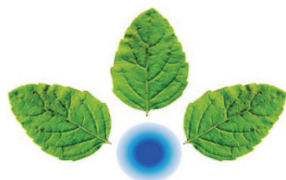


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ANUPAM RASAYAN
(INDIA) LTD

Issue Details	
Price Band (Rs)	Rs. 553 - 555
Face Value (Rs)	10
Issue Size (Rs)	760Cr
Issue Type	Book Building
Minimum lot	27
Issue Opens	March 12, 2021
Issue Closes	March 16, 2021
Listing on	BSE, NSE

Indicative Timeline	On or before
Finalization of Basis of Allotment	March 19, 2021
Unblocking of Funds	March 22, 2021
Credit of shares to Demat Account	March 23, 2021
Listing on exchange	March 24, 2021

Other Detail	
Book Running Lead Managers	Axis Capital Limited, Ambit Private Limited, IIFL Securities Limited, JM Financial Limited
Registrar	KFin Technologies Private Limited

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Anupam Rasayan India Limited

Company Background

Anupam Rasayan India Limited ("Anupam Rasayan") is one of the leading companies engaged in custom synthesis & manufacturing of specialty chemicals in India. The company offers multi-step synthesis and undertakes complex chemical reactions technologies, for a diverse base of Indian and global customers. The business has 2 verticals; 1) Life Science related specialty chemicals that are used in agrochemicals, personal care, and pharmaceutical sector and 2) other specialty chemicals i.e. pigment & dyes, polymer additives, etc. It has 6 manufacturing facilities out of which 4 are situated at Sachin and 2 are located at Jhagadia with an aggregated installed capacity of 23,438 MT as on 31st December 2020.

Issue Details

The offer comprises fresh issue Fresh Issue of Equity shares aggregating upto Rs.760Cr.

Issue Objectives

Particulars	Amt(In Cr)
Repayment/prepayment of certain indebtedness availed by the company	536
General corporate purposes	224

IPO Share Allotment Pattern

Category	Allocation	Number of Shares at Rs.553	Number of Shares at Rs.555	Issue Size* (Rs.Cr)
QIB	50%	67,72,151	67,47,747	374.50
Non-Institutional	15%	20,31,645	20,24,324	112.35
Retail	35%	47,40,506	47,23,423	262.15
Employee**		2,20,000	2,20,000	11
Total		1,37,64,302	1,37,15,494	760

*Issue Size at Upper price band **Discount of Rs.55 for Employee

Outlook and Valuations

Anupam Rasayan is one of the leading companies engaged in the custom synthesis and manufacturing of specialty chemicals in India. India's specialty chemicals industry is expected to grow at a CAGR of approximately 10% to 11% over the next 5 years, due to rising demand from end-user industries, along with tight global supply on account of stringent environmental norms in China. Further the India accounts for approximately 1% to 2% of the global exportable specialty chemicals, indicating a large scope of improvement and widespread opportunity. With its superior product mix, established brand name, strong relationships with multinational, and adding capacities, we believe Anupam Rasayan is well placed to capitalize on these opportunities. At the upper price band of Rs.555/-, stock is valued at 72.81x of FY21E Earnings of Rs.7.62 (based annualize latest earnings and on weighted average diluted basis). **We recommend to subscribe the issue from a long-term prospective.**

Business Overview

The company manufactures specialty chemicals, which are primarily chemical components that improve the properties of customers' products, and have, over the years, expanded their commercialized product portfolio, which are used in diverse end-user segments. Their products are sold to multinational corporations for use as additives, ingredients or intermediates that impart particular characteristics to the customers' end-use products.

BUSINESS SEGMENTS



Source: Company RHP, Company Website

1. Life science related Specialty Chemicals

The company manufactures a variety of life science related specialty chemicals comprising products related to **agrochemicals, personal care and pharmaceuticals**.

