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**IPO Report**

26<sup>th</sup> Aug '25

**Snapshot**

Company is a chemical manufacturing company engaged in manufacturing of; (i) high purity advance pharmaceutical intermediates (“**Pharma Intermediate**”) which serves as raw material/ key starting material in the manufacturing of active pharmaceutical ingredients; and (ii) active pharmaceutical ingredients (“**APIs**”) which serves as a raw material for pharmaceutical formulations in preparation of various type of Finished Dosage Formula (“**FDF**”) such as tablet, capsules, ointment, syrup etc, ingredients in nutraceuticals formulations, personal care products and animal health products.

**VALUATION**

Company is bringing the issue at price band of Rs 86-91 per share at p/e multiple of approx. 24x on post issue FY25 basis. Company has strong product portfolio of more sixty-five (65) commercialised products, twenty-eight (28) products at pilot stage, forty-nine (49) products at lab testing stage; scalable business model has established customer base. Company is Operating in high entry and exit barriers due to long customer approval cycles and strict product standards; Also, company has in-house testing, QA / QC for quality control of the product portfolio. Hence, we recommend “Subscribe” to the issue.

<b>Price Band (Rs./Share)</b>	<b>86-91</b>
<b>Opening date of the issue</b>	<b>26<sup>th</sup> Aug '2025</b>
<b>Closing Date of the issue</b>	<b>29<sup>th</sup> Aug '2025</b>
<b>No of shares pre issue</b>	3,98,51,500 Eq Shares
<b>Issue Size</b>	Rs 121 Cr
<b>Fresh issue</b>	1,33,00,000 Eq Shares
<b>Face Value (Rs/ share)</b>	Rs 10/share
<b>Bid Lot</b>	164
<b>BIDDING DETAILS</b>	
<b>QIBs (Including Anchor)</b>	75% of the offer
<b>Non-Institutional</b>	15% of the offer
<b>Retail</b>	10% of the offer
<b>Employee</b>	3,01,204 Eq Shares
<b>Lead managers</b>	Interactive Financial Services Ltd
<b>Registrar to the issue</b>	KFin TEchnologies. Ltd

**WHAT WE LIKE**

***Strong product portfolio and scalable business***

Company is a chemical manufacturing company engaged in manufacturing of Pharma Intermediates and APIs. Company’s products are manufactured in accordance with pharmacopeia standards such as IP, BP, EP, JP, USP. Company is one of the few manufacturers of loxoprofen sodium dihydrate in India, which is a notable API that is widely used in treatment of pain/inflammation association with conditions including rheumatoid arthritis, osteoarthritis, lower back pain, frozen shoulder, neck-shoulder-arm syndrome, tooth pain or after surgery, injury or tooth extraction

***High entry and exit barriers due to long customer approval cycles and strict product standards***

Company is a manufacturer of Pharma Intermediates and APIs. Its manufacturing process involves multi-step production and purification processes to manufacture Pharma Intermediates and APIs. Further, given the nature of the application, company’s processes and products are subject to, and measured against established domestic and international standards and stringent specifications of customers.

***Focus on Quality, Environment, Health and Safety (QEHS)***

Company believe that maintaining a high standard of quality for its products is critical to company’s continued growth. In its Manufacturing Facility, company have put in place quality check systems that cover areas of its manufacturing process and product delivery, to ensure consistent quality, efficiency and safety of products. Company’s products go through various quality checks at various stages. Many of company’s key customers have audited and approved its Manufacturing Facility in the past, which ensures company’s customers regarding the continuance of quality of its facility, processes and product.



## COMPANY BACKGROUND

Company's products spans across the family of pharmaceutical intermediates, active pharmaceutical ingredients, nutraceutical APIs and ingredients for personal care and veterinary API. Company's active pharmaceutical ingredient products are manufactured in accordance with Indian and international pharmacopeia standards such as IP, BP, EP, JP, USP.

