IPO Note

Rubicon Research Limited

Rating: Subscribe for for listing gains

About

Rubicon Research Limited, an innovation-driven pharmaceutical formulations company, stands as a unique Indian pharma player with a complete focus on regulated markets, primarily the United States. About 98.5% of its revenue in Fiscal 2025 originated from the U.S., with a product portfolio comprising 72 active ANDAs (Abbreviated New Drug Application) and 9 active NDAs (New Drug Application) as of June 30, 2025, and it enjoys a high commercialization rate of 86.4% in the US market. Rubicon Research serves the US market with over 70 commercialized products focusing on key therapy areas like Analgesics, CNS, and CVS, leveraging a data-driven, ROI-centric product selection framework for sustained growth.

Investment Thesis

Differentiated Product Strategy Mitigates Price Erosion: By focusing on speciality products and complex generics with limited competition, Rubicon has bucked the industry trend of price erosion. The US generic pharma industry saw a price erosion of 5.2% between FY22-FY25, and Rubicon achieved an average price growth of 8.0%.

Fastest-Growing Company among its peers: The company achieved an impressive revenue CAGR of 75.89% from FY23 to FY25, over seven times higher than the peer group average. This exponential growth was due to the expansion of commercialised products and market share gains in the US.

Strong & Growing R&D Pipeline: The company's R&D spend as a % of revenue (10.44% in FY25) is nearly double the peer average, signalling investment in future growth. Further, the share of speciality products in gross margin increased from 13% in FY23 to 26.92% in FY25, supporting higher margins and a differentiated product pipeline. The company has a high commercialisation rate of 86.4%, significantly enhancing return on R&D investments.

Favourable Sector Dynamics and Government Policies: The company positions itself for rising demand in the US due to chronic health conditions and an ageing population. Supportive Indian policies for pharmaceutical exports and global accreditation of manufacturing units enable Rubicon to scale up internationally with cost competitiveness.

Outlook: Rubicon Research Limited is poised for robust growth, driven by its innovation-led speciality formulation portfolio, US-regulated market focus, and strong R&D investments. The company's expanding pipeline of ANDA/NDA filings and rising share of specialty products support margin improvement and market share gains. With advanced US FDA-inspected facilities, growing demand for speciality and chronic therapies increasing in the US, Rubicon is well-positioned to continue outpacing industry peers in revenue and product commercialization rates. However, key risks include high dependence on the US market (over 98% of sales), exposure to generic drug pricing pressures, and regulatory compliance risks. Overall, the outlook remains positive, but vigilance on execution and risk management is crucial.

The issue is valued at a P/E multiple of 59.47x (Q1FY26), which seems expensive when compared to its peers. Given its robust revenue CAGR of 75.89% from FY23-FY25, High ROE & ROCE, we have a "Subscribe for listing gains" rating for this issue.

IPO DETAILS	
IPO Date	9 October to 13 October 2025
Listing Date	16-Oct-25
Issue Price Band	₹461 to ₹485
Sale Type	Fresh Capital-cum-Offer for Sale
Total Issue	₹1,377.50 Cr
Fresh Issue	₹500 Cr
Offer for Sale	₹ 877.50 Cr
Implied Market Cap	₹ 7,990.20 Cr
Share Holding Pre Issue	15,44,37,251 shares
Share Holding Post Issue	16,47,46,529 shares

Source- Company filing-RHP

Issue Break Up	
QIB Shares Offered	75%
Retail Shares Offered	10%
NII Shares Offered	15%

Source- Company filing-RHP

Objects of the issue	
Fresh issue	Prepayment or repayment of all or a portion of certain borrowings availed by the Company
Offer for sale	General Atlantic Singapore RR Pte.Ltd.

Source- Company filing-RHP

Shareholding %	Pre-Issue	Post-Issue
Promoter	78%	62%
Public- Others	22%	38%
Total	100%	100%

Source- Company filing-RHP

BRLMs
Axis Capital Limited, IIFL Capital Services Limited, JM Financial Limited, SBI Capital Markets Limited

Source- Company filing-RHP

Anupama Bhootra
Analyst
Praveen Kumar Yadav
Associate

Contact No:
02041000688

➢ Business Model

Vertically Integrated Formulation Specialist

Rubicon Research Limited operates a vertically integrated model encompassing early-stage R&D, scalable manufacturing, and commercial distribution of speciality and generic pharmaceutical formulations. Its core competency is the development and commercialisation of differentiated dosage forms (oral solids, liquids, and nasal sprays), with a focus on regulated markets, particularly the United States.

