



IPO

TATVA CHINTAN PHARMA CHEM LTD.

Analysis by team Nishkaera



NISHKAERA

IPO – Tatva Chintan

- Basic Details
- Shareholders Details
- Revenue
- Profitability
- Business
- Manufacturing Facility
- Market Positioning
- Peer Comparison

IPO Details – TATVA CHINTAN



IPO Open	16 th July
IPO Close	20 th July
Allotment Date	26 th July
Price Band	Rs. 1073 - Rs. 1083 per share
Issue Size	Rs. 5,000 Million
Fresh Issue	Rs. 2,250 Million
Offer of Sale	Rs. 2,750 Million
Implied Valuation	~Rs. 24,000 Million

Object of the Fresh Issue of Rs 2,250 Mn:

- Capital expenditure requirements for
 - Expansion of **Dahej manufacturing facility**
 - Upgradation at the **R&D facility in Vadodara**
- For general corporate purposes.

Retail Investor – Maximum and Minimum bidding

Application	Lots	Shares	Amt (Cut-off)
Minimum	1	13	₹14,079
Maximum	14	182	₹197,106

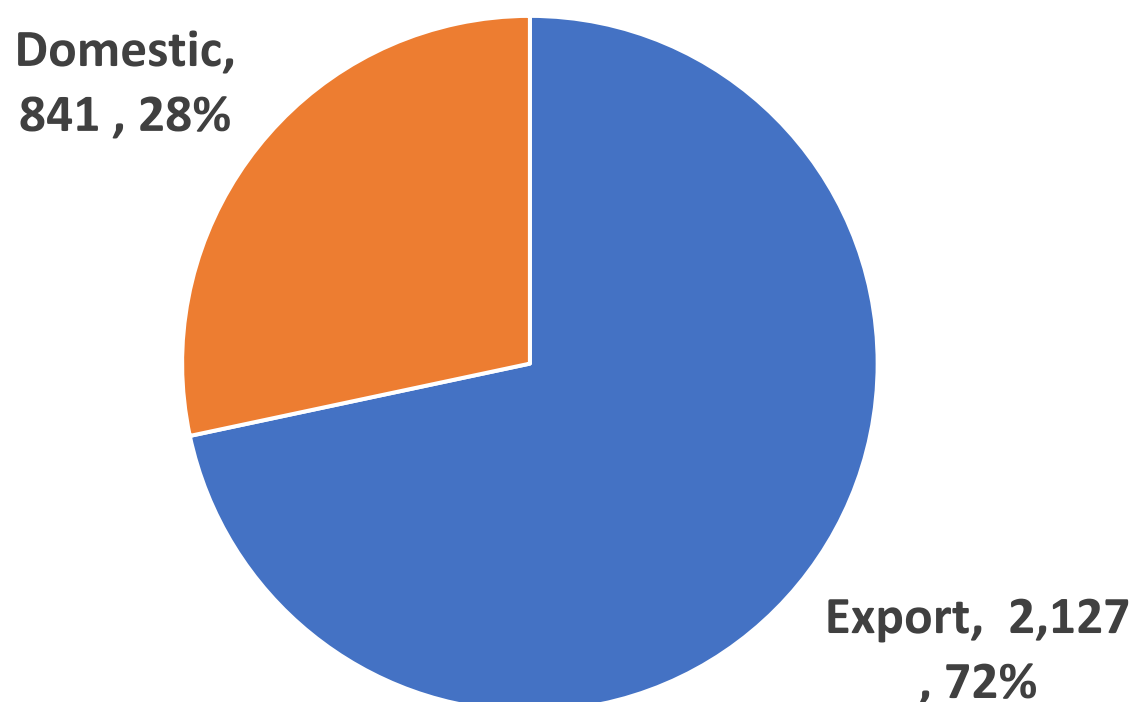
Pre IPO

100% of the equity held by the Promoter and Promoter group.

Details of shareholders selling shares

Name of Shareholder	Rs. Mn
Ajaykumar Mansukhlal Patel	233
Chintan Nitinkumar Shah	814
Shekhar Rasiklal Somani	730
Darshana Nitinkumar Shah	103
Priti Ajaykumar Patel	342
Ajay Mansukhlal Patel HUF	342
Kajal Shekhar Somani	110
ShitalKumar Rasiklal Somani	11
Samirkumar Rasiklal Somani	65
TOTAL	2750

Operating Revenue, Rs. Mn



Customers contributed more than 10% of Revenue in FY21:

1. Weihai PIDC New Materials Co. - 15%
2. Tosoh Asia Pte Ltd. - 17%

Details of Clients / Customers

	FY 21
No of New Customers acquired	153
No of Customers served	508

(₹ in million, except per share data))

