



# Glenmark Life Sciences Limited



# Agenda

## **IPO Analysis of Glenmark Life Sciences Limited in following sections:**

- *IPO Details*
- *Shareholding Pattern and Details of object of issue*
- *Financial Highlights*
- *Business Profile*
- *Manufacturing Facilities (1 &2)*
- *Profitability – FY 2021*
- *Opportunity*
- *Peer Comparison*

# IPO Details – Glenmark Life Sciences Ltd.

Issue Period	27-Jul-2021 to 29-Jul-2021
Issue Size	Initial Public offer of <b>Rs. 1,060 Crore as fresh issue</b> and Sale of 6,300,000 Equity Shares aggregating upto Rs. [.] million by existing shareholder
Issue Size	<b>Fresh Issue ~ 1,060 Crore</b> <b>Existing Shareholder ~ 438-453.6 Crore</b> <b>Total ~ Rs. 1498 – 1,514 Crore</b>
Implied Company Valuation	~ Rs. 8,552 – 8,822 Crore
Price Range	Rs.695 to Rs.720

IPO Open Date	Jul 27, 2021
IPO Close Date	Jul 29, 2021
Basis of Allotment Date	Aug 3, 2021
Initiation of Refunds	Aug 4, 2021
Credit of Shares to Demat Account	Aug 5, 2021
IPO Listing Date	Aug 6, 2021

## Object of the issue

Particulars	Amt (Cr.)
Payment of outstanding purchase consideration to the Promoter for the spin - off of the API business from the Promoter into our Company pursuant to the Business Purchase Agreement dated October 9, 2018	₹ 800.00
Funding the capital expenditure requirements	₹ 152.76
General Corporate Purpose	[ * ]

## Retail Investor – Maximum and Minimum bidding

Application	Lots	Shares	Amount (Cut-off)
Minimum	1	20	₹ 14,400
Maximum	13	260	₹ 1,87,200

# Shareholding Pattern

Glenmark Pharmaceuticals Limited is holding 100% in Glenmark Life Sciences Ltd. On pre-IPO basis

Glenmark Pharmaceuticals Limited will be holding ~82.8% in Glenmark Life Sciences Ltd. Post issuance

## Details of Object of the Issue

**Payment of outstanding purchase consideration for the spin-off of the API business from the Promoter – Rs. 8,000 mn**

The aggregate consideration for the transfer of business in accordance with the Business Purchase Agreement dated October 9, 2018 is ₹11,621.94 mn. It was *supposed to be paid with 120 days* and after that there was interest rate was applicable. As on March 31, 2021, Company has paid ₹ 3,503.11 mn (inclusive of an interest at the rate of 12% p.a. applicable from January 1, 2020 to March 31, 2020)

**Funding capital expenditure requirements of the Company – Rs. 1,527.64 mn**

Expansion of capacity at our manufacturing facility located at Dahej, Gujarat, to meet the anticipated future demand of our generic API products.

# Financial Highlights

(All amounts in ₹ million)

Particulars	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2020	As at and for the Financial Year ended March 31, 2019
Equity Share capital	19.60	19.60	19.60
Net worth	7,527.47	4,016.92	881.25
Total income	18,859.76	15,493.03	8,868.65
Profit after tax	3,515.81	3,130.98	1,955.92
Basic and diluted earnings per share (₹ / share) <sup>#</sup>			
- Basic (in ₹)	32.61	29.04	24.64
- Diluted (in ₹)	32.61	29.04	24.64
Net Asset Value per Equity Share (in ₹) <sup>#</sup>	69.82	37.26	11.10
Total Borrowings (as per balance sheet) <sup>*</sup>	-	0.21	0.21

<sup>#</sup> Our Company has, pursuant to a Board resolution dated March 10, 2021 and Shareholders resolution dated March 26, 2021, sub-divided the equity shares of face value of ₹10 each to Equity Shares of face value of ₹2 each and allotted 98,004,500 Equity Shares pursuant to a bonus issue on April 6, 2021. Net asset value per share and earnings per share is considered post sub-division and bonus issuance.

<sup>\*</sup> It excludes amount payable to parent company which is classified as other current financial liabilities.

