



**Akums**

**Issue Opens - JULY 30, 2024 - AUGUST 1, 2024**

**Price Band**

**₹ 646 - 679**

**Face Value**

₹2

**Lot Size**

286 Shares

**Issue Size**

₹1856.74 Crores

**Issue Type**

Book Built

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# Important Events



**Issue Size**

**₹1856.74 Crores, 27,345,162 Equity Share**

**Fresh Issue**

**₹680.00 Crores, 10,014,727 Equity Share**

**Offer for Sale**

**₹1,176.74 Cr, 17,330,435 Equity Share**

**Basis of Allotment**

**Friday, August 2, 2024**

**Initiation of Refunds**

**Monday, August 5, 2024**

**Credit of Shares to Demat**

**Monday, August 5, 2024**

**Akums Drugs IPO Listing Day**

**Tuesday, August 6, 2024**

## Objects of The Offer

The Company proposes to utilize the Net Proceeds towards the funding of the following objects:

- Repayment/ prepayment of indebtedness of the company and its Subsidiaries;
- Funding incremental working capital requirements of the company;
- Pursuing inorganic growth initiatives through acquisitions; and
- General corporate purposes.

# Brief profiles of the Directors



**Sanjeev Jain** is the Managing Director of the Company. He has completed his matriculation from Central Board of Secondary Examination, in 1981. He has been associated with our Company as a co-founder, promoter and a director since April 19, 2004. He has over 38 years of experience in Indian pharma industry and managing end to end aspects of CDMO business. Prior to the incorporation of our Company, Mr. Sanjeev Jain was associated with M/s Welcure Pharmaceuticals as partner and with Welcure Pharmaceuticals Private Limited as a director and shareholder since September 1984.

**Sandeep Jain** is the Managing Director of the Company. He holds a bachelor's degree in commerce (pass) from University of Delhi. He has been associated with our Company as a co-founder, promoter and a director since April 19, 2004. He has over 36 years of experience in establishing and running large scale pharma manufacturing facilities. Presently, he is the Chairman of Association of Devbhumi Pharma Industries and Past Chairman of Confederation of Indian Industry's state council, Uttarakhand. Prior to the incorporation of our Company, Mr. Sandeep Jain was associated with Welcure Pharmaceuticals Private Limited as a director and shareholder since August 1986

**Sanjay Sinha** is a Whole Time Director and President, Operations of their Company. He holds a bachelor's degree in pharmaceutical sciences from Ranchi University and a master's degree in pharmacy from the University of Delhi. He was previously associated with Ipca Laboratories Limited as the President, Operations (Formulations). He has also served as the President, Operations at the Ahmedabad Plant of Famy Care Limited. He joined our Company with effect from November 26, 2022.

**Sunil Kumar** Thakur is a Non-Executive Director of our Company and is a nominee of Ruby QC Investment Holdings Pte. Ltd. on our Board. He holds a bachelor's degree in business administration from Thames Valley University and a master's degree in international business from the University of Delhi. He is currently associated with Quadria Capital Advisors Private Limited as a partner, where he leads the investments, portfolio management and divestment activities across South-Asia and also serves on the investment committee of the Quadria Capital.

# About The Company.



Akums Drugs and Pharmaceuticals Limited is a leading CDMO in India, offering a wide range of pharmaceutical products and services. They are the largest domestic CDMO by revenue and have a strong track record of manufacturing complex formulations. With 10 manufacturing units and global accreditations, they serve 26 of India's top 30 pharma companies. Akums is expanding its capacity with a new injectable facility and is poised for further growth in the domestic and global CDMO markets.

## Description of Their Business

They offer a wide range of pharmaceutical products and services to meet the varied needs of clients. Through their core Contract Development and Manufacturing Organization (CDMO) business, they provide complete product development and manufacturing solutions, including formulation and analytical research and development, regulatory dossier preparation for Indian and global markets, contract manufacturing of formulations, and testing services. Besides their core CDMO business, they also manufacture and sell branded pharmaceutical formulations and active pharmaceutical ingredients (APIs).

They are the largest India-focused CDMO by revenue, production capacity, and number of clients served during the Financial Year 2023 (according to the F&S Report). As a CDMO, they produce various dosage forms, including tablets, capsules, liquid orals, vials, ampoules, blow-fill seals, topical preparations, eye drops, dry powder injections, and gummies (Source: F&S Report). In the Financial Year 2024, they held a 30.2% market share in the Indian domestic CDMO market by value, up from 26.7% in Financial Year 2021.