Company is one of the few manufacturers of loxoprofen sodium dihydrate in India, which is a notable API widely used in treatment of pain/inflammation association with conditions including rheumatoid arthritis, osteoarthritis, lower back pain, frozen shoulder, neck-shoulder-arm syndrome, tooth pain or after surgery, injury or tooth extraction (*Source: D&B Report*).

In addition to the manufacturing of Pharma Intermediate and APIs in accordance with various domestic and international standards, company have recently started undertaking custom manufacturing services for complex or novel chemical compounds, tailoring the manufacturing process to meet specific customer requirements, including producing chemicals with purity levels that exceed industry standards. Company's domain knowledge and expertise enables it to reduce existing impurities and employ appropriate processes to achieve the desired level of purity.

Company also undertake API development, preparation and filing of Drug Master File ("DMF") in the Indian and global markets as per the pharmacopeia requirements of its customers and regulatory agencies. As on date, company have received approval for Drug Master File from (i) Brazilian Health Regulatory Agency ("**ANVISA, Brazil**") for its API product namely, loxoprofen sodium dihydrate; (ii) National Medical Products Administration, China ("**NMPA, China**") for its API product namely, loxoprofen sodium dihydrate; (iii) Pharmaceuticals and Medical Devices Agency, Japan ("**PMDA, Japan**") for its API product namely, loxoprofen sodium dihydrate and loxoprofen acid. Further, as on date, company have filed twenty-one (21) DMF with regulatory authorities of European Union, Russia, Japan, South Korea, Iran, Jordan, Pakistan amongst other and company is in process of filing DMF for approval of Ketoprofen with regulatory authority of USA and Dexketoprofen Trometamol with regulatory authority of Spain, Italy, Germany, Slovenia.

As on the date of this Red Herring Prospectus, company's product portfolio consists of sixty-five (65) commercialised products and twenty-eight (28) products which are at pilot stage and forty-nine (49) products which are at laboratory testing stage/ laboratory scale stage.

Company supply its products in both domestic and overseas markets to various pharmaceutical companies and third party dealers and distributors. In addition to its domestic market sales in India, company have expanded its scale of operations and global footprint with customers in over 15 countries including Italy, Germany, South Korea, China, Argentina, Chile, Columbia, Mexico, Egypt, Turkey, Japan, Brazil, United Kingdom, United Arab Emirates etc. among others.

During Fiscal 2025, 2024 and 2023, company exported its products to fifteen (15) countries. For the Fiscal 2025, Fiscal 2024 and Fiscal 2023, company's revenue from exports (including merchant exports) amounted to ₹389.66 lakhs, ₹ 661.13 lakhs and ₹ 1,202.62 lakhs amounting to 3.24%, 9.93% and 10.65%, of its revenue from operations, respectively. Company's revenue from operations from the domestic market for the Fiscal 2025, Fiscal 2024 and Fiscal 2023 was ₹11,639.00 Lakhs, ₹ 5,997.25 lakhs and ₹ 10,085.13 lakhs, respectively.