- **Agrochemicals:** Manufactures agro intermediates and agro active ingredients (insecticides, fungicides and herbicides)
- **Personal Care:** Manufactures anti-bacterial and ultra violet protection intermediates and ingredients
- **Pharmaceuticals:** Developing intermediates and 'key starting materials' for APIs, material sciences and surface chemistry

2. Other Specialty Chemicals

The other specialty chemicals are used in diverse **end-user segments**, comprising.

- Specialty Pigments
- Specialty Dyes
- Polymer Additives

In Fiscal 2020 and in the 9 months ended December 31, 2020, revenues from their life science related specialty chemicals vertical accounted for 95.37% and 93.75%, respectively, of their revenue from operations, while revenue from other specialty chemicals accounted for 4.63% and 6.25%, respectively, of their revenue from operations, in such periods.

According to the F&S Report, there exist significant entry barriers in the custom synthesis and manufacturing industry including customer validation and approvals, high quality standards, stringent specifications, and expectation from customers for process innovation and cost reduction. Further, the acquisition of a customer is a long process since the end-customer is required to register the manufacturer with the regulatory bodies as a supplier of intermediate products or active ingredients. Anupam Rasayan has developed strong and long-term relationships with various multinational corporations, including, **Syngenta Asia Pacific Pte. Ltd., Sumitomo Chemical Co. Ltd. and UPL Ltd.** that has helped them expand their product offerings and geographic reach across Europe, Japan, United States and India.

In particular, they have been manufacturing products for certain customers for over 10 years. In the 9 months ended December 31, 2020, they manufactured products for over 53 domestic and international customers, including 17 multinational companies. In addition, multinational companies are finding an alternative to China with their 'China plus one' strategy, and they offer customers with a genuine and reliable option to satisfy their custom synthesis and manufacturing of specialty chemicals requirements.

The company operates 6 manufacturing facilities in Gujarat, India, with 4 facilities located at Sachin, Surat and 2 located at Jhagadia, Bharuch with an aggregate installed capacity of 23,438 MT, as of December 31, 2020.

The number of products that they have commercialized during the periods indicated.

Particulars	Fiscal			
	2017	2018	2019	2020
Number of product	20	25	30	34

Investment Rationale

Diversified customer base across geographies and industries

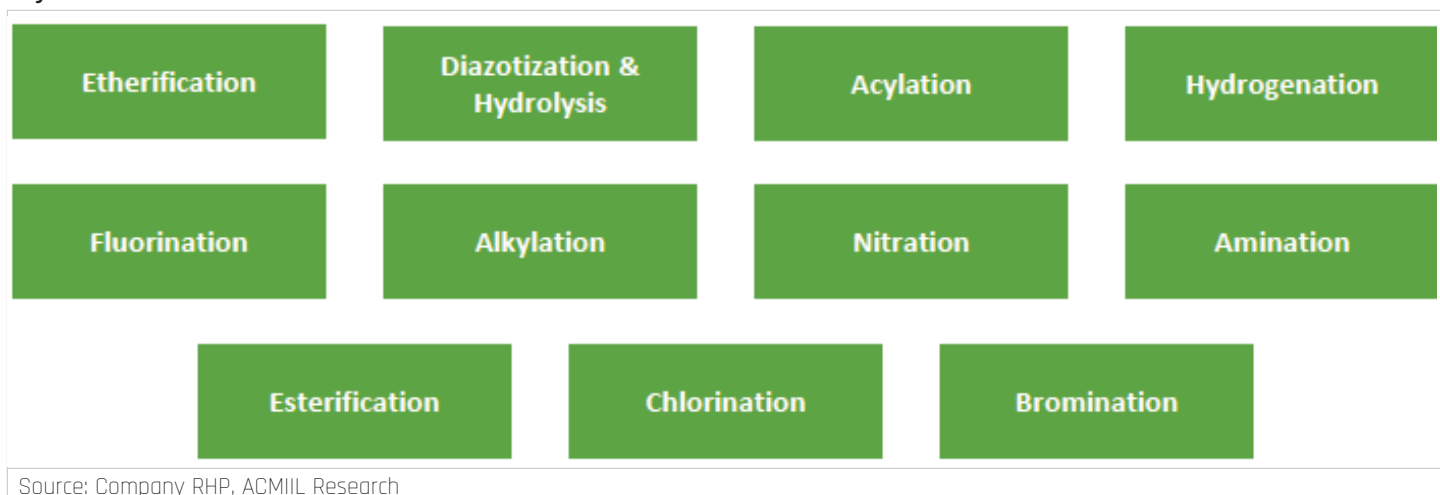
Company's customers are typically engaged in various industries, including agrochemicals, personal care, pharmaceuticals, specialty pigments and dyes, and polymer additives, and spread across various geographies, which helps them mitigate risks resulting from customer, industry and geographic concentration. In the 9 months ended December 31, 2020, they manufactured products for over 53 domestic and international customers, including 17 multinational companies. In Fiscal 2020 and the 9 months ended December 31, 2020, revenue from operations from exports accounted for 68.05% and 61.38%, respectively, of their total revenue from operations in such periods.

