



**aether**  
elementally innovative

**Aether Industries Limited**

# Disclaimer

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## Offer Details

<b>IPO size</b>	Rs. 808.04 Cr
<b>Shares Face value</b>	10/-
<b>Fresh Issue</b>	Rs. 627 cr.
<b>Offer For Sale</b>	Rs. 181.04 cr. (28,20,000 Equity Shares)
<b>Shares Price band</b>	Rs 610-642
<b>Lot</b>	23 Shares and in multiple thereof
<b>Ather Industries opening date</b>	24 May, 2022
<b>Ather Industries closing date</b>	26 May, 2022

## About the Company

- Aether Industries Limited is one of the **fastest-growing specialty chemical companies in India**, growing at a CAGR of nearly 49.5% between Fiscal 2019 and Fiscal 2021.
- It **manufactures advanced intermediates and specialty chemicals** that involve complex and differentiated chemistry and technology core competencies.
- It has three business models:
  - **Large scale manufacturing** of intermediates and specialty chemicals,
  - **CRAMS** (contract research and manufacturing services) and
  - **Contract manufacturing.**
- It has **two manufacturing sites** at Sachin in Surat, Gujarat.
- They have **strong and consistent financial performance.**
- They have a **diversified product portfolio.**
- They have **focused on the core competencies model of chemistry and technology.**

## What is working for company?

- **Wide range of products:** The products find application in various other industries like agrochemicals, material science, coatings, high performance photography, additives and oil & gas. Most of the advanced intermediates and specialty chemicals product portfolio was developed for the first time in India and constitute 100% import substitution, thus furthering the “Make in India” or “Atma-Nirbharta” campaigns of the Government of India.
- **Focus on R&D to leverage company’s core competencies of chemistry and technology:** The company’s in house development (without the support from any clients for R&D) showcases the innovation and research strength, and their expertise in a large range of chemistries and technologies has allowed them to support a number of end use industries.
- **Long standing relationships with a diversified customer base:** The company’s customers include over 130 multinationals, global, regional and local companies. Their product portfolio was sold to over 30 global customers in 17 countries and to over 100 domestic customers. They enjoy relationships in excess of 5 years with 7 out of their top ten customers.
- **Automated manufacturing facilities utilizing advanced technologies and systems:** Their manufacturing infrastructure, advanced technologies and automation are key growth drivers for their intermediates and specialty chemicals business.



- **Strong and consistent financial performance:**
- **Experienced Promoters and Senior Management with extensive domain knowledge:** The company is led by Promoters who have a combined experience of over 125 years in the chemical industry.
- **Expanding Product Portfolio and diversify into additional business segments:** The company plans to continue to expand their product portfolio both in line with their existing new competencies but also by adding new competencies. **In the next three years, they expect to invest approximately ₹125 million towards R&D** in the first year with an increasing trend of 30% to 35% in the next two years.
- **Market Share:** Company's **product portfolio comprised over 22 products.** According to Frost & Sullivan, in CY2020, Company were the sole manufacturer in India of 4MEP, MMBC, T2E, OTBN, NODG, DVL and Bifenthrin Alcohol, and **company is the largest manufacturers in the world by volume for 4MEP, T2E, NODG and HEEP.**

## **What is not working for company?**

- Significant part of revenue comes from major customers **and company do not have long-term contracts with all of them.** Company, financial condition, and results of operations may be adversely affected if one or more customers choose not to obtain their requirements from us or cancel long-term contracts.
- **Company will not receive any proceeds from the Offer for Sale.** The Promoter Selling Shareholder will receive the net proceeds from the Offer for Sale.
- **Certain sections of this Red Herring Prospectus contain material from the F&S Report that company commissioned** and purchased, and any reliance on such information for making an investment decision in the Offer is fraught with risk.
- **Company do not have long-term agreements with suppliers for raw materials** and an increase in the cost of, or a shortfall in the availability or quality of such raw materials could have an adverse effect on business.
- **Restrictions on import of raw materials and an increase in shipment cost** may adversely impact business, financial condition and results of operations.



## What is not working for company?

- Company may not be successful in penetrating new export markets.
- The demand of products in foreign countries is subject to international market conditions and regulatory risks that could adversely affect the business of the company's financial condition and results of operations.
- Company's inability to fulfil export obligations under Advance Authorization Licenses, could subject us to payment of customs duties together with interest thereby adversely impacting business, financial condition and results of operations.
- Directors and key management personnel may have interests other than reimbursement of expenses incurred and normal remuneration or benefits in Company.
- Company's Contingent liability may affect their business and company's Financial conditions.

