

IPO ANALYSIS

Sector: Pharmaceuticals
Issue Price: INR 705 to INR 741
Issue Size: INR 1,498 to 1,551 Crores
Issue Opens/Closes: Aug 04/ Aug 08

IPO Basics

Promoter: Sudhir Vaid and Ankur Vaid
Selling Shareholders: Helix Investment Holding
Lead Managers: Kotak Mahindra Capital, Citigroup Global, Jefferies India
Registered Office: Delhi
Registrar: Link Intime India Pvt. Ltd.
Listing: BSE and NSE

IPO Capital Structure

Offer for Sale	20,925,652 Equity Shares
Total Issue as % of total capital (Post-Issue)	20.01%
Post Issue No. of Shares	104,616,204
Post Issue Market Cap	INR 7,375- 7,752 Cr
Face Value	INR 1
Issue Route	Book Build Issue
Bid Lot (Shares)	20
Minimum Bid Amount	INR 14,820
<i>All values calculated at upper band</i>	

Financial Snapshot (INR in crs)

Y/E Mar	FY21	FY22	FY23
Equity Share Capital	9.51	9.51	10.46
Reserves	989.86	1,093.71	1,279.54
Net Worth	999.37	1,103.22	1,290.00
Revenue	616.94	712.93	853.17
Growth (%)		15.56%	19.67%
EBITDA	327.1	269.64	345.25
EBITDA (%)	53.02%	37.82%	40.47%
Net Profit	234.89	174.93	240.08
Net Profit (%)	38.07%	24.54%	28.14%
Basic & Diluted EPS	22.45	16.72	22.95
RONW (%)	26.55%	16.64%	20.06%
ROCE (%)	28.54%	20.55%	24.27%
ROE (%)	26.55%	16.64%	20.06%
NAV (INR)	95.53	105.45	123.31

Shareholding Pattern

Holders	Pre-issue	Post Issue
Promoters	44.08%	44.08%
Public	55.92%	55.92%
Total	100.00%	100.00%

Concord Biotech Limited

Aug 03, 2023

Issue Highlights:

- Concord Biotech Limited ("Concord") was incorporated on November 23, 1984. Concord is an India-based biopharma company and one of the leading global developers and manufacturers of select fermentation-based APIs across immunosuppressants and oncology in terms of market share, based on volume in 2022, supplying to over 70 countries including regulated markets, such as the United States, Europe and Japan, and India. Concord is amongst the few companies globally that have successfully and sustainably established and scaled up fermentation-based API manufacturing capabilities.
- The company commanded a market share of over 20% by volume in 2022 across identified fermentation-based API products, including mupirocin, sirolimus, tacrolimus, mycophenolate sodium and cyclosporine.
- As of March 31, 2023, they had a total installed fermentation capacity of 1,250 m³. In 2016, they launched their formulation business in India as well as emerging markets, including Nepal, Mexico, Indonesia, Thailand, Ecuador, Kenya, Singapore, Paraguay, and have further expanded to the United States.
- Concord has an established presence in these therapeutic areas and are well- poised to benefit from the industry growth tailwinds. As of March 31, 2023, they had 6 fermentation-based immunosuppressant APIs, including tacrolimus, mycophenolate mofetil, mycophenolate sodium, cyclosporine, sirolimus and pimecrolimus.
- As of June 30, 2023, Concord had a portfolio of 57 brands and 77 products manufactured by them, including 23 APIs and 53 formulations. In addition, as of March 31, 2023, they had 80 out-licensed formulation which they distributed in India under their brands.
- In India, they market a portfolio of 27 brands across immunosuppressants, nephrology drugs and anti-infective drugs for critical care. They have a presence across 20 states and 5 union territories in India, through their sales team. They also have a B2B contract development manufacturing organization ("CDMO") business where they supply immunosuppressants to the Indian market.
- Concord had over 200 customers in over 70 countries as of March 31, 2023, for both their APIs and formulations. They have entered into long-term supply agreements with some of their customers. Their API customers include Intas Pharmaceuticals Ltd and Glenmark Pharmaceuticals Ltd.
- In India, their formulations are provided primarily under a B2B model through 1,500 government and corporate hospitals.

