regulatory Compliance:** Stringent regulations imposed by regulatory authorities across different jurisdictions pose a significant challenge for pharmaceutical companies. Adhering to diverse and evolving regulatory requirements demands substantial resources and expertise, and non-compliance can lead to severe penalties and reputational damage.

- **Intellectual Property Protection:** Protecting intellectual property (IP) rights is crucial for pharmaceutical companies, particularly given the significant investment in research and development (R&D) required to bring new drugs to market. The risk of patent infringement and the complexities of navigating patent laws globally present ongoing challenges for companies seeking to safeguard their innovations.

- **Pricing Pressures:** Pharmaceutical pricing remains a contentious issue globally, with governments, insurers, and consumers exerting pressure to control healthcare costs. Reimbursement challenges, pricing negotiations, and the rise of generic competition can erode profit margins and impact the commercial viability of pharmaceutical products.

- **Market Access and Distribution:** Accessing diverse markets and establishing efficient distribution channels present formidable challenges for pharmaceutical companies, especially in emerging economies with fragmented healthcare systems. Regulatory hurdles, logistical complexities, and cultural considerations can impede market entry and distribution efforts.

- **Supply Chain Disruptions:** As evidenced during the pandemic, the global pharmaceutical supply chain is susceptible to disruptions stemming from various factors, including natural disasters, geopolitical tensions, and pandemics. Ensuring the resilience and continuity of the supply chain, including sourcing raw materials and managing manufacturing capacities, is critical to mitigate risks and maintain product availability.

- **Product Development Risks:** The pharmaceutical industry is inherently risky due to the lengthy and costly process of drug development, coupled with uncertainties surrounding clinical trials and regulatory approvals. Failure to meet efficacy and safety standards, as well as unforeseen adverse events, can lead to substantial financial losses and setbacks in product pipelines.

- **Competition and Innovation:** Intense competition within the pharmaceutical market, both from established players and emerging biotechnology companies, underscores the importance of innovation. Companies need to continuously invest in R&D to develop differentiated products and therapies, navigate patent cliffs, and sustain competitive advantage in an evolving landscape.

Accounting ratios

Particulars	H1FY25	FY 24	FY 23	FY22
Revenue from Operations	1,810	2,145	353	142
Growth in revenue from operations (%)	NA	507.1%	149.3%	-
EBITDA	639	416	127	20
EBITDA Margin (%)	29.8%	19.4%	35.9%	13.8%
PAT/Net loss	239	327	84	10
PAT Margin (%)	11.2%	15.2%	23.9%	7.0%

Comparison with listed entity

Name of the company	Face value	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RONW (%)	NAV per equity share (₹)
Senores Pharma Ltd	10	55.1*	7.1	7.1	23.6%	66.9
Listed peers						
Ajanta Pharma Ltd	2	41.2	64.82	64.8	23.4%	281.6
Alembic Ltd.	2	12.0	31.3	31.3	13.4%	245.1
Caplin Point Laboratories Ltd.	2	36.8	60.8	59.9	21.6%	309.0
Gland Pharma Limited	1	42.3	46.9	46.9	9.26%	529.6
Strides Pharma Science Ltd	10	32.4	(7.8)	(7.8)	(4.4%)	225.4

Note: 1) P/E Ratio has been computed based on the closing market price of equity shares on NSE on Dec 19, 2024.
2) * P/E of company is calculated on FY24 basis.

Key Risks

- Strict adherence to quality standards is crucial for Senores Pharmaceuticals; any failure may lead to order cancellations and legal liabilities.
- Product recalls or quality control issues at Senores Pharmaceuticals could damage its reputation and lead to costly litigation.
- The company's reliance on a few key customers makes it vulnerable to significant revenue loss if these customers terminate contracts.
- The Company enters into certain related party transactions in the ordinary course of their business and they cannot assure you that such transactions will not have an adverse effect on their results of operation and financial condition.
- The Company is subject to extensive government regulation, and if they fail to obtain, maintain or renew their statutory and regulatory licenses, permits and approvals required to operate their business, results of operations and cash flows may be adversely affected.

Valuation

Senores Pharmaceuticals Limited develops and manufactures a range of pharmaceutical products primarily for the regulated markets of the US, Canada, and the UK, while also serving emerging markets. With a presence in 43 countries, the company focuses on critical care injectables, APIs, and complex specialty pharmaceutical products.

At the upper price band company is valued at P/E of 55x with a market cap of ₹ 18,006 million post issue of equity shares and return on net worth of 23.6% based on FY24.

On the valuation front, we believe that the company is fairly priced. Therefore, we recommend a "**Subscribe**" rating to the IPO.

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Small Caps (251st company onwards)	>25%	0%-25%	Below 0%

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