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About Company

Anupam Rasayan India Limited is one of the leading companies engaged in the custom synthesis and manufacturing of specialty chemicals in India.

Established in 1984, the company has evolved in custom synthesis and manufacturing of life science related to specialty chemicals, which involves multi step synthesis and complex technologies for diverse base of Indian and global customers.

Issue details

Price Band (in ₹ per share)	553-555
Issue size (in ₹ Crore)	759.97-759.99
Fresh Issue (in ₹ Crore)	759.97-759.99
Issue open date	12-03-2021
Issue close date	16-03-2021
Tentative date of Allotment	22-03-2021
Tentative date of Listing	24-03-2021
Total number of shares (lakhs)	137.65-137.15
No. of shares for QIBs (50%) (lakhs)	67.73-67.48
No. of shares for NII (15%) (lakhs)	20.32-20.24
No. of shares for retail investors (35%) (lakhs)	47.41-47.23
No. of Shares of Employees	2.2
Employee Discount	55 per share
Minimum order quantity	27
Face value (in ₹)	10.00
Amount for retail investors (1 lot)	14,985-14,931
Maximum number of shares for Retail investors at lower Band	351(13 Lots)
Maximum number of shares for Retail investors at upper band	351(13 Lots)
Maximum amount for retail investors at lower Band- upper band (in ₹)	1,94,805-1,94,103
Exchanges to be listed on	BSE, NSE

Promoters

Mr. Anand S. Desai
Dr. Kiran C Patel
Ms Mona Desai

Objective of the Offer

1. Repayment / prepayment of certain indebtedness availed by company (including accrued interest)
2. General Corporate purposes



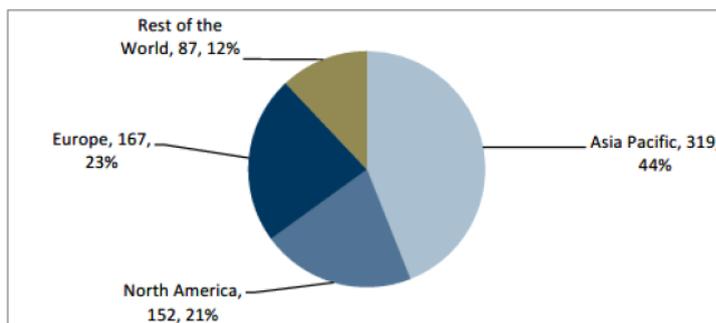
Brief Financials

Particulars (Rs. Cr)	9MFY21	FY20	FY19	FY18
Share Capital	86.21	50.00	50.00	50.00
Net Worth	824.52	593.72	507.11	457.64
Revenue from Operation	539.22	528.88	501.50	341.43
PBT	66.76	71.37	65.72	49.77
PAT	48.09	52.98	50.21	40.34
Basic EPS(Rs)	8.04	6.94	6.60	6.59
NAV	95.64	76.00	67.95	61.32
P/E #	69.02^	79.97	NA	NA
P/B #	5.80	7.30	NA	NA

Source: RHP # Calculated at the upper price band ^annualized . Share capital has increased post issuance of 28124900 of Compulsory Convertible Preference Shares and Preferential allotment shares of 6311786

Industry Review

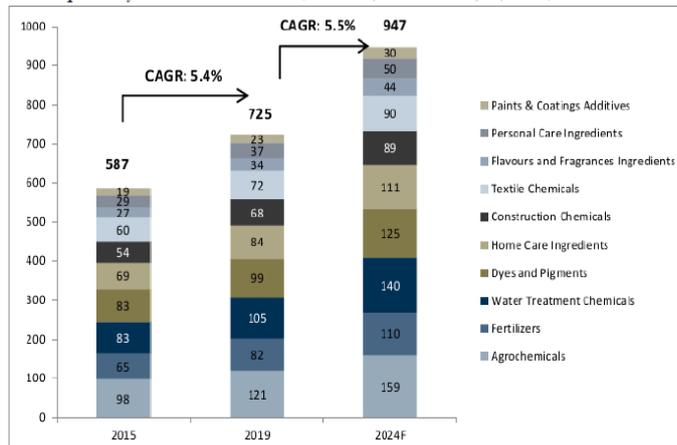
Global Specialty Chemicals Market by Geography, 2019, Value (US\$ 725 billion)



Source: Frost & Sullivan research & analysis

Market Segmentation– by Industry and Application Type

Global Specialty Chemicals Market, Value (US\$ billion): (2015, 2019 and 2024F)