Particulars	No. of shares	Issue Size Amount Lower (Rs. Cr.)	Issue Size Amount Upper (Rs. Cr.)	% Of Issue
QIB	1.05	759.87	774.92	50%
NIB	0.31	221.18	232.48	15%
Retail	0.73	516.09	542.45	35%
Employee	0.00	0.64	0.67	
Total Issue	2.09	1497.78	1550.52	100%

An Indicative Timetable Post Issue Closing

Particulars	Tentative Date
Finalization of Basis of Allotment	August 11, 2023
Refunds/un-blocking of ASBA Accounts	August 14, 2023
Credit of Equity Shares to DP Ac	August 17, 2023
Trading Commences	August 18, 2023

Investors are advised to refer disclosures made at the end of the research report.

BACKGROUND

Company and Directors

The Company was incorporated as 'Servomed Pharmaceuticals Private Limited' on November 23, 1984. The company was promoted by Sudhir Vaid and Ankur Vaid. Currently, the Promoters, holds 30,756,044 Equity Shares representing 29.40% of the issued, subscribed, and paid-up Equity Share capital of the company.

Brief Biographies of Directors

Sudhir Vaid is one of the Promoters of the company and the Chairman and Managing director of the company. Previously, he was associated with Ranbaxy Laboratories Ltd, Lupin Chemicals Ltd and acted as a consultant for Plus Chemicals S.A., Lek Pharmaceuticals & Chemicals Co., and Biocon India Ltd.

Ankur Vaid is one of the Promoters of the company and the Joint Managing Director and the Chief Executive Officer of the company. He has been associated with the Company since 2009 and has more than 15 years of experience in the pharmaceutical industry.

Ravi Kapoor is a Non-Executive Director of the company. He has been on company board since December 15, 2003. He is currently on the boards of companies such as Adani Green Energy (UP) Ltd and Gujarat Road and Infrastructure Company Ltd.

Rajiv Ambrish Agarwal is a Non-Executive Nominee Director of the company. He has been a Non-Executive Director on company Board since June 30, 2008. He has been associated with Rare Enterprises since 2006. He is currently a nominee director on the board of directors of companies including Nazara Technologies Ltd, Aptech Ltd and Equirius Capital Pvt Ltd.

Utpal Sheth is a Non-Executive Nominee Director of the company. He has been on the Board since December 12, 2009. He has been working with Rare Enterprises since 2003 and is currently the chief executive officer of Rare Enterprises.

Amit Varma is a Non-Executive Director of the company and is a nominee of Helix Investment Holdings Pte. Ltd. He has been on the board since July 5, 2016. He has also in the past been part of Religare Capital Markets Ltd. He is currently associated with Quadria Capital Investment Management Pte. Ltd as a co-founder and managing partner.

Bharti Khanna is an Independent Director of the company. She has been on the Board since January 31, 2017. She is currently a director on the board of directors of Amarant Lifesciences Pvt Ltd.

Anil Katyal is an Independent Director of the company. He has been on the board since October 23, 2019, and has an experience of more than 2 years with the company.

Amitabh Thakore is an Independent Director of the company. He has been on the board since January 31, 2017. Previously, he has been associated with Torrent Gujarat Biotech Ltd, Ahmedabad Electricity Co Ltd. He was also associated with L&T Ltd, Tata Economic Consultancy Services and the National Development Corporation of Tanzania.

Arvind Agarwal is an Independent Director of the company. He has been on the board since May 24, 2022. He has over 35 years of experience in the Indian Administrative Services.

Jayaram Easwaran is an Independent Director of the company. He has been on the board since June 14, 2022. He is currently on the board of directors of Jindal Stainless Ltd and Jindal Stainless (Hisar) Ltd.

Mandayam Chakravarthy Sriraman is an Independent Director of the company. He has been on the board since June 14, 2022. Previously, he has been associated with Amoli Organics Pvt Ltd, Tonira Pharma Ltd and Sun Pharmaceuticals Industries.

Key Managerial Personnel

Lalit Sethi is the Chief Finance Officer of the company. He joined the company on March 14, 2022. He was previously associated with Tilaknagar Industries Ltd, High Polymer Labs Ltd, Dabur India Ltd, British Health Products (India) Ltd, East India Hotels Ltd and American Express Bank Ltd.

Prakash Sajnani is the Company secretary, compliance officer and Senior General Manager (Finance) of the company. He has been associated with the company since February 15, 2006.