The company has a history of high customer retention and have been manufacturing products for certain customers for over 10 years. The revenue generated from sales to their top 10 customers represented 86.65% and 84.01% of their revenue from operations in Fiscal 2020 and in the 9 months ended December 31, 2020, respectively.

Core focus on process innovation through consistent R&D, value engineering and complex chemistries

Company's R&D is focused on enabling them to perform multi-step synthesis as well as developing in-house processes and identifying complex chemistries. The R&D team has successfully carried out multi-step synthesis and scale-up for several new molecules in the area of life sciences related specialty chemicals and other specialty chemicals. They have also, over the years, successfully diversified themselves in terms of process capability and expanded their expertise into multi-step synthesis capabilities and complex chemistries.

Key Chemistries



Diversified and customized product portfolio with a strong supply chain

Company's life science related specialty chemical products cater to the agrochemicals, personal care and pharmaceuticals industries, while their other specialty chemicals cater to specialty pigments and dyes, and polymer additives industries.

Company's commercialized product portfolio primarily consisting of products that they manufacture using in-house innovative processes, which enable them to cater to a wide range of customers in domestic and international markets. In addition, their diversified product portfolio allows for limited dependence on individual products, helps counter seasonal trends and addresses different business cycles across industries where their products are used.

Automated manufacturing facilities with strong focus on environment, sustainability, health and safety Measures

In their manufacturing operations, the company provides large-scale custom synthesis and manufacturing services, offers multi-step synthesis and undertakes complex chemical reactions. Their manufacturing facilities are highly automated and are equipped with glass-lined, titanium clad and stainless steel reactors enabling them to manufacture a diverse range of products, minimize the number of employees required, and as a result, reduce cost and human error.

Strategically located manufacturing facilities.

As of December 31, 2020, they operated 6 multi-purpose manufacturing facilities in Gujarat, India, with 4 facilities located at Sachin and 2 located at Jhagadia and an aggregate installed capacity of 23,438 MT. In addition, given that their operations are primarily export oriented, the close proximity to Adani Hazira Port of their facilities located at Sachin helps them in reducing freight and logistics costs.



Financial performance

Anupam Rasayan has established a consistent track record of financial performance and growth. In the last three years (FY18-20), The company's revenue and profitability has grown at a CAGR of 25% and 15% respectively. Further, during the same period, the company's operating profit has grown at a CAGR of 35% led improving product mix. Moreover, company's operating margin improved by almost 400bps from 21.5% in FY18 to 24.3% in FY20. The value of their exports have grown at a CAGR of 32.94% from Rs.203.66 crore in FY2018 to Rs.359.92 crore in FY2020.

