EE

Encube Ethicals Limited

Pharmaceuticals / API | Mainboard

Band not yet filed

3 Dec 2026 - 7 Dec 2026

Allotment 8 Dec 2026 | Listing 10 Dec 2026

Issue size

—

WHAT STANDS OUT IN THE OFFER DOCUMENT

LOOK CLOSER Its auditor's reports carry adverse CARO remarks.
3 remarks under CARO, the auditor's report on compliance matters. (p.71)

ALSO IN THE NUMBERS Sales grew quickly, and the profit came in as cash.
Sales grew 30% a year over 2 years.

THE FIVE QUESTIONS

1. How it makes money

Rs.47 of every Rs.100 of sales comes from its "Global Generics" segment. Rs.91 of every Rs.100 comes from Outside India - United States and India.

- Its 10 biggest customers bring in Rs.60 of every Rs.100 of sales.
- Its biggest supplier provides Rs.8 of every Rs.100 it buys.
- A 1% rise in material costs, not passed on, would cut operating profit by about 1%.

2. Is it growing, and is profit turning into cash?

Sales rose 70% from 31st March 2024 to 31st March 2026 (Rs.1,086 cr to Rs.1,849 cr). Over 3 years it made Rs.842 cr of profit and brought in Rs.785 cr of cash from operations.

- Sales rose Rs.763 cr; Rs.510 cr of that came from its "Global Generics" segment (Rs.67 of every Rs.100 of the change).
- Profit rose Rs.281 cr from 31st March 2024 to 31st March 2026: core business Rs.355 cr, other income Rs.50.8 cr, depreciation -Rs.37.1 cr, interest -Rs.0.2 cr, one-off items Rs.13.7 cr, tax -Rs.102 cr.
- Its receivables and stock, less what it owes suppliers, came to 182 days of last year's sales.
- The biggest cost shift: materials went from Rs.35 to Rs.31 of every Rs.100 of sales.

3. How much cushion does it have?

It owes Rs.0.13 for every Rs.1 of its own money. We point it out when a pharmaceutical company owes more than Rs.1.5 for every Rs.1.

- Operating profit covers interest 34.9 times.
- Cases against the company involve Rs.113 cr (6% of its net worth).

4. What you pay, and who gets the money

The draft document we read does not state this. We read the final prospectus (RHP) as soon as we have it.

5. Who controls it, and what is on record?

Promoters own 61% before the IPO. Its litigation summary lists, against the company: 37 tax matters; against its promoters: 2 tax matters; against its directors: 4 criminal cases (p.59). Regulatory actions it lists come from Department of Justice (DoJ).

- The promoters also run Confira Laboratories Private Limited, in the same line of business.

WHAT THE COMPANY DOES

Encube Ethicals Limited is a global pharmaceutical formulations platform with deep domain expertise in technically complex topical and transdermal dosage forms, serving 50 countries including regulated markets such as the United States, UK, Europe, and India. The company operates through three business verticals: Global Generics, Global CDMO, and India Branded Formulations, supported by an integrated platform of R&D, manufacturing infrastructure, quality management systems, and supply chain.

Generates revenue through sale of manufactured generic and contract-manufactured topical pharmaceutical products, service income from scale-up, testing, stability, and technology transfer services, out-licensing arrangements, and profit-sharing arrangements with business partners.

PROMOTER HOLDING

Promoters hold 61.4% before the issue (p.116). The document we read does not state their holding after it.

AGAINST LISTED PEERS

Company	P/E	Revenue	Source
Dr. Reddy's Laboratories Limited	22.8x	Rs. 3,37,002 cr	p.134
Lupin Limited	20.7x	Rs. 2,79,580 cr	p.134
Zydus Lifesciences Limited	22.5x	Rs. 2,71,484 cr	p.134
Aurobindo Pharma Limited	26.2x	Rs. 3,36,531 cr	p.134
Glenmark Pharmaceuticals Limited	46.3x	Rs. 1,69,825 cr	p.134
Alembic Pharmaceuticals Limited	23.2x	Rs. 73,449 cr	p.134

Rubicon Research Limited	97.5x	Rs. 17,540 cr	p.134
Gland Pharma Limited	40.2x	Rs. 64,307 cr	p.134

Figures as printed in the offer document. This page does not say whether that is expensive or cheap. That judgement is yours.

