

## AANJANEYA LIFECARE LIMITED : Weak Issue ; Avoid IPO Note: Poor corporate government and high debt equity ratio Ranking:\*

### Issue details

Price band (Rs)	Rs. 228 - 240
IPO Opening Date	09/05/11
IPO Closing Date	12/05/11
Issue Size	Rs.114 - 120 Crore

### Valuations & Recommendation

For FY 2010, the company reported turnover of Rs 169 cr and PAT of Rs 15 cr. and for the 10 months period upto 31-01-11, the figures are Rs 293 cr and Rs 31 cr respectively. For FY11, on the post issue equity of Rs 12.58 cr, the EPS would be around Rs 30. At Rs 228 – 240, the issue is reasonably priced, if one looks only at figures. The company had negative cash flow from the inception. There are corporate governance issues and lack of transparency in doing business. **Lack of confidence of the company's bankers. The recently listed IPO in the segment – Parabolic Drugs is quoting at Rs 45 as against the issue price of Rs 75. There is no justification for such high premium. We recommend to AVOID this issue.**

### Highlights:

- ◆ The company is engaged in the manufacturing of Active Pharmaceutical Ingredients (API). APIs, are the principal ingredient used in making finished dosages in the form of capsules, tablets, liquid, or other forms of dosage, with the addition of other APIs or inactive ingredients.
- ◆ Trading of the securities of the corporate promoter, Aasda Life Care Limited has been suspended by the Delhi Stock Exchange.
- ◆ The company intends to utilize the funds raised for setting up a anti-malaria API unit, for R&D and for quality control measures, among others.
- ◆ The Company proposes to venture into manufacturing of new therapeutic segments such as anti cancer APIs, and niche APIs including narcotic APIs and its intermediates. These are new segments and the company do not have any firm commitments / orders for the products to be manufactured.
- ◆ CRISIL IPO grade 1 and CRISIL had expressed its concern over the valuation of the company
- ◆ Debt Equity ratio more than 1.5 in FY 10

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