**Revenue growth by 112% between March'19 to March'21**

**EPS increased by 32% between March'19 to March'21**

# Business Profile

- 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 (*Source: Frost & Sullivan Report*)
- Manufacture and sell APIs for gastro-intestinal disorders, anti-infectives and other therapeutic areas. API portfolio comprises specialized and profitable products, including niche and technically complex molecules. Company has strong market share in select specialized APIs such as Telmisartan (anti-hypertensive), Atovaquone (anti-parasitic), Perindopril (anti-hypertensive), Teneligliptin (diabetes), Zonisamide (CNS) and Adapalene (dermatology)
- Providing contract development and manufacturing operations (“**CDMO**”) services to a range of multinational and specialty pharmaceutical companies
- Company is a research and development (“**R&D**”)-driven API manufacturer, focused on undertaking dedicated R&D in our existing products and in areas where we believe there is growth potential in the future. We believe that maintaining high standards of process innovation and quality in our R&D and manufacturing operations is critical to our brand and maintenance of long-term relationships with our customers
- As of March 31, 2021, Company had a portfolio of 120 molecules globally and sold our APIs in India and exported APIs to multiple countries in Europe, North America, Latin America, Japan and the rest of the world (“**ROW**”)
- As of May 31, 2021, we had filed 403 Drug Master Files (“**DMFs**”) and Certificates of suitability to the monographs of the European Pharmacopoeia (“**CEPs**”) across various major markets (i.e. United States, Europe, Japan, Russia, Brazil, South Korea, Taiwan, Canada, China and Australia).

# Manufacturing Facilities - 1

Location	Description	Top Products (Therapeutic Area)	Approvals	Last Inspection
Ankleshwar, Gujarat	API manufacturing facility with manpower of 900 personnel Annual total installed capacities as of March 31, 2021 – 511.0 KL	Amiodarone (CVS), Olmesartan (CVS), Perindopril (CVS), Oxcarbazepine (CNS)	Food and Drugs Control Administration, Gujarat	May 2021
			USFDA	July 2019
			MHRA (United Kingdom)	November 2006
			FIMEA (Finland)	July 2014
			Romania (Europe)	February 2014
			PMDA (Japan)	August 2019
			COFEPRIS (Mexico)	February 2016
			Health Canada	July 2019
			KFDA (South Korea)	April 2011
Dahej, Gujarat	API manufacturing facility with manpower of 259 personnel Annual total installed capacities as of March 31, 2021 – 141.9 KL	Amiodarone (CVS), Etoricoxib (Pain management), Omeprazole (Gastro-intestinal), Fluconazole (anti-infective), Cilostazol (CVS)	USFDA	October 2018
			EDQM (Europe)	March 2018
			PMDA (Japan)	December 2016
			KFDA (South Korea)	May 2017
Mohol, Maharashtra	API manufacturing facility with manpower of 78 personnel Annual total installed capacities as of March 31, 2021 – 49.1 KL	Telmisartan (CVS), Rosuvastatin (CVS), Vildagliptin (diabetes)	USFDA	March 2018
			Maharashtra FDA	January 2021
Kurkumbh, Maharashtra	API manufacturing facility with manpower of 70 personnel Annual total installed capacities as of March 31, 2021 – 24.6 KL	Glimepiride (diabetes), Sertaconazole (dermatology), Adapalene (dermatology)	Maharashtra FDA	January 2021

## Future Growth Plan

### API Mfg. Capability

Enhancing the existing production capacities at Ankleshwar facility during the FY 2022 and Dahej facility during the FY 2022 and 2023 by an aggregate annual total installed capacity of 200 KL.

Intend to develop a new manufacturing facility for the manufacture of generic APIs from the FY 2022. This will provide a platform for the growth of **CDMO business** and also add capacity for our generic API business. This facility will be a greenfield project built on a 40-acre footprint with a plan to manufacture both APIs and intermediates and will house several multi-purpose manufacturing blocks with mid to high-volume capacity.