Manufacturing and Operations Execution

Rubicon's product manufacturing utilises three advanced, US FDA-inspected plants in India: Ambernath (oral solids, nasal sprays), Satara (oral liquids), and Pithampur (high-potency products). The company supplements its capacity through third-party CMOs in India, the US, and Italy for ophthalmic, injectable, select nasal, and oral liquid products. This mix provides flexibility and regulatory compliance for exports and market entry.

Role of Subsidiaries:

- AdvaGen Pharma (USA): Distributes non-branded generics and manages licensing, customer service, and compliance across 49 states. Currently, the company's non-branded products account for 95% of the company's Q1FY26 revenue.
- Validus Pharmaceuticals (USA): Markets branded speciality products with exclusive licensing, focusing on CNS therapies. Over the years, the company's branded speciality products contribution have increased from 0.67% to 5% in FY24 to Q1FY26.
- Logistics and inventory are handled through 3PL warehousing partners and direct US-based inventory management.

Particulars (₹ in Cr)	Q1FY26	Q1FY26	FY25	FY24	FY23
Number of customers	96	99	116	101	91
Revenue from Sale of Goods	346	311	1262	840	376
Total revenue from our largest customer	64	56	230	130	81
Cumulative revenue from top five largest customers	267	219	899	547	237
Own Channel distribution	75%	71%	74%	75%	53%
Third party channel distribution	25%	29%	26%	25%	47%

Source- Company filing-RHP

Customers and Distribution Channels

Rubicon's customers include three major US drug wholesalers which account for 90% of wholesale drugs, pharmacy chains, group purchasing organizations (GPOs), and healthcare institutions. Products are shipped via both direct (subsidiary-managed) and indirect (third-party) channels, with about 75% of FY25 sales routed through Rubicon's own US network. From Fiscal 2018 to 2021, the company relied on TruPharma for US distribution. In Fiscal 2022, the company transitioned to self-distribution through its wholly-owned subsidiary, AdvaGen Pharma, reducing sole reliance on the previous partner. Moreover, post the FY22, the company's margins have improved significantly.

Contribution of revenue as a percent.					
Therapy area	Q1FY26	Q1FY25	FY25	FY24	FY23
Analgesics / Pain Management	25%	28%	28%	34%	28%
CVS	19%	20%	19%	25%	32%
CNS	28%	19%	23%	16%	8%
Hypokalemia	7%	9%	9%	6%	1%
Skeletal Muscle Relaxants	4%	6%	5%	5%	7%
NRT	0%	1%	2%	4%	16%
Gastrointestinal	1%	2%	1%	2%	1%
Metabolic	5%	7%	4%	2%	0%
Immunosuppressant	5%	4%	4%	1%	0%
Others	7%	4%	4%	5%	8%

Source- Company filing-RHP

➢ Risk of the business

- **High Dependence on US Market:** Heavy reliance on the US market (over 98% of revenue) exposes Rubicon to regulatory, reimbursement, and competitive risks.
- **Competitive market:** Price erosion and increased competition in US generics can pressure margins.
- **Uncertainty in R&D Outcomes:** High R&D spend risks if pipeline products fail FDA approval or market adoption
- **Regulatory and Manufacturing Risks:** The company operates in a highly regulated environment. Any US FDA inspection failure, product recall, or manufacturing facility issues could disrupt supply and hurt revenues.
- **Customer Concentration Risk:** Top five customers contributed over 71% of revenue in FY25. Loss or contract changes with these major buyers could materially impact financial performance.
- **Raw Material Dependency:** The company relies on multiple API and excipient suppliers across India, Europe, and China. Any disruption or price hikes in raw materials can impact production costs and margins.

