

One Stop Investment Avenue



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IPO Note

Aether Industries Limited

24th May, 2022



aether
elementally innovative



Date: 24-May-2022

Details of the Issue	
Price Band	₹ 610 - ₹642
Issue Size	₹ 808.4 Cr
Face Value	₹ 10
Bid Lot	23
Listing on	BSE, NSE
Post Issue Mcap.	Rs. 7,992 Cr
Investment Range	Rs.14,030 - 14,766

Important Indicative Dates (2022)	
Opening	24-May
Closing	26-May
Basis of Allotment	31-May
Refund Initiation	01-Jun
Credit to Demat	02-Jun
Listing Date	03-Jun

Lead Managers	
HDFC Bank, Kotak Mahindra Capital	

No of shares	
Fresh Issue of Shares	97,66,355
Offer for Sales	28,20,000
Total No of Shares	12,586,355

Issue Size Details	
Issue Size	Rs.808 Cr.
Fresh Issue	Rs. 627 Cr (77.6%)
OFS	Rs 181 Cr (22.4%)

Type	No of Shares (Mn)	Rs In Cr		% of Issue
		Lower	Upper	
QIB	6.2	395	400	50%
NIB	1.8	118	120	15%
Retail	4.3	277	280	35%
Total	12.5	799	808	100%

Type	Pre-Issue		Post-Issue	
	No. Shares	% of Total	No. of Shares	% of Total
Promoter	111,084	96.8%	108264	86.9%
Promoter Group	151.8	0.13%	151.8	0.12%
Public	3480	3.03%	16,066	12.9%
Total	114716	100%	124482	100%

Source: RHP data, GEPL Research

Company Profile

Aether Industries Limited (“Aether”) was incorporated on January 23, 2013. Aether is a specialty chemical manufacturer in India focused on producing advanced intermediates and specialty chemicals involving complex and differentiated chemistry and technology core competencies. Aether is one of the fastest growing specialty chemical companies in India, growing at a CAGR of nearly 49.5% between Fiscal 2019 and Fiscal 2022.

Business Highlights & Products

Aether Industries Limited is a specialty chemical manufacturer in India focused on producing advanced intermediates and specialty chemicals involving complex and differentiated chemistry and technology core competencies. its business was started in 2013 with a vision to create a niche in the global chemical industry with a creative approach towards chemistry, technology and systems that would lead to sustainable growth. In the first phase of development through Fiscal 2017, it focused on building team and infrastructure and on R&D centred around building core competencies. Revenue generation operations commenced with second phase in Fiscal 2017. They are one of the fastest growing specialty chemical companies in India, growing at a CAGR of nearly 49.5% between Fiscal 2019 and Fiscal 2021.

Company Products

AETHER is the sole manufacturer in India of critical chemicals, such as - 4MEP, MMBC, T2E, OTBN, NODG, DVL and Bifenthrin Alcohol, and the largest manufacturer in the world by volume for 4MEP, T2E, NODG and HEEP. In the past 4 years, AETHER replaced the entire imports of these products from China and also started exporting them to 17 countries. Exports contributed 56% of FY21 revenue.

Aether’s Business Verticals

Aether has 3 business models under which they operate:

1. Large scale manufacturing of their own intermediates and specialty chemicals.
2. Contract research and manufacturing services (“CRAMS”).
3. Contract/exclusive manufacturing.

Utilization of IPO Proceeds

The issue of Rs 808 Cr. And company to utilize this funds for funding capex plans of Rs 163 Cr, repayment or prepayment of Rs 137.9 Cr and another Rs 165 Cr for funding working capital requirement of the company.

Board of Directors

Ashwin Jayantilal Desai is the founding Promoter and Managing Director of the company. Prior to incorporation of the company, he was the founding member and the Chairman and Managing Director of Anupam Rasayan India Limited till 2013. its BOD includes Dr. Aman Ashvin Desai , Rohan Ashwin Desai , Purnima Ashwin Desai , Kamalvijay Ramchandra Tulsian.

Key Managerial Post

Mr. Faiz Arif Nagariya is the Chief Financial Officer of the company. He has been associated with the company since June 07, 2019. He is responsible for managing the financial functions of the Company. Mr. Chittrarth Rajan Parghi is the Company Secretary and Compliance Officer of the company. He has been the Company Secretary of the company since July 11, 2020. He handles secretarial functions for the company.

Revenue by Customer and Geographies segment: The company drives 62.6% revenue from pharmaceuticals, 23% from agrochemicals and material science contributes 4.2%. In geographies the India domestics sales contributes 36.6% and rest is contributed by exports.



Companies Competitive Strength

- Differentiated portfolio of market-leading products
- Focus on R&D to leverage core competencies of chemistry and technology
- Long standing relationships with a diversified customer base
- Synergistic Business Models focused on Large Scale Manufacturing, CRAMS and Contract Manufacturing
- Focus on Quality, Environment, Health and Safety (QEHS)
- Strong and consistent financial performance
- Experienced Promoters and Senior Management with extensive domain knowledge.

Key Strategies Implemented by Company

- Leverage strong position in the speciality chemicals industry to capitalize on industry opportunities
- Expand Product Portfolio and diversify into additional business segments
- Expand Manufacturing, R&D and Pilot Plant Capacities
- Continue to strengthen presence in India and expand sales and distribution network in international market
- Continue to focus on contract manufacturing / exclusive manufacturing by developing innovative processes and value engineering
- Growth through strategic acquisitions and alliances.

Financial Snapshot

Particulars	As of 31 Dec -22	2021	2020	2019
Equity Share Capital	112.7	10.1	8.5	8.56
Reserves	247.6	164.2	69.7	29.9
Net worth as stated	360.3	174.3	78.28	38.5
Revenue from Operations	442.54	449.8	301.8	201.2
EBITDA as stated	125.9	112.1	71.7	47.5
Profit Before Tax	111.3	93.8	56.5	32.6
Net Profit for the period	82.9	71.2	39.9	23.3
Net Profit (%) as stated	18.4%	15.6%	13.5%	11.48%
EPS (₹)	7.45	7.3	4.24	2.48
RoNW (%)	23.0%	40.0%	51.0%	60.5%
Net Asset Value (₹)	20.8	15.7	8.31	4.09

Valuations and Recommendation:

- Aether Industries Ltd's annualized earnings comes at Rs 110 Cr which bring a earnings multiple of 72(x) on its PAT
- Company has compared itself with Clean science, Navin Flourine, Vinati Organics, Pi Industries and Fine organics Ltd, The peer are trading at a PE range of 55(x) to 112(x). The average PE of its peer is 83(x) and companies PE arrives at 72(x).
- The IPO is Fully priced compared with peers.
- We Assign "SUBSCRIBE FOR LONG TERM" rating to the issue.

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Notes

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