



# ANUPAM RASAYAN INDIA LIMITED

## Issue highlights

- ❑ Started in 1984, **Anupam Rasayan India Limited** (“Anupam Rasayan”) is one of the leading companies engaged in custom synthesis & manufacturing of specialty chemicals in India. The company offers **multi-step synthesis and undertakes complex chemical reactions technologies**, for a diverse base of Indian and global customers.
- ❑ Their key focus is developing **in-house innovative processes** for manufacturing products requiring complex chemistries and achieving cost optimization.
- ❑ Anupam Rasayan has two distinct business verticals:
  - Life science related Specialty Chemicals comprising products related to Agrochemicals, Personal Care and Pharmaceuticals,
  - Other Specialty Chemicals, comprising Specialty Pigment and Dyes, and Polymer Additives.
- ❑ The company operates 6 manufacturing facilities in Gujarat, India, with 4 facilities located at Sachin, Surat and 2 located at Jhagadia, Bharuch with an aggregate installed capacity of 23,438 MT, as of December 31, 2020. Their dependence on imported raw materials as a percentage of the total raw materials purchases has decreased from 26.01% in Fiscal 2018 to 22.44% in Fiscal 2020.
- ❑ Anupam Rasayan has developed strong and long-term relationships with various multinational corporations, including, **Syngenta Asia Pacific Pte. Ltd., Sumitomo Chemical Co. Ltd. and UPL Ltd.** that has helped them expand their product offerings and geographic reach across Europe, Japan, United States and India. In the 9 months ended December 31, 2020, they manufactured products for over 53 domestic and international customers, including 17 multinational companies. 68% of total revenue stems from export to various countries.
- ❑ They have a dedicated in-house R&D facility recognised by The Department of Scientific and Industrial Research and a pilot plant located at Sachin Unit-6, which enabled them to manufacture products in an energy and cost-efficient manner by utilizing continuous processes.

## Brief Financial Details\*

(₹ In Cr)

	As at Dec'31,		As at Mar' 31,		
	2020(9)	2019(9)	2020(12)	2019(12)	2018(12)^
Equity Share Capital	86.21	50.00	50.00	50.00	50.00
Reserves	738.31	533.52	543.72	457.11	407.64
Net worth	824.52	583.52	593.72	507.11	457.64
Long Term Borrowings	516.21	490.47	524.24	462.30	267.82
Short Term Borrowings	186.94	192.84	237.11	154.41	122.98
Revenue from Operations	539.22	371.81	528.88	501.50	341.43
Revenue Growth (%)	45.03%	-	5.46%	46.88%	-
EBITDA as stated	130.76	102.02	134.90	92.17	74.51
EBITDA (%) as stated	24.25%	27.44%	25.51%	18.38%	21.82%
Profit Before Tax	66.76	55.16	71.37	65.72	49.77
Net Profit for the period	48.09	42.81	52.98	50.21	40.34
Net Profit (%) as stated	8.92%	11.51%	10.02%	10.01%	11.82%
EPS (₹)	6.03^	5.67^	6.94	6.60	6.59
RoNW (%)	6.78%^	7.85%^	9.62%	10.21%	11.78%
Net Asset Value (₹) as stated	95.64	74.69	76.00	67.95	61.32
Debt to Equity Ratio	1.20	1.26	1.38	1.32	0.95

Source: RHP \*Restated Consolidated, ^Proforma, ^not annualized.

## Issue Details

**Fresh Issue of Equity shares aggregating upto ₹ 760 Crore**

### Issue summary

**Issue size (Net): ₹ 749Cr**
**No. of shares('000): 13,765 – 13,715**
**Face value: ₹ 10**
**Employee Reservation: Upto 220,000 Equity Shares (11 Cr)**
**Price band : ₹ 553 - 555**
**Bid Lot: 27 Shares and in multiple thereof**
**Employee Discount: ₹ 55 Per Share**
**Post Issue Implied Market Cap =**
**₹ 5,527 – 5,544 Cr**
**BRLMs: Axis Capital, Ambit Pvt. Ltd., IIFL Securities, JM Financial**
**Registrar: KFin Technologies Pvt. Ltd.**
**Issue opens on: Friday, 12<sup>th</sup> Mar'2021**
**Issue closes on: Tuesday, 16<sup>th</sup> Mar'2021**

## Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	19-03-2021
Refunds/Unblocking ASBA Fund	22-03-2021
Credit of equity shares to DP A/c	23-03-2021
Trading commences	24-03-2021

