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**IPO Note:**

**RUBICON RESEARCH LIMITED - SUBSCRIBE**

Rubicon Research Ltd. is an innovation-led pharmaceutical formulations company with a strong focus on regulated markets, particularly the United States. The company specializes in the development and commercialization of **specialty formulations and drug-device combination products**, underpinned by robust research and development capabilities. Its business model is centered around a data-driven, return-on-investment (ROI) oriented product selection approach that identifies sustainable market opportunities and leverages Rubicon's integrated development, manufacturing, and commercialization strengths to capture them.

**Rubicon stands out among its Indian peers** as the only pharmaceutical company with a complete focus on regulated markets. Between FY2023 and FY2025, it was the **fastest-growing Indian formulations company**, registering **total revenue CAGR of 75.9%—over seven times the industry average**—supported by rapid portfolio expansion and high commercialization efficiency. As of June 2025, the company had **72 active Abbreviated New Drug Applications (ANDAs)**, nine New Drug Applications (NDAs), and one OTC monograph approved by the US FDA. As of March 31, 2025, **Rubicon's 66 commercialized products** were actively marketed in the US, contributing USD 195 million in sales within a USD 2.46 billion generic pharmaceuticals market, with more than 25% market share by value.

**Rubicon's product mix is well-balanced** across therapeutic segments, particularly central nervous system (CNS), cardiovascular (CVS), and pain management therapies, which are large and growing markets driven by the rising prevalence of chronic diseases, an ageing population, and increased demand for long-term treatments. In FY2025, CNS and CVS therapies together accounted for over 41.85% of revenue.

To expand its branded product portfolio in the US, Rubicon **acquired Validus Pharmaceuticals in 2024**, gaining CNS brands like Equetro. Marplan was later divested, while Equetro, Raldesy, and Lopressor OS remain without AB-rated generics. In FY2025, **Rubicon launched Raldesy**, the first FDA-approved oral liquid Trazodone, with exclusive global commercialization rights. Both Equetro and Raldesy are promoted through targeted prescriber outreach.

The company's **robust infrastructure** supports its growth ambitions, with two US FDA-inspected R&D centers located in India and Canada, and three manufacturing facilities in India accredited by leading regulatory bodies including the US FDA, Health Canada, and WHO-GMP. Its **strong compliance track record** — with no "Official Action Indicated" (OAI) status from the US FDA since 2013 — underlines the company's focus on quality and regulatory excellence.

Rubicon consistently **invests heavily in R&D, spending around 10–13% of its revenue on research**, nearly double the industry average in FY2025. This strong focus supports portfolio expansion and product development, driving a steady increase in US FDA filings and approvals.

#### **Investment Recommendation and Rationale: -**

*Rubicon is well-positioned to capitalize on opportunities in the US and other regulated markets, supported by a strong product pipeline of 17 pending ANDAs and 63 products in various stages of development. Its strategy of focusing on high-value niche segments, differentiated products, and efficient commercialization is expected to drive continued growth and enhance its leadership position in the global generic and specialty formulations space. At the upper price band of ₹485, the issue is valued at a P/E multiple of about 59.51x on its FY25 post-IPO EPS of ₹8.15. We give a 'SUBSCRIBE' rating to the issue for the following reasons: -*

- 1. The company has delivered strong revenue CAGR of ~75.9% between FY2023 and FY2025, driven by an expanding product portfolio and high commercialization efficiency.*
- 2. With a large number of approved ANDAs/NDAs, several differentiated products, and a healthy pipeline under development, Rubicon has strong visibility for future launches.*
- 3. High R&D spending, nearly double the industry average, and a focus on niche products without AB-rated generics strengthen its competitive edge.*
- 4. Rubicon stands out as the only Indian pharmaceutical company dedicated entirely to regulated markets, especially the US, offering significant growth and margin potential.*

<b>Issue Opens</b>	<b>9<sup>th</sup> October 2025</b>
<b>Issue Closes</b>	<b>13<sup>th</sup> October 2025</b>
<b>Type of Issue</b>	Fresh Issue of 1,03,09,278 shares (aggregating up to ₹500.00 Cr) OFS of 1,80,92,762 shares of ₹1 (aggregating up to ₹877.50 Cr)
<b>Issue size</b>	<b>₹1,377.50 Crores</b>
<b>Price Band</b>	₹461 to ₹485 per share
<b>Bid lot/ Bid Size</b>	30 shares/ Rs. 14,550
<b>Issue structure</b>	QIB - 75%, HNI - 15%, Retail - 10%
<b>Post issue equity shares</b>	16,47,46,529 shares
<b>Promoters and Promoter Group Public</b>	Pre Issue – 77.97%   Post Issue – 62.10% Pre issue – 22.03%   Post Issue- 37.90%
<b>Post issue implied market cap</b>	₹ 7,990.20 Crores
<b>BRLMs</b>	Axis Capital Limited, IIFL Capital Services Limited, JM Financial Limited, SBI Capital Markets Limited
<b>Registrar to the issue</b>	MUFG Intime India Private Limited