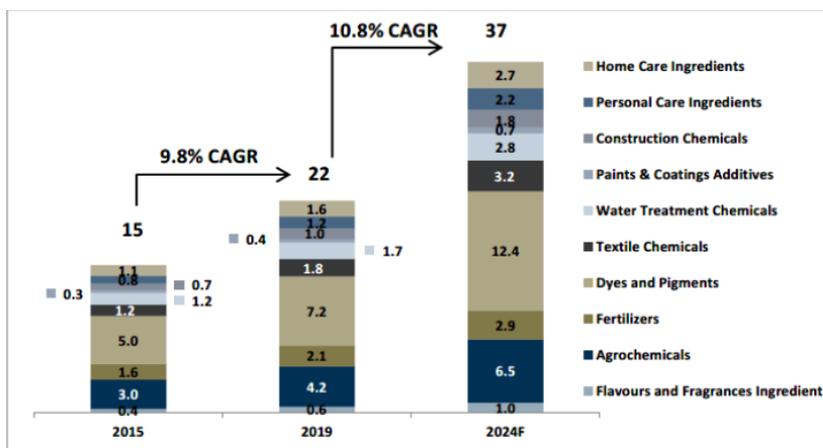


Industry Review

INDIA SPECIALTY CHEMICAL INDUSTRY OVERVIEW

The Indian chemicals market is valued at approximately US \$ 200 billion in 2019 with basic chemicals, also known as commodity chemicals or bulk chemicals, accounting for majority share of 56%. The specialty chemicals industry is driven by both domestic consumption and exports. India's specialty chemical companies are gaining favor with international multinational companies on account of the geo-political shift after the outbreak of COVID-19 as the world looks to reduce its dependence on China. Currently, China accounts for approximately 17% to 18% of the world's exportable specialty chemicals, whereas India accounts for only 1% to 2%, indicating that India has a large scope of improvement and widespread opportunity. It is anticipated that specialty chemicals will be the next great export pillar for India.

Indian Specialty Chemicals Market, Value (US\$ billion): (2015, 2019 and 2024F)

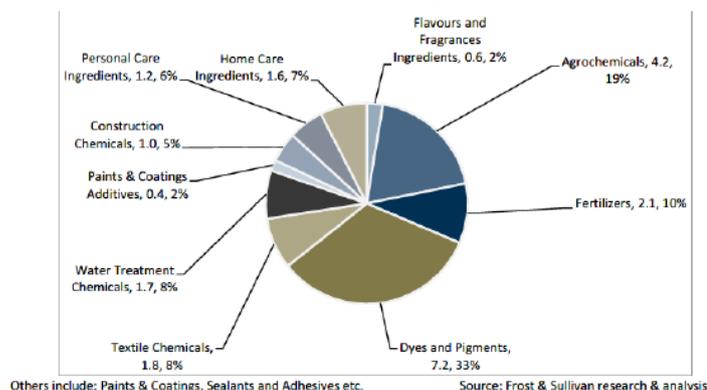


Indian Specialty Chemicals Market, Value CAGR (%): (2015-2019 and 2019-2024F)

	Dyes and Pigments	Agrochemicals	Fertilizers	Textile Chemicals	Water Treatment Chemicals	Home Care Ingredients	Personal Care Ingredients	Flavours and Fragrances	Construction Chemicals	Paints & Coatings Additives
2015-19	9.7%	8.9%	6.5%	10.7%	9.1%	10.4%	11.9%	11.0%	11.1%	10.0%
2019-24F	11.5%	9.2%	7.0%	12.2%	10.5%	10.6%	12.4%	12.2%	11.4%	11.4%

Source: Frost & Sullivan

Indian Specialty Chemicals Market by Industry and Applications, 2019, Value (US\$ 22 billion)





Company Review

Anupam Rasayan India Limited is one of the leading companies in the custom synthesis and manufacturing of specialty chemicals in India. The company's key focus is in custom synthesis and manufacturing operations to develop in house innovative processes for manufacturing products requiring complex chemistries and achieving cost optimization.

The company has two business verticals 1. Life science related specialty chemicals comprising products related to agrochemicals, personal care and pharmaceuticals and 2. Other specialty chemicals, comprising specialty pigment, dyes and polymer additives.

Competitive Strengths

Strong and long term relationships with diversified customers across geographies with significant entry barriers: The company has developed strong and long term relationships with various multinational corporations that has helped expand company's product offerings, processes and geographic reach. The company has established relationships with various multinational corporations, such as Syngenta Asia Pacific Pte Ltd, Sumitomo Chemical Company and UPL Limited across Europe, Japan, USA and India.

