



Aether Industries Limited

IPO NOTE

ISSUE KEY HIGHLIGHTS

PRICE*:	Rs. 610 – Rs. 642	ISSUE OPENS:	24 th May 2022
ISSUE SIZE:	Rs. 808 Crores	ISSUE CLOSES:	26 th May 2022

Particulars	No. of Shares @ Lower Band (Cr)	No. of Shares @ Upper Band (Cr)	Rs. In Cr. @ Lower Band	Rs. In Cr. @ Upper Band	% Of Issue
QIB	0.65	0.62	395.93	400.45	50%
NIB	0.19	0.19	118.78	120.13	15%
Retail	0.45	0.44	277.16	280.31	35%
Employee	0.01	0.01	7.15	7.15	-
Shareholder	-	-	-	-	-
Total Issue	1.31	1.26	799.02	808.04	100%

Issue Details:

Industry: Speciality Chemicals

Promoters: Ashwin Jayantilal Desai, Purnima Ashwin Desai, Rohan Ashwin Desai, Dr. Aman Ashwin Desai, Ajd Family Trust, Pad Family Trust, Rad Family Trust, Aad Family Trust And Aad Business Trust

Selling Shareholders : Purnima Ashwin Desai

Capital Structure:

Fresh Issue (@Higher Band)	Rs. 627 Cr
Offer for Sale (@Higher Band)	Rs. 181 Cr
Total Issue as % of total capital (Post-Issue) (@Higher Band)	10.11%
Post Issue No. of Shares @ Higher Band (Cr.)	12.45
Post Issue Market Cap @ Higher Band (Rs. Cr.)	7,992
Face Value	10
Issue Route	Book Build Issue
Bid Lot (Shares)	23

Lead Managers: HDFC Bank, Kotak Mahindra Capital

Registered Office: Gujarat

Registrar: Link Intime India Pvt Ltd

Listing: BSE and NSE

Key Investment Details for Retail Investors: (UPI or ASBA)

Min No. of Shares Application	23
Amount on the Min. Application (Rs.)	Rs. 14,766

An Indicative timetable post issue closing:

Particulars	On or about
Finalization of Basis of Allotment	31-May-2022
Refunds/un-blocking of ASBA Accounts	01-Jun-2022
Credit of Equity Shares to DP Ac	02-Jun-2022
Trading Commences	03-Jun-2022

Shareholding %:

Particulars	Pre-Issue	Post Issue
Promoters	96.97	87.09
Public	3.03	12.91
Total	100.00	100.00

Business Overview:

Aether Industries Limited ("Aether") was incorporated on January 23, 2013. Aether is a speciality chemical manufacturer in India focused on producing advanced intermediates and speciality 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 2021.

Aether has 8 chemistry competencies to use for their wide array of products, which enables them to cater to niche and advanced intermediate requirements of a wider range of end-products and applications. All these competencies have been developed inhouse, which is one of the core strengths of their R&D team.

Aether has 3 business models under which they operate:

- Large scale manufacturing of their own intermediates and speciality chemicals;
- Contract research and manufacturing services ("CRAMS");
- Contract/exclusive manufacturing

Aether is among the few Indian specialty chemical companies to have successfully launched these 3 separate business models in just 5 years into commercial manufacturing.

As of March 31, 2022, Aether's product portfolio comprised over 25 products. In CY2020, they were the sole manufacturer in India of 4MEP, MMBC, T2E, OTBN, NODG, DVL and Bifenthrin Alcohol.

In 2020, Aether was:

- The **biggest manufacturer of 4MEP globally** in terms of production volume and the only manufacturer of this product in India;
- The **largest manufacturer of HEEP in India** and globally in terms of production volume;
- The **largest manufacturer of NODG globally** in terms of production volume and the only manufacturer of this product in India;
- The **biggest manufacturer of T2E globally** in terms of production volume and the only manufacturer of this product in India.

Aether is one of the few companies in the specialty chemicals sector in India who has deployed **continuous reaction technology** as a core technology competency at all stages (R&D, Pilot Plant and large scale manufacturing).

Brief Financial Details*:

(Rs. In Cr.)

	As at Dec'31		As at Mar'31		
	2021(09)	2021(09)	2021(12)	2020(12)	2019(12)
Equity Share Capital	112.69	8.56	10.10	8.56	8.56
Reserves	247.59	117.84	164.23	69.72	29.99
Net worth as stated	360.28	126.40	174.33	78.28	38.55
Revenue from Operations	442.54	334.09	449.82	301.81	201.18
Revenue Growth (%)	32.46%	-	49.04%	50.02%	-
EBITDA	125.99	76.54	112.16	71.76	47.51
Profit Before Tax	111.31	63.46	93.81	56.51	32.60
Net Profit for the period	82.91	48.25	71.12	39.96	23.34
Net profit Margin (%)	18.45%	14.30%	15.67%	13.15%	11.48%
EPS (Rs.)	7.45	5.12	7.36	4.24	2.48
ROCE (%)	21.72%	20.74%	28.50%	26.07%	25.16%
Debt Equity Ratio	0.65	1.63	1.19	2.18	3.27

Source: RHP, *Restated Consolidated,

For additional information & risk factors please refer to the Red Herring Prospectus.