## Issue break-up

	No. of Shares	₹ In Cr	% of Issue
QIB	6,772,549 – 6,747,746	374.52 -374.50	50%
NIB	2,031,765 – 2,024,325	112.36 – 112.35	15%
Retail	4,740,785 – 4,723,424	262.17 - 262.15	35%
Emp	220,000 – 220,000	10.96 - 11.00	-
<b>Total</b>	<b>13,765,099 - 13,715,495</b>	<b>760.00 -760.00</b>	<b>100%</b>

## Listing : BSE & NSE

## Shareholding (No. of Shares)

Pre issue	Post issue~	Post issue^
86,206,896	99,971,995	99,922,391

~@Lower price Band ^@ Upper Price Band

## Shareholding (%)

	Pre-Issue	Post-Issue
Promoters & Promoter Gr	75.80%	65.40%
Public	24.20%	34.60%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## BACKGROUND

### Company and Directors

The company was initially formed as a partnership firm “Anupam Rasayan” in 1984 at Surat, Gujarat, India to commence the business of manufacture and sale of chemicals. The firm was converted a public limited company under the name of “Anupam Rasayan India Limited” in September 30, 2003. Anand S Desai, Dr. Kiran C Patel, Mona A Desai, KPI LLC and RIRCPL are the Promoters of the company and they together hold 56,933,461 Equity Shares constituting 66.04% of the issued, subscribed and paid-up Equity Share capital of the company.

**Dr. Kiran C Patel** is the Chairman of the Board and is a Non-Executive Director of the company. Dr. Patel served on the house staff of Jersey City Medical Center in the capacity as resident, internal medicine, from 1978 till 1980. He was elected as a fellow of the American College of Cardiology in 1993. He has been certified to practice medicine in the state of Florida by the Department of Professional Regulation, State of Florida. He is also a promoter director on the boards of Rudraksh Academy Pvt. Ltd. and Solace Healthcare Pvt. Ltd.

**Mona A Desai** is the Vice Chairman of the Board and a Whole-time Director of the company. She has been on the Board since the incorporation of the Company in 2003. She was the chairperson of the Board of the company from April 23, 2013 until 21 August, 2020. She is also a director on the board of RIRCPL. She has over 18 years of experience in the field of chemicals industry and has been actively involved in the day to day running of the company.

**Anand S Desai** is the Managing Director of the company. He has been associated with the company since 1992 and was one of the first Directors of the company. He has over 28 years of experience in the field of chemicals industry and has been actively involved in the day to day running of the company.

**Milan Thakkar** is the Non-Executive Director of the company. He has been associated with the company since 2018. He is also a director on the boards of Arochem Industries Pvt. Ltd. and Nanavati Developers Pvt. Ltd.

**Hetul Krishnakant Mehta** is the Independent Director of the company. He is the founding director of Praveen Laboratories Pvt. Ltd. and Advanced Diabetes Centre Pvt. Ltd.

**Dr. Namrata Dharmendra Jariwala** is the Independent Director of the company. She is currently an assistant professor at Sardar Vallabhbhai National Institute of Technology, Surat.

**Vijay Kumar Batra** is the Independent Director of the company. He was the managing director of Regent Drugs Ltd. He has also been a consultant to various companies involved in the pharmaceutical sector.

**Vinesh Prabhakar Sadekar** is the Independent Director of the company. He was previously associated with Navin Fluorine International Ltd. and Cheminova India Ltd. as a managing director.

### Key Managerial Personnel

**Afzal Malkani** is the Chief Financial Officer of the company. He has joined the company on October 28, 2005.

**Dr. Nileshkumar Naik** is the technical head of the company. He has been associated with the company since incorporation.

**Dr. Anuj Thakar** is the head of research and development (process development) head and Unit II head of the company. He joined the company on February 4, 2005.

**Ravi Desai** is the sales head of the company. He joined the company on December 22, 2012.

**Suchi Agarwal** is the Company Secretary and Compliance Officer of the company. She joined the company on May 18, 2013.

## OBJECTS OF THE ISSUE

Objects	(₹ In Cr) Amount
• Repayment/prepayment of certain indebtedness availed by the company (including accrued interest)	563.70
• General Corporate Purposes	[ • ]
<b>Total</b>	<b>[ • ]</b>

## BUSINESS OVERVIEW

Anupam Rasayan India Limited (“**Anupam Rasayan**”) is one of the leading companies engaged in the custom synthesis and manufacturing of specialty chemicals in India (*Source: F&S Report*). They commenced business as a partnership firm in 1984 as a manufacturer of conventional products and have, over the years, evolved into custom synthesis and manufacturing of life science related specialty chemicals and other specialty chemicals, which involve multi-step synthesis and complex technologies, for a diverse base of Indian and global customers. Their key focus in the custom synthesis and manufacturing operations is developing in-house innovative processes for manufacturing products requiring complex chemistries and achieving cost optimization.

