Rubicon Research Limited

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IPO Note **08th October 2025**

Company Overview

Rubicon Research Ltd. is a research-driven pharmaceutical formulations company with a strong focus on regulated markets, particularly the United States. According to Frost & Sullivan, it is the only Indian pharmaceutical company among seven listed peers exclusively targeting regulated markets, reflecting its niche positioning and robust execution capabilities. The company ranks among the top 12 Indian players by total ANDA approvals, reflecting its consistent regulatory progress and strong development pipeline. During the three months ended June 30, 2025, Rubicon received five ANDA approvals and one NDA approval from the USFDA, compared to three ANDA approvals in the same period last year, indicating strong regulatory momentum. On a full-year basis, the company secured 12 ANDA approvals in FY25, 14 in FY24, and 12 in FY23. As of June 2025, Rubicon's portfolio comprised 72 active ANDAs and 9 NDAs approved by the USFDA, along with one OTC monograph listing. Of these, 66 products were commercialized in the US, addressing a generic market opportunity of USD 2.46 billion, with the company contributing USD 195 million in FY25. The high commercialisation rate of 86.4% underscores its strong execution and ability to monetise R&D investments efficiently. The company maintains an unblemished regulatory track record, with no USFDA Official Action Indicated (OAI) status since 2013, highlighting its strong compliance and quality systems. Rubicon's integrated R&D, manufacturing, and marketing capabilities, coupled with a data-driven product selection framework, enable it to build a high-value, sustainable product portfolio with strong entry barriers. Its US business is well diversified across high-demand chronic therapy areas such as CNS and CVS, supported by favourable structural drivers including rising chronic disease incidence, ageing demographics, and increasing surgical procedures. Branded products are marketed through subsidiary Validus Pharmaceuticals LLC, while non-branded generics are distributed via AdvaGen Pharma Ltd. and selected third-party channels. This strategic mix ensures revenue visibility, margin stability, and reduced portfolio volatility, positioning Rubicon well for sustained growth in the US generics market.

Objects of the issue

The company proposes to utilise the net proceeds towards funding the following objects:

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

Investment Rationale

Data-driven portfolio of new and specialty products driving resilience against pricing pressures

The company's performance is underpinned by a robust, data-driven, and ROI-centric product selection framework that effectively aligns R&D, manufacturing, and commercialisation capabilities. This disciplined approach enables early identification of high-value opportunities and supports sustainable revenue and margin growth, often aided by first-mover or early-mover advantages in select product categories. According to Frost & Sullivan (F&S), Indian pharmaceutical players benefit from structural cost advantages and strong R&D capabilities, allowing them to remain competitive in the US generics market. Within this landscape, the company's strategy of focusing on complex and low-competition density products has provided insulation against pricing pressures. While the broader US generic market witnessed a 5.2% price erosion between FY22 and FY25, the company achieved an 8.0% average per-unit price growth over the same period, highlighting its superior product mix and pricing power. The company's portfolio also includes 16 specialty products as of June 30, 2025, including two branded CNS therapies marketed by Validus with no direct generic competition, and one co-developed and licensed specialty NDA in the US. Its focus on patient value, prescriber acceptance, and insurance accessibility strengthens its specialty segment positioning. As of June 2025, the company demonstrated a commercialisation rate of 86.4% of active approved products, reflecting the effectiveness of its selection and execution framework. This approach has translated into industry-leading gross margins in the 66-72% range over the past three financial years. Furthermore, as per F&S, the company ranked 9th among Indian peers in terms of total specialty product approvals in the US between 2019 and 2024, with seven approvals during this period reinforcing its ability to build a profitable and differentiated pipeline.

Issue Details	
Offer Period	09th Oct. 2025 - 13th Oct. 2025
Price Band	Rs. 461 to Rs. 485
Bid Lot	30
Listing	BSE & NSE
Issue Size (no. of shares in mn)	28.4
Issue Size (Rs. in bn)	13.8
Face Value (Rs.)	1
Issue Structure	
QIB	75%
NIB	10%
Retail	15%
BRLM	Axis Capital Ltd., IIFL Capital Services Ltd., JM Financial Ltd., SBI Capital Markets Ltd.
Registrar	MUFG Intime India Pvt. Ltd.