Comparison With Listed Peers

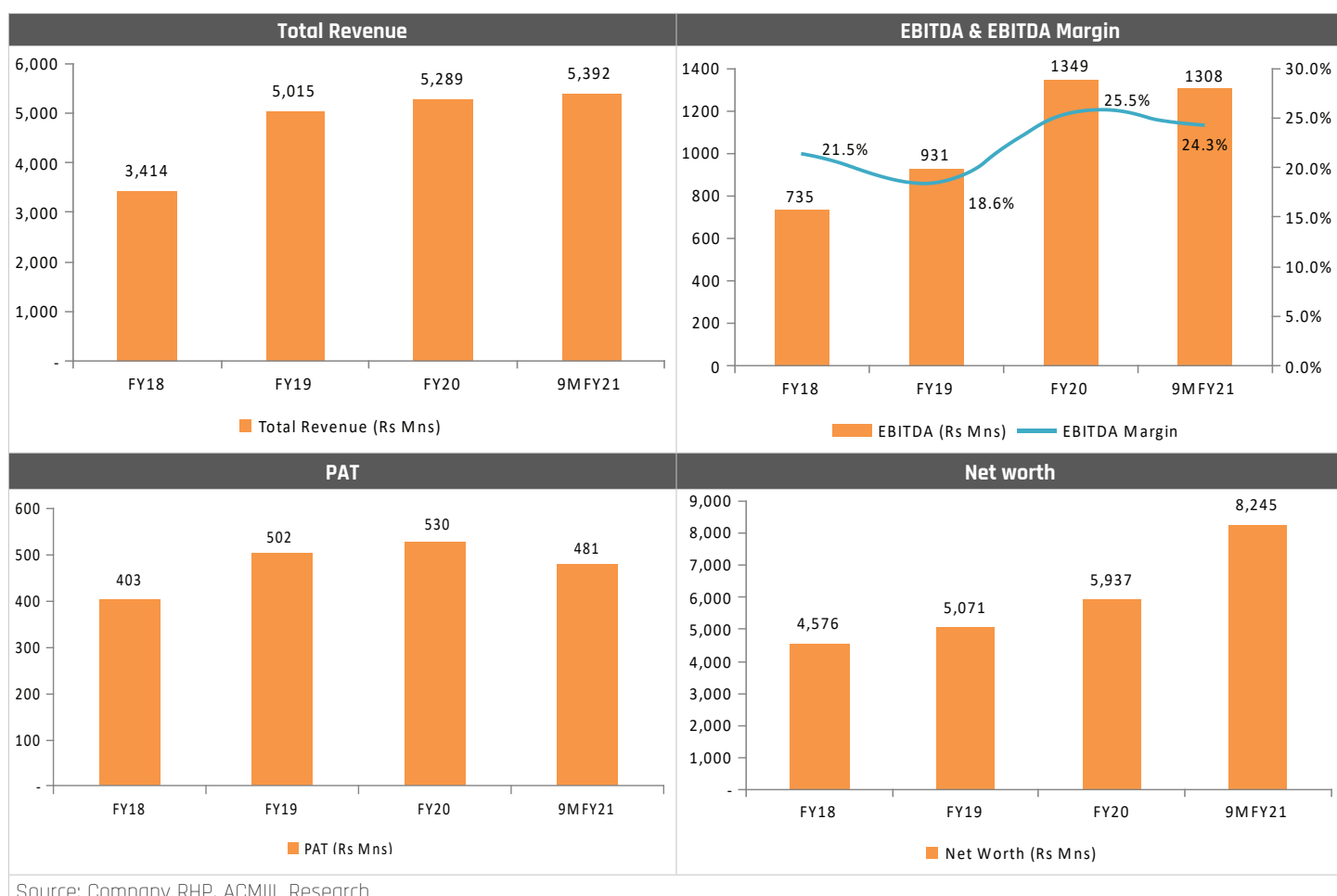
Peer Comparison -FY20

Company	Standalone/ Consolidated	Total Income (Rs.Mn)	EPS	NAV	P/E	ROE(%)
Anupam Rasayan India Ltd	Restated	5,289	6.94	76	72.81	9.62
PI Industries Ltd.	Consolidated	34,154	33.08	190	65.72	17.4
Navin Fluorine International Ltd.	Consolidated	10,949	82.6	285	32.20	28.93
Astec Lifesciences Ltd.	Consolidated	5,345	24.29	126	42.73	19.2
SRF	Consolidated	72,585	177.29	858	30.58	20.66

*All the financial information for listed industry peer mentioned above is on a consolidated basis and is sourced from the annual report of the company for the year ended March 31, 2020. P/E Ratio has been computed based on the closing market price as on March 01, 2021. ^P/E Ratio has been computed based on the issue price and annualize December 2020 earnings.