A summary of our contingent liabilities as on December 31, 2021, as indicated in our Restated Financial Statements is as follows:

<i>(in ₹ million)</i>	
Particulars	As of December 31, 2021
<b>Bank Guarantees Issued for:</b>	
Customs	8.89
Gujarat Gas Ltd.	15.35
DGVCL	23.70
<b>Total Margin for above items</b>	<b>11.45</b>
Raw Material LC	0.00
Raw Material FLC <i>(in US \$ million)</i>	3.03
<b>Total Margin for above items</b>	<b>17.20</b>
<b>Income Tax Demand:</b>	
AY 2017-18 (PY 2016-17)	0.22
AY 2018-19 (PY 2017-18)	0.93
AY 2020-21 (PY 2019-20)	19.82

Notes:

- (1) All the contingent liabilities are not 100% secured through cash margins placed with banks. The banks require 15% margin money on bank guarantees and 15% margin money on LC facilities
- (2) The Income Tax Demands are under appeal by the Company and the outcome of the same is not known and hence the demand amount has been considered as contingent liability.

# Financial Statements

## Profit & Loss Statement

	Dec 31,2021	Dec 31,2020	Mar 31,2021	Mar 31,2020	Mar 31,2019
<b>Income</b>					
Revenue from Operation	4,425.44	3,340.90	4,498.16	3,018.06	2,011.80
Other income,net	67.71	32.5	39.73	19.75	20.97
<b>Total revenue</b>	<b>4,493.15</b>	<b>3,373.41</b>	<b>4,537.89</b>	<b>3,037.81</b>	<b>2,032.77</b>
<b>Expenses</b>					
Cost of material consumed operation and incidental cost	2746.01	1738.15	2249.16	1729.9	1142.51
Changes in inventories of finished goods and work in prog	-597.24	38.21	57.72	-168.35	-46.76
Employee benefits expenses	212.85	160.75	221.13	133.76	109.46
Finance Costs	100.35	79.69	113.15	93.76	106
Depriciations and Amortisations expenses	114.19	83.67	110.11	78.48	54.07
Other Expenses	803.87	638.38	848.56	605.19	331.52
<b>Total Expenses</b>	<b>3380.03</b>	<b>2738.84</b>	<b>3599.83</b>	<b>2472.74</b>	<b>1706.8</b>
<b>Restated Profit/(Loss) before exceptional items and tax</b>	<b>1113.11</b>	<b>634.57</b>	<b>938.06</b>	<b>565.07</b>	<b>325.97</b>
<b>Tax expenses</b>					
Current tax	258.12	129.22	201	121.92	70.34
Deferred tax	25.94	22.8	25.87	43.59	22.28
<b>Total tax expenses</b>	<b>284.05</b>	<b>152.03</b>	<b>226.87</b>	<b>165.51</b>	<b>92.62</b>
<b>Restated Profit/(Loss) for the year</b>	<b>829.06</b>	<b>482.54</b>	<b>711.19</b>	<b>399.56</b>	<b>233.35</b>

## Balance Sheet

*(in ₹ million)*

Particulars	As at	As at	As at	As at	As at
	December 31, 2021	December 31, 2020	March 31, 2021	March 31, 2020	March 31, 2019
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	2,392.60	1,903.20	2,064.98	1,205.97	987.96
Capital work-in-progress	57.22	30.68	1.98	172.27	12.44
Right-of-use assets	214.09	93.16	91.74	81.58	68.12
Other intangible assets	4.98	5.40	5.61	5.75	6.95
Financial assets					
(i) Investments	2.09	2.09	2.09	2.09	2.09
(ii) Other financial assets	18.47	17.57	15.34	20.24	20.17
Other non-current assets	231.41	18.69	12.42	38.88	7.93
<b>Total non-current assets</b>	<b>2,920.86</b>	<b>2,070.79</b>	<b>2,194.16</b>	<b>1,526.78</b>	<b>1,105.66</b>
<b>Current assets</b>					
Inventories	1,497.48	683.06	847.28	719.39	398.36
Financial assets					
(i) Investments	191.31	0.13	220.90	0.13	0.12
(ii) Trade receivables	1,691.78	1,073.51	1,082.40	629.70	481.94
(iii) Cash and cash equivalents	55.64	14.30	35.14	0.73	0.98
(iv) Bank balances other than (iii) above	429.15	20.01	20.49	35.27	12.03
(v) Loans	9.82	7.95	7.92	7.04	5.12
(vi) Other financial assets	2.02	3.75	5.71	0.60	1.68
Other current assets	297.56	127.45	115.44	85.02	60.86
<b>Total current assets</b>	<b>4,174.75</b>	<b>1,930.16</b>	<b>2,335.28</b>	<b>1,477.89</b>	<b>961.09</b>
<b>Total assets</b>	<b>7,095.61</b>	<b>4,000.95</b>	<b>4,529.44</b>	<b>3,004.67</b>	<b>2,066.75</b>