Particulars	at and for the Fiscal ended	
	March 31, 2020	March 31, 2021
Equity Share capital	80.35	200.88
Net worth	1,176.94	1,659.64
Revenue from operations	2,632.39	3,003.59
Restated profit for the year	377.89	522.62
Earnings per share (basic)	18.81	26.02
Earnings per share (diluted)	18.81	26.02
Net Asset Value per Equity Share	58.59	82.62
Total borrowings	906.89	902.48

IMPRESSIVE TRACK RECORD

Revenue increased by 50% in last three years from Rs. 2,063 mn in FY19 to Rs. 3,003 mn in FY 21

EPS increased 2.6x in last three years from Rs. 10.23 in FY19 to Rs. 26.02 in FY 21

Net Asset value per share has increased from Rs. 39.68 per share in FY 19 to Rs. 82.62 per share in FY 21

We are a specialty chemicals manufacturing company engaged in the manufacture of a diverse portfolio of structure directing agents (“SDAs”), phase transfer catalysts (“PTCs”), electrolyte salts for super capacitor batteries and pharmaceutical and agrochemical intermediates and other specialty chemicals (“PASC”).

Our Company is the **largest and only commercial manufacturer of SDAs for zeolites in India and second largest position globally.** In addition, our Company is one of the leading global producers of an entire range of PTCs in India and one of the key producers across the globe.

As a manufacturer of specialty chemicals, we focus on application of our products which form a key ingredient to our customers’ manufacturing and industrial processes. For instance, our SDA and PTC products have various applications in green chemistry, which is pertinent considering the growing focus on green and sustainable technologies.

Fiscal	Total		
	Installed production capacity at end of Fiscal	Available production capacity for the Fiscal	Capacity utilization
Fiscal 2021	Reactor capacity: 280 KL Assembly Lines: 17	Reactor capacity: 280 KL Assembly Lines: 14	Reactors – 68.85 % Assembly – 54.50 %
Fiscal 2020	Reactor capacity: 280 KL Assembly Lines: 13	Reactor capacity: 180 KL Assembly Lines: 11	Reactors – 90.34% Assembly – 91.47%
Fiscal 2019	Reactor capacity: 160 KL Assembly Lines: 10	Reactor capacity: 145 KL Assembly Lines: 10	Reactors – 77.34% Assembly – 18.87%

Dahej Manufacturing facility is operating at lower capacity utilisation -

Reactors – 61.57%

Assembly – 50.72%

Market Position – TATVA CHINTAN



Tatva Chintan is among the **key players in the battery electrolyte** segment. With a growth in the Automobile and Electronics segment, the battery electrolyte segment across the globe is expected to witness a huge growth. Tatva Chintan, with its **expertise in Organic Battery Electrolytes** has witnessed upward sales over 21% in FY 20 as compared to FY 19. Tatva Chintan is the largest producers of organic Battery Electrolytes for super capacitors in India.

There is a rising environmental concern over pollution due to growth in Automobile and other such industries. Being cognizant of this issue, Tatva Chintan has collaborated with Ecovadis, which is an independent agency auditing member company on behalf of Together for Sustainability (TFS), which audits Chemical companies for sustainability and sustainable solutions. Tatva Chintan, over the years, has focussed on **sustainable supply chain solutions by managing the entire value chain**. Its sustainability performance as audited by Ecovadis has been above the industry average score on their Sustainability performance towards the environment and procurement.

Tatva Chintan also partnered with “Together for Sustainability”, a joint initiative of chemical companies for sustainable supply chains.

Peer Comparison

Company	Closing Price	Revenue (Rs. Mn)	EPS (Diluted)	NAV Rs.	P/E	RoNW (%)	Price / NAV
Tatva	1,083	3,063	26	83	42	31	13
Arti Industries	855	45,068	30	97	28	15	9
Navin Fluorine	3,850	12,584	52	33	74	16	117
Alkyl Amines	3,774	12,494	145	39	26	37	97
Vinati Organics	1,924	9,801	26	15	73	17	128
Fine Organics	3,011	11,503	39	24	77	16	126

- Tatva is enjoying higher Return on Net worth then most of the peers.
- Tatva is smallest company in terms of revenue among its peer companies, Sector is expected to grow fast etc. so, Company can expect high growth in the coming future.
- At higher price band of Rs. 1,083, company is trading at PE multiple of 42x which seems reasonable considering the peers.



Business
Consulting and
Research



Financial
Management
and compliance



Investor
Relations and
valuation



Business
Planning



Growth
Strategy

Pl consult your financial advisor before investing

Saurabh Garg

+91 9818 992829

Saurabh.garg@nishkaera.com

www.nishkaera.com

Do you believe Tatva Chintan Pharma will get the same response like Clean Technologies or GR Infrastructure and able to get more than 100x subscription?

Comment your thoughts below