Risk and Concern

- Significant disruptions of information technology systems or breaches of data security could adversely affect their business.
- Restrictions on import of raw materials and an increase in shipment cost may adversely impact their business and results of operations.



Source: Company RHP, ACMIIL Research

Financials

Income statement

Particulars (Rs Mns)	FY18	FY19	FY20	9MFY21
Revenue from Operations	3,414	5,015	5,289	5,392
Less: Operating exp				
Cost of material consumed	1,952	2,551	2,956	3,139
Purchase of Stock in Trade	62	84	5	
Changes in inventories	-479	-64	-856	-963
Employee Benefit Expense	159	186	210	204
Other exp	985	1,327	1,625	1,704
Total Expenses	2,679	4,084	3,940	4,084
EBITDA	735	931	1,349	1,308
EBITDA %	21.5%	18.6%	25.5%	24.3%
Less : Dep & Amortization	176	225	287	383
EBIT	559	706	1,062	925
Add: other income	78	195	105	239
Less : Finance cost	140	244	453	496
PBT	497	657	714	668
Less : Tax	94	155	184	187
Net Profit	403	502	530	481
PAT %	11.8%	10.0%	10.0%	8.9%
Diluted EPS (Rs)	6.59	6.60	6.94	6.03

Source: Company RHP, ACMIIL Research

Balance sheet

Particulars (Rs Mns)	FY18	FY19	FY20	9MFY21
Share Capital	500	500	500	862
Other Equity	4,076	4,571	5,437	7,383
Total Shareholders Fund	4,576	5,071	5,937	8,245
Non Current Liabilities:				
Borrowing	2,678	4,623	5,242	5,162
Other Financial Liabilities	--	--	330	332
Deffered tax Liabilities	102	137	192	259
Total Non Current Liabilities	2,780	4,760	5,764	5,753
Current Liabilities:				
Short Term borrowings	1,230	1,544	2,371	1,869
Trade Payables	621	738	1,302	1,368
Current maturities of long term borrowings	441	530	567	1,388
Other Financial Liabilities	8	16	97	72
Provisions	35	25	8	50
Other Current Liabilities	306	531	529	365
Current Tax liability (Net)	15	10	66	82
Total Current Liabilities	2,656	3,394	4,940	5,194
Total Liabilities	10,012	13,225	16,641	19,192
Assets				
Non Current Assets				
Property, plant & Equipment	3,673	6,677	9,253	9,726
Rights-of-Use Assets			393	380
CWIP	2,561	1,906	1,009	1,152
Other Intangible assets	149	132	128	118
Financial Assets:				
(i) Investments	26	4	4	0
(ii)Others	35	38	30	62
Other non-current assets	120	233	309	322
Total Non Current Assets	6,565	8,990	11,125	11,761
Current Asset				
Inventories	1,725	1,954	2,970	4,213
Trade Receivables	884	1,206	1,295	1,414
Cash and cash equivalents	74	18	200	697
Other Balances with Banks	17	52	68	83
Loans	164	214	252	288
Others Financial Assets	51	151	159	204
Other current assets	532	640	571	532
Total Current Asset	3,447	4,235	5,515	7,431
Total Asset	10,012	13,225	16,641	19,192

Source: Company RHP, ACMIIL Research

ACMIIL Retail Research Products

Informational Products	Recommendation Products
Morning Notes	Momentum Calls
Equi-Tea	Positional Calls
Market Watch	Smart Delivery Calls
Investor First Magazine	Investment Ideas
IPO/NCD/ETF/OFS/BOND	Master Trades High Risk
Market Pulse	Master Trades Medium Risk
RBI Monetary Policy	Techno-Funda
Union Budget Report	Top Mutual Fund Schemes
Weekly Derivative Synopsis	Portfolio Review
Rollover Snapshot	Stock Basket
Rollover Analysis	

Asit C. Mehta

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