Particulars	As at	As at	As at	As at	As at
	December 31, 2021	December 31, 2020	March 31, 2021	March 31, 2020	March 31, 2019
<b>EQUITY &amp; LIABILITIES</b>					
<b>Equity</b>					
Equity share capital	1,126.91	85.60	100.99	85.60	85.60
Other equity	2,475.85	1,178.39	1,642.34	697.17	299.85
<b>Total equity</b>	<b>3,602.76</b>	<b>1,263.99</b>	<b>1,743.33</b>	<b>782.77</b>	<b>385.45</b>
<b>Liabilities</b>					
<b>Non-current Liabilities</b>					
Financial Liabilities					
(i) Borrowings	1,018.46	1,100.54	1,037.87	950.98	757.20
(ii) Lease liabilities	52.99	27.57	27.11	15.94	2.67
Deferred tax liabilities (net)	127.53	98.77	102.07	76.42	33.76
<b>Total non-current liabilities</b>	<b>1,198.98</b>	<b>1,226.89</b>	<b>1,167.05</b>	<b>1,043.34</b>	<b>793.63</b>
<b>Current liabilities</b>					
Financial liabilities					
(i) Borrowings	1,328.84	957.49	1,044.13	753.91	504.07
(ii) Lease liabilities	8.56	4.00	3.56	2.54	0.94
(iii) Trade payables					
a) total outstanding dues of micro enterprises and small enterprises	131.87	109.19	89.35	49.80	42.46
b) total outstanding dues of creditors other than micro enterprises and small enterprises	727.77	361.73	388.38	333.77	185.61
(iv) Other financial liabilities	44.78	38.63	44.43	15.75	18.18
Other current liabilities	45.37	34.46	41.51	16.01	119.20
Provisions	3.96	4.60	-	0.05	-
Current tax liabilities (net)	2.73	(0.05)	7.70	6.73	17.21
<b>Total current liabilities</b>	<b>2,293.86</b>	<b>1,510.07</b>	<b>1,619.06</b>	<b>1,178.56</b>	<b>887.67</b>
<b>Total liabilities</b>	<b>3,492.85</b>	<b>2,736.96</b>	<b>2,786.11</b>	<b>2,221.90</b>	<b>1,681.30</b>
<b>Total equity and liabilities</b>	<b>7,095.61</b>	<b>4,000.95</b>	<b>4,529.44</b>	<b>3,004.67</b>	<b>2,066.75</b>

## Cash Flow Statement

(₹ in millions)

Particulars	For the nine months ended December 31, 2021	For the year ended March 31,		
		2021	2020	2019
Net Cash generated from Operating Activities	24.04	231.96	176.95	227.44
Net Cash (Used in) Investing Activities	(797.01)	(765.93)	(480.12)	(125.96)
Net Cash from/(Used in) Financing Activities	1,202.10	553.60	326.16	(99.49)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>429.15</b>	<b>19.63</b>	<b>22.99</b>	<b>1.99</b>
Cash and Cash Equivalents at the beginning of the year	55.63	36.00	13.01	11.02
<b>Cash and Cash Equivalents at the end of the year</b>	<b>484.78</b>	<b>55.63</b>	<b>36.00</b>	<b>13.01</b>



## **Our Recommendation**

We recommend you to **SUBSCRIBE FOR LONG TERM** to this IPO on the following parameters:

- The company is one of the **fastest-growing specialty chemical companies in India.**
- The company is **the largest manufacturers** in the world by volume for 4MEP, T2E, NODG and HEEP.
- The company has **strong and consistent financial performance.**
- The company **focuses on R&D** to capitalise on its chemistry and technology strengths.



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