#### **Financial Summary (in ₹ million, unless otherwise indicated)**

Particulars	Q1FY26	FY2025	FY2024	FY2023
<b>Total Income</b>	3,569.45	12,962.19	8,723.86	4,189.99
<b>EBITDA</b>	797.44	2,678.93	1,730.90	439.72
<b>EBITDA Margins (%)</b>	22.34%	20.67%	19.84%	10.49%
<b>EBITDA Pre R&amp;D</b>	1,152.54	4,003.61	2,803.18	1,148.23
<b>EBITDA Pre R&amp;D Margin</b>	32.29%	30.89%	32.13%	27.40%
<b>Profit for the year/period</b>	433.01	1,343.61	910.12	(168.88)
<b>PAT Margins (%)</b>	12.13%	10.37%	10.43%	(4.03%)
<b>ROCE (%)</b>	6.80%	26.45%	18.62%	1.35%
<b>R&amp;D as % of Total Income</b>	10.29%	10.44%	12.73%	17.39%
<b>Commercialised Products in US</b>	70	66	55	28
<b>Approved Products in US</b>	81	77	69	45

Source: RHP



The following table sets forth the revenue from sale of branded and non-branded products:

Particulars	Q1FY25	% of revenue	Q1FY24	% of revenue	FY 2025	% of revenue	FY 2024	% of revenue	FY 2023	% of revenue
Sale of branded products	171.28	4.95%	125.43	4.03%	460.98	3.65%	56.1	0.67%	-	0.00%
Sale of non-branded products	3,288.36	95.05%	2,988.59	95.97%	12,160.01	96.35%	8,342.22	99.33%	3,763.67	100.00%
<b>Total</b>	<b>3,459.64</b>	<b>100.00%</b>	<b>3,114.03</b>	<b>100.00%</b>	<b>12,620.99</b>	<b>100.00%</b>	<b>8,398.32</b>	<b>100.00%</b>	<b>3,763.67</b>	<b>100.00%</b>

Source: Red Herring Prospectus (RHP)

The following table sets forth the share of specialty products in gross margins for the indicated periods:

Particulars	As of and For three-month period ended June 30		As of and For Fiscal ended March 31		
	2025	2024	2025	2024	2023
Share of specialty products in our gross margin (₹ million)	791.07	643.54	2,387.35	1,011.49	342.15
% share of specialty products in our gross margin	32.55%	28.53%	26.92%	18.04%	13.00%
Number of specialty products	16	11	13	7	3

Source: Red Herring Prospectus (RHP)

The following table sets forth the therapy area-wise split of revenue from sale of goods:

Therapy Area	For three month period ended June 30		For Fiscal		
	2025	2024	2025	2024	2023
Analgesics / Pain Management	849.6	860.44	3,568.86	2,824.63	1,049.48
CVS	665.42	620.68	2,442.00	2,112.19	1,208.49
CNS	960.73	597.95	2,932.53	1,364.04	289.93
Hypokalemia	257.64	292.39	1,180.97	487.39	20.5
Skeletal Muscle Relaxants	124.92	184.34	584.54	417.11	258.18
NRT	12.87	44.54	244.19	337.81	608.68
Gastrointestinal	18.46	52.86	109.09	160.13	44.25
Metabolic	170.6	214.29	548.46	128.9	-
Immunosuppressant	162.05	109.66	482.95	116.22	-
Others	237.37	136.88	527.38	449.9	284.16

Source: Red Herring Prospectus (RHP)

### Objects of the issue

**Fresh Issue of 1,03,09,278 shares (aggregating up to ₹500.00 Cr)**

**Offer for Sale of 1,80,92,762 shares of ₹1 (aggregating up to ₹877.50 Cr)**

Company plans to use the Net Proceeds to fund the following objects:

1. Prepayment or scheduled repayment of all or a portion of certain outstanding borrowings availed by the Company.
2. Funding inorganic growth through unidentified acquisitions and other strategic initiatives and General corporate purposes.

