

Company Business

Accretion Pharmaceuticals Limited, incorporated in 2023 (earlier a partnership since 2012), operates a pharmaceutical manufacturing unit based in Ahmedabad. It is engaged in the manufacturing and marketing of:

- ✦ Tablets
- ✦ Capsules
- ✦ Oral Liquids
- ✦ External Preparations (like creams, ointments, gels)
- ✦ Oral Powders (Sachets, Dry Syrup)

The company operates on a CDMO (Contract Development and Manufacturing Organization) model and sells:

- ✦ Directly in the domestic market (7.41% of Revenue for FY 24).
- ✦ Through exports (29.52% of Revenue for FY 24).
- ✦ Through merchant exporters on a loan license basis. (63.07% of Revenue for FY 24).

Sales on Contract Manufacturing/Loan License: Sales to Exporters who registered as Merchant Exporter under GST.

94% of the revenue for the 9 months ending 31st December 2024 has been generated from Gujarat.

Industry Analysis & TAM

India is among the top global suppliers of generic drugs, with a rising presence in APIs and formulations. The government's Promotion of Research and Innovation in Pharma MedTech Sector is expected to strengthen the innovation ecosystem in pharma.

Key growth drivers for the industry:

- ✦ Rising demand for generics and OTC medications.
- ✦ Increasing global outsourcing to Indian CDMOs due to cost advantages.
- ✦ Export opportunities in geographies like Africa, Latin America, and Southeast Asia.

The Indian CDMO market is expected to grow at a CAGR of over 12–15%, driven by:

- ✦ Rising biologics and complex generics manufacturing.
- ✦ Increasing compliance with USFDA/WHO–GMP norms.
- ✦ Government support for bulk drug parks and PLI schemes.

IPO Details

- ✦ Pre-IPO Promoter Holding : 100%
- ✦ Post-IPO Promoter Holding : 73.14%
- ✦ Public Issue Size : 29,46,000 shares (Rs. 29.75 Cr.)
- ✦ Face Value : ₹10
- ✦ Price Band : ₹96 – ₹101

Object of the Issue

- ✦ Purchase of new machinery/ equipment : ₹2.69 Cr.
- ✦ Upgradation of existing manufacturing facility : ₹4.65 Cr.
- ✦ Repayment/prepayment of borrowings : ₹0.99 Cr.
- ✦ Working capital requirements ₹14.68 Cr.
- ✦ General corporate purposes



Financials of the company \_\_\_\_\_

(Fig. in Cr)

Particulars	Dec 31, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations	35.66	33.66	29.38	22.29
Gross Profit	12.81	12.05	6.03	4.73
Gross Profit Margins	35.92%	35.81%	20.54%	21.23%
EBITDA	8.82	7.76	2.13	1.93
EBITDA Margins	24.74%	23.06%	7.28%	8.66%
PAT	5.23	3.87	10.39	7.90
PAT Margins	14.68%	11.51%	0.35%	0.35%
ROCE	30.14%	36.73%	9.87%	10.49%
CFOA	-0.70	-1.32	0.32	2.15

Comparison with Peers \_\_\_\_\_

Companies	Revenue	EBITDA Margin	PAT Margin	D/E Ratio	MCap	P/E
Accretion Pharmaceuticals (FY 2024)	33.66 Cr.	23.06%	11.51%	2.52	112.27 Cr.	29.01
Sakar Healthcare (TTM)	170 Cr.	26%	8.82%	0.28	676 Cr.	45.40
Lincoln Pharmaceuticals (TTM)	598 Cr.	16%	14.88%	0.00	1,136 Cr.	12.70
Sotac Pharmaceuticals (TTM)	105 Cr.	8%	3.80%	0.59	138 Cr.	30.40

\*Forward PE is 16.10 on the basis of FY 25 PAT.



## Pros and Cons

### Pros

- ✦ Strong revenue growth and improving EBITDA margins.
- ✦ Operating on a CDMO model, which offers scalability with low marketing cost.
- ✦ Export-driven business with a focus on Africa, SE Asia, and Latin America.
- ✦ Certified facility: ISO 9001:2015, ISO 14001:2015, ISO 22000:2018.

### Cons

- ✦ High dependence on a few large clients.
- ✦ Intense competition from large pharma and CDMO players.
- ✦ Recent conversion to a company (Nov 2023) from a partnership—limited listed track record.
- ✦ Domestic sales have seen decline in FY24 compared to export growth.
- ✦ Criminal litigation against promoters cum directors.
- ✦ Negative CFOA.

## CDMO Business in India & Its Scope

India's CDMO sector is gaining momentum due to:

- ✦ Cost competitiveness in manufacturing.
- ✦ Strong formulation capabilities.
- ✦ Global pharma majors outsourcing non-core manufacturing functions to India.
- ✦ Rising global demand for generics and specialty drugs.





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