Particulars	Pre Issue %	Post Issue %
Promoters and promoter group	78.0	62.1
Public	22.0	37.9
Total	**100.0**	**100.0**

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

Robust R&D and strategic investment driving complex, high-value product development

The company's R&D strength is supported by a team of 170 scientists across India and Canada, focused on formulation development and commercialisation, providing a strong foundation for pipeline expansion. Its Thane R&D facility (38,422 sq. ft.) is equipped with dedicated laboratories for general, sterile, and potent compounds, enabling work across multiple dosage forms. The site's compliance credentials are robust, having received an Establishment Inspection Report (EIR) from the USFDA in April 2025 following an inspection in March 2025. The Ontario, Canada, facility specialises in nasal and inhalation formulations and possesses in-house analytical and characterisation capabilities, further enhancing the company's ability to pursue complex product development. The facility's most recent USFDA inspection (Oct-Nov 2023) reinforces its regulatory reliability. Collectively, these R&D assets provide the company with a high degree of operational independence and flexibility, minimising reliance on third-party developers and enabling faster product innovation and market entry. Together, these R&D assets provide the company with a high degree of operational independence, reducing reliance on third-party developers and enabling faster product innovation and market entry. This integrated R&D capability supports the company's focus on specialty and complex formulations, strengthens its competitive moat, and ensures a consistent flow of differentiated products to the US market, contributing to sustainable revenue growth and long-term market leadership.

Valuation

Rubicon Research Ltd. is a pharmaceutical formulations company with a strong innovation-led approach, driven by focused research and development and an expanding portfolio of specialty and drug-device combination products for regulated markets, particularly the US. The company's portfolio of 72 active ANDAs, 9 NDAs, and 1 OTC monograph approved by the USFDA reflects a well-established and sustainable product base with high entry barriers. Its four USFDA-approved manufacturing facilities and two R&D centers provide integrated capabilities across development, scale-up, and commercialisation, positioning the company for consistent growth. The company pipeline of complex, drug-device combination nasal spray products in multiple therapy areas, including CNS conditions, which require specialised capabilities for their development and manufacturing, along with an experienced team. The global pharmaceutical market is projected to grow at a CAGR of 6.7% from USD 1,733.1 billion in FY24 to USD 2,395.6 billion in FY29, outpacing the historical growth of 6.3% registered during the FY2019-24 period. Rubicon Research, one of the fastest-growing Indian pharma players, has established a dominant presence in the US, which contributes 93-98% of revenues, achieving a revenue CAGR of 80.7% with 66 products in the US and over 25% market share in nine products, reflecting deep penetration in the world's largest pharmaceutical market. With Rubicon's strong US market leadership, high-margin specialty portfolio, and expanding presence across regulated markets, capacity utilisation is expected to ramp up as new products receive regulatory approvals, potentially enabling revenue to double over the next 2-3 years. **At the upper price band, the company is valued at a P/E multiple of 55.9x FY25 earnings. We, thus, recommend a "SUBSCRIBE" rating for this issue.**

Key Risks

⇒ During FY25/1QFY26, the company derived 97.6%/95.0% of its revenue from the sale of goods from the USA. Further, the current administration is investigating under Section 232, which determines the effect of pharma imports on national security. Any adverse developments in the investigation and subsequent imposition of tariffs may have an adverse impact on the company's performance.

⇒ The company's products are subject to stringent quality and regulatory standards, and any failure to maintain these standards may have an adverse impact on the company's performance.

⇒ The company's operations are subject to high working capital and capital expenditure requirements, and any inability to maintain an optimal level of working capital or financing required may have an adverse impact on the company's performance.

