



TATVA CHINTAN PHARMA CHEM LIMITED

Issue highlights

- ❑ **Tatva Chintan Pharma Chem Limited ("Tatva Chintan")** was incorporated on June 12, 1996. 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.** As on March 31, 2021, they manufactured over 154 products.
- ❑ **As of March 31, 2021, they offered 47 products under their SDA product portfolio, 48 products under the PTC product portfolio, 6 products under the electrolyte salts for super capacitor batteries portfolio and 53 products under their PASC portfolio.**
- ❑ Company's SDA and PTC products have various applications in green chemistry, which is pertinent considering the growing focus on green and sustainable technologies. They are the largest producer of Phase Transfer Catalysts in India and one of the leaders across the globe. Tatva Chintan is also among the top 2 manufacturers producing an entire range of PTCs.
- ❑ The key products viz. **tetra butyl ammonium bromide, Benzyl triethyl ammonium chloride, methyl tributyl ammonium chloride, methyl triocyl ammonium chloride** have enable them to gain a larger market share.
- ❑ The company currently operates through 2 manufacturing facilities situated at Ankleshwar and Dahej in Gujarat. Also, they have 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.
- ❑ Tatva Chintan supply their products to customers in India and export their products to over 25 countries, including the USA, China, Germany, Japan, South Africa and the UK.

Brief Financial Details*

(₹ In Cr)

	As at Mar' 31,		
	2021	2020	2019
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.

Issue Details

Issue of Equity Shares aggregating upto ₹ 500 Cr
(Fresh Issue of Equity Shares aggregating upto ₹ 225 Crore and Offer for sale of Equity Shares aggregating upto ₹ 275Cr)
Issue size: ₹ 500 Cr
No. of shares: 4,659,831 – 4,616,804
Face value: ₹ 10
Price band : ₹ 1,073 – 1,083
Bid Lot: 13 Shares and in multiple thereof
Post Issue Implied Market Cap:
₹ 2,380 – 2,400 Cr
BRLMs: ICICI Securities, JM Financial
Registrar: Link Intime India Pvt. Ltd.
Issue opens on: Friday, 16th July'2021
Issue closes on: Tuesday, 20th July'2021

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	26-07-2021
Refunds/Unblocking ASBA Fund	27-07-2021
Credit of equity shares to DP A/c	28-07-2021
Trading commences	29-07-2021

Issue break-up

	No. of Shares (Approx)	₹ In Cr	% of Issue
QIB	2,329,915 – 2,308,401	250	50%
NIB	698,975 – 692,521	75	15%
Retail	1,630,941 – 1,615,882	750	35%
Total	4,659,831 – 4,616,804	500	100%

Listing : BSE & NSE

Shareholding (No. of Shares)

Pre issue	Post issue~	Post issue^
20,087,500	22,184,425	22,165,062

~Lower price Band ^Upper Price Band

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters & Promoter Gr	100.00%	79.17%
Public	-	20.83%
Total	100.00%	100.00%

BACKGROUND

Company and Directors

The company was incorporated as 'Tatva Chintan Pharma Chem Private Limited' on June 12, 1996. The company was promoted by Ajaykumar Mansukhlal Patel, Chintan Nitinkumar Shah, and Shekhar Rasiklal Somani. Currently promoters hold 16,175,850 Equity Shares in aggregate, representing 80.53% of the issued, subscribed and paid-up Equity Share capital of the company.

Brief Biographies of Directors

Chintan Nitinkumar Shah is the Managing Director on the Board and has over 24 years of experience. He is responsible for, among others, business development and finance and information services, in the company.

Ajaykumar Mansukhlal Patel is the Whole Time Director on the Board and has over 26 years of experience. He is responsible for, among others, project engineering and the development and implementation of new technology, in the company.

Shekhar Rasiklal Somani is the Whole Time Director on the Board and has over 24 years of experience. He is responsible for business development, production controlling, quality, and supply chain management, in the company.