Anupam Rasayan has two distinct business verticals:

- Life science related specialty chemicals comprising products related to agrochemicals, personal care and pharmaceuticals, and
- Other specialty chemicals, comprising specialty pigment and dyes, and polymer additives.

In Fiscal 2020 and in the 9 months ended December 31, 2020, revenues from their life science related specialty chemicals vertical accounted for 95.37% and 93.75%, respectively, of their revenue from operations, while revenue from other specialty chemicals accounted for 4.63% and 6.25%, respectively, of their revenue from operations, in such periods.

According to the F&S Report, there exist significant entry barriers in the custom synthesis and manufacturing industry including customer validation and approvals, high quality standards, stringent specifications, and expectation from customers for process innovation and cost reduction. Further, the acquisition of a customer is a long process since the end-customer is required to register the manufacturer with the regulatory bodies as a supplier of intermediate products or active ingredients. Anupam Rasayan has developed strong and long-term relationships with various multinational corporations, including, **Syngenta Asia Pacific Pte. Ltd.**, **Sumitomo Chemical Co. Ltd.** and **UPL Ltd.** that has helped them expand their product offerings and geographic reach across Europe, Japan, United States and India. In particular, they have been manufacturing products for certain customers for over 10 years. In the 9 months ended December 31, 2020, they manufactured products for over 53 domestic and international customers, including 17 multinational companies. The Government of India has also recognized the company as a **3-Star export house**. They typically enter into long-term agreements ranging between 2-3 years with their customers. The revenue generated from sales to their top 10 customers represented 86.65% and 84.01% of their revenue from operations in Fiscal 2020 and in the 9 months ended December 31, 2020, respectively.

Company’s ability to meet stringent quality and technical specifications & customizations, undertake large number of complex chemical reactions and automated manufacturing capabilities, develop in-house innovative processes along with strong technical competencies and R&D capabilities, and transparent cost model, have enabled them to act as a complete one-stop solution for process innovation and development of specialty chemicals for multinational companies in a cost efficient manner. They are also one of the leading companies in manufacturing products using continuous and flow chemistry technology on a commercial scale in India.

The continuous process technology has distinct advantages over the traditional batch process, which is typically used by specialty chemical companies, in reducing the batch cycle time of a chemical production process and making the process safer and environment friendly as well as energy and cost efficient. Further, Anupam Rasayan has a dedicated in-house R&D facility and a pilot plant located at Sachin Unit-6, which is equipped with laboratories engaged in process development, process innovation, new chemical screening and engineering, which assists them in pursuing efficiencies from the initial conceptualization up to commercialization of a product. Their R&D team has successfully carried out multi-step synthesis and scale-up for several new molecules in the area of life sciences related specialty chemicals and other specialty chemicals, and as a result, expanded their commercialized product portfolio from 25 products in Fiscal 2018 to 34 products in Fiscal 2020 and 41 products in the 9 months ended December 31, 2020.

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 5 years, due to rising demand from end-user industries, along with tight global supply on account of stringent environmental norms in China. Further the India accounts for approximately 1% to 2% of the global exportable specialty chemicals, indicating a large scope of improvement and widespread opportunity. In addition, custom synthesis manufacturing is on the rise in India and contract research and manufacturing services market is expected to grow at a rate of 12% in the next 5 years, owing to strong growth from end-use demand. They are well positioned to capitalize on these opportunities owing to their successful track record of custom synthesis and manufacturing of products, low dependence on raw material imports from China (imported raw materials from China as a percentage of total raw materials purchases decreased from 17.10% in Fiscal 2019 to 12.17% in Fiscal

2020), established relationships with multinational corporations, automated manufacturing infrastructure, and established R&D capabilities along with their focus on improving cost efficiency and productivity. In addition, multinational companies are finding an alternative to China with their '**China plus one**' strategy, and they offer customers with a genuine and reliable option to satisfy their custom synthesis and manufacturing of specialty chemicals requirements.

The company has a target driven approach to environment, sustainability, health and safety measures. They undertake hazard and operability studies before commencing commercial production of a new product and look to mitigate these hazards through process improvement, engineering controls, developing safe operating procedures and training of their employees. Further, their integrated model has allowed them to develop insights across the entire value chain right from process innovation, process development and manufacturing to performing custom synthesis and manufacturing services for their customers. Their backward integrated Jhagadia Unit-4 facility enables them to manufacture key raw materials for certain products, which has enabled them to reduce their reliance on imports, specifically from China, third party supplies and logistics costs.