➢ Growth triggers

- **Scaling up of Speciality Products:** The increasing share of high-margin speciality products like Raldesy and Equetro will drive profitability. The acquisition of Validus provides a dedicated sales force to promote these branded products.
- **Commercialisation of Drug-Device Combinations:** The pipeline of nasal spray products, a high-growth segment, leverages the company's specialised R&D capabilities in Canada and manufacturing in Ambernath.
- **Capitalising on the Upcoming Patent Cliff:** A projected $94.8 billion worth of drugs are going off-patent between 2025-2029 in the US, creating a massive opportunity for which Rubicon is well-positioned with its strong ANDA filing engine.
- **Operational Leverage from New Capacity:** The newly acquired Pithampur facility adds capabilities in high-potency products like steroids and oncology drugs, expanding the addressable market and providing significant operating leverage as it ramps up.
- **Balance Sheet Deleveraging:** The proposed use of IPO proceeds to repay ₹3,100 million of debt will reduce finance costs and improve the debt-equity ratio, freeing up cash flow for growth investments.
- **Deeper US Penetration & Expansion into Other Regulated Markets:** Leverage the Validus acquisition to grow the branded portfolio in the US and use US approvals to enter other regulated markets like the UK, Canada, and Australia.

Quarterly results

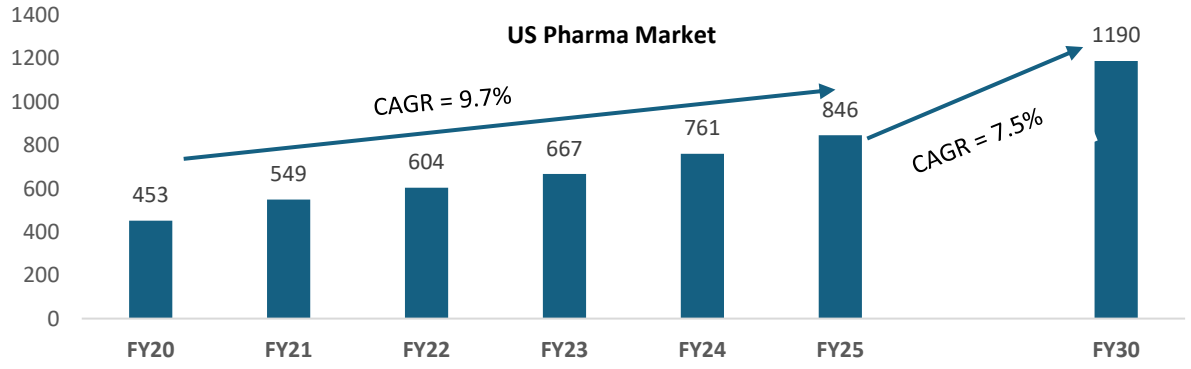
Quarterly results (₹ Cr.)	1QFY26	Q1FY25
Revenue from Operations	352	317
Revenue Growth	*11%*	
Expenses		
Cost of Material	103	86
Employee Expense	58	49
Other Expense	116	126
EBITDA	**753**	**554**
EBITDA Margin	*21%*	*18%*
Depreciation and Amortization	10	9
EBIT	**657**	**461**
EBIT Growth	*43%*	
EBIT Margin	*19%*	*15%*
Finance Cost	11	10
Other Income	4	5
EBT	**596**	**412**
EBT Margin	*17%*	*13%*
Tax expense	16	16
PAT	**433**	**256**
PAT Margin	*12%*	*8%*

Source- Company filing-RHP

Industry Overview

Overview of US Pharma Market

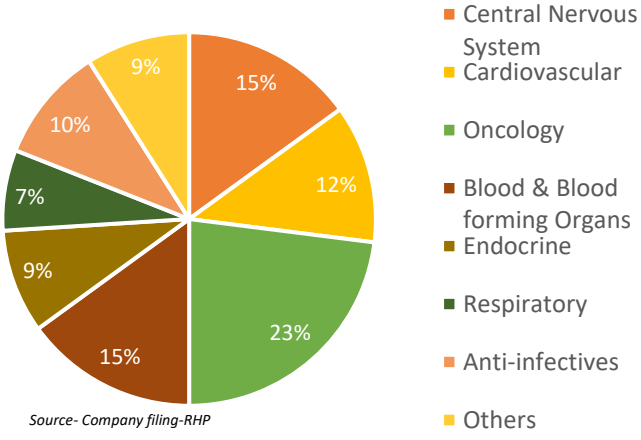
- The US holds the largest share of the global pharmaceutical industry, driven by world-class healthcare infrastructure, generous government R&D investments (USD 48 billion NIH allocation in FY25), and advanced reimbursement systems.
- A powerful regulatory environment, with streamlined FDA policies, has enabled rapid innovation—293 New Molecular Entities (NMEs) were approved from 2019 to 2024.



