

GREENSIGNAL BIO PHARMA LTD

Issue Details	
Issue Opens	09-Nov-16
Issue Closes	11-Nov-16
Issue Size (Rs. Crore)	116
Face Value (per equity share)	10
Price Band (Rs.)	76-80
Lot Size (No of Share)	175
No of Shares on Offer (crore)	1.45
QIB (%)	75%
Non-Institutional (%)	15%
Retail (%)	10%
Commencement of Trading	22-Nov-16

Issue Date: 09 Nov - 11 Nov 2016
Price Band (Rs.) : 76- 80
Lot Size (No. of Share) : 175
Company Background

GreenSignal Bio Pharma was incorporated as a Private Limited company in 2005 and became a Public Limited company in 2016. It is Chennai based pharmaceutical company engaged in the development, manufacture and sale of the BCG vaccine. GSBP is among the four companies worldwide pre-qualified by the World Health Organisation (WHO) to supply BCG vaccine to UNICEF. GreenSignal is an Indian vaccine manufacturing company with global operations.

Financials

Particulars	For the year/period ended (in Rs. Million)					
	FY-16	FY-15	FY-14	FY-13	FY-12	FY-11
Total Assets	710	693	587	569	539	572
Total Revenue	102	205	66	35	117	113
Profit After Tax	29	53	(2)	(13)	(5)	(5)

Concerns

- Company has two products and if its production of the BCG vaccine, which is the major source of revenue is stopped or if there is any impediment it will adversely affect company's business.
- GSBP's main contract for overseas sales and distribution is with UNICEF, which is valid till 2018 and there is no assurance that the same will be renewed.

Strengths

- Lower cost in manufacturing and research and development.
- High entry barriers by investing substantial efforts in technology and R&D.
- Increased support from government.
- It has a team of eminent scientists having rich experience.

Our View

On the upper price band of Rs 80 and FY16 EPS of Rs 1.45, P/E ratio works out to 55x. Similarly, on last 3 years EPS of Rs 0.51, P/E ratio works out to 156.8x. Means company is asking the upper band of issue price of Rs 80 for a P/E ratio between 55x to 156.8x. There are no listed peers to compare issue price. However, considering the high P/E ratio, we can assume the issue is over priced. Company revenue grew at 16% CAGR in last 5 years. It generated profits only from last year onwards. One need to wait and watch for consistent performance from a couple of years on the profit front.

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	83.55	51.79
Public (incl institutions and employees)	16.45	48.21
Total	100	100

Objects of the Issue

- Achieve the benefits of listing the Equity Shares on the BSE and the NSE.
- To carry out the sale of up to 14,579,560 Equity Shares by the Selling Shareholders.
- Enhance visibility and brand image among existing and potential customers.
- Provide liquidity to the existing shareholders.