

## Anupam Rasayan India Ltd : Good Issue

**IPO Note : Govt. Recognized three Star Export House: Good Growth: Offer Price at 86 PE : Aggressively Priced : Ranking\*\*\***



### Issue details

Price band (Rs)	Rs.553-555
IPO Opening Date	12/03/21
IPO Closing Date	16/03/21
Issue Size	Rs.760 Cr.

### Recommendation

On the financial performance front, for the last three fiscals, ARL has posted turnover/net profits of Rs. 349.18 cr. / Rs. 40.34 cr. (FY18), Rs. 520.96 cr. / Rs. 50.21 cr. (FY19) and Rs. 539.39 cr. / Rs. 52.98 cr. (FY20). For the first nine months of the current fiscal ended on December 31, 2020, it has earned a net profit of **Rs. 48.09 cr.** on a turnover of Rs. 563.16 cr. Its revenue consists 65% of exports and 35% of domestic sales. If we annualized FY21-9M earnings and attribute it to fully diluted post issue equity, then the asking price is at a **P/E of around 86.45** against an industry composite **P/E of 42.81**. Thus the issue appears aggressively priced on these parameters. As per offer documents, **ARL has shown PI Industries, Navin Fluorine, Astec Lifescience and SRF** as its **listed peers**. They are currently trading at P/Es of around 54.21, 30.23, 28.64 and 42.51. Based on the company's financial data, the issue appears aggressively priced.

### Highlights

- **Anupam Rasayan Ltd. (ARL)** is one of the leading companies engaged in the custom synthesis and manufacturing of specialty chemicals in India
- In Fiscal 2020 and in the nine months ended December 31, 2020, its revenues from life science-related specialty chemicals vertical accounted for 95.37% and 93.75%, respectively
- ARL manufactured products for over 53 domestic and international customers, including 17 multinational companies.
- The Government of India has also recognized the Company as a three-star export house.
- According to the F&S Report, India's specialty chemicals industry is expected to grow at a CAGR of approximately 10% to 11% over the next five years,

### Company Introduction

Incorporated in 1984, Anupam Rasayan is one of the leading companies engaged in the cotton synthesis and manufacturing of specialty chemicals in India. 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.

The company has a strong long-term relationship with many multinational companies like Syngenta Asia Pacific Pte Ltd, Sumitomo Chemical Company Ltd, and UPL Limited to expand geographical reach across countries like United States, Europe, Japan, and India.

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.

ARL has developed strong and long-term relationships with various multinational corporations, including, Syngenta Asia



ANUPAM RASAYAN INDIA LIMITED

[www.anupamrasayan.com](http://www.anupamrasayan.com)

Pacific Pte. Ltd., Sumitomo Chemical Company Limited and UPL Limited that has helped it expand product offerings and geographic reach across Europe, Japan, United States and India.

## Company Promoters:

Mr. Anand S Desai, Dr. Kiran C Patel, Ms. Mona A Desai, Kiran Pallavi Investments LLC, and Rehash Industrial and Resins Chemicals Private Limited are the company promoters.

## Objects of the Issue:

- The net proceeds from the IPO will be utilized towards the following purposes:
- To make prepayment/repayment of company's indebtedness including accrued interest.
- To meet general corporate purposes.

## IPO Issue Proceed

To part finance repayment/prepayment of certain debts with accrued interest (Rs. 563.70 cr.), general corpus fund needs, the company is coming out with a maiden IPO by way of fresh equity issue worth Rs. 760 cr. The issue is for approx 13693698 equity shares (at the upper cap of the price) of Rs. 10 each being offered in the price band of Rs. 553 - Rs. 555 per share. Minimum application is to be made for 27 shares and in multiples thereon, thereafter. The company has reserved 220000 equity shares for eligible employees and out of the rest, it has allocated 50% QIBs, 15% HNIs and 35% for Retail investors. The issue constitutes 13.71% of the post issue paid-up equity capital of the company. The issue opens for subscription on March 12, 2021, and will close on March 16, 2021. ARL's current paid-up equity capital of Rs. 86.21 cr. will stand enhanced to Rs. 99.90 cr. post issue. With the higher price of the IPO, the company is looking for a market cap of Rs. 5544.48 cr. (at the upper price band).

## Financial Summary (Rs. In Crore)

Particulars	Nine months ended Dec. 30, 2020	FY2020	FY2019	FY2018
Total Income	563.10	539.38	520.96	349.19
Net Profit	48.09	52.97	50.21	40.34
EPS (Rs)	4.81	5.3	5.02	4.03

\*EPS not annualized

Source: RHP and ACE Equity

## RANKING METHODOLOGY

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

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