

Issue Details	
Issue Opens	06-Dec-16
Issue Closes	08-Dec-16
Issue Size (Rs. Crore)	300
Face value (per equity share)	10
Price Band (Rs.)	426-428
Lot Size (No of Share)	35
No of Shares on Offer (crore)	2.41
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	16-Dec-16

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	32.82	30.64
Public (incl institutions and employees)	67.18	69.36
Total	100	100

Issue Date: 06th Dec - 08th Dec 2016
 Price Band (Rs.) : 426- 428
 Lot Size (No. of Share) : 35

Company Background

Incorporated in 2005, Laurus Labs Ltd is Hyderabad based pharmaceutical company. It is a leading research and development driven pharmaceutical company in India. The company has grown consistently to become one of the leading manufacturers of Active Pharmaceutical Ingredients (APIs) for anti-retroviral (ARV) and Hepatitis C. Its strategic and early investments in R&D and manufacturing infrastructure have enabled it to become one of the leading suppliers of APIs in the ARV therapeutic area.

Financials

Particulars	For the year/period ended (in Rs. Million)				
	FY-16	FY-15	FY-14	FY-13	FY-12
Total Assets	23,083	18,925	12,731	7,010	5,129
Total Revenue	17,884	13,604	11,685	7,236	4,523
Profit After Tax	1,436	735	972	882	216

Concerns

- Inability to accurately forecast demand for its products and manage our inventory
- Failure to obtain the registration of trademarks and inability to protect its intellectual property rights.
- The pharmaceutical industry is intensely competitive and inability to compete effectively may adversely affect the business.

Strengths

- Strong R&D Capabilities and Process Chemistry Skills
- Long-standing Relationships with Multi-National Pharmaceutical Companies
- Experienced Promoters and Qualified Operational Personnel
- Established Track Record of Delivering Growth

Our View

On the upper price band of Rs428 and on FY16 EPS of Rs20.5, P/E ratio works out to 20.5x. Last 3 years EPS of Rs16.77, P/E works out to 25.5x. Means company is asking upper band of issue price of Rs428 for P/E ratio between 20.5x to 25.4x. Highest P/E ratio in pharma industry is 27.69 and lowest is 22.1 and industry average is 24.9. Laurus labs IPO higher price band of Rs428 is reasonably priced. Company revenues grew at 24% CAGR in last 3 years. It generated profits of 7.4% in FY16, however lesser margins prior to that. Its issue price is reasonably priced. However, it has short term operating history of only 3 years. Stock market is taking corrections these days. One may or may not get listed gains. High risk investors can invest in this IPO with a 2-3 years time frame.

Objects of the Issue

- Offer for Sale
- Requirement of Funds
 1. Pre-payment of term loans; and
 2. General corporate purposes
- To achieve the benefits of listing of the Equity Shares on the Stock Exchanges.