SHAREHOLDING PATTERN

Shareholders	Pre-offer		No. of Shares offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoters	30,756,044	29.40%		30,756,044	29.40%
Promoters Group	15,360,312	14.68%		15,360,312	14.68%
Total for Promoter and Promoter Group	46,116,356	44.08%		46,116,356	44.08%
<i>Public – Helix Investment Holdings Pte Ltd</i>	20,925,652	20.00%	20,925,652	0	0.00%
<i>Public - Others</i>	37,574,196	35.92%		58,499,848	55.92%
Total for Public Shareholders	58,499,848	55.92%	20,925,652	58,499,848	55.92%
Total Equity Share Capital	104,616,204	100.00%	20,925,652	104,616,204	100.00%

Business Overview

Concord Biotech Limited (“Concord”) is an India-based biopharma company and one of the leading global developers and manufacturers of select fermentation-based APIs across immunosuppressants and oncology in terms of market share, based on volume in 2022, supplying to over 70 countries including regulated markets, such as the United States, Europe and Japan, and India. The company commanded a market share of over 20% by volume in 2022 across identified fermentation-based API products, including mupirocin, sirolimus, tacrolimus, mycophenolate sodium and cyclosporine. As of March 31, 2023, they had a total installed fermentation capacity of 1,250 m³. In 2016, they launched their formulation business in India as well as emerging markets, including Nepal, Mexico, Indonesia, Thailand, Ecuador, Kenya, Singapore, and Paraguay, and have further expanded to the United States.

Concord is amongst the few companies globally that have successfully and sustainably established and scaled up fermentation-based API manufacturing capabilities. Fermentation is a challenging process as it involves working with microbial strains and culture, controlling multiple process parameters, and performing various purification steps. Small modifications to the process may lead to relatively large variances in the outputs. Complex technical capabilities, difficulties in scaling up operations and the substantial capital investment required have resulted in significant barriers to entry in the fermentation-based API space. The global small-molecule fermentation-based API market was valued at ₹ 925 billion in 2022. The market is expected to reach approximately ₹ 1,186 billion in 2026, representing a CAGR of 3.6% from 2022 to 2026. Growth of the fermentation-based API market is expected to be driven primarily by the therapeutic areas of immunology, oncology and anti-infectives.

Concord has an established presence in these therapeutic areas and are well-poised to benefit from the industry growth tailwinds. As of March 31, 2023, they had 6 fermentation-based immunosuppressant APIs, including tacrolimus, mycophenolate mofetil, mycophenolate sodium, cyclosporine, sirolimus and pimecrolimus. They aim to continue to grow their immunosuppressant API portfolio, which will remain one of the key contributors to their API business in the near future. In addition to their immunosuppressant API portfolio, they aim to increase the sales of their APIs across other therapeutic areas, especially the following:

Anti-infective APIs: The Anti-infective APIs includes:

- **Anti-bacterial APIs:** Concord offers 5 anti-bacterial APIs, including mupirocin, mupirocin calcium, vancomycin hydrochloride and teicoplanin,
- **Anti-fungal APIs:** Concord offers 3 anti-fungal APIs, including anidulafungin, micafungin sodium and caspofungin,

Oncology drug APIs: Concord offers 6 oncology drug APIs, including temsirolimus, everolimus, romidepsin, mitomycin, dactinomycin and midostaurin.

Concord has invested significantly in capacity expansion in recent years. With their increased capacities, they are in the process of scaling up their API production to serve more customers.

To capitalize on the benefits of backward integration, they entered into the formulations segment in 2016. In India, they market a portfolio of 27 brands across immunosuppressants, nephrology drugs and anti-infective drugs for critical care. They have a presence across 20 states and 5 union territories in India, through their sales team. They also have a B2B contract development manufacturing organization (“CDMO”) business where they supply immunosuppressants to the Indian market. Their immunosuppressant formulations are manufactured in

facilities inspected or accredited by overseas regulators, such as the USFDA, and distributed to the United States and countries in Asia, Africa, and Latin America on a B2B basis, primarily through arrangements with distributors. Currently, they had 77 approved products for formulations. In addition, they have obtained 4 ANDA approvals for 6 products from the USFDA for formulations. Their R&D team is working on developing new formulations for which they expect to apply for ANDA approvals from the USFDA.