# Manufacturing Facilities - 2

## Ankleshwar

	Financial Year		
	2021	2020	2019
Annual production capacity (MT)*	301.2	246.0	251.2
Actual production volumes (MT)	259.0	214.0	206.0
Capacity utilization (%)	86.0	87.0	82.0

## Kurkumbh

	Financial Year		
	2021	2020	2019
Annual production capacity (MT)*	56.3	43.2	42.7
Actual production volumes (MT)	38.0	32.4	31.6
Capacity utilization (%)	67.5	75.0	74.0

## Dahej

	Financial Year		
	2021	2020	2019
Annual production capacity (MT)*	151.1	111.5	121.7
Actual production volumes (MT)	133.0	97.0	101.0
Capacity utilization (%)	88.0	87.0	83.0

## Mohol

	Financial Year		
	2021	2020	2019
Annual production capacity (MT)*	54.8	33.3	27.3
Actual production volumes (MT)	47.0	27.7	21.2
Capacity utilization (%)	85.8	82.9	77.6

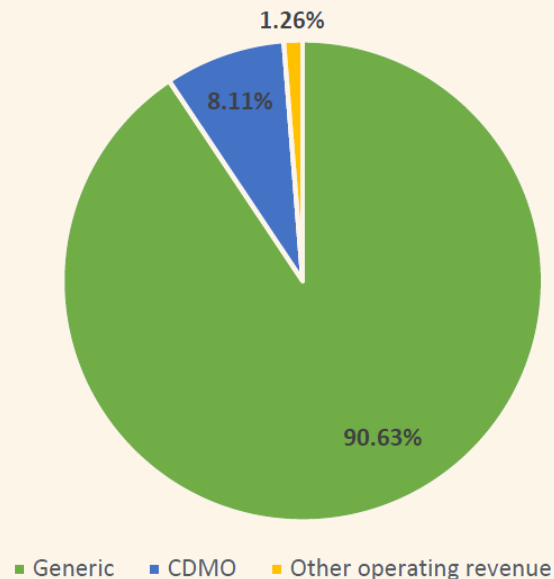
## Details of R&D Facilities

Location	Description
Mahape, Navi Mumbai	<ul style="list-style-type: none"> <li>R&amp;D for new product development and complex molecules</li> <li>High-end analytical equipment for characterization</li> </ul>
Ankleshwar, Gujarat	<ul style="list-style-type: none"> <li>Cost improvement programs and process improvements</li> </ul>
Dahej, Gujarat	<ul style="list-style-type: none"> <li>Oncology product development</li> <li>Cost improvement programs and process improvements</li> </ul>



# Profitability – FY 2021

## Revenue Breakup FY 21



For the financial years 2021, 2020 and 2019:

- Revenue from sales to our Promoter and Promoter Group accounted for 40.86%, 41.00% and 39.94%
- Five largest customers for each respective period accounted for 55.88%, 56.65% and 54.35%
- API business accounted for 90.63%, 84.16% and 89.87%**