## REVENUE FROM OPERATIONS FROM BUSINESS VERTICALS:

Business verticals	9 Months ended Dec'31,2020		9 Months ended Dec'31,2020		Fiscal 2020		Fiscal 2019		Fiscal 2018	
	Revenue ₹ Cr	% of Total	Revenue ₹ Cr	% of Total	Revenue ₹ Cr	% of Total	Revenue ₹ Cr	% of Total	Revenue ₹ Cr	% of Total
Life science related Specialty chemicals	505.54	93.75%	359.42	96.67%	504.41	95.37%	467.72	93.26%	316.17	92.60%
Other specialty chemicals	33.68	6.25%	12.39	3.33%	24.47	4.63%	33.78	6.74%	25.26	7.40%
<b>Total</b>	<b>539.22</b>	<b>100.00%</b>	<b>371.81</b>	<b>100.00%</b>	<b>528.88</b>	<b>100.00%</b>	<b>501.50</b>	<b>100.00%</b>	<b>341.43</b>	<b>100.00%</b>

## BUSINESS IMPACT – COVID-19

On account of the COVID-19 pandemic, India had imposed a nationwide lockdown on March 24, 2020, however, since company's life science related specialty chemicals operations were determined to be **operating in an essential industry**, they were allowed to resume operations in a phased manner and by April 15, 2020 all of their facilities restarted operations, subject to certain adjustments in working patterns and limited workforce. Despite the impact of the COVID-19 pandemic, **the revenue from operations significantly increased by 45.03% from ₹ 371.81 crore in the 9 months ended December 31, 2019 to ₹ 539.22 crore in the 9 months ended December 31, 2020.**

## COMPANY BUSINESS AND PRODUCTS

The company manufactures specialty chemicals, which are primarily chemical components that improve the properties of customers' products, and have, over the years, expanded their commercialized product portfolio, which are used in diverse end-user segments. Their products are sold to multinational corporations for use as additives, ingredients or intermediates that impart particular characteristics to the customers' end-use products.

The number of products that they have commercialized during the periods indicated:

Particulars	9 months ended Dec'31	Fiscal					
	2020	2020	2019	2018	2017	2016	2015
Number of products	15	34	30	25	20	17	15

The company has 2 business verticals: Life Science Related Specialty Chemicals and Other Specialty Chemicals.

**Life science related Specialty Chemicals:** The company manufactures a variety of life science related specialty chemicals comprising products related to **agrochemicals, personal care and pharmaceuticals.**

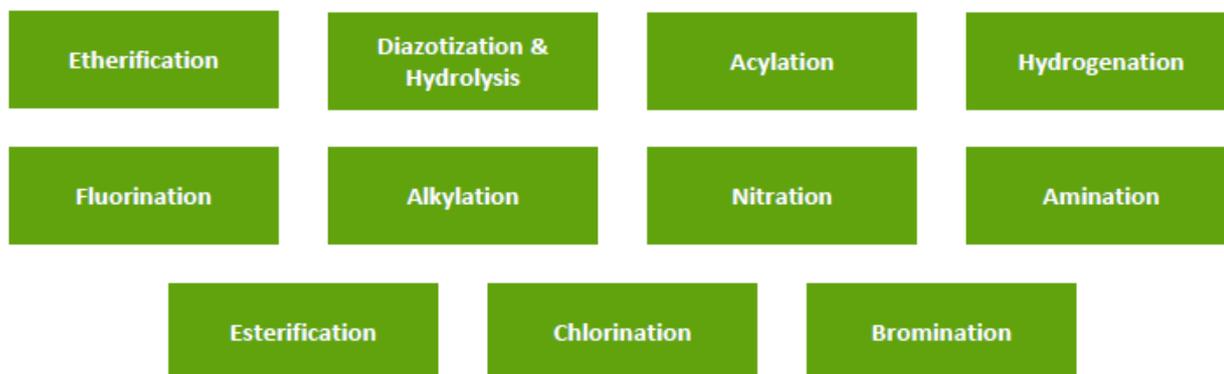
- Agrochemicals : Manufactures agro intermediates and agro active ingredients (insecticides, fungicides and herbicides)
- Personal Care: Manufactures anti-bacterial and ultra violet protection intermediates and ingredients
- Pharmaceuticals: Developing intermediates and 'key starting materials' for APIs, material sciences and surface chemistry

**Other Specialty Chemicals :** The other specialty chemicals are used in diverse **end-user segments**, comprising

- Specialty Pigments
- Specialty Dyes
- Polymer Additives

## Chemistry & Process Technology Capacities:

### Key Chemistries:



R&D department focused on enabling multi-step synthesis, in-house process development, process innovation, new chemical screening & engineering and identification of complex chemistries.