## INVESTMENT RATIONALE

<p><b><i>In-house Testing, Quality Control and Quality Assurance for quality control</i></b></p>	<p>Company is committed to maintain the quality standards through rigorous quality checks, detailed analysis, and the continuous development of process improvements. As on date of this Red Herring Prospectus, company is supported by four (4) testing laboratory for adding new generic APIs, process optimisation and test its products against the specified industry standards or customer specifications.</p> <p>As on date, company's Testing, Quality Control and Quality Assurance team consist of thirty-four (34) members out of which twenty-four (24) are science graduates and post-graduates members who carry out various tests to ensure that the quality of company's products meets customer requirements and established industry standards along with focus on continuous improvements to its manufacturing processes by reducing existing impurities and employ appropriate processes to achieve the desired level of purity. Company's Testing, Quality Control and Quality Assurance team is also responsible for ensuring the quality of its raw material that company use for its manufacturing of its products</p> <p>As company is also undertaking custom manufacturing of products which requires it to carry out various tests are required to be conducted in its laboratory to check whether a chemical is able to achieve a particular level of purity as required by the customer for end use purposes and thereafter the developed product is subject to approval from regulatory authorities.</p>
<p><b><i>Strong Promoters and Experienced Management Team</i></b></p>	<p>Company is driven by a qualified and dedicated management team, which is led by its Board of Directors. Company's Promoters have been associated with the Company since inception and have played a significant role in shaping and developing the operations of company's business. Company's Promoters play a pivotal role in formulating business strategies, driving innovation, integrating systems, processes and technologies, diversification and expansion of business, and commitment to customer-focused approach. The senior management team has also been instrumental in establishing and maintaining relationships with its customers. Additionally, company's senior management possesses extensive industry and management experience which has given it a specialized understanding of the complexities involved in the manufacturing of such specific and niche products and the processes involved. Company's business growth is also attributable to its strong management culture fostered by an entrepreneurial spirit that is managed by its department heads who are experienced and have in-depth and hands-on knowledge of company's industry. Company's experienced and dedicated management team also enables it to capture market opportunities, formulate and execute business strategies, manage customers' expectations as well as proactively manage changes in market conditions. Company's senior management, technical personnel and skilled workers benefit from its regular in-house training initiatives in health and safety, quality management and other soft skills.</p>



## OBJECTS OF OFFER

Company proposes to utilize the proceeds from the Issue towards funding the following objects and achieve the benefits of listing the Equity Shares on the Stock Exchanges. The Issue comprises of fresh Issue of up to 1,33,00,000\* Equity Shares of Company.

Company proposes to utilize the Net Proceeds from the Issue towards funding the following objects:

1. Funding capital expenditure requirements for expansion of company's Manufacturing Facility ("Proposed Expansion");
2. Full or part repayment and/or prepayment of certain outstanding secured borrowings (term loan) availed by Company;
3. Funding the working capital requirements of Company; and
4. General corporate purposes

## RISKS

Company is subject to stringent quality specifications and regular customer audits. Non-compliance may result in order cancellations, warranty claims, or reputational damage. In the past, company's manufacturing facility was non-operational for a period of four (4) months to address certain directions and recommendations issued by the Brazilian Health Regulatory Agency, which temporarily halted its manufacturing operations.

Source:RHP

## Consolidated Financials

(Rs in lakhs)

Financials	FY23	FY24	FY25
Total Revenue (A)	11287.74	6658.37	12028.66
Total Expenditure (B)	10046.26	5112.26	8807.78
EBIDTA	1241.48	1546.11	3220.88
EBIDTA Margin	11.00	23.22	26.78
Other Income	24.25	10.82	16.85
Depreciation	186.64	188.75	177.39
EBIT	1079.09	1368.18	3060.34
Interest	379.78	393.07	371.52
PBT	699.31	975.11	2688.82
Share of profit in Asso	0.00	0.00	0.00
PBIT	699.31	975.11	2688.82
Exceptional	0.00	0.00	0.00
PBT	699.31	975.11	2688.82
Tax	117.31	9.40	637.02
PAT	582.00	965.71	2051.80
NPM	5.16	14.50	17.06
ROE%	78.92	45.92	25.51
EPS	4.85	6.68	6.38
Eq Cap	1,200.00	1,600.00	3,985.15
Net Worth	737.43	2,103.14	8,042.17

(Source: RHP)



## Peer Comparison

Company Name	Face Value	EPS	P/E	ROE %	NAV
<i>Anlon Healthcare Limited</i>	<i>10.00</i>	<i>6.38</i>	<i>---</i>	<i>25.51</i>	<i>20.18</i>
<b>Peers</b>					
Kronox Lab Sciences Limited	10.00	6.91	26.18	28.26	24.28
Acutaas Chemicals Ltd	5.00	19.81	58.47	12.15	161.24
Supriya Lifesciences Limited	2.00	23.35	29.27	18.86	123.85

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