Concord has a Promoter-led professional and experienced management team. Sudhir Vaid, one of their Promoters and the Chairman and the Managing Director of the Board has been playing a crucial role in building their technology capabilities, scaling up their manufacturing facilities and developing their R&D division. Ankur Vaid, one of their Promoters, the Joint Managing Director and the Chief Executive Officer, has over 15 years of experience in the pharmaceutical industry. He has been involved in the development of the research and development division of the company and contributed to the market strategy of the company.

Concord has a focus on sustainability in their operations in terms of environmental impact and occupational health and safety, and have instituted environment, health and safety and governance systems. Their environmental conservation efforts are centred around optimizing energy consumption, reducing waste, and utilizing clean energy in business operations, especially with respect to waste management in compliance with applicable environmental laws.

Customer Base

Concord had over 200 customers in over 70 countries as of March 31, 2023, for both their APIs and formulations. They have entered into long-term supply agreements with some of their customers. Their API customers include Intas Pharmaceuticals Ltd and Glenmark Pharmaceuticals Ltd. Among their 10 largest customers by revenue for the financial year 2021, several of them were among the key consumers in their respective regions for the APIs, the company supplied to them.

Their APIs are provided under a B2B model to pharmaceutical companies globally. In India, their formulations are provided primarily under a B2B model through 1,500 government and corporate hospitals. In the US and emerging countries in Asia, Africa, and Latin America, they distribute their formulations primarily through arrangements with distributors, who license their dossiers for registration with their respective regulatory authorities and distribute under their brand names. They typically conduct their business on a purchase order basis. As of March 31, 2023, they had an average of 8 years of relationships with their 10 largest customers by revenue for the financial year 2023.

For the financial years 2021 2022 and 2023, they generated revenues from operations of ₹272.53 crore, ₹310.19 crore and ₹377.81 crore, respectively, or approximately 44.17%, 43.51% and 44.28%, respectively, of their revenue from operations for the same periods, from the 10 largest customers by revenue for the respective periods.

Revenue from Operations

Particulars	For the Year Ended March 31,		
	2023	2022	2021
Sale of products	830.45	703.99	602.42
Sale of Services	0.18	4.45	1.64
Other Operating Income – Export benefits	6.62	4.49	12.89
Product Linked Incentive Income	15.91	-	-
Total for Revenue from Operations	853.17	712.93	616.94

(Figures in ₹ Cr)

The revenue contribution based on geography:

Particulars	For the Year Ended March 31,					
	2023		2022		2021	
	Revenue ₹ Cr	% to Total	Revenue ₹ Cr	% to Total	Revenue ₹ Cr	% to Total
Domestic	432.13	50.65%	337.41	47.33%	252.65	40.95%
- India	432.13	50.65%	337.41	47.33%	252.65	40.95%
Export	421.03	49.35%	375.52	52.67%	364.29	59.05%
- USA	147.25	17.26%	131.45	18.44%	159.79	25.90%
- Rest of the World	273.78	32.09%	244.07	34.23%	204.50	33.15%
Total for Revenue from Operations	853.17	100.00%	712.93	100.00%	616.94	100.00%

Particulars	For the Year Ended March 31,					
	2023		2022		2021	
	Revenue ₹ Cr	% to Total	Revenue ₹ Cr	% to Total	Revenue ₹ Cr	% to Total
API	761.31	89.23%	574.91	80.64%	506.88	82.16%
Formulations	91.85	10.77%	138.03	19.36%	110.06	17.84%
Total for Revenue from Operations	853.17	100.00%	712.93	100.00%	616.94	100.00%

COMPANY BUSINESS

As of June 30, 2023, Concord had a portfolio of 57 brands and 77 products manufactured by them, including 23 APIs and 53 formulations. In addition, as of March 31, 2023, they had 80 out-licensed formulation which they distributed in India under their brands.