### Process Technology: (Continuous Process)

#### Flow Chemistry

Flow chemistry technology helps in improving the chemical processes in order to satisfy the growing demand for chemical sustainability.

- Flow screening techniques can rapidly search a multi-dimensional reaction space to improve process design, performance, and efficiency.
- Time-efficient and material-efficient flow screening platforms can be utilized to develop the next generation of process development technologies.
- Performing flow chemistry can also significantly reduce the environmental impacts in the laboratory and production scales.
- Flow chemistry involves a continuous and accurate feeding of raw materials using flow pumps and continuous withdrawal of product.
- Flow chemistry allows for multi MT reaction on desk top plants and requires low concentration of chemicals.

#### Photo Chemistry:

Photo chemistry technology is a relatively new technology for the specialty chemicals manufacturing industry and the company is currently in the process of developing a few products for their customers by undertaking such technology.

Photo chemistry technology has various benefits in the context of sustainability, including:

- Shorter and simplified multistep synthesis of complex molecules and typically, a high molecular complexity is generated in one step from simple precursors;
- large potential for automation;
- Increased accessibility of a portfolio of novel compound families; and
- In many reactions, the photon acts as a 'traceless reagent', and no chemical catalysts or activating groups are required.
- In photo chemistry technology, reactions can be done with micro reactors.

## RESEARCH AND DEVELOPMENT

Company's business depends to a large extent on their R&D capabilities. The R&D process is both time consuming and costly, and involves a high degree of business risk. As of December 31, 2020, they had a dedicated team of over 42 employees in their R&D department. With the objective of maintaining a robust product pipeline, the company committed substantial time, funds and other resources towards their R&D capabilities.

## CAPITAL EXPENDITURE

The company has made and expect to continue making capital expenditure in maintaining and growing their existing infrastructure, purchase equipment, and develop and implement new processes and technologies in their manufacturing facilities.

Particulars	9 Months ended Dec'31,				Year Ended March 31,					
	2020		2020		2020		2019		2018	
	Amount (₹ in Cr)	% to Total Revenue	Amount (₹ in Cr)	% to Total Revenue	Amount (₹ in Cr)	% to Total Revenue	Amount (₹ in Cr)	% to Total Revenue	Amount (₹ in Cr)	% to Total Revenue
Capital Expenditure	116.61	21.63%	165.90	44.62%	180.39	34.11%	248.27	49.50%	255.61	74.86%

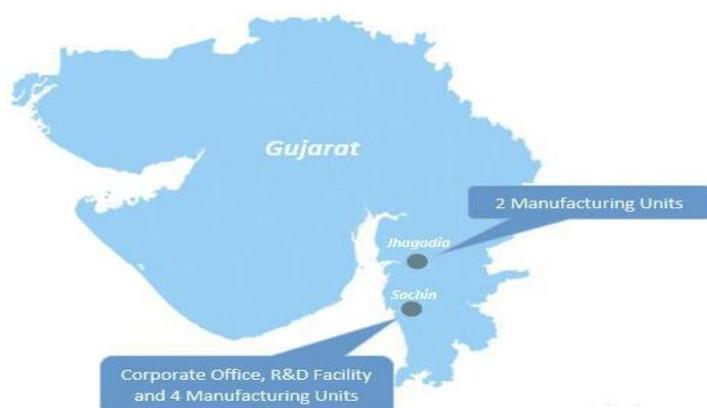
Their R&D efforts place significant emphasis on improving their production processes, augmenting the quality of their existing products, carrying out safety studies for new molecules and are often driven by specific needs communicated by their customers. Due to the time it takes to develop a new molecule, the competitive landscape for certain end-products that their customers manufacture may change or differ significantly from what was anticipated and their products may not hold the competitive advantages in pricing or efficacy that they had anticipated during development. Consequently, new products developed may not yield an appropriate return on their related R&D costs. Their investment in R&D for future products could result in higher costs without a proportionate increase in revenues.

## MANUFACTURING FACILITIES

As of December 31, 2020, they operated 6 multi-purpose manufacturing facilities in Gujarat, India, with 4 facilities located at Sachin and 2 located at Jhagadia and an aggregate installed capacity of 23,438 MT. In addition, given that their operations are primarily export oriented, the close proximity to Adani Hazira Port of their facilities located at Sachin helps them in reducing freight and logistics costs.

Each of their manufacturing facilities has the ability to manufacture a wide range of products and products can be inter-changed to address the requirements of customers. In addition, the power requirements for their facilities are met through local state power grid through interstate open access, while water is procured from GIDC.

