

July 26, 2021

IPO NOTE

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ISSUE DETAILS

Price Band: ₹ 695 to ₹ 720
Issue Opens on: July 27, 2021
Issue Closes on: July 29, 2021
Lot Size: 16 Shares & in Multiples thereafter

ISSUE HIGHLIGHTS

Issue Size : ₹ 1,513.60Cr.
No of Shares : 21,022,222
Face Value : ₹ 2

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	1,060
Offer for Sale	453.6
Total	1,513.60

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	756.80
HNI	15	227.04
Retail	35	529.76
Total	100	1,513.60

* 60% Shares of the QIB Portion to Anchor Investors

Listing

BSE & NSE

Lead Managers

BofA Securities,
 Goldman Sachs (India) Securities,
 Kotak Mahindra Capital,
 DAM Capital Advisors Limited,
 BOB Capital Markets Limited,
 SBI Capital Markets Limited

Registrar

Link Intime India Private Limited

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COMPANY OVERVIEW

Glenmark Life Sciences Limited ("GLS") is a wholly-owned subsidiary of the Promoter, Glenmark Pharmaceuticals Limited ("Glenmark"), a research-oriented, innovation led, global pharmaceutical company, which was established in 1977 and is listed on the BSE and NSE. In 2001-2002, Glenmark launched the API manufacturing business. GLS 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.

GLS operates two business lines – Generic APIs (generics and complex APIs) and contract development and manufacturing operations CDMO (including specialty). Their products are sold in both regulated markets and emerging markets. As of March 31, 2021, it had a portfolio of 120 molecules globally and sold APIs in India and exported APIs to multiple countries in Europe, North America, Latin America, Japan and the rest of the world. They currently operate four multi-purpose manufacturing facilities located at Ankleshwa, Dahej, Mohol and Kurkumbh.

HIGHLIGHTS

1. Leadership in Select High Value, Non-Commoditized APIs in Chronic Therapeutic Areas.
2. Strong Relationships with Leading Global Generic Companies.
3. Quality-Focused Compliant Manufacturing and R&D Infrastructure.
4. Strong Focus on Sustainability in Operations.
5. Cost Leadership.

Objects of the issue

1. Payment of outstanding purchase consideration to the Promoter for the spin-off of the API business from the Promoter into the company pursuant to the Business Purchase Agreement Rs. 800 Cr.
2. Funding the capital expenditure requirements Rs.152.76 Cr.
Company shall not receive any proceeds from offer for sale.

OUR VIEW

Incorporated in 2011, Glenmark Life Sciences is a manufacturer and developer of niche and premium, non-commoditized APIs. Over the years, company has established strong relationships with leading a global generic pharmaceutical company which has helped company to expand the product offerings and geographic reach. As of March 31, 2021, 16 of the 20 largest generic companies globally are company's customers. As of May 31, 2021, the company owned or co-owned 39 granted patents and had 41 pending patent applications in several countries and six pending provisional applications in India.

The company has an established track record of delivering strong financial performance. Revenue from operations grew at a CAGR of 45.8% EBITDA margin grew at 31.4% and PAT grew at ~40% over FY19 to FY21. ROCE for FY21 stood at 32.7% Its asset turnover ratio is 3.2x. On the operating front the debtor days are a bit stretched at 120 days.

At upper price band the issue is priced at a P/BV of 10.31 based on its NAV of Rs. 69.82 as on FY21, and P/E of around 22 based on FY21 earnings.

Being leader in the industry with focus on expansion of business, strong R&D capabilities and profit metrics compared to listed peers, the issue is reasonably priced. We recommend investors to subscribe for the issue to get listing premium.

Brief Financials

PARTICULARS	₹ in Million		
	FY '21	FY '20	FY'19
Total Income	18,859.76	15,493.03	8,868.65
Total Expenditure	14,150.32	11,282.36	6,585.68
Profit before Tax	4,709.44	4,210.67	2,282.97
Profit after Tax	3,515.81	3,130.98	1,955.92
E.P.S. [diluted (Rs.)]	32.61	29.04	24.64
P/E (x)	22.08		
RONW (%)	46.71	77.94	99.25

PRICE CHART (@ ₹ 720)

LOT SIZE	Amount
20	14,400
40	28,800
60	43,200
80	57,600
100	72,000
120	86,400
140	100,800
160	115,200
180	129,600
200	144,000
220	158,400
240	172,800
260	187,200

Please go through the RHP for salient features.

(https://www.sebi.gov.in/filings/public-issues/jul-2021/glenmark-life-sciences-limited_51264.html)

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	03/08/2021
Initiation of refunds/unblocking ASBA Fund	04/08/2021
Credit of Equity Shares to demat accounts of Allottees	05/08/2021
Commencement of trading of the Equity Shares on the Stock Exchanges	06/08/2021

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