API Business

Concord develops, manufactures and market APIs with a focus on fermentation-based semi-synthetic APIs. As of June 30, 2023, they filed more than 128 DMFs across several countries. They sell APIs in both regulated markets and emerging markets

API Business - Therapeutic Areas – Regulatory Filings as of March 31, 2023

Business Area	Total API	Molecule	Regulatory Filings				
			US	EU	Canada	Japan	China
<i>Immunosuppressants</i>	6	Tacrolimus	✓		✓	✓	✓
		Mycophenolate Mofetil		✓	✓	✓	
		Mycophenolate Sodium		✓	✓		✓
		Cyclosporine	✓	✓	✓	✓	✓
		Sirolimus	✓	✓			
		Pimecrolimus					
<i>Anti-bacterials</i>	5	Mupirocin	✓	✓			✓
		Mupirocin Calcium		✓	✓		
		Vancomycin Hydrochloride		✓			
		Teicoplanin	✓				
		Polymyxin B Sulfate					
<i>Anti-fungals</i>	4	anidulafungin	n.a.	n.a.	n.a.	n.a.	n.a.
		micafungin sodium	n.a.	n.a.	n.a.	n.a.	n.a.
		Caspofungi	n.a.	n.a.	n.a.	n.a.	n.a.
		Nystatin	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Oncology Drugs</i>	6	Temsirolimus	✓				
		Everolimus	✓	✓	✓	✓	
		Romidepsin	✓				✓
		Mitomycin	✓	✓			
		Dactinomycin	✓				
		Midostaurin	✓				
Others	2	Lovastatin	✓	✓			
		Pravastatin Sodium	✓	✓			

n.a. = Details not available

Additionally, they had several APIs in their pipeline, such as fidaxomicin, daptomycin, epirubicin, doxorubicin, idarubicin and pirarubicin, as of March 31, 2023. Within their API portfolio, as of March 31, 2022, they also offer amidase, which is an enzyme and biocatalyst.

Formulation Business

Concord forayed into the formulation business in 2016. They manufacture immunosuppressant formulations by leveraging their in-house API manufacturing capabilities. They are offered under their own brands in India, and sold across emerging countries in Asia, Africa and Latin America and the United States, primarily through arrangements with distributors. In addition, they offer nephrology drugs and anti-infectives for critical care which they in-license in India under their own brands.

Business Area	Total API	Molecule	Trade name
Immunosuppressants	7	Tacrolimus	Tacrocord, Tacrolimus Capsules USP, Tacrocord & Placord
		Mycophenolate Mofetil	Mofecon, Mofecon OS, Mycophenolate Mofetil USP, Mofecon & MMF Cord
		Mycophenolate Sodium	Mofecon-S, Mycophenolic Acid Delayed Release Tablets
		Cyclosporine	Conimune ME, Cyclograf ME
		Everolimus	Evercon
		Rituximab	Conimab
		Valganciclovir	Valocon

Business Area	Total API	Molecule	Trade name
Nephrology Drugs	17	Darbepoetin Alfa	Darbecon
		Iron Sucrose	Coniron
		Cinacalcet	Cinacet
		Sevelamer Carbonate	Sevecord
		Pre-probiotics	Milipro90
		Alpha Ketoanalogue	Valolog
		Sunflower Oleodistillate	UPShield
		Sodiumbicarbonate	Nabosis
		Calcium Acetate	Cacecon
		Levocarnitine	Kanilev
		Calcium Polysterene Sulphonate	Picatol
		Calcitriol	Kalcord
		Febuxostat	Unuric
		Acetyl Cysteine + Taurine	Noxiteine
		Erythropoietin	Epocord
		Amphotycin B Liposmal	Amfoeva
		Enoxaparin Sodium	Anxacord
Anti-infectives for Critical Care	20	Anidulafungin	Anicord
		Micafungin	Micacord
		Daptomycin	Dapute
		Teicoplanin	Teicocord
		Meropenem	Mepecon & Meroeva
		Meropenem + Sulbactam	Mepecon-SB
		Tigecycline	Tigicon
		Colistimethate Sodium	Cricolist
		Polymyxin B	Pobix
		Fosfomycin Sodium	Fosutrac
		Vancomycin Hydrochloride	Vanogard
		Minocycline	Mnocrit
		Voriconazole	Vorixia
		Liposomal Amphotericin-B	Amfoterol
		Tofacitinib	Tofajoint
		Leflunomide	Arthimide
		Polymixin B	Pobix
		Meropenem	Mepecon EDTA
		Anidulafungin	Anideva
		Ceftazidime + Avibactam	Avycord
Others	8	Caspofungin Acetate	Caspocon & Caspoeva
		Muprocin	Muprevent
		Piperacillin and Tazobactam	Primataz & Hopeva
		Cefoperazone + Sulbactam	Nexmatch & Inpeva
		Cefoperazone + Sulbactam	Nexmatch Forte & Inpeva Forte
		Human Normal Albumin 20%	Obulin & Conalb
		Posaconazole	Picocord
		Human Normal Immunoglobulin 5%	Gamacon & Gammacord

MANUFACTURING FACILITIES

As of March 31, 2023, Concord had 3 manufacturing facilities in the state of Gujarat, India, comprising API manufacturing facilities in Dholka and Limbasi and a formulation manufacturing facility in Valthera, which were commercialized in 2000, 2021 and 2016, respectively.