The location of their manufacturing facilities, corporate office and R&D facility in the state of Gujarat:



The installed capacity and capacity utilisation for each of the manufacturing facilities:

	As of and for the 6 months ended Dec'31, 2020			Fiscal 2020			Fiscal 2019			Fiscal 2018		
	Installed Capacity in MT	Actual Production in MT	Capacity Utilization	Installed Capacity in MT	Actual Production in MT	Capacity Utilization	Installed Capacity in MT	Actual Production in MT	Capacity Utilization	Installed Capacity in MT	Actual Production in MT	Capacity Utilization
Sachin-1	4,542	3,089	90.68%	4,542	3,691	81.27%	3,362	1,784	77.16%	2,778	2,168	78.03%
Sachin-2	2,520	1,428	75.54%	2,520	1,986	78.82%	2,520	1,795	71.25%	2,220	2,134	96.13%
Sachin-3	6,130	3,997	86.93%	6,088	4,971	81.65%	5,950	4,587	77.10%	4,760	4,216	88.58%
Jhagadia-4	3,520	2,235	84.66%	3,520	2,766	78.60%	3,050	2,240	73.46%	2,420	2,009	83.02%
Jhagadia-5	5,520	1,777	42.93%	5,520	441	7.99%	-	-	-	-	-	-
Sachin-6	1,206	604	66.75%	1,206	88	7.29%	-	-	-	-	-	-
<b>Total</b>	<b>23,438</b>	<b>13,130</b>	<b>74.65%</b>	<b>23,396</b>	<b>13,944</b>	<b>59.59%</b>	<b>14,882</b>	<b>11,217</b>	<b>75.38%</b>	<b>12,178</b>	<b>10,527</b>	<b>86.45%</b>

Note: Capacity utilization has been calculated on the basis of actual production during the relevant fiscal year/ period divided by the aggregate installed capacity of relevant manufacturing facilities as of at the end of the relevant fiscal year/ period. In the case of capacity utilization for the 9 months ended December 31, 2020, the capacity utilization has been calculated by dividing the actual production for the period by 75% of the annualized installed capacity.

## COMPETITIVE STRENGTHS

- ***Strong and long-term relationships with diversified customers across geographies with significant entry Barriers***

Company's customers are typically engaged in various industries, including agrochemicals, personal care, pharmaceuticals, specialty pigments and dyes, and polymer additives, and spread across various geographies, which helps them mitigate risks resulting from customer, industry and geographic concentration. In the 9 months ended December 31, 2020, they manufactured products for over 53 domestic and international customers, including 17 multinational companies. In Fiscal 2020 and the 9 months ended December 31, 2020, revenue from operations from exports accounted for 68.05% and 61.38%, respectively, of their total revenue from operations in such periods.

The company has a history of high customer retention and have been manufacturing products for certain customers for over 10 years. The revenue generated from sales to their top 10 customers represented 86.65% and 84.01% of their revenue from operations in Fiscal 2020 and in the 9 months ended December 31, 2020, respectively.

- ***Core focus on process innovation through consistent R&D, value engineering and complex chemistries***

Company's R&D is focused on enabling them to perform multi-step synthesis as well as developing in-house processes and identifying complex chemistries. The R&D team has successfully carried out multi-step synthesis and scale-up for several new molecules in the area of life sciences related specialty chemicals and other specialty chemicals. They have also, over the years, successfully diversified themselves in terms of process capability and expanded their expertise into multi-step synthesis capabilities and complex chemistries, such as, etherification, diazotization and hydrolysis, acylation, hydrogenation, fluorination, alkylation, nitration, amination, esterification, chlorination and bromination. Their focus on upgrading processes has enabled them to manufacture products in an energy and cost-efficient manner by utilizing continuous processes for which they have developed in-house innovative processes.

- ***Diversified and customized product portfolio with a strong supply chain***

Company's life science related specialty chemical products cater to the agrochemicals, personal care and pharmaceuticals industries, while their other specialty chemicals cater to specialty pigments and dyes, and polymer additives industries.

Company's commercialized product portfolio primarily consisting of products that they manufacture using in-house innovative processes, which enable them to cater to a wide range of customers in domestic and international markets. In addition, their diversified product portfolio allows for limited dependence on individual products, helps counter seasonal trends and addresses different business cycles across industries where their products are used.

The integrated model that includes their automated manufacturing infrastructure, complex chemical processes and R&D capabilities has allowed them to develop insights across the entire value chain right from process innovation and process development to performing custom synthesis and manufacturing services for their customers. The backward integration enables them to manufacture key raw material for certain products, reduces their reliance on imports, third party supplies and logistics costs, provides them the flexibility to control their manufacturing processes and improves their operating margins, while the forward integration in their operations enables them to innovate processes, customize products and broaden their product offering to meet the needs of their customers.