FINANCIALS, RS. CRORE

	31st March 2024	31st March 2025	31st March 2026	2Y CAGR
Revenue	1,086	1,345	1,849	**+30.5%**
EBITDA	308	432	663	—
Profit after tax	156	250	437	**+67.3%**
Net worth	1,241	1,493	1,912	—
Total debt	249	251	248	—

READING THESE NUMBERS AS PHARMACEUTICALS / API

What actually diagnoses this business: R&D as % of revenue - USFDA / regulatory status per plant - ANDA pipeline - US vs domestic mix.

Revenue growth
30.5%
read with care

Regulatory action on a single facility can remove a large slice of revenue at once. Read the plant list against its inspection history — concentration of revenue in one approved site is the risk that matters.

DOES THE PROFIT TURN INTO CASH

	31st March 2024	31st March 2025	31st March 2026
Operating cash flow	182	300	303
Capital expenditure	279	149	201
Financing	17	-18	-46

Operating cash flow is 69% of profit after tax. The rest is sitting in receivables or inventory.

WHEN LOCKED SHARES CAN BE SOLD

Each date releases shares that could not previously be traded.

+1 months
Anchor, first half
50.0% - 7 Jan 2027

+3 months
Anchor, remainder
50.0% - 8 Mar 2027

+6 months
Promoter
41.4%

+18 months
Promoter
20.0%

THE DOCUMENT'S OWN CASE, FOR AND AGAINST

STRENGTHS IT CLAIMS

1. Large scale and regulated market approved manufacturing operations supported by robust compliance track-record. (p.131)
2. Focus on R&D driving innovation pipeline depth and conversion to commercial products. (p.131)
3. Fastest growing US topical generics player with an integrated manufacturing and front-end presence. (p.131)
4. Long-standing relationships with marquee customers with consistent growth in wallet share. (p.131)
5. Synergistic and integrated business verticals delivering accelerating growth. (p.132)

RISKS IT DISCLOSES

1. Substantial revenue derived from Global Generics (46.61% in Fiscal 2026) and Global CDMO (42.34% in Fiscal 2026) business verticals. (p.26)
2. Significant portion of products manufactured for geographies outside India (74.00% of total revenue in Fiscal 2026). (p.28)
3. Dependence on key customers with top 10 customers contributing 59.74% of revenue from operations in Fiscal 2026. (p.32)
4. Significant resources spent on R&D representing 7.44% of total revenue from operations in Fiscal 2026. (p.34)
5. High dependence on Goa Facility which contributed 85.12% of revenue from operations in Fiscal 2026. (p.36)

Both columns are the offer document's own words, not this page's assessment.

THE INDUSTRY, AS THE DOCUMENT DESCRIBES IT

The document puts the market at Rs. 14,500 cr in Fiscal 2026. It forecasts Rs. 22,400 cr by Fiscal 2031F, growth of about 9.2% a year. It states the company's share as 12.2%.

Drivers it names: Rising prevalence of chronic dermatological disorders and expanding age-related skin disease burden globally; Accelerating healthcare consumerization, self-care adoption, and prescription-to-OTC migration expanding product access.

Constraints it names: Complex bioequivalence requirements and regulatory compliance scrutiny created by guidelines such as Q1, Q2, and Q3 characterizations; Rapid post-launch price erosion resulting from generic competitor entry and distribution channel consolidation.

These industry figures come from a Frost & Sullivan report commissioned and paid for by the issuer. It is not neutral research.

THE WIDER GROUP

Confira Laboratories Private Limited (promoter-group)	—
Intact Therapeutics Inc (associate)	—
Relief Pharmaceuticals Private Limited (promoter-group)	—

Analysed from the DRHP at https://nsearchives.nseindia.com/corporate/Registration_02082026155340_EncubeEthicalsLimitedDRHP.pdf by IPO Agent's proprietary AI-assisted extraction on 2026-11-25. Every extracted figure was string-matched back to the source document.

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