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IPO OFFERING

TATVA CHINTAN PHARMA CHEM LTD



About Company

Incorporated in 1996, Tatva Chintan Pharma Chem Ltd (“Tatva Chintan”) is 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”). Tatva Chintan is the largest and only commercial manufacturer of SDAs for zeolites in India. In addition, it is one of the leading global producers of an entire range of PTCs in India and one of the key producers across the globe. The company currently operates through 2 manufacturing facilities situated at Ankleshwar and Dahej in Gujarat and has set up wholly owned subsidiaries in USA and Netherland as their marketing & distribution arms which allow it to cater to the demand of the domestic as well as international market to over 25 countries, including the USA, China, Germany, Japan, South Africa and the UK.

Recommendation: Subscribe for Long term

Price Band	: Rs1,073 – 1,083 per share
Face Value	: Rs.10
Bid Lot size	: 13 Shares and in multiple
Issue size	: Rs. 500 Cr
Issue Opens	: July 16 th 2021, Wednesday
Issue Closes	: June 20 th 2021, Friday
Min App Amount	: Rs. 14,079 /- at upper band

Important Note: All retail applications compulsory in UPI mode*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

Msearch View & Recommendation: We believe Tatva Chintan IPO gives investors a unique opportunity to invest in leading specialty chemicals manufacturer in India. Being largest and only commercial manufacturer of SDAs for zeolites in India, Tatva Chintan also focuses on green and sustainable technologies catering the demand of the domestic as well as international market. We assume Tatva is well-positioned to tap the shifting global demand to India by having expertise customized solutions in specialty chemicals. We are optimistic about the sector and expect robust multiyear export opportunities ex china as well as local demand in the current. With just 2-3 players in the domestic market, Tatva Chintan stands an opportunity to expand and explore the global market. Hence Tatva stands well to get the favorable and supportive Industry growth to drive sustainable business as well as profitable growth in the medium to long-term as it has well-diversified presence in pharmaceutical, agrochemical and automotive battery industry. **On valuations parse at upper price band (Rs 1083/-), the issue is asking for a market cap of Rs 2400 Cr with PE (FY21) 41x which seems the issue is reasonably priced well below the average industry (60x) when compared to its listed peers and believe there is something is left on the table for new investors coming in. Hence, considering all the rationales like diversified product portfolio with high entry barriers in segments, global presence with a wide customer base focusing on ‘green’ chemistry processes and reasonable valuations we advise investors to “SUBSCRIBE” this IPO for long term as markets always reward a player who has high visibility and growth potential.**

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BASIC FINANCIAL DETAILS

Particulars Rs (in Cr)	FY2021	FY2020	FY2019
Equity Share Capital	20.09	8.04	8.04
Reserves as stated	145.88	109.66	71.67
Net worth as stated	165.96	117.69	79.70
Revenue from Operations	300.36	263.24	206.31
Revenue Growth (%)	14.10%	27.59%	-
EBITDA as stated	71.64	56.34	34.30
EBITDA (%) as stated	23.85%	21.40%	16.63%
Profit Before Tax	60.70	47.60	27.39
Net Profit for the year	52.26	37.79	20.54
Net Profit (%) as stated	17.40%	14.36%	9.96%
EPS (₹)	26.02	18.81	10.23
NAV(₹)	82.62	58.59	39.68
ROE (%)	31.49%	32.11%	25.78%
ROCE (%)	32.98%	31.96%	26.36%

Source: RHP *Restated Summary, EPS calculated on increased share capital after bonus issue.

Source: Company RHP & Axis Cap IPO NOTE

COMPARISON WITH LISTED INDUSTRY PEERS Rs (in Cr)							
Companies	Mcap	FV	Revenue	EPS	NAV	P/E	RoNW
Tatva Chintan Pharma Chem Ltd	2,400	10	306	26.02	82.62	41.62	31.49%
Aarti Industries Ltd	30,959	5	4,507	30.04	96.97	29.07	15.23%
Navin Fluorine International Ltd	19,167	2	1,258	52.03	33.01	73.12	15.76%
Alkyl Amines Chemicals Ltd	19,252	5	1,249	144.68	38.82	25.62	37.27%
Vinati Organics Ltd	19,607	1	980	26.2	15.02	77.41	17.45%
Fine Organics Industries Ltd	9,173	5	1,150	39.25	23.86	75.01	16.45%

Data as on 31st March 2021

Source: Company RHP & Axis Cap IPO NOTE