OBJECTS OF THE ISSUE

The Company proposes to utilize the Net Proceeds from the Fresh Issue towards funding the following objects:

1. Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company;
2. Funding capital expenditure requirements for our manufacturing facility (“**Proposed Greenfield Project**”);
3. Funding working capital requirements of our Company; and
4. General corporate purposes.

SHAREHOLDING PATTERN

Shareholder	Pre-offer		Approx. No. of Shares offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Total - Promoter & Promoter Group					
Promoter	111,084,237	96.85%	2,820,000	108,264,237	86.97%
Promoter Group	151,890	0.12%	-	151,890	0.12%
Public	3,480,191	3.03%	-	16,066,546	12.91%
Total Equity Share Capital	114,716,318	100.00%	2,820,000	124,482,673	100.00%

OFFER DETAILS

The Offer	No. of Shares	
Fresh Issue (Rs. 627 Cr.)		
Offer for Sale : Name of Selling Shareholder	Amount (Rs. In Cr.)*	Weighted Average Cost of Acquisition per Equity Share on a fully diluted basis (Rs.)
Selling Shareholder:		
Purnima Ashwin Desai	181.044	2.08
*Calculated on Higher Price Band	TOTAL	181.044

BUSINESS OVERVIEW

Aether Industries Limited (“**Aether**”) is a speciality chemical manufacturer in India focused on producing advanced intermediates and speciality chemicals involving complex and differentiated chemistry and technology core competencies. Company’s 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 1st phase of their development through Fiscal 2017, they focused on building their team and infrastructure and on their R&D centred around building their core competencies. Company’s revenue generation operations commenced with their 2nd phase in Fiscal 2017. 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 2021.

Aether is focused on the core competencies model of chemistry and technology. The chemical companies usually have a single or a couple of chemistry competencies for their entire product portfolio; however, they have 8 chemistry competencies to use for their wide array of products, which enables them to cater to niche and advanced intermediate requirements of a wider range of end-products and applications. All these competencies have been developed inhouse, which is one of the core strengths of their R&D team.

Aether has 3 business models under which they operate:

- Large scale manufacturing of their own intermediates and speciality chemicals;
- Contract research and manufacturing services (“**CRAMS**”);
- Contract/exclusive manufacturing.

Aether is among the few Indian specialty chemical companies to have successfully launched these 3 separate business models in just 5 years into commercial manufacturing. They have nuanced criteria for choosing their products based on their chemical complexity, niche applications, limited competition, scalability and commercial potential. Using these criteria, they developed, and continue to develop, advanced intermediates and speciality chemicals products having applications in the pharmaceutical, agrochemicals, material science, coatings, high performance photography, additives and oil & gas segments of the chemicals industry.

As of March 31, 2022, Aether’s product portfolio comprised over 25 products. In CY2020, they were the sole manufacturer in India of 4MEP, MMBC, T2E, OTBN, NODG, DVL and Bifenthrin Alcohol.

In 2020, Aether was:

- The **biggest manufacturer of 4MEP globally** in terms of production volume and the only manufacturer of this product in India;
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- The **biggest manufacturer of T2E globally** in terms of production volume and the only manufacturer of this product in India.

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

KEY BUSINESS STRATEGIES

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

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2021)

Name of the Company	Consolidated / Standalone	Face Value	Total Revenue for [^] FY 2020-21 (₹ Cr)	EPS (Diluted)	NAV	P/E	RoNW (%)
Aether Industries Ltd.	Standalone	10	453.79	7.36	15.69	[·]	40.79%
Peer Group							
Clean Science and Technology Ltd	Standalone	1	538.05	18.68	50.84	100.08	36.74%
Navin Fluorine International Ltd	Consolidated	2	1258.44	51.96	330.06	73.96	15.76%
Vinati Organics Ltd	Consolidated	1	980.10	26.20	150.16	74.96	17.45%
PI Industries Ltd	Consolidated	1	4701.90	49.89	352.13	55.62	13.82%
Fine Organic Industries Ltd	Consolidated	5	1150.32	39.25	238.55	112.10	16.45%

[^]All the financial information for listed industry peers of the Company mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual reports/annual results as available of the respective company for the year ended March 31, 2021 submitted to stock exchanges. Source: RHP; P/E Ratio has been computed based on the closing market price of the equity shares (NSE) on May 4, 2022.

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Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

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