

Incorporated in December 2017, 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. Company is promoted by 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.

Business Overview :

- Company's strength lies in identifying, developing and manufacturing a diverse range of specialty, underpenetrated and complex pharmaceutical products establishing the company as a preferred partner to certain customers.
- Through data analytics, research, market assessment and experienced management, it strategically identify commercially underpenetrated molecules to launch products in the Regulated and Emerging Markets.
- It also has a CDMO business in the Regulated Markets catering to pharmaceutical companies, which is carried out of its Atlanta Facility. Its CDMO customers include Mint Pharmaceuticals Inc. (Canada), Solco Healthcare US LLC (US), Ambicare Pharmaceuticals Inc. (Canada), Amici Pharmaceuticals Inc. (US) and Waymade PLC (UK). It also act as a pure contract manufacturer for its customers such as Alkem Laboratories Limited and Jubilant Cadista for products which have already been developed by such customers.
- The company leverage its R&D capabilities to develop and manufacture a portfolio of differentiated complex pharmaceutical products.
- As of September 30, 2024, it has three dedicated R&D facilities in India and the US. It is in the process of consolidating its R&D facilities into 1 proposed dedicated facility in Ahmedabad.
- Its focus on quality and its 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 its 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.
- The company operates in Emerging Markets across 43 countries and manufactures critical care injectables and APIs.
- Company's Regulated Markets Business is carried out through its two subsidiary companies, Havix, which houses its US FDA approved oral solid dosage ("OSD") facility at Atlanta, US and, SPI, a US based company holding the intellectual property used by its Company, specifically for its ANDA approvals and enters into agreement with its marketing partners.
- It develops and manufactures pharmaceutical products across various therapeutic areas for the Emerging Markets through its WHO-GMP approved manufacturing facility at Chhatral (Ahmedabad), Gujarat.
- The company manufacture pharmaceutical products including tablets, capsules, liquids, dry syrups, ORS and injectables at its manufacturing facility at Chhatral. It cater to the Emerging Markets through its Chhatral Facility. 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.
- It has adopted the following business models for its 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").

NSE SYMBOL	SENORES
SECTOR	PHARMACEUTICALS
ISSUE SIZE	Rs. 582.11 Crs.
PRICE BAND	Rs. 372 - 391
BID SIZE (Nos.)	38
FACE VALUE	Rs. 10.00
MARKET CAP	Rs. 1800.70 Crs
RATING	SUBSCRIBE

TENTATIVE DATES	
ISSUE OPEN DATE	20TH DEC 2024
ISSUE CLOSE DATE	24TH DEC 2024
BASIS OF ALLOTMENT	26TH DEC 2024
INITIATION OF REFUNDS	27TH DEC 2024
CREDIT OF SHARES	27TH DEC 2024
LISTING DATE	30TH DEC 2024

- It has three manufacturing facilities. its facilities are capable of producing a wide range of pharmaceutical products in various dosage forms across several major therapeutic areas including complex oral solids and injectables, oral liquids, ORS and APIs. Its manufacturing and development capabilities include formulation through process development, and scale-up and full-scale commercial manufacturing.
- Senores Pharmaceuticals's business and operations are led by a qualified and experienced management team and its Board of Directors, who come from diverse backgrounds with prior industry experience in various fields such as pharmaceuticals, accounting, management, law, sales and marketing.
- It has launched its Critical Care Injectables Business in August, 2022 for supply of critical care injectables across India to various hospitals through its distributors which was launched to leverage its injectable manufacturing capabilities. As of September 30, 2024, it has launched 55 products in major therapeutic segments including antibiotics, anti bacterial, anti-fungal and blood line.
- It commenced the business of manufacturing APIs with the objective of having an API manufacturing facility as a backward integration activity. It manufactures APIs through its Naroda Facility and are in the process of setting up a new greenfield unit for the manufacture of APIs at Chhatral, Gujarat. As of September 30, 2024, it has successfully commercialized 16 APIs which includes oncology APIs. *(Source— RHP)*

STRENGTHS

- Ability to cater to the Regulated Markets of US, Canada and the United Kingdom through its US FDA approved formulation manufacturing facility in the US
- Distinct niche product portfolio built in a short span for Regulated Markets
- Long-term marketing arrangements with pharmaceutical companies in the Regulated Markets of US, Canada & the UK.
- Presence in the Emerging Markets with a product portfolio, including specialty or complex products
- Robust R&D capabilities driving its differentiated portfolio of products
- Professional and dedicated management teams for its diverse business verticals *(Source— RHP)*

OBJECTS OF THE OFFER

The Offer for Sale - Company will not receive any proceeds from the Offer for Sale of shares of Rs. 82.11 crores. The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale.

Fresh Issue - The Company would also raise up to Rs. 500 crores by offering fresh shares. Company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects.

- Investment in one of its Subsidiaries, Havix Group, Inc. d/b/a Avis Pharmaceuticals ("Havix"), to fund capital expenditure requirements for setting up a manufacturing facility for the production of sterile injections in Atlanta Facility.
- Re-payment/pre-payment, in full or in part, of certain borrowings availed by the Company.
- Investment in its Subsidiary, Havix, for re-payment/pre-payment in full or in part, of certain borrowings availed.
- Funding the working capital requirements of its Company.
- Investment in its Subsidiaries, namely, SPI and Ratnatris to fund their working capital requirements.
- Funding inorganic growth through acquisition and other strategic initiatives and
- General corporate purposes.