The total annual installed fermentation capacity for APIs was 1,250 m³, as of March 31, 2023. They have a total of 41 manufacturing blocks and 387 reactors in the Dholka and Limbasi facilities, which allows them the flexibility in plant configuration to cater to customer demands. Their Dholka facility has been subject to inspections by overseas regulators, including USFDA, Government of Upper Bavaria, Germany, PMDA of Japan and MFDS of Korea, on a periodic basis since 2005.

In addition to the regulatory inspections, their Dholka facility has been subject to audits by their customers with regard to adherence to their specifications and standards since 2005. They intend for the Limbasi facility to cater to major regulated markets, subject to receipt of approvals from the regulatory authorities in these markets. Their products that are sold across all their markets are manufactured according to their standards that are uniform across all facilities.

RESEARCH AND DEVELOPMENT

Concord has dedicated R&D units for both APIs and formulations located in Dholka and Valthera. Each of them are approved by DSIR, India. As of March 31, 2022, they employed 148 personnel at their R&D units, which constituted 11.99% of their total permanent employees.

With respect to APIs, their R&D activities focus on (i) Fermentation Technology and (ii) Chemical Process. With respect to formulations, the R&D activities focus on (i) Formulation Development and (ii) Analytical Capabilities.

With the R&D capabilities, Concord offers a series of contract research and manufacturing services, including: (i) strain improvement; (ii) media optimization; (iii) process development and optimization to achieve efficiency and cost-effectiveness; (iv) process scale-up to commercial scale; and (v) development of optimized biotransformation processes, (vi) pre-formulation and formulation development for wide range of sterile and non-sterile dosage forms for global markets. For the financial years 202, 2022 and 2023, the expenditure on R&D activities amounted to ₹19.29 crore, ₹25.85 crore and ₹29.59 crore, respectively.

INTELLECTUAL PROPERTY

Patents: Currently, Concord had been granted 2 patents in the United States. As of March 31, 2023, they had 23 API products. They had filed more than 128 Drug Master Files (“DMFs”) across several countries for their APIs, including 20, 65 and 4, respectively, in the United States, Europe and Japan

Trademarks: As of June 30, 2023, Concord holds 58 registered trademarks including Tacrocord, Mofecon and Darbecon brands, and has made applications seeking registration for 23 trademarks.

In addition, they had obtained Certification of Suitability to the Monographs of the European Pharmacopoeia (“CEPs”) for 14 APIs as of March 31, 2023.

COMPETITIVE STRENGTHS**Established presence across the complex fermentation value chain**

The fermentation value chain encompasses aspects such as R&D, patents, key starting materials, API and formulation manufacturing, as well as marketing and distribution of fermentation-based products. Concord has established capabilities across the fermentation value chain. In addition, they have honed their capabilities across the fermentation value chain, which they leveraged to build a track record across multiple products in various therapeutic areas.

Over the last 2 decades since 2001, Concord has been able to build difficult-to-replicate technical expertise in the fermentation process, which has enabled them to develop and commercialize a wide spectrum of fermentation-based APIs.

Their business model aims to capture opportunities within the fermentation segment across APIs, formulations and other adjacencies, by combining their R&D and production capabilities. Their integration of R&D, patents, key starting materials, API and formulations manufacturing and marketing and distribution allow them to cater to their customers' specific requirements and provide them with customized solutions. Their ability to do so further enhances their business profile and strengthens their customer relationships.