- ***Automated manufacturing facilities with strong focus on environment, sustainability, health and safety Measures***

In their manufacturing operations, the company provides large-scale custom synthesis and manufacturing services, offers multi-step synthesis and undertakes complex chemical reactions. Their manufacturing facilities are highly automated and are equipped with glass-lined, titanium clad and stainless steel reactors enabling them to manufacture a diverse range of products, minimize the number of employees required, and as a result, reduce cost and human error.

The Jhagadia Unit – 4 is ISO 14001:2015 certified for environment management systems and ISO 45001:2018 certified for occupational health and safety management system, while the Sachin Unit – 1, Sachin Unit – 2 and Sachin Unit - 3 have received ISO 9001: 2015 quality management systems certification.

- **Consistent track record of financial performance**

The company has demonstrated consistent growth in terms of revenues and profitability. Their revenue from operations have increased at a CAGR of 24.29% from ₹ 349.18 crore in Fiscal 2018 to ₹ 539.39 crore in Fiscal 2020. The value of their exports have grown at a CAGR of 32.94% from ₹ 203.66 crore in Fiscal 2018 to ₹ 359.92 crore in Fiscal 2020.

- **Experienced promoters and strong management team**

The company is led by experienced Promoters, some of whom have significant experience in the chemical industry. Anand S Desai and Mona A Desai have an experience of approximately 28 years and 18 years, respectively, in the chemicals industry. Further, Dr. Kiran C Patel, one of their Promoters and the Chairman, is a businessperson experienced in the healthcare sector, and their Key Managerial Personnel have significant experience in the chemical industry, for instance, Dr. Nileshkumar Naik has been associated with the company since its incorporation, while Dr. Anuj Thakkar and Ravi Desai have been associated with them since 2005 and 2012 respectively.

Their industry experience enables the company to anticipate and address market trends, manage and grow their operations, maintain and leverage customer relationships and respond to changes in customer preferences. They will continue to leverage on the experience of their management team and their understanding of the life science related specialty chemicals and other specialty chemicals. In addition, they are supported by their committed employee base which has been growing consistently over the years and they had 1,291 permanent employees, as of December 31, 2020.

## KEY BUSINESS STRATEGIES

- **Continue to focus on custom synthesis and manufacturing by developing innovative processes and value Engineering**

The company intends to continue developing in-house innovative processes for new complex chemistries, such as, hydrogenation and photo chlorination. They continuously seek to try and explore which products or processes can be converted to continuous process for which they develop in-house processes. Further, they are currently in the process of developing a few products for customers by undertaking photo chemistry technology and intend to advance this technology to take it to a commercial scale. In addition, they seek to continue to enhance their continuous and flow chemistry capabilities by exploring opportunities to manufacture active ingredient products.

They also seek to continue to explore opportunities to enhance their existing customer relationships by undertaking custom synthesis and manufacturing for new molecules across their various product segments. Their focus on value engineering by extending their process and chemistry expertise to enter into new value chains and replace the lower value products with higher value products in the same chemistry will enable them to service more of their customers' needs and increase the wallet share of their existing customers.

- **Expand the business by capitalizing on industry opportunities and organic and inorganic growth**

Anupam Rasayan intends to continue to participate in various domestic and international industry specific exhibitions, including, the Chemspec exhibition held in Europe, through which they aim to explore new business opportunities with existing and prospective customers. Their business development and R&D teams regularly participate in such chemical exhibitions and apprise customers of their new in-house innovative processes.

The company has, and continue to, expand their business through organic growth to increase their production capacities and product portfolio. Consistent with past practice, they will look to add capacity in a phased manner to ensure that they utilize their capacity at optimal levels. In Fiscal 2020, they commissioned 2 manufacturing facilities, namely, Jhagadia Unit -5 and Sachin Unit-6, which help them capitalize on the growth opportunities in the specialty chemicals industry.

In addition, the commissioning of Sachin Unit - 6 enabled them to expand their product portfolio to include the manufacture of pharmaceutical intermediates. Going forward, they may consider acquisition opportunities to selectively expand in other verticals. For instance, they acquired the Jhagadia Unit- 4, a multipurpose backward integrated facility in 2014.

- **Diversify the product portfolio and expand the chemistry expertise**

Company's focus continues to remain on manufacturing specialty chemicals that are intermediates of key molecules manufactured by their end customers. The R&D team is focused on building knowledge-based value added products, new innovative processes, scaling up the capacity of existing products while lowering the cost of production and improving the existing design parameters to increase the yields and thus the overall product quality. The company aims to focus on molecules which (i) are patented; (ii) are in the early stages of their life cycles; (iii) are of high or medium value and low volume; (iv) involve complex chemistries; and (iv) would lead to high growth rates on commercialization across geographies.

