



IPO DETAILS

Aether Industries Limited



Issue Opens

24th May 22, Tue

Issue Closes

26th May 22, Thu

Min. Lot Size

23 Shares

Issue Price Band

₹610 - ₹642

Industry

Speciality Chemicals

Issue size

Fresh Issue:

9.77 Mn Equity Shares
(₹6,270.00 Mn)

OFS:

2.82 Mn Equity Shares
(₹1,810.44 Mn)

Face Value

₹10

Listing at

NSE, BSE

Rationale

Considering the TTM (Dec-21) EPS of ₹8.50 on a post issue basis, the company is going to list at a P/E of 75.6x with a market cap of ₹79,918 Mn whereas its peers namely Clean Science & Technology Ltd and Fine Organic Ltd. are trading at PE of 82.7x and 80.2x.

We assign the "Subscribe (With Caution)" rating to this IPO as the company is the sole manufacturer of chemicals namely 4MEP, MMBC, T2E, OTBN, and others, in India. However, the company has low and declining Operating Cash Flow to EBITDA ratio which keeps us cautious from a long-term perspective.

Objectives of the Issue

Prepayment or repayment of all or a portion of certain outstanding borrowings availed by the company

Funding capital expenditure requirements for manufacturing facility

Funding working capital requirements of the company

General corporate purposes

Rating

SUBSCRIBE
(WITH CAUTION)

APPLY WITH CAUTION



Aether Industries Limited

Company Overview

Aether Industries Limited is a speciality chemical manufacturer in India focused on producing advanced intermediates and speciality chemicals involving complex and differentiated chemistry and technology core competencies.

Catering Various Industries

Pharmaceuticals

Hypertension, anti-platelet, anti-psychotic, antihistamine, and nonsteroidal anti-inflammatory drugs (NSAIDs)

Agrochemicals

Material Science

Coatings

High-performance
Photography

Additives

Oil and Gas

Business Models

Large scale manufacturing
of own intermediates and
specialty chemicals

Contract Research
and Manufacturing
Services (CRAMS)

Contract/Exclusive
Manufacturing

Global Positioning

Biggest manufacturer globally in terms of production volume

4MEP

T2E

HEEP

NODG



Exponential Growth

The company 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.



Product Portfolio

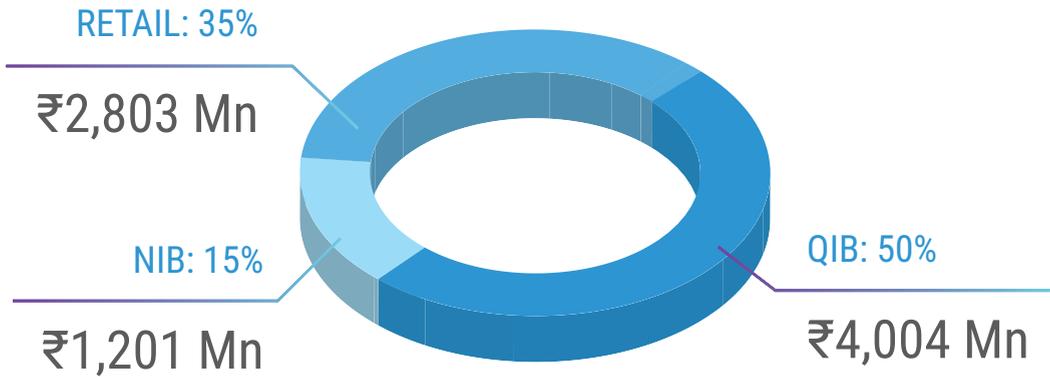
As of March 31, 2022, the company's product portfolio comprised over 25 products which were marketed to 34 global customers in 18 countries and to 154 domestic customers.



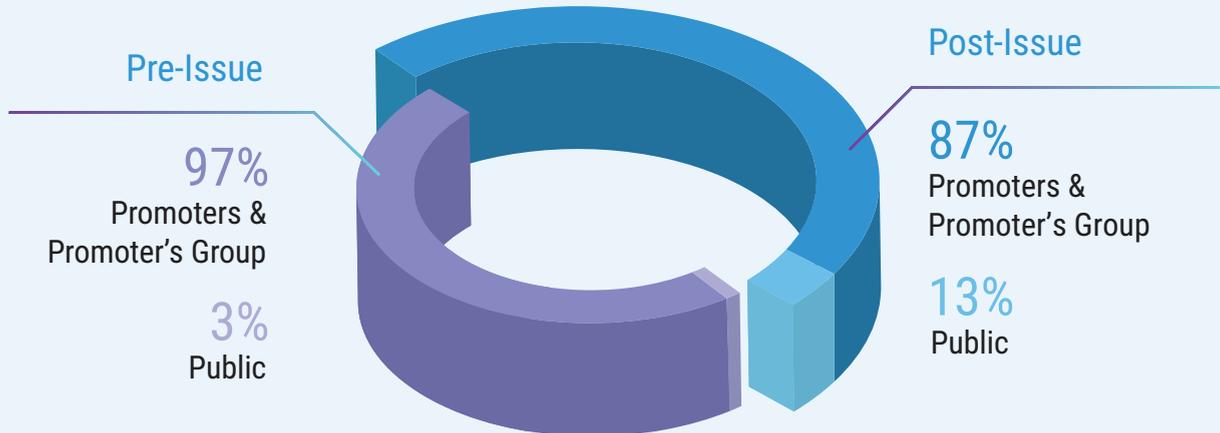
Aether Industries Limited

Issue Details

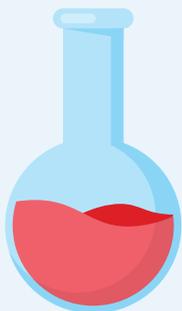
Issue Break-Up



Shareholding Pattern



Capital Structure (in ₹)