Global leadership in immunosuppressant APIs along with a wide spectrum of complex fermentation-based APIs across multiple therapeutic areas

Concord is one of the leading global developers and manufacturers of select fermentation-based APIs across immunosuppressants and commanded a market share of over 20% by volume in 2022 across identified fermentation-based API products. As of March 31, 2023, they had 6 fermentation-based immunosuppressant APIs. As of 2022, more than 90% of the approved and commonly prescribed small-molecule organ transplant drugs were fermentation-based. The global demand for immunosuppressant APIs is expected to increase, driven by the growth of the immunosuppressant formulation markets

In particular, the growth is expected to be driven by organ transplantation becoming more common, where patients would need to take immunosuppressants for the rest of their lives. In addition to immunosuppressants, Concord manufactures fermentation-based APIs for the therapeutic areas of anti-bacterials, anti-fungals and oncology. As of March 31, 2023, they had a portfolio of 5, 3 and 6 commercialized fermentation-based anti-bacterial, anti-fungal and oncology drug APIs, respectively.

Scaled manufacturing facilities with a consistent regulatory compliance track record and supported by strong R&D capabilities

Concord has 3 manufacturing facilities in the state of Gujarat, India. The API manufacturing facilities in Dholka and Limbasi are divided into a total of 41 manufacturing blocks to process different classes of APIs. Their manufacturing facilities have been subject to inspections by overseas regulators on a periodic basis. In 2021, they launched the manufacturing facility at Limbasi for capacity expansion. They intend for the Limbasi facility to cater to major emerging and regulated markets, subject to inspections from regulatory authorities in these markets, allowing them to serve these markets with key APIs manufactured across 2 manufacturing facilities. They are currently one of the companies approved by the GoI to receive incentives under the PLI Scheme. Through their continuous R&D initiatives, they optimize their production processes.

Diversified global customer base with long-standing relationships with key customers

Concord has established long-standing relationships with certain key customers, including leading global generic pharmaceutical companies. As of March 31, 2023, Concord had relationships with Intas Pharmaceuticals Ltd and Glenmark Pharmaceuticals Ltd, 2 of their Top-10 customers for around 11 years and 18 years, respectively. A majority of their customers are from regulated markets. In addition, they have developed relationships with 60 new customers during the financial years 2023. Their APIs are provided under a B2B model to pharmaceutical companies globally. For the formulations business as well, they operate through a B2B model across United States and emerging markets under arrangements with distributors.

In India, they market immunosuppressant, nephrology and anti-infectives drugs for critical care, which they market under their own brands and through their sales force model. As of March 31, 2023, they offered formulations across 20 states and 5 union territories in India, covering over 1,500 government and corporate hospitals.

Experienced Promoters, management team supported by marquee investors

Concord is managed by a Promoter-led management team. Their professional management team is supported by over 1,200 employees, including strong R&D, production, quality and regulatory compliance and marketing teams. As of March 31, 2023, they had 148, 290 and 144 employees in their R&D, quality and regulatory, and marketing teams, respectively.

Helix Investment Holdings Pte. Ltd., which is backed by Quadria Capital Fund L.P., a healthcare-focused private equity fund in Asia, and other co-investors, holds 20% of their fully subscribed and paid-up Equity Share capital. They are also backed by RARE Enterprises, which is an Indian asset management firm with investments across biotechnology, healthcare, and other sectors. They benefit from the capital sponsorship and professional expertise of their investors.

Financial track record of rapid growth, consistent profitability with healthy cash flows and strong shareholder returns

Concord has been able to maintain a high profit margin because of their niche and complex product portfolio. Their cash conversion ratio, defined as the net cash flow from operating activities by EBITDA, was 51%, 76.95% and 71.25%, respectively, for the financial years 2021, 2022 and 2023. Their Return on Capital Employed was 28.54%, 20.55% and 24.27% and Return on Equity was 26.55%, 16.64% and 20.06% for the Financial Years 2021, 2022 and 2023, respectively.

KEY BUSINESS STRATEGIES**Continue to increase the API market share and further develop the portfolio of complex and niche APIs with high growth potential**

Concord strives to capitalize their leadership position in the field of fermentation-based APIs across these therapeutic areas and continue to grow the API business by:

- Increasing the wallet share from existing API customers; Concord not only intends to increase the sales of API products to existing customers, but also focus on cross-selling other API products to these customers.
- Marketing the existing APIs to new customers: With increased manufacturing capacities, they have the ability to serve additional customers with their existing API portfolio.
- Expanding the API portfolio: Leveraging the technical expertise they have accumulated over the years they will continue to focus on developing niche and complex fermentation-based products with high growth potential to ensure profitability and strengthen market leadership.