**EBITDA margin is ~31%**

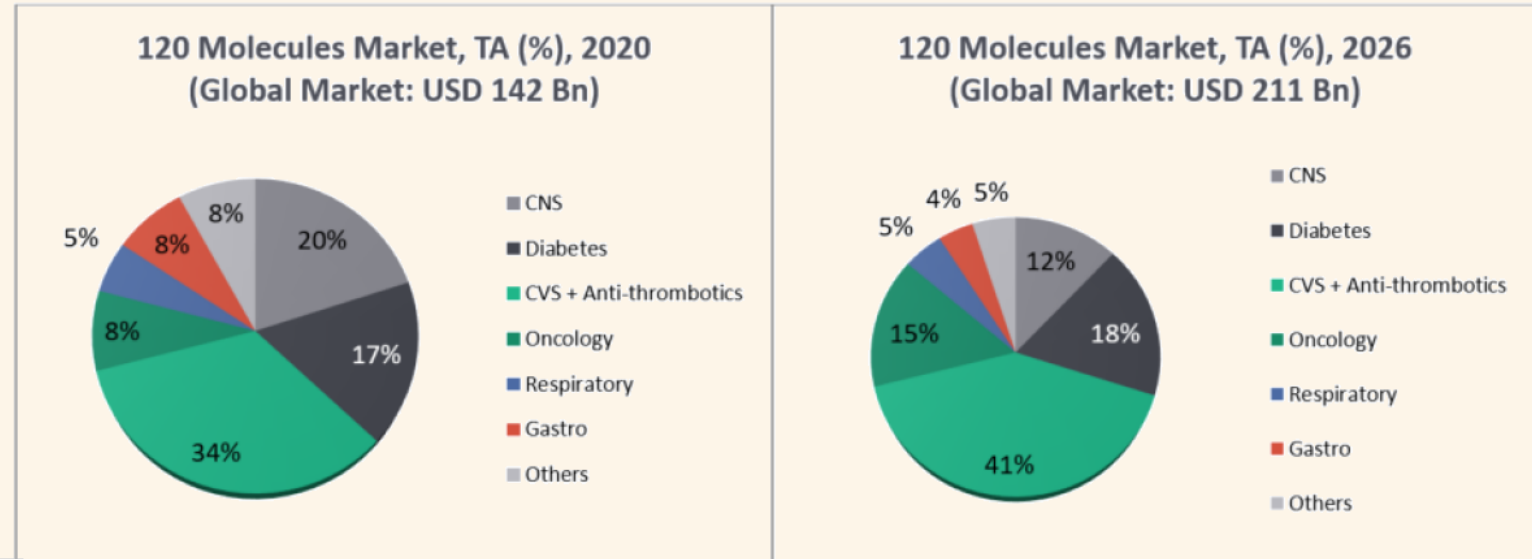
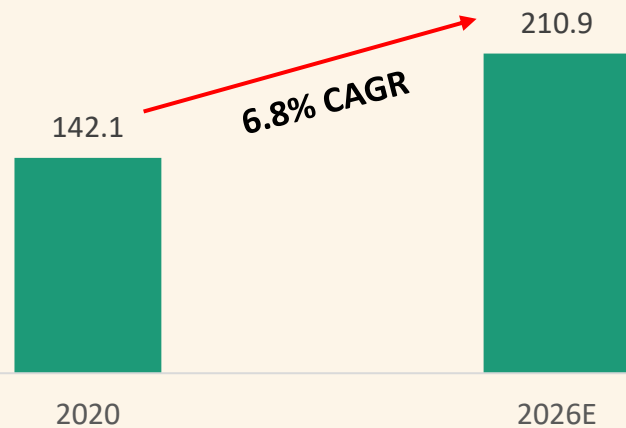
Region	Number of DMF/CEP filings	Approximate number of customers serviced in the financial year 2021
North America	142	30+
Europe	79*	50+
India	--	100+
Japan	15	10+
Latin America	59 (Brazil)	50+
ROW	108	300

As of May 31, 2021.

\* Including three CEPs under review.

# Opportunity

Market Size, 120 Molecules (USD Bn)



Source: IQVIA, MIDAS Database, MAT Mar 2021 [IQVIA. Copyright 2021. All rights reserved], Frost & Sullivan Analysis

- USA, China and Europe are the top API products markets.
- India is expected to see highest growth in the total API market during 2020 to 2026 at 9.5%
- The oncology therapy area had the highest revenue share of about 25%, followed by the anti-infectives (anti-bacterials, anti-virals, anti-fungals) therapy area segment with 10% share, CNS with 9% market share and CVS and anti-thrombotics with 15% market share from consumption point of view

# Peer Comparison

Name of Company	Face Value (₹ Per Share)	Total Income for Financial Year 2021 (in ₹ million)	EPS (₹)		NAV <sup>(4)</sup> (₹ per share)	P/E <sup>(2)</sup>	RoNW <sup>(3)</sup> (%)
			Basic	Diluted <sup>(1)</sup>			
Glenmark Life Sciences Limited	2	18,859.76	32.61	32.61	69.82	[●]	46.71%
<b>Peers</b>							
Divis Laboratories Limited	2	70,319.60	74.75	74.75	350.12	63.65	21.35%
Laurus Labs Limited	2	48,358.60	18.36	18.28	48.41	36.59	37.87%
Shilpa Medicare Limited	1	9,312.72	18.13	18.13	181.37	33.37	9.99%
Aarti Drugs Limited	10	21,593.10	30.09	30.09	98.01	24.28	30.70%
Solara Active Pharma Sciences Limited	10	16,456.50	69.00	64.52	442.12	25.83	13.93%

On full dilution basis, Company is expecting P/E of around 25 times based on FY21. Company is having higher RoNW and also demanding higher Price / BV then peers Company is having positive operating cash flow and also a debt free company



Business  
Consulting and  
Research



Financial  
Management  
and compliance



Investor  
Relations and  
valuation



Business  
Planning



Growth  
Strategy

Pl consult your financial advisor before investing

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# *Thank You*



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