RISKS

- Company's business is dependent on the sale of its products through third party marketing partners and distributors.
- Company's business is dependent on the sale of its products and continued growth of the Regulated Markets.
- Failure to comply with the quality standards and technical specifications prescribed by its customers may lead to loss of business from such customers and could negatively impact its business.
- The company derive a part of its revenue from few customers.
- The company has had negative cash flows from operating activities in the last three Fiscal years and may continue to have negative cash flows in the future which could have an impact on its business and operations.

PEER COMPARISON

	Face Value (Rs.)	CMP In Rs. (19-12-2024)	TTM EPS (Rs.)	BV per share (Rs.)	P/E (X)	P/BV (X)	M. Cap / Sales
Ajanta Pharma	2.00	2875.70	70.05	294.36	41.1	9.8	8.0
Alembic Pharma	2.00	1047.80	32.40	248.68	32.3	4.2	3.2
Caplin Point Lab	2.00	2393.60	64.93	334.49	36.9	7.2	9.9
Gland Pharma	1.00	1777.60	41.98	533.41	42.3	3.3	5.0
Strides Pharma	10.00	699.25	22.36	246.48	31.3	2.8	1.5
Senores Pharma**	10.00	391.00	10.40	177.85	37.6	2.2	4.9

(**On upper price band and on FY 2025 annualised EPS)

RECOMMENDATION

At the upper band of offer price of Rs 391, the issue has been priced at P/BV of 2.2 times and P/E of 37.6 times on enhanced equity. Compared to peer group, average P/BV of 5.5 times and P/E of 36.8 times, SENORES PHARMACEUTICALS LTD is fairly valued.

Investors - **SUBSCRIBE to SENORES PHARMACEUTICALS LTD - IPO** considering ability to cater to the Regulated Markets, distinct niche product portfolio, robust R&D, presence in the Emerging Markets and improving & growing financials.

PROFIT & LOSS A/C

(In Rs. Crore.)

	FY 2022	FY 2023	FY 2024	6 MONTHS SEP FY 2025
Revenue from operations	14.17	35.34	214.52	181.02
Other income	0.46	3.68	2.82	2.34
Total income	14.63	39.02	217.34	183.35
Expenses				
Cost of materials consumed	0.00	0.35	31.96	47.60
Purchases of stock-in-trade	10.43	12.90	70.30	38.63
Changes in inventories	-2.40	-0.48	3.88	-3.68
Employee benefits expense	2.86	4.79	35.46	26.73
Finance costs	0.57	2.14	9.45	10.09
Depreciation and amortisation expenses	0.71	1.78	10.02	7.41
Other expenses	1.32	5.11	31.35	27.17
Total expenses	13.49	26.58	192.40	153.95
Restated Profit / (Loss) before tax and share of profit of associates	0.00	0.00	0.00	0.00
Share of profit of associates	0.00	0.00	0.00	0.00
Restated Profit / (Loss) before tax	1.14	12.44	24.94	29.40
Tax expense:				
Current tax	0.17	1.43	8.00	2.73
Deferred tax charge / (credit)	-0.02	2.58	-15.76	2.73
Total tax expense	0.15	4.00	-7.76	5.46
Restated Profit / (Loss) for the period / year	0.99	8.43	32.71	23.94

BALANCE SHEET
(In Rs. Crore.)

	FY 2022	FY 2023	FY 2024	6 MONTHS SEP FY 2025
ASSETS				
Property, plant and equipment	5.32	5.51	152.20	147.84
Right-of-use assets	0.45	1.70	9.14	8.40
Capital work in progress	0.35	8.06	17.77	52.21
Goodwill	0.00	0.00	38.21	38.21
Other intangible assets	8.84	46.44	115.19	133.28
Investments	15.41	16.45	0.01	0.01
Other non-current assets	1.74	1.56	38.46	26.08
Total non-current assets	32.10	79.72	370.97	406.03
Inventories	2.98	3.12	37.37	50.78
Investments	0.00	0.00	0.00	0.00
Trade receivables	19.63	22.11	112.01	105.36
Cash and cash equivalents	2.02	0.10	7.65	8.76
Bank balances	1.20	0.00	5.41	5.16
Other current assets	1.22	26.01	88.48	101.98
Total current assets	27.05	51.34	250.91	272.05
Total assets	59.15	131.05	621.88	678.08
EQUITY AND LIABILITIES				
Equity share capital	8.74	9.82	30.51	33.27
Other equity	27.85	35.68	173.76	258.24
Equity attributable to the owners of the company	36.59	45.50	204.27	291.50
Non controlling interest	0.00	0.00	27.44	27.56
Total equity	36.59	45.50	231.71	319.06
Borrowings	12.22	29.73	133.66	188.97
Lease liabilities	0.41	1.58	7.78	7.73
Other non-current liabilities	0.05	2.36	1.24	1.56
Total non-current liabilities	12.68	33.67	142.67	198.26
Borrowings	1.99	31.03	114.73	53.07
Lease liabilities	0.14	0.25	1.48	1.06
Trade payables	7.14	13.58	113.01	79.89
Other current liabilities	0.62	7.02	18.28	26.75
Total current liabilities	9.89	51.88	247.50	160.76
Total equity and liabilities	59.15	131.05	621.88	678.08

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