Source- Company filing-RHP

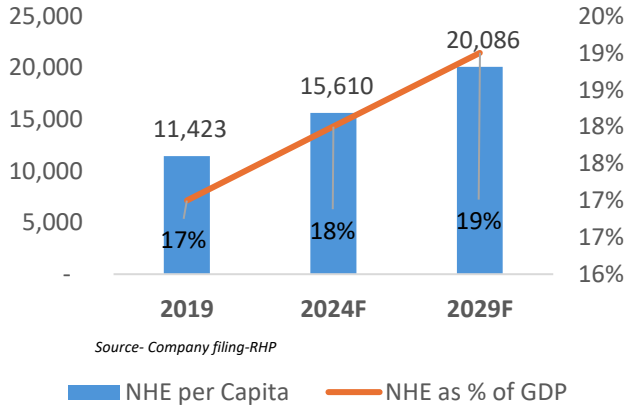
- The US pharma market is forecasted to grow at a CAGR of 7.5% from 2025 to 2029, sustained by R&D, innovation, and high healthcare expenditures.

Upcoming Opportunities in the US Generics Pharma Market by Therapy Area, 2025F - 2029F



Source- Company filing-RHP

National Healthcare Expenditure (NHE), US, 2019 – 2029F



Source- Company filing-RHP

Growth of Generic Drugs in the US

- Generics dominate the US market by volume (72.4%) but represent a smaller share by value (10.6%), reflecting their affordability and widespread use.
- The generics segment is projected to grow at a CAGR of 1.3% from FY25 to FY30, supported by increasing demand for cost-effective therapies and frequent patent expirations.
- Ultimately, generics are the backbone of market accessibility, affordability, and dynamic competition in the US healthcare ecosystem

➢ Contribution of Indian Pharma Companies to the US Pharma Market

- Indian pharmaceutical companies hold a significant position in the US pharma market, being the largest source of ANDA approvals between 2019 and 2024 with 8 of the top 10 companies headquartered in India.
- India accounts for nearly 40% of the generic drug demand in the US, reflecting strong market penetration and export presence.
- Indian manufacturers dominate the global landscape with the highest number of US FDA-approved facilities outside the US, holding a 27% share as of 2024.

➢ Peer analysis

Parameter	Sun Pharma	Aurobindo Pharma	Zydus Lifesciences	Strides Pharma	Alembic Pharma	Lupin	Rubicon Research
Revenue	6,373	3,779	2,747	540	784	2,676	151
Revenue CAGR (FY23 –FY25)	9%	13%	16%	11%	9%	17%	76%
EBITDA before R&D expense	2,314	895	1,054	116	183	846	47
PAT	1,283	407	545	47	68	386	16
PAT CAGR (FY23 – FY25)	13%	34%	50%	33%	30%	171%	182%
ROCE	26%	16%	32%	24%	12%	25%	26%
ROE	15%	11%	19%	18%	12%	21%	29%
EBIT Margin	26%	17%	27%	16%	12%	19%	18%
R&D Expense	6%	1%	8%	2%	7%	8%	10%
PAT Margin	20%	11%	20%	9%	9%	14%	10%

Source- Company filing-RHP, PESB Research

➢ Management Overview

Pratibha Pilgaonkar (Managing Director) - She holds a bachelor's course in Science (chemistry) at the University of Bombay, in the year 1973 and a bachelor's course in Science (technology) (Pharmaceutical Chemistry) at the University Department of Chemical Technology, University of Bombay in the year 1977. She holds a diploma in operations research for management from the University of Bombay. She has been associated with the Company since June 1, 2000. She is responsible for the growth of research and development activities in our Company. She has been designated and has acted as our Managing Director since May 9, 2019. She was previously associated with Sun Pharmaceutical Advanced Research Centre Private Limited, Wyeth Laboratories Limited, Hindustan CIBA-GEIGY Limited and Burroughs Wellcome & Co. (India) Private Limited.

Parag Suganchand Sancheti (Executive Director and CEO) - He received a bachelor's degree in commerce from Symbiosis Society's Arts and Commerce College, University of Pune in the year 2004 and conferred with a masters degree in arts from the Gokhale Institute of Politics and Economics, Pune in the year 2006. He is responsible for providing the organizational leadership and formulating the growth strategy in our Company. He has been associated with our Company since April 1, 2013. Prior to joining our Company, he was associated with Aavishkaar Venture Management Services Private Ltd and Tata Strategic Management Group, a division of Tata Industries Ltd.