1,400 Mn
Authorized Equity
Share Capital



1,147 Mn
Paid-Up Capital
(Pre-Offer)



1,245 Mn
Paid-Up Capital
(Post-Offer)



Aether Industries Limited

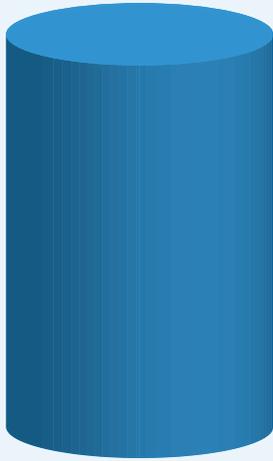
Valuations and Peer Comparison

Market Cap
₹79,918 Mn

Market Cap
₹182,310 Mn

Market Cap
₹137,500 Mn

P/E Ratio
TTM (December 2021)



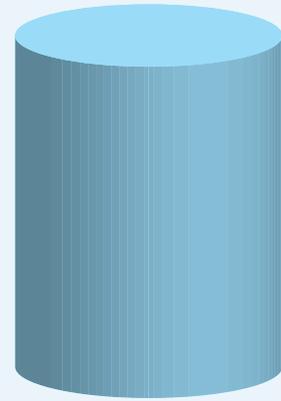
75.60x

Aether Industries Ltd.



82.70x

Clean Science &
Technology Ltd.



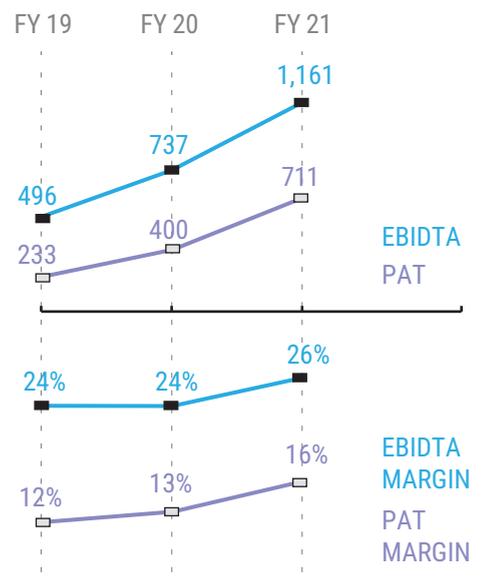
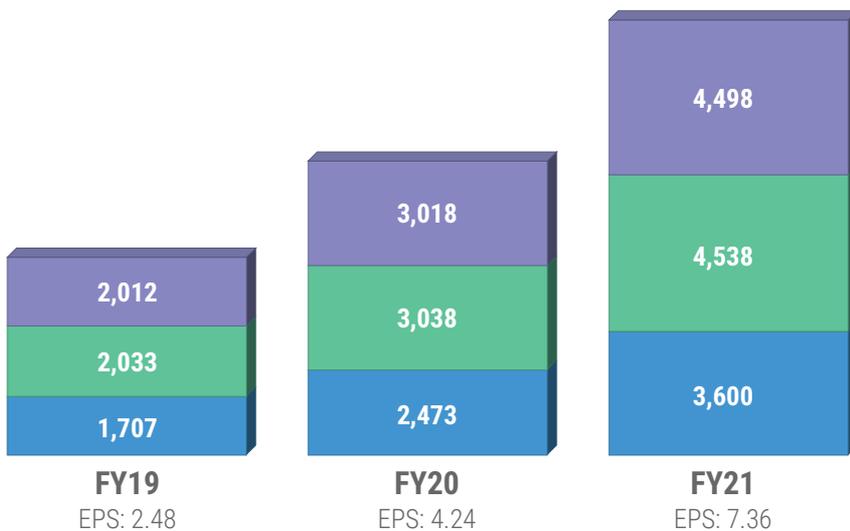
80.20x

Fine Organic Ltd.

Market Cap data of listed securities as on May 20, 2022

Financial Snapshot (₹ in Mn)

- Revenue
- Total Income
- Total Expenses





Aether Industries Limited

Business Insights



Competitive Strengths

- 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



Business Strategy

- Leverage strong position in the specialty chemicals industry to capitalise 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 the international market
- Continue to focus on contract manufacturing / exclusive manufacturing by developing innovative processes and value engineering
- Growth through strategic acquisitions and alliances



Risks

- Top 20 customers contributed 73.50% and 72.93% to the revenues for the fiscal year 2021 and nine months period ending Dec 31, 2021, respectively
- The company has high exposure to the pharmaceutical industry, which contributed 62.60% and 67.62% of the company's total gross revenue for the nine months period ending Dec 31, 2021, and FY21 respectively. Any lower demand from the sector can have a big impact on the company

Promoters and Management Details

Ashwin Jayantilal Desai - Managing Director

Kamalvijay Ramchandra Tulsian - Chairperson and Non-Executive Director

Purnima Ashwin Desai - Whole-time Director

Rohan Ashwin Desai - Whole-time Director