Rubicon Research Limited

Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25	Q1FY26
Revenue				
Revenue from operations	3,935	8,539	12,843	3,525
Total revenue	**3,935**	**8,539**	**12,843**	**3,525**
Expenses				
Cost of materials consumed	1,510	2,479	4,536	1,342
Purchase of traded goods	115	842	790	34
Changes in inventories of finished goods and work-in-progress	-492	-530	-1,572	-346
Employee benefits expense	971	1,253	2,111	582
Other expenses	1,647	2,949	4,419	1,161
Total operating expenses	**3,750**	**6,993**	**10,283**	**2,772**
EBITDA	**185**	**1,546**	**2,559**	**753**
Depreciation and amortization expense	361	390	366	96
EBIT	**-176**	**1,156**	**2,194**	**657**
Finance costs	190	313	368	106
Other income	255	185	119	45
PBT	**-110**	**1,029**	**1,945**	**596**
Tax expense				
Current tax	83	133	613	140
Excess provision of tax relating to earlier years	0	0	11	0
Deferred tax charge / (credit)	-25	-15	-22	22
Total tax	**58**	**118**	**602**	**163**
Net Profit	**-169**	**910**	**1,344**	**433**
Diluted EPS	**-1.1**	**5.9**	**8.7**	**2.8**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25	Q1FY26
Cash Flow from operating activities	-747	210	1,592	439
Cash flow from investing activities	-338	-685	-648	-1,428
Cash flow from financing activities	1,228	436	-398	901
Net increase/(decrease) in cash and cash equivalents	**142**	**-40**	**546**	**-88**
Cash and cash equivalents at the beginning of the period	**387**	**544**	**506**	**1,050**
Cash and cash equivalents at the end of the period	**544**	**506**	**1,050**	**978**

Source: RHP, BP Equities Research

Rubicon Research Limited

Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25	Q1FY26
ASSETS				
Non-Current Assets				
Property, plant and equipment	1,686	2,119	2,370	3,493
Capital work-in-progress	245	96	67	256
Right of use assets	102	353	324	922
Intangible assets	184	86	100	95
Intangible assets under development	0	1	2	8
Goodwill	22	513	476	477
Financial assets				
(i) Investments - in others	1	1	1	1
(ii) Other Financial Assets	76	79	74	49
Non Current Tax assets (net)	70	48	95	65
Deferred tax Assets (net)	0	9	18	0
Other non-current assets	96	158	355	117
Total Non-Current Assets	**2,481**	**3,463**	**3,881**	**5,483**
Current Assets				
Inventories	1,672	3,005	5,216	5,741
Financial assets				
(i) Trade receivables	2,250	3,015	3,238	3,129
(ii) Cash and cash equivalents	544	506	1,050	978
(iii) Bank balances other than (ii) above	45	78	113	141
(iv) Other financial assets	164	237	220	245
Other current assets	341	792	797	760
Total Current Assets	**5,016**	**7,632**	**10,634**	**10,993**
Total Assets	**7,497**	**11,095**	**14,514**	**16,476**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	51	152	154	154
Other equity	2,813	3,698	5,256	5,783
Attributable to owners of the Parent	**2,864**	**3,850**	**5,410**	**5,937**
Non controlling interest	0	0	0	0
Total Equity	**2,864**	**3,850**	**5,410**	**5,937**
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
(i) Borrowings	973	926	645	1,799
(ii) Lease liabilities	0	220	166	400
(iii) Other financial liabilities	0	330	338	338
Provisions	33	44	96	107
Deferred tax liabilities (net)	15	0	0	3
Total Non-Current Liabilities	**1,020**	**1,520**	**1,244**	**2,647**
Current Liabilities				
Financial Liabilities				
(i) Borrowings	2,206	3,038	3,287	3,159
(ii) Lease liabilities	18	61	79	95
(iii) Trade payables	969	1,767	2,391	2,091
(iv) Other financial liabilities	175	227	393	551
Other current liabilities	17	67	73	57
Provisions	139	529	1,320	1,504
Current tax liabilities (net)	90	36	318	435
Total Current Liabilities	**3,613**	**5,725**	**7,860**	**7,892**
Total Liabilities	**4,633**	**7,245**	**9,104**	**10,539**
Total Equity and Liabilities	**7,497**	**11,095**	**14,514**	**16,476**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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