

## Glenmark Life Sciences Ltd : Very Good Issue

**IPO Note : Good Growth : Better Margins : Better ROCE : Fair Valuation : Ranking\*\*\*\***



### Issue details

Price band (Rs)	Rs.695-720
IPO Opening Date	27/07/21
IPO Closing Date	29/07/21
Issue Size	Rs.1513.60 Cr.

### Recommendation

On the financial performance front, the company has reported turnover/net profits of Rs. 886.87 cr. / Rs. 195.59 cr. (FY19), Rs. 1549.30 cr. / Rs. 313.10 cr. (FY20) and Rs. 1885.98 cr. / Rs. 351.58 cr. (FY21). If we attribute FY21 earnings to fully diluted post IPO equity capital, then the asking price is at a **P/E of around 25.10**. Thus the issue is fully priced and discounts all near term positives. As per the offer documents, GLSL has Divis Lab, Laurus Labs, Shilpa Medicare, Aarti Drugs and Solara Active Pharma as its listed peers. They are currently trading at a P/E of 65.02, 37.21, 36.99, 25.65 and 27.16. This is the second public issue from Glenmark group after nearly two decades. **The company is zero debt and belongs to Glenmark Pharma Group. The issue seems reasonably priced compared to its peers hence we recommend subscribing in this IPO for the long term.**

### Highlights

- Glenmark Life Sciences Ltd. (GLSL) is a leading developer and manufacturer of select high value, non-commoditized active pharmaceutical ingredients ("APIs") in chronic therapeutic areas, including cardiovascular disease ("CVS"), central nervous system disease ("CNS"), pain management and diabetes
- The company has a strong market share in select specialized APIs such as Telmisartan (anti-hypertensive), Atovaquone (anti-parasitic), Perindopril (anti-hypertensive), Tenelegliptin (diabetes), Zonisamide (CNS) and Adapalene (dermatology)
- As of March 31, 2021, it had a portfolio of 120 molecules globally and sold APIs in India and exported to multiple countries in Europe, North America, Latin America, Japan and the rest of the world ("ROW"). As of May 31, 2021
- As of March 31, 2021, 16 of the 20 largest generic companies globally were its customers

### Company Introduction

Incorporated in 2011, Glenmark Life Sciences is the leading manufacturer of Active Pharmaceutical Ingredients (APIs). The company develops, manufactures, and supplies high-quality APIs for cardiovascular disease (CVS), central nervous system disease (CNS), pain management, and diabetes, gastrointestinal disorders, anti-infectives, and other therapeutic areas. It further operates in Contract Development and manufacturing operations (CDMO) to offer services to specialty Pharmaceutical companies.

Its products are being sold in India and also exported to multiple countries i.e. Europe, North America, Latin America, Japan, etc. Currently, it has 4 manufacturing facilities at Ankleshwar and Dahej in Gujarat and Mohol and Kurkumbh in Maharashtra



[www.glenmarklifesciences.com](http://www.glenmarklifesciences.com)

State with an aggregate annual installed capacity of 725.8 KL as of December 31, 2020.

Company Promoters:

Glenmark Pharmaceuticals Limited is the promoter of the company.

## Objects of the Issue:

- To make payment of outstanding purchase consideration to the promoter for the spin-off of the API business from the promoter into the company.
- To finance capital expenditure requirements.
- To meet general corporate purposes.

## IPO Issue Proceed

To part finance its plans for payment of outstanding purchase consideration to the promoter for the spin-off of the API business to the company (Rs. 800 cr.), funding capital expenditure (Rs. 152.76 cr.) and general corporate funds, GLSL is coming out with a maiden Initial Public Offer (IPO) comprising a fresh equity issue worth Rs. 1060 cr. (approx. 14722220 shares) and an offer for sale (OFS) of 6300000 equity shares (Rs. 453.60 cr.), thus making an overall size of the IPO to Rs. 1513.60 cr.. The issue constitutes 17.16% of the post issue paid-up capital of the company. The company has fixed a price band of Rs. 695.00 - Rs. 720.00 per share having a face value of Rs. 2 per share. The issue opens for subscription on July 27, 2021, and will close on July 29, 2021. Minimum application is to be made for 20 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. GLSL has allocated 50% for QIBs, 15% for HNIs and 35% for retail investors. Post issue, GLSL's current paid-up equity capital of Rs. 21.56 cr. will stand enhanced to Rs. 24.51 cr. At the upper price band of the IPO, GLSL is looking for a market cap of Rs. 8821.96 cr.

## Financial Summary (Rs. In Crore)

Particulars	FY2021	FY2020	FY2019
Total Income	1885.97	1549.30	886.86
Net Profit	351.58	313.08	195.59
EPS (Rs)	28.68	25.54	15.96

Source: RHP and ACE Equity

## RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

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