Several global pharmaceutical companies have been increasingly seeking to consolidate their supplier base and Concord is well-positioned to leverage this trend to further strengthen their long-standing relationships with these pharmaceutical companies and increase the market share of their API portfolio.

Increase the presence of the existing formulations and expand into new formulations

Concord intends to pursue growth opportunities for their formulations in India, emerging markets, and the United States. They plan to grow their business by expanding geographic reach, launching newer dosage forms, and expanding their formulation portfolio with a focus on improving their profitability as well as utilizing their formulation manufacturing capacity more efficiently.

Expanding the geographic reach:

- India: Concord has been focusing on growing their presence in India through their own sales force as well as through their distribution network with their own brands. As of March 31, 2023, they offered formulations through their sales team to over 1,500 government and corporate hospitals in India, and they plan to continue to increase supplies to hospitals and governmental institutions.
- Emerging markets: They plan to expand their portfolio of registrations and approvals across the emerging markets. Currently, they had 77 approved products including in emerging market countries and are in the process of filing new dossiers across emerging markets, including Mexico, Brazil and Indonesia.
- United States: They plan to expand their formulation business in the United States by increasing sales of the existing products as well as launching new products. Currently they had 4 ANDA approvals for 6 products from the USFDA for formulations and in addition aim to make ANDA filings in the United States in the future.

Launching new dosage forms: Their existing formulations are primarily oral solids and oral liquids. They are expanding their formulation manufacturing facility to include a new section for injectables. The injectable facility is designed to have the capability to manufacture delivery forms such as liquid vials and lyophilized vials, dry powder injections and sterile powder lyophilization. They intend to use this facility to serve customers in India and emerging markets.

Expanding the formulation portfolio: They intend to expand into new formulations that have relatively higher growth potential and continually calibrate their product mix to improve profitability. They plan to leverage their API capabilities to continue to develop new formulations. They have certain formulations in the pipeline at various stages of development.

Improve cost management and operational efficiencies

Concord plans to enhance their profitability by continuing to improve their cost management and operational efficiencies, including:

- **Process efficiency:** They strive to improve the production process to optimize their processes and achieve higher yields with the support of their R&D team.
- **Scale efficiency:** They seek to leverage economies of scale through capacity expansion. They aim to increase capacity utilization, which can reduce fixed overheads per product, increase profitability and improve the operating leverage.
- **Product mix:** They intend to focus on high-value, low-volume products within their product portfolio. They also seek to benefit from optimizing their product selection strategy.

Grow the CDMO Business

Concord leverages their R&D capabilities and experience to offer CDMO services for (i) APIs in the area of fermentation and semi-synthesis; and (ii) formulations. They have completed 2 CDMO projects and have 1 additional CDMO project in progress. Due to the existing technical expertise and the operating standards and protocols that adhere to global standards, large contract development and manufacturing service providers in India are positioned to benefit from the growing demands for CDMO services.

Their established fermentation platform, strong R&D and manufacturing capabilities, track record in the global markets, accreditations and long-standing relationships with pharmaceutical companies will provide them with opportunities to participate in development and manufacturing of generic and innovator drugs, including NCEs

Industry Overview

Molecule	Therapy Area	2022	
		Total Formulation Market	API Volume
		(USD in Millions)	(Kg)
Fidaxomicin	Anti-infectives	355	518
Daptomycin	Anti-infectives	336	3,740
Epirubicin	Oncology	162	169
Doxorubicin	Oncology	633	328
Idarubicin	Oncology	50	3
Pirarubicin	Oncology	59	36

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company	Consolidated/ Standalone	Face Value	Total Revenue from Operation for Fiscal 2023 (₹ in Cr)	EPS		NAV	P/E	RoNW (%)
				Basic	Diluted			
Concord Biotech Ltd	Consolidated	1	853.17	22.95	22.95	123.31	[2]	20.06%
Divi's Laboratories Ltd	Consolidated	2	7,767.51	68.69	68.69	480.93	54.15	14.28%
Suven Pharmaceuticals Ltd	Consolidated	1	1,340.33	16.16	16.16	68.18	30.08	23.70%
Laurus Labs Ltd	Consolidated	2	6,040.55	14.69	14.64	75.16	23.70	19.68%
Shilpa Medicare Ltd	Consolidated	1	1,050.11	(3.74)	(3.74)	204.41	NA	NA

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