Manher Chimanlal Desai is the Independent Director on the Board.

Subhash Ambubhai Patel is the Independent Director on the Board and has over 33 years of experience in accountancy and audit.

Avani Rajesh Umatt is the Independent Director on the Board and has over 19 years of experience in research and academia.

Key Managerial Personnel

Mahesh Tanna is the Chief Financial Officer of the company. He has been associated with the company since December 22, 2020 and has experience of over 21 years

Apurva Dubey is the Company Secretary and Compliance Officer of the company. She has been associated with the company since February 25, 2021 and has experience of over 4 years.

OBJECTS OF THE ISSUE

(₹ In Cr)	
Objects	Amount
Funding capital expenditure requirements for expansion of the Dahej Manufacturing Facility	147.10
Funding capital expenditure requirements for upgradation at the R&D facility in Vadodara	23.97
General Corporate Purposes	[•]
Total	[•]

(₹ In Cr)					
Particulars	Total Estimated Cost	Amount already deployed as on Mar'15, 2021	Amount which will be financed from Net Proceeds	Estimated Utilisation of Net Proceeds	
				Fiscal 2022	Fiscal 2023
• Funding capital expenditure requirements for expansion of the Dahej Manufacturing Facility	151.32	4.22	147.10	79.00	68.10
• Funding capital expenditure requirements for upgradation at the R&D facility in Vadodara	23.97	-	23.97	13.00	10.97
Total	[•]	[•]	[•]	[•]	[•]

OFFER DETAILS

The Offer	Amount	No of Shares
Fresh Issue	₹ 225 Cr	Upto 2,096,924 ^ - 2,077,562~ Equity Shares
* Offer for sale by Promoters and Promoter Group:	₹ 275 Cr	Upto 2,562,908 ^ - 2,539,244~ Equity Shares

(^ at upper price band and ~ lower price band)

Shareholding Pattern:

Shareholder	Pre-offer		No. of Shares offered*	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter & Promoter Group					
<i>Promoters</i>	16,175,850	80.53%	1,640,813	14,535,037	65.58%
<i>Promoter Group</i>	3,911,650	19.47%	898,431	3,013,219	13.59%
Total for Promoter and Promoter Group	20,087,500	100.00%	2,539,244	17,548,256	79.17%
<i>Public</i>	-	-	-	4,616,806	20.83%
Total - Public	-	-	-	4,616,806	20.83%
Total Equity Share Capital	20,087,500	100.00%	2,539,244	22,165,062	100.00%

No. of shares offered at upper price band

BUSINESS OVERVIEW

Tatva Chintan Pharma Chem Limited (“**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, Tatva Chintan 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, they focus on application of their products which form a key ingredient to their customers’ manufacturing and industrial processes.

Company’s SDA and PTC products have various applications in green chemistry, which is pertinent considering the growing focus on green and sustainable technologies. They continuously strive to improve their processes and infrastructure to help reduce their impact on the environment and have accordingly, undertaken various ‘**green chemistry processes**’ such as electrolysis. Considering the wide application of their products, Tatva Chintan serves customers across various industries, including the automotive, petroleum, pharmaceutical, agro chemicals, paints and coatings, dyes and pigments, personal care and flavour and fragrances industries. Apart from their customers in India, they also export their products to over 25 countries, including the USA, China, Germany, Japan, South Africa, and the UK. During the Fiscals ended March 31, 2019, 2020 and 2021 exports of products accounted to ₹ 143.52 crore, ₹ 202.02 crore and ₹ 211.99 crore, which accounted for 69.57%, 76.74%, and 70.58%, of the revenue from operations, respectively.

The company is promoted by Chintan Shah, Ajay Patel and Shekhar Somani, each having experience of over 24 years in the specialty chemicals manufacturing industry and have established strong business relationships with domestic as well as overseas customers. In addition, they are led by a well-qualified and experienced management team, which has demonstrated its ability to manage and grow their operations and has substantial experience in the sectors in which they operate. The knowledge and experience of their management team provides them with a significant competitive advantage as they seek to grow their business.

