

September 26, 2023
IPO Note
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Issue Details
Price Band: ₹ 133 to ₹ 140
Issue Opens on: September 27, 2023
Issue Closes on: October 3, 2023
Lot Size: 105 Shares & in Multiples thereafter
Issue Highlights
Issue Size: ₹ 152.46 Cr.
No of Shares: 10,890,000
Face Value: ₹ 10
Offer Structure

Issuance	₹ in Cr.
Fresh Issue	152.46
Offer for Sale	-
Total	152.46

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (At upper band)
QIB	50	76.23
HNI	15	22.87
Retail	35	53.36
Total	100	152.46

Listing
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COMPANY OVERVIEW

Incorporated in the year 1980, Valiant laboratories is an Active Pharmaceutical Ingredient ("API") / Bulk Drug manufacturing company having focus on manufacturing of Paracetamol. Bulk drugs/ (API) serve as raw materials for manufacturing finished dosage forms or formulations. It manufactures Paracetamol in various grades such as IP/BP/EP/USP, as per the pharmacopeia requirements of the customers. Their manufacturing facility at Palghar, Maharashtra with an aggregate annual total installed capacity of 9,000 MT p.a. Its manufacturing facility employs modern machinery and equipment to ensure smooth flow of operations.

The company through their wholly owned subsidiary, Valiant Advanced Sciences Private Limited intend to establish a greenfield project at Saykha Industrial Area, Bharuch, Gujarat which shall venture into manufacture of speciality chemicals such as ketene and diketene derivative products. Manufacturing Facility is strategically located at a distance of about 150 Kms. from JNPT port which ensures that they have ready access to port facilities and are able expediently import raw materials and export products thereby providing with a cost and logistical advantage. They are able to achieve high level of purity i.e. 99.5% for final product through continuous focus on quality and R&D.

HIGHLIGHTS

1. Strong Focus on Sustainability in Operations
2. Strategically located manufacturing facility
3. Quality-Focused Compliant Manufacturing and R&D Infrastructure
4. Reducing dependence on import of raw materials
5. Experienced promoter and strong management team

OBJECTS OF THE ISSUE

- (1) Investment in their wholly-owned subsidiary, Valiant Advanced Sciences Private Limited ("VASPL") for part-financing its capital expenditure requirements in relation to the setting up of a manufacturing facility for speciality chemicals (₹ 80 Cr.)
- (2) Investment in VASPL for funding its working capital requirements (₹ 45 Cr.); and
- (3) General corporate purposes.

OUR VIEW

Valiant Laboratories Limited ("VLL") is an Active Pharmaceutical Ingredient ("API") / Bulk Drug manufacturing company having focus on manufacturing of Paracetamol. Their Manufacturing Facility is located in Tarapur Industrial Area, Boisar, Palghar. The company is proposing to set up a facility in Saykha Industrial Area, Bharuch via its wholly-owned subsidiary, Valiant Advanced Sciences Private Limited ("VASPL"). These derivative products have varied applications in agrochemical, pharma intermediary, dyes, pigments, food and fragrance industries.

The company post the expansion is expected to be widely diversified, and strongly backwardly integrated. However the company expected a dip in the profit margins over the years which may going further adversely impact the long term operations.

The revenue CAGR for the period FY 2021-2023 stood at about 35.3%. The company operated on an EBITDA margin of 10.15% and PAT margin of 8.56% for year ended FY23. Generating an ROE and ROCE of 33.73% and 22.76% respectively for FY23. The issue is priced at a P/BV of 4.54 based on its NAV of Rs. 30.86 as at FY23 and is asking for a PE multiple of 15.71x on the upper end of the price band and using diluted EPS for FY23 (₹ 8.91) and the industry average is 40x. Hence, the issue is attractively priced.

Looking at all the factors, risks and opportunities the Cash rich investors can keep a check on the operations of the company for buying opportunities once the margins pick up and may apply considering Long Term view.

Brief Financials

PARTICULARS	FY '23	FY '22	₹ in Million
			FY '21
Total Income	3387.72	2934.72	1837.81
Total Expenditure	3006.36	2517.68	1367.59
EBITDA	350.91	423.18	500.02
Profit before Tax	381.36	417.04	470.23
Profit after Tax	289.98	274.96	305.93
E.P.S. (Diluted)	8.91	9.52	10.83
P/E (x) (Diluted)	15.72	-	-
RNOW (%)	28.86	38.48	34.54

PRICE CHART (@ ₹ 140) (Retail Category)

LOT SIZE	Amount
105	14,700
210	29,400
315	44,100
420	58,800
525	73,500
630	88,200
735	102,900
840	117,600
945	132,300
1,050	147,000
1,155	161,700
1,260	176,400
1,365	191,100

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Between ₹ 2 to ₹ 10 Lakhs (Minimum Shares)	1,470	205,800
Between ₹ 2 to ₹ 10 Lakhs (Maximum Shares)	7,140	999,600
Above ₹ 10 Lakhs	7,245	1,014,300

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	05/10/2023
Initiation of refunds/unblocking ASBA Fund	06/10/2023
Credit of Equity Shares to demat accounts of Allottees	06/10/2023
Commencement of trading of the Equity Shares on the Stock Exchanges	09/10/2023

For more details, please refer RHP,

(https://www.sebi.gov.in/filings/public-issues/sep-2023/valiant-laboratories-limited-rhp_77238.html)

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