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### Issue Offer

Total issue size of INR 19.52bn including Fresh Issue of shares aggregating upto INR 8bn and OFS aggregating upto INR 11.52bn.

### Issue Summary

|                             |              |
|-----------------------------|--------------|
| Price Band (INR)            | 960-1008     |
| Face Value (INR)            | 10           |
| Implied Market Cap (INR Bn) | 190.29       |
| Market Lot                  | 14           |
| Issue Opens on              | July 3, 2024 |
| Issue Close on              | July 5, 2024 |
| No. of share pre-issue      | 180,852,116  |
| No. of share post issue     | 188,788,623  |
| Listing                     | NSE , BSE    |

### Issue Break-up (%)

|                |     |
|----------------|-----|
| QIB Portion    | ≤50 |
| NII Portion    | ≥15 |
| Retail Portion | ≥35 |

### Book Running Lead Managers

Kotak Mahindra Capital Company Ltd  
Axis Capital Ltd  
Jefferies India Pvt Ltd  
JP Morgan India Pvt Ltd

### Registrar

Link Intime India Pvt Ltd

### Shareholding Pattern

|                 | Pre-Issue | Post-Issue |
|-----------------|-----------|------------|
| Promoters       | 83.21%    | 78.20%     |
| Public & Others | 16.79%    | 21.80%     |

### Objects of the issue

- Repayment/Prepayment of certain outstanding borrowings
- General Corporate expenses

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Emcure Pharmaceuticals Ltd (EPL) is engaged in developing, manufacturing, and globally marketing pharmaceutical products across major therapeutic areas, driven by research and development. The company has a diversified product portfolio, including orals, injectables, and biotherapeutics, with a presence in the domestic market as well as the international market, mostly in Europe and Canada. Domestic sales contributed 48.28% to revenues, while exports had a major share of 51.72% in FY24. They operate through 13 manufacturing facilities spread across India, producing orals, injectables, and complex APIs. Revenues have seen marginal growth since FY22, while there was a sequential decline in profitability. PAT margins have decreased from 11.87% in FY22 to 7.86% in FY24, while the EBITDA margin decreased to 19.01% in FY24 from 23.54% in FY22.

### Investment Rationale

**Well-positioned in the domestic market:** EPL is one of the leading companies in the domestic market, with a covered market presence of 52.66%. They are ranked as the 13th largest pharma company in terms of sales and stand 4th in terms of market share in their covered markets. They have a major presence in therapies like gynecology, cardiovascular, and oncology/anti-neoplastics. They have a large distribution network, including 5,000 stockists, catered by 37 C&F agents. Although the share of domestic sales has been coming down sequentially, this is being offset by export sales.

**Growing presence in the international market:** EPL also has a major presence in the international market and is gradually expanding its portfolio with a mix of specialty branded generics, injectables, and other generic products. Further, the company has also focused on inorganic growth by acquiring businesses in North America. These acquisitions have helped the company rapidly expand in the international market, especially in Europe and Canada. The share of international revenue has been increasing gradually over the years. They tend to focus on differentiated products which require significant expertise to develop and manufacture.

**Strengthening position in the domestic market while expanding the product portfolio in the international market:** The company plans to penetrate the domestic market, especially in rural areas, with their key brands in well-established therapies while continuing to work on differentiated products to meet patient needs. They have also been increasing their sales force over the last 24 months to expand their geographical presence. Focus will also remain on expanding their international presence by increasing the sales force or establishing partnerships.

**Valuation and View:** EPL is a major player in the pharmaceutical industry, having niche products for key therapies with a global market presence. The company is in a position to leverage its market position and expand rapidly. Though the topline has been growing gradually, there has been a dip in profitability mainly due to high finance costs. As the company plans to repay its borrowings with the proceeds, the bottom line is expected to see substantial improvement. At the upper band price of INR 1,008, the issue is valued at 36.07x P/E based on FY24 earnings. We recommend "Subscribe" to the issue.

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