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. They, over the years, have focused 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. The company also partnered with “*Together for Sustainability*”, a joint initiative of chemical companies for sustainable supply chains. Considering that many of their overseas multinational company customers strive to participate in environmentally friendly and sustainable initiatives, such assessments and audits help them engage and retain such customers.

COMPANY PRODUCTS AND REVENUE

As on March 31, 2021, Tatva Chintan manufactured over 154 products which can be divided into the 4 broad categories:

Category	Details
Structure Directing Agents (“SDA”):	SDAs are quarternary salts which are chemicals which help in the formation of particular channels and pores during the synthesis of zeolites. Zeolites have varied applications including as catalysts and adsorbents. In particular, zeolites promoted with transition metals

	such as copper and iron has been proven to be active for the selective catalytic reduction, which is currently considered as one of the preferred technologies for emission control in automotive applications . New and innovative applications are driving the growth of the zeolite market, in turn driving the quaternary ammonium compounds market.
Phase Transfer Catalyst ("PTC"):	PTCs are used to facilitate the migration of a reactant from one phase into another phase where the reaction occurs, in a heterogeneous multi-phase system. PTCs are used for a variety of industrial processes. Phase transfer catalysts are a type of catalyst that allows a reactant to be migrated from one phase to another where the reaction takes place eliminating the need for costly and unsafe solvents that can dissolve all reactants in one phase, and costly raw materials minimizing the issue of waste. Phase transfer catalysts are widely used in green chemistry applications.
Electrolyte salts for super capacitor batteries:	Electrolyte salts are used in the manufacture of super capacitor batteries , which are used in automobile batteries and other batteries. Tatva Chintan is the largest producer of electrolyte salts for super capacitor batteries in India.
Pharmaceutical and Agrochemical intermediates and other specialty chemicals ("PASC")	The products manufactured by Tatva Chintan under this category are used in the manufacture of various pharmaceutical and agrochemical products as intermediates, disinfectants and catalysts, and solvents . In addition, they also manufacture specialty chemicals under this category that are used in dyes and pigments, personal care ingredients, flavour and fragrance sectors.

Key Products:

Tatva Chintan's key products enable it to gain a larger market share. A quaternary ammonium salt with a bromide counter ion is a **tetra butyl ammonium bromide** widely used as a component transfer catalyst. It typically occurs in the form of a powder or white crystal. In chemical research, tetra butyl ammonium bromide is commonly used.

In various organic transformations, tetra butyl ammonium bromide, a quaternary ammonium salt, has emerged as a common phase-transfer catalyst. It is used through salt metathesis reactions to prepare several alternative tetra butyl ammonium salts. The salt composed of tetra butyl ammonium is a valuable nursing source of bromide associate, typically used as an ionic liquid. Tetra butyl ammonium is low cost, conjointly environmentally agrochemical industry and expected to grow at over 5% CAGR.

Benzyl triethyl ammonium chloride is a lipophilic phase-transfer catalyst that can be used to catalyse poly condensation reactions in phase-transfer catalysis (PTC) to form polymers of high molecular weight under biphasic conditions and is expected to grow at over 4% CAGR.

The key products like **methyl tributyl ammonium chloride** and **methyl triocyl ammonium chloride** are expected to grow at over 3% CAGR globally.

Tatva Chintan's key products are used as reagents in the synthesis of zeolite. Tatva Chintan's products are critical in the manufacturing of zeolites as the charge distribution and the size and geometric shape of a template are the causes of including structure-directing agents. This growth in the demand for zeolites as a catalyst is in turn driving the growth of these products. Tatva Chintan is the only company which manages the entire value chain across the globe.

