

Windlas Biotech Ltd : Good Issue

IPO Note : One of the Top Five Players in the Domestic CDMO Pharma : High Growth in Sales, EBITDA: Issue is Priced-in at Current EPS : Ranking***



Issue details

Price band (Rs)	Rs.448-460
IPO Opening Date	04/07/21
IPO Closing Date	06/08/21
Issue Size	Rs. 401.54 Cr.

Recommendation

On the financial performance front, on a consolidated basis, WBL has posted a total turnover/net profit of Rs. 311.53 cr. / Rs. 63.82 cr. (FY19), Rs. 331.34 cr. / Rs. 16.21 cr. (FY20) and Rs. 430.70 cr. / Rs. 15.57 cr. (FY21). **WBL has posted declining trends for bottom lines despite growth in top lines.** Based on adjusted FY21 earnings to fully diluted post issue equity, the asking price is at a **P/E of around 64.42**. The Company has posted a **CAGR of around 38% in top-line**. Despite growth in its top lines, WBL has posted declining trends for bottom lines in order to clear its slate. As per offer documents, WBL has no listed peers to compare with.

Highlights

- Windlas Biotech Ltd (WBL) is amongst the top five players in the domestic pharmaceutical formulations contract development and manufacturing organization ("CDMO") industry in India in terms of revenue
- In Fiscal 2020, its market share was approximately 1.5% in terms of revenue in the domestic formulations CDMO industry
- The complex generic products market has a high barrier to entry as these products are generally difficult to develop and require special know-how from the development and manufacturing perspective compared to conventional generic products

Company Introduction

Incorporated in 2001, Windlas Biotech Ltd is one of the leading companies in the pharmaceutical formulations contract development and manufacturing organizations (CDMO) segment in India. The company offers a range of CDMO services from product discovery to product development, licensing, and commercial manufacturing of generic products including complex generics. It further sells its own branded products in the trade generics and OTC markets. Currently, the focus of the company is to launch complex generic products in the chronic therapeutic category related to lifestyle-related disorders. The business operates in 3 verticals; 1. CDMO Products and services, 2. Domestic trade generics and Over-the-counter (OTC) market (nutraceutical and health supplement products), and 3. Export. Leading pharma companies i.e. Pfizer Ltd, Sanofi India Ltd, Cadila Healthcare Ltd, Emcure Pharmaceuticals Ltd, Eris Lifesciences Ltd, Intas Pharmaceuticals Ltd, and Systopic Laboratories Private Limited are some of the marquee customers of Windlas Biotech. Its manufacturing facilities are located at Dehradun with an installed operating capacity of 7,063.83 million tablets/capsules, 54.46 million pouch/ sachet, and 61.08 million liquid bottles.

windlas

www.windlas.com

Financial Summary (Rs. In Crore)

Particulars	FY2021	FY2020	FY2019
Total Income	430.69	331.33	311.52
Net Profit	15.57	16.21	63.82
EPS (Rs)	7.14	7.43	29.27

Source: RHP and ACE Equity

RANKING METHODOLOGY

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

Company Promoters:

Ashok Kumar Windlass, Hitesh Windlass, Manoj Kumar Windlass, and AKW WBL Family Pvt Trust are the company promoters.

Objects of the Issue:

- To purchase equipment required for capacity expansion of our existing facility at Dehradun Plant IV.
- To finance incremental working capital requirements of the company.
- Repayment/prepayment of company's borrowings.
- General corporate purposes.

IPO Issue Proceed

To part finance its plans for the purchase of equipment for expansion projects (Rs. 50.00 cr.), working capital (Rs. 47.56 cr.), repayment/prepayment of certain borrowings (Rs. 20.00 cr.) and general corpus fund needs, WBL is coming out with a maiden book building process equity issue worth Rs. 401.54 cr. It has fixed a price band of Rs. 448 - Rs. 460 per share having a face value (FV) of Rs. 5 each. The issue opens for subscription on August 04, 2021, and will close on August 06, 2021. Minimum application is to be made for 30 shares and in multiples thereon, thereafter. The issue consists of a fresh equity issue worth Rs. 165.00 cr. (approx. 3586950 shares) and an offer for sale of 5142067 equity shares (Rs. 236.54 cr. at the upper cap). At the upper price band of the issue, WBL will issue totally 8729017 shares including a fresh equity issue. Post allotment, shares will be listed on BSE and NSE. Post issue, WBL's current paid-up capital of Rs. 9.10 cr. will stand enhanced to Rs. 10.90 cr. Based on the upper price band of the IPO, the company is looking for a market cap of Rs. 1002.54 cr.

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