➢ Financials

Income Statement (₹ Cr.)	FY23	FY24	FY25
Revenue from Operations	394	854	1284
Revenue Growth		*117%*	*50%*
Expenses			
Cost of Material	113	279	375
Employee Expense	97	125	211
Other Expense	165	295	442
EBITDA	**18**	**155**	**256**
EBITDA Growth		*736%*	*66%*
EBITDA Margin	*5%*	*18%*	*20%*
Depreciation and Amortization	36	39	37
EBIT	**-18**	**116**	**219**
EBIT Growth		*658%*	*90%*
EBIT Margin	*-4%*	*14%*	*17%*
Finance Cost	19	31	37
Other Income	25	18	12
EBT	**-11**	**103**	**195**
EBT Growth		*931%*	*89%*
EBT Margin	*-3%*	*12%*	*15%*
Tax expense	6	12	60
PAT	**-17**	**91**	**134**
PAT Growth		*535%*	*48%*
PAT Margin	*-4%*	*11%*	*10%*
Revenue 3 Year CAGR			***81%***
EBITDA 3 Year CAGR			***272%***
PAT 3 Year CAGR			***13483%***

Source- Company filing-RHP, PESB Research

Balance Sheet (₹ Cr.)	FY23	FY24	FY25
Assets			
Non Current Assets			
PPE	169	212	237
Capital Work-in-progress	25	10	7
Right-of-use assets	10	35	32
Intangible Assets	18	9	10
Others	26	80	100
Total Non Current Assets	**248**	**345**	**386**
Current Assets			
Inventories	167	300	522
Trade Receivables	225	301	324
Cash and Equivalents	59	58	116
Other Financial Assets	16	24	22
Others Current Assets	34	79	80
Total Current Assets	502	763	1,063
Total Assets	**750**	**1,108**	**1,449**
Equity			
Equity Share Capital	5	15	15
Other Equity	281	370	526
Non Controlling Interest	-	-	-
Total Equity	**286**	**385**	**541**
Liabilities			
Non Current Liabilities			
Lease Liability	0	22	17
Borrowing	97	126	98
Deferred tax Liabilities(net)	1	0	0
Provisions	3	4	10
Total Non Current Liabilities	**102**	**152**	**124**
Current Liabilities			
Borrowing	221	304	329
Lease Liability	2	6	8
Trade Payables	97	177	239
Other Financial Liabilities	33	82	179
Current Tax Liabilities (Net)	9	4	32
Others Current liabilities	4	1	1
Total Curent Liabilities	362	571	784
Total Equity and Liabilities	**750**	**1,108**	**1,449**

Source- Company filing-RHP, PESB Research

➢ Financials

Cash Flow Statement (₹ Cr.)	FY23	FY24	FY25
Net Cash from Operating Activities	-73	39	198
Net Cash from Investing Activities	-34	-69	-65
Net Cash from Financing Activities	123	44	-40
Net Change in Cash	14	-4	55
Opening balance	39	54	51
Closing balance	53	51	105

Source- Company filing-RHP, PESB Research

Ratio Analysis	FY23	FY24	FY25
Margin Analysis			
Gross Margin	71.23%	67.31%	70.77%
EBITDA Margin	4.70%	18.10%	19.93%
PAT Margin	-4.32%	10.66%	10.46%
Profitability			
ROA	-	9.80%	10.51%
ROCE	-4.38%	16.93%	20.19%
ROE	-5.94%	23.64%	24.84%
Short Term Liquidity			
Current ratio	1.39	1.34	1.36
Quick ratio	0.92	0.81	0.69
Avg. days sales outstanding	208.68	128.87	92.02
Avg. days inventory outstanding	155.09	128.45	148.25
Avg. days payable	89.85	75.55	67.96
Fixed asset turnover	2.33	4.03	5.42
Long Term Solvency			
Total Debt/ Equity	1.11	1.12	0.79
Interest Coverage Ratio	-0.93	3.70	5.96
Valuation Ratios (as of Sept)			
EV/EBITDA (x)			32.43
P/E (x)			59.47
P/B (x)			14.77
EV/Sales (x)			6.46

Source- Company filing-RHP, PESB Research

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