Disaggregated Revenue Information:

Particulars	Year Ended 31, March,					
	2021		2020		2019	
	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total
Sale of Product	296.86	98.83%	257.69	97.89%	202.45	98.13%
– PTC	81.61	27.17%	74.91	28.46%	86.41	41.88%
– SDAs	120.24	40.03%	101.65	38.61%	25.38	12.30%
– Electronic Chemical	3.04	1.01%	4.63	1.76%	3.20	1.55%
– PASC	91.22	30.37%	76.49	29.06%	87.46	42.39%
Other Operating Revenue	3.50	1.17%	5.55	2.11%	3.86	1.87%
– Duty Drawback Received	0.38	0.13%	0.81	0.31%	0.88	0.43%
– FMS/MEIS/FPS Credit Received	2.42	0.81%	3.60	1.37%	2.98	1.44%
– Duty Charges	0.70	0.23%	1.15	0.44%	-	-
Total for Revenue from Operations	300.36	100.00%	263.24	100.00%	206.31	100.00%

BUSINESS IMPACT – COVID 19

In light of the COVID-19 pandemic, company's manufacturing facilities were shut down for a period of 12 days starting from March 24, 2020. They have since then implemented greater safety procedures and requirements at their manufacturing facilities to meet the government's requirement on sanitisation, and social distancing.

However, due to limited availability of labour, logistics and supply chain constraints, their manufacturing facilities were initially operating at sub-optimal capacity utilization. Subsequently, the capacity utilization has improved, raw material suppliers have resumed operations and supply and logistics have become more regular. The scale of the pandemic and the extent to which the local and global community has been impacted, the quarterly and annual revenue growth rates and expenses as a percentage of their revenues, may differ significantly from their historical rates, and the future operating results may fall below expectations.

Further, they generate their revenues from different geographies due to exports. The effects of COVID-19 in India and the geographies they operate in may last for different duration or have different magnitude in different countries which may make it difficult for them to normalise the operations. Any resulting financial impact due to the above cannot be reasonably estimated at this time. The extent to which the COVID-19 impacts their business and results will depend on future developments, which are highly uncertain and cannot be predicted.

MANUFACTURING UNITS

The company currently operates through 2 manufacturing facilities situated at Ankleshwar and Dahej in Gujarat, both of which are strategically located very close to the Hazira port. The manufacturing facilities employ various modern machinery and equipment, including reactors, Assembly Lines, ANFDs, centrifuges and RCVDs. These equipments enable the facilities to undertake various chemistry processes, such as, quaternization, methylation, amination, phase transfer reactions, cyclization, halogenation, condensation, and electrolysis.

Besides the single starting raw material, electrolysis only uses water and electricity to produce the target product. Considering that no additional chemicals are used, this helps ensure they do not generate any additional waste or by-products. Over the years, they have invested in their processes and their manufacturing infrastructure and systems. From Fiscal 2018 to Fiscal 2020, their installed reactor capacity grew from 160 KL to 280 KL, and their Assembly Lines grew from 10 Assembly Lines to 17 Assembly Lines respectively.

The installed production capacity, available capacity, actual production and capacity utilisation:

Installed Production Capacity, Available Capacity and Capacity Utilisation:				
		Installed production capacity	Available production capacity	Capacity utilization
Fiscal 2021	Reactor capacity	280 KL	280	68.85%
	Assembly Lines	17	14	54.50%
Fiscal 2020	Reactor capacity	280 KL	180 KL	90.34%
	Assembly Lines	13	11	91.47%
Fiscal 2019	Reactor capacity	160 KL	145 KL	77.34%
	Assembly Lines	10	10	18.87%

RESEARCH AND DEVELOPMENT

Tatva Chintan has, over the years, made regular investments in R&D to expand their product offerings and to streamline their manufacturing processes. Further, as a specialty chemicals manufacturer, they are driven by technical innovation in formulations and applications of their products. They have a dedicated Department of Scientific and Industrial Research ("DSIR") approved R & D centre at their Vadodara facility where their qualified and experienced in-house R&D team focuses on the development of new products and improvement their current manufacturing processes. They have a dedicated DSIR approved R&D facility at Vadodara and have a team of 20 employees. The team comprises 6 personnel with doctorate degrees in science.