# OPERATING METRICS

Particulars	For the Financial Year		
	2024	2023	2022
EBITDA margin <sup>(1)</sup> (%)	3.73	10.38	(1.87)
Profit after tax margin <sup>(2)</sup> (%)	0.02	2.64	(6.79)
Return on equity <sup>(3)</sup> (%)	0.11	13.52	(40.13)
Return on capital employed <sup>(4)</sup> (%)	3.37	24.60	(18.89)

## THEIR CLIENTS





# Strengths

- They have a large and rapidly expanding R&D capability across our product range.
- They have a strategic presence throughout the pharmaceutical value chain.
- Their experienced and entrepreneurial management team has a proven track record and includes a notable healthcare-focused private equity investor.
- They are the largest India-focused CDMO serving the domestic pharmaceutical industry
- They have a diverse client base with long-standing CDMO relationships.

# Threats

- Any slowdown or shutdown in our manufacturing and R&D operations could negatively impact our business, financial performance, and cash flow.
- If they cannot collect receivables or if clients default on payments, it could reduce their profits and cash flow, adversely affecting our business and financial condition.
- They operate in a highly competitive market for outsourced pharmaceutical manufacturing services, especially for formulations, serving clients in India and other regions.
- Their international business exposes us to complex management, legal, tax, and economic risks, which could negatively impact their business and financial condition.

# Statement of Profit and Loss



Narration	Mar-21	Mar-22	Mar-23	Mar-24
<b>Sales</b>	<b>2,722.63</b>	<b>3,671.89</b>	<b>3,654.82</b>	<b>4,178.18</b>
Expenses	2,484.60	3,760.51	3,360.87	4,055.21
<b>Operating Profit</b>	<b>238.03</b>	<b>-88.62</b>	<b>293.95</b>	<b>122.97</b>
Other Income	10.81	6.76	15.41	8.00
Depreciation	69.84	94.68	112.81	125.64
Interest	6.74	16.66	46.25	50.61
Profit before tax	172.26	-193.20	150.30	-45.28
Tax	48.83	57.68	52.48	-46.07
<b>Net profit</b>	<b>122.71</b>	<b>-252.54</b>	<b>94.86</b>	<b>0.79</b>
<b>RATIOS:</b>				
Dividend Payout	0.00%	0.00%	0.00%	0.00%
OPM	8.74%	0.00%	8.04%	2.94%



# Valuation and Outlook

The expected share price for Akums Drugs and Pharmaceuticals Limited IPO is set between ₹646 to ₹679 per share. The company's valuation shows a Price-to-Earnings (P/E) ratio of -ve based on a price above ₹1008, and FY23 EPS is Rs -0.28 whereas the industry P/E 49.14x.

Name of Company	Face Value Per Share (₹)	Closing price on July 19, 2024 (₹)	Operating revenue for Fiscal 2024 (₹ million)	EPS (₹)		P/E	Return on tangible Net Worth (%)	Net Asset Value per Equity Share (₹)
				Basic	Diluted			
Akums Drugs and Pharmaceuticals	2.00	N.A.	41,781.82	(0.28)	(0.28)	N.A.	(0.57)%	49.59
<b>Peer Group</b>								
Divi's Laboratories	2.00	4,519.80	78,450.00	60.27	60.27	74.99	11.79%	511.21
Suven Pharma	1.00	820.60	10,513.54	11.80	11.80	69.54	14.64%	80.56
Gland Pharma	1.00	1,990.60	56,647.22	46.90	46.89	42.45	8.85%	529.65
Torrent Pharma	5.00	2,946.35	107,280.00	48.94	48.94	60.20	24.15%	202.57
Alkem Laboratories	2.00	5,133.65	126,675.80	150.19	150.19	34.18	17.41%	862.46
Eris Lifesciences	1.00	1,006.30	20,091.43	28.82	28.79	34.95	15.16%	190.12
JB Chemicals	1.00	1,790.50	34,841.80	35.66	34.85	51.38	18.90%	188.37
Mankind Pharma	1.00	2,129.00	103,347.74	47.75	47.68	44.65	20.43%	233.73
Innova Captab	10.00	558.10	10,813.05	18.66	18.66	29.91	11.35%	145.20

We suggest “**Avoid**” rating for the IPO



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