Core focus on process innovation through consistent R&D, value engineering and complex chemistries : The company focuses on upgrading processes has enabled it to manufacture products in an energy and cost-efficient manner by utilizing continuous processes for which it has developed in-house innovative processes. This company is also one of the leading companies in manufacturing products using continuous and flow chemistry technology on a commercial scale in India (Source: F&S Report). Its focus on process innovation through continuous R&D and value engineering has been instrumental in the growth of business and improved ability to customize products for customers as well as reduced cost of goods while maintaining margins. The company's R&D is focused on enabling it to perform multi-step synthesis as well as developing in-house processes and identifying complex chemistries. It has a dedicated in-house R&D facility, which is equipped with laboratories engaged in process development, process innovation, new chemical screening and engineering.

Automated manufacturing facilities with strong focus on environment, sustainability, health and safety measures: The company currently has six manufacturing facilities situated in Gujarat, with four facilities located in Sachin and two facilities located in Jhagadia. Its facilities have an aggregate installed capacity of 23,438 MT, as of September 30, 2020. In manufacturing operations, the company provides large-scale custom synthesis and manufacturing services, offer multi-step synthesis and undertake complex chemical reactions. Its manufacturing facilities are highly automated and are equipped with glass-lined, titanium clad and stainless steel reactors enabling to manufacture a diverse range of products, minimize the number of employees required, and as a result, reduce cost and human error. Further, its facilities are adequately supported with sophisticated analytical infrastructure, including, gas chromatography, reaction calorimeters and differential screening calorimeters, enabling it to provide accurate analysis to customers.

Risk Factors

Operations dependent on long term relationships: The business, financial condition and results of operations are dependent on relationships with multinational corporations. However, some of customers currently manufacture or may start manufacturing their own active ingredients and intermediates and may discontinue the use of custom synthesis and manufacturing services. The loss of one or more of company's significant customers or a reduction in the amount of business company obtains from them could have an adverse effect on its business, results of operations and financial condition.

Inability to collect receivables: The majority of company's sales are to customers on an open credit basis, with standard payment terms of generally between 60 to 90 days. While the company generally monitors the ability of customers to pay these open credit arrangements and limit the credit it extends to what it believes is reasonable based on an evaluation of each customer's financial condition and payment history, the company may still experience losses because of a customer being unable to pay.

Impact of Covid 19 : The continuing impact of the COVID-19 pandemic on business and operations is uncertain and it may be significant and continue to have an adverse effect on business, operations and future financial performance.



Peer Comparison

Name of the Company	Revenue (Crores)	FV	Basic EPS	NAV	P/E	P/B	RONW
Anupam Rasayan India Ltd. *	539	10	6.94	76.00	79.97	7.30	9.62%
PI Industries Ltd.	3415	1	33.08	189.64	68.56	11.96	17.43%
Navin Fluorine International Ltd.	1095	2	82.60	285.38	32.95	9.54	28.93%
Astec Lifesciences Ltd.	535	10	24.29	126.17	43.22	13.17	19.25%
SRF	7258	10	177.29	858.26	5.80	7.30	20.66%

*P/E & P/B ratio based on closing market price as on March 8th, 2021, At the upper price band of IPO, financial details consolidated audited results as on FY20 . Total income of Anupam Rasayan Industries as on 9MFY21.

Our Views

Anupam Rasayan India Limited has grown its revenues at a CAGR of 24% with EBITDA Margin expanding over the years (26%, 18% and 22% in FY20, FY19 and FY18 respectively). The company has a strong relationship with marquee clients such as Syngenta, Sumitomo Chemical and UPL. The company generates majority of its revenues from life science related specialty chemicals with around 72% coming from crop protection. Going ahead, Anupam Rasayan India Limited intends to replace its lower value products with higher value products, maintaining its established relationship. The company aims to focus on early stage life cycle complex chemistries, focusing on cost reduction strategies.

The company looks expensive in comparison to its peers in terms of annualized P/E of 69x and has a lower RONW of 9.62%. Majority of its revenues (90%+) are from life sciences specialty chemicals and the top 10 customers of the company contribute 87% . Its exports contribute 60-65%, exposing the company to foreign exchange risk. Considering the company's financial performance and strategies adopted to expand the operations, we recommend '**SUBSCRIBE**' for a long term.



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