Source: Red Herring Prospectus (RHP)

### Shareholding pattern

Name of the Selling Shareholders	Type	Number of Equity Shares Offered	Weighted Average Cost of Acquisition per Equity Share (in ₹)
General Atlantic Singapore RR Pte. Ltd.	PSS	Up to 1,80,92,762 Equity Shares aggregating up to ₹ 8,774.99 million	78.73

Source: Red Herring Prospectus (RHP)

## Peer Comparison

Name of Company	Face Value Per Share (₹)	Closing price on August 29, 2025 (₹ Per Share)	Revenue for Fiscal 2025 (in ₹ million)	EPS (₹) Basic	EPS (₹) Diluted	P/E	RONW (%)	NAV (₹ Per Share)
Rubicon Research Limited	1.00	NA	12,842.72	8.82	8.68	N.A.	29.02%	35.53
<b>Peer Group</b>								
Sun Pharmaceutical Industries Limited	1.00	1,594.95	525,784.40	45.60	45.60	34.98	16.16%	300.99
Aurobindo Pharma Limited	1.00	1,083.85	317,237.30	59.81	59.81	18.12	11.15%	560.22
Zydus Lifesciences Limited	1.00	981.70	232,415.00	44.97	44.97	21.83	21.34%	238.05
Strides Pharma Science Limited	10.00	824.75	45,653.35	44.05	44.05	18.72	17.51%	277.34
Dr. Reddy's Laboratories Limited	1.00	1,223.70	326,439.00	67.89	67.79	18.05	18.53%	402.78
Alembic Pharmaceuticals Limited	2.00	900.20	66,720.80	29.68	29.68	30.33	11.63%	264.09
Lupin Limited	2.00	1,910.15	227,079.00	71.95	71.69	26.64	21.00%	377.18

Source: Red Herring Prospectus (RHP)

## Competitive Strengths

1. Rubicon Research Ltd. is the fastest-growing Indian pharmaceutical company among its peers and the only one entirely focused on the US market.
2. The company follows a data-driven product selection framework that enables it to build a balanced portfolio of new and specialty products, helping withstand pricing pressures.
3. Strong R&D capabilities and continued investments allow Rubicon to pursue complex and high-value products with significant revenue potential.
4. The company has established robust sales and distribution capabilities across the US market.
5. It maintains a strong track record of regulatory compliance coupled with cost-efficient manufacturing expertise.
6. An experienced and entrepreneurial management team, supported by marquee private equity investors, continues to drive strategic growth and operational excellence.

Source: Red Herring Prospectus (RHP)

## Growth Strategies

1. Focus on expanding the portfolio of specialty products and drug-device combinations.
2. Continue developing new products to strengthen leadership positions in regulated generic markets.
3. Broaden presence in the US market while leveraging intellectual property and product portfolio to enter other key regulated geographies.
4. Pursue synergistic business development initiatives and external innovation partnerships to drive sustainable growth.

Source: Red Herring Prospectus (RHP)

## Key Risks

1. The company derives 99.50% for Q1 FY26 and 98.49% for FY25 of its revenue from the United States, and any adverse developments such as tariff impositions or regulatory changes in that market could negatively impact business performance and results of operations.
2. As the company's manufacturing processes are technically complex and highly regulated, any product recalls, regulatory inspection failures, or shortcomings at manufacturing facilities could reduce sales, delay new product launches, or lead to facility closures.
3. A substantial portion of revenue is concentrated among the top five customers—71.22% in FY25, 65.14% in FY24, 62.99% in FY23, and 77.04% and 70.46% for Q1 FY26 and Q1 FY25, respectively—and the loss of one or more of these customers could materially affect the company's business and growth prospects.
4. The company's operations require high levels of working capital and capital expenditure, and any inability to maintain adequate financing or optimal working capital levels could adversely impact operations.



Source: Red Herring Prospectus (RHP)

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### **For research related queries contact:**

Divya Makwana - Research Analyst at [research@ajcon.net](mailto:research@ajcon.net)

CIN: L74140MH1986PLC041941

SEBI registration Number: INH000001170 as per SEBI (Research Analysts) Regulations, 2014.

Website: [www.ajcononline.com](http://www.ajcononline.com)

### **Registered and Corporate office**

408 - (4<sup>th</sup> Floor), Express Zone, "A" Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel's, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062