

Advanced Enzyme Technologies Ltd : Good Issue IPO Note: Ranked among top 15 global companies Ranking***



Issue details

Price band (Rs)	Rs. 880-896
IPO Opening Date	20/07/16
IPO Closing Date	22/07/16
Issue Size	Rs.411 Cr.

Recommendation

Total revenues grew at a CAGR of 9.55.% from Rs.224.11 Crore for the financial year 2013 to Rs.294.63 Crore for the financial year 2016. Net profit after tax grew from Rs.49.21 Cr. for the financial year 2013 to Rs.78.43 crore for the financial year 2016. In the last four year net profit grew at a CAGR of 16.81% from FY13 to FY16. Its current paid up equity capital of Rs. 21.77 cr. will stand enhanced to Rs. 22.33 cr. post this issue. If we attribute the last earnings on post IPO equity then the asking price is at a P/E of 25 plus. As per RHP there is no listed peer for this company to compare with and this is being the first mover IPO in enzymes which are specialty chemicals for healthcare. Thus one may compare it with pharma sector that commands composite P/E of around 30. **The issue seems to be attractively priced leaving room for listing gains as well as long term growth.**

Highlights

- Advanced Enzyme Technologies Ltd (AETL) is the largest Indian enzyme company
- AETL ranks among the top 15 global companies in terms of enzyme sales, and have the second highest market share domestically, next only to the world's largest enzyme company Novozymes
- The company has total six units out of which 4 are in India and 2 are in US
- it has 4 R & D Centers out of which 3 are in India and 1 is in US
- Its clientele includes names like Cipla, Sanofi, Alkem, Ipca, Emcure etc
- Two third revenues from exports. Top 10 customers contribute 42% in top line
- It serves more than 700 customers across 50 countries.

Note:Please note that the company has made loss of Rs.53.99cr in FY14 due to sales return. it's an expenditure towards settlement of claims, write offs and other expenses. it's one time exceptional expense. it may or may not happen in future.

Company Introduction

Company Profile

Advanced Enzyme Technologies Ltd (AETL) is the largest Indian enzyme company, engaged in the research and development, manufacturing and marketing of 400+ proprietary products developed from 60 indigenous enzymes. Having more than two decades of fermentation experience in the production of enzymes, AETL ranks among the top 15 global



www.advancedenzymes.com

Financial Summary (Rs. In Crore)

Particulars	FY2016	FY2015	FY2014	FY2013
Total Income	294.63	224.26	240.48	224.11
Net Profit	78.43	50.1	20.08	49.21
EPS (Rs)	35.12	22.43	8.99	22.03

Source:RHP

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

companies in terms of enzyme sales, and have the second highest market share domestically, next only to the world's largest enzyme company Novozymes. The company operates in two primary business verticals namely Healthcare & Nutrition (human and animal) and Bio-Processing (food and non-food). By following critical industry trends, it focuses on ensuring that company's enzyme products are relevant, helping customers to meet the evolving market demands.

Objects of the Issue:

- Offer for Sale

Company will not receive any proceeds from the Offer for Sale.

- The Fresh Issue

The object of the fresh issue is to invest in Advanced Enzymes USA, the wholly owned subsidiary for repayment / pre-payment of certain loans availed by Advanced Enzymes USA; and general corporate purposes.

Issue details

To part finance its USA counterpart, the company is coming out with a fresh equity issue to the tune of Rs. 50 crore and an offer for sale of 4034470 equity shares by existing stakeholders for listing benefits. Thus the total offer size is around Rs. 405 to Rs. 411 crore based on lower and upper price bands. The company is issuing approximately 5.6 lakh fresh equity shares of Rs. 10 each. The issue is being made via book building route with a price band of Rs. 880-896. Minimum application is to be made for 16 shares and in multiples thereon, thereafter.

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