The company is focused on expanding their chemistry expertise and entering into new value chains by adding new reaction capabilities at their manufacturing facilities. They intend to offer a wide range of chemistry competency with emphasis on chemistries such as, Grignard, and new group chemistries, such as, Ethylene Oxide, ammoxidation and Isobutylene. Currently, only a few companies in India undertake such new group chemistries. Further, these chemistries will enable them to manufacture more products in the life science related specialty chemicals vertical. They also propose to cater to customers across new industry segments and in new geographies to grow their market share. Such steps would enable them to offer higher value addition, generate higher margins and increase their profitability.

- **Continue to focus on cost efficiency and improving productivity**

Increased competition and stringent regulations have encouraged the players in specialty chemicals industry to find innovative ways to reduce cost and increase the overall efficiency. Anupam Rasayan intends to focus on keeping their operating costs low, which is critical for remaining profitable; by implementing measures to reduce their operating costs and improve the operational efficiencies. Their focus is to continue to develop and adopt energy efficient technologies and practices, increase usage of alternative raw material and fuels, and waste utilization technologies, to further improve the quality of their products and optimize the production costs.

## COMPETITION

The Indian specialty chemicals industry is fragmented in nature. The key players in contract manufacturing include, **PI Industries and Aarti Industries**. In addition, there are several international players, specifically from China, United States and European Union, engaged in contract manufacturing of specialty chemicals.

The company do not specifically compete with any particular Indian company for the range of chemistries, scope of services and the diverse applications and technologies that they cater to. However, some of the players in the specialty chemicals segment may have greater financial resources, technology, research and development capability, greater market penetration and operations in diversified geographies and product portfolios, which may allow them to better respond to market and technological trends.

## KEY PLAYERS IN THE MARKET

Crop Protection Chemicals	Active Pharmaceutical Ingredients	Imaging Chemicals	Other Specialty Chemicals
<ul style="list-style-type: none"> <li>• PI Industries (20% to 25%);</li> <li>• Deccan Chemicals;</li> <li>• Coromandel International;</li> <li>• <b>Anupam Rasayan</b>;</li> <li>• Navin Fluorine International (10% to 12%);</li> <li>• Aarti Industries (10% to 12%);</li> <li>• Hikal Limited.</li> </ul>	<ul style="list-style-type: none"> <li>• Divi's Laboratories;</li> <li>• Dishman Pharma;</li> <li>• Nicholas Piramal;</li> <li>• Shasun Chemicals;</li> <li>• Jubilant Organosys;</li> <li>• Cipla Ltd;</li> <li>• Aarti Industries;</li> <li>• <b>Anupam Rasayan</b>;</li> <li>• Vivimed Labs;</li> <li>• Dr. Reddy's Ltd;</li> <li>• Aurobindo Pharma;</li> <li>• Laurus Lab (Synthesis Div.)</li> </ul>	<ul style="list-style-type: none"> <li>• Vivimed Labs</li> <li>• Fujifilm India</li> <li>• Hubergroup India</li> <li>• Navin Fluorine International</li> </ul>	<ul style="list-style-type: none"> <li>• Sami labs</li> <li>• Sajjan India</li> <li>• Syschem India</li> <li>• Infinity spec chem</li> <li>• Anubhav corp.</li> <li>• Aamirav ingredients</li> <li>• Chemcon spec chem</li> </ul>

Note: Figures in brackets indicate market share of key players in the segment

**COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31<sup>ST</sup> MARCH 2020)**

Name of the Bank	Consolidated/ Standalone	Face Value	Total Revenue for Fiscal 2020 ( ₹ Cr)	EPS (Basic)	NAV <sup>^</sup>	P/E <sup>~</sup>	RoNW (%)
<b>Anupam Rasayan India Ltd.</b>	<b>Restated</b>	<b>10</b>	<b>539.39</b>	<b>6.94</b>	<b>76.00</b>	<b>[●]</b>	<b>9.62%</b>
<b>Listed Peers</b>							
PI Industries Ltd.	Consolidated	1	3,415.40	33.08	189.64	65.72	17.43%
Navin Fluorine International Ltd.	Consolidated	2	1,094.88	82.60	285.38	32.20	28.93%
Astec Lifesciences Ltd.	Consolidated	10	534.54	24.29	126.17	42.73	19.25%
SRF	Consolidated	10	7,258.46	177.29	858.26	30.58	20.66%

Source: RHP; P/E Ratio has been computed based on the closing market price of the equity shares (Source: BSE) on March 1, 2021.

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