Further, they have developed 22 products, 15 products, and 16 products respectively in the Fiscals ended 2019, 2020 and 2022 respectively, which have contributed ₹ 0.99 crore, ₹ 5.76 crore and ₹ 0.001 crore to their total revenue, amounting to 0.48%, 2.18%, and 0% (negligible), of their total revenue, in the respective periods. Further, 82 products have been developed by them since March 31, 2011, and these products have contributed ₹ 71.04 crore, ₹ 54.91 crore and ₹ 26.63 crore to their total revenue, which constituted 23.19%, 20.75%, and 12.88% of their total revenue, in Fiscals 2021, 2020, and 2019, respectively.

Their R&D facility is recognized by the DSIR, GoI. They also have a dedicated analytical development lab (ADL) to support their R&D initiatives, and are equipped with the latest technological instruments.

MAJOR CLIENTELE

The company has established long standing relationships with marquee players across various industries. Their Customers includes:

<ul style="list-style-type: none"> ▪ Merck, ▪ Bayer AG, ▪ Asian Paints Ltd., ▪ Ipox Chemicals KFT, ▪ Laurus Labs Ltd., ▪ Tosoh Asia Pte. Ltd., ▪ SRF Ltd., ▪ Navin Fluorine International Ltd., ▪ Oriental Aromatics Ltd., 	<ul style="list-style-type: none"> ▪ Atul Ltd., ▪ Otsuka Chemical (i) Pvt Ltd., ▪ Meghmani Organics Ltd., ▪ Divi's Laboratories Ltd., ▪ Hawks Chemical Company Ltd., ▪ Firmenich Aromatics Prod.(I) Pvt. Ltd., ▪ Jiangsu Guotai Super Power New Materials Co., Ltd. ▪ Jade Chem Co. Ltd
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COMPETITIVE STRENGTHS

- **Leading manufacturer of structure directing agents and phase transfer catalysts, with consistent quality**

With very few players in the Indian and global market, Tatva Chintan is the largest and only commercial manufacturer of SDAs for zeolites in India. It also enjoys the 2nd largest position globally. Their strategically located manufacturing facilities and robust and technically sound R&D capabilities have enabled them to maintain the quality of their products. Their large manufacturing capacity, consistent growth, experienced management, global footprint, and high-quality products make them a reliable supplier of SDAs and PTCs.

Company's key chemistries and products are gaining importance in the global market. The global production of tetramethyl ammonium hydroxide was valued at around USD 1.2 billion in 2019. Having multiple applications, to inhibit nanoparticle aggregation, the tetramethyl ammonium hydroxide market is expected to grow at over 7% CAGR through 2020-25F with Korea and China dominating the market. However, with just 2-3 players in the domestic market, Tatva Chintan stands an opportunity to expand and explore the global market. The SDA market remains highly consolidated with a handful of players operating at the global level. Opportunities in the automotive industry continue to grow, as compliance with the regulations regarding the emission control in commercial vehicles becomes a mandate worldwide. The company has managed to build a market for itself in India and across the globe with its in-depth knowledge of the chemistry. On a domestic level, the company is the only manufacturer in India. They have developed their technology to ensure production of high purity SDAs with PPM level of impurities.

Further, specifically for the purposes of the monitoring and maintenance of quality of their products, they have a team of 76 employees of whom 27 are dedicated to quality assurance, and remaining for quality control. They also have a modern quality control lab equipped with modern analytical equipment, which among others; enable them to give results indicating impurities up to PPM levels, thus facilitating the various quality control initiatives that they undertake.

- **Global presence with a wide customer base across various industries having high entry barriers**

Tatva Chintan supply their products to customers in India and export their products to over 25 countries, including the USA, China, Germany, Japan, South Africa and the UK. During the Fiscals ended March 31, 2019, 2020 and 2021, exports of products accounted for 69.57%, 76.74% and 70.58% of their revenue from operations, respectively.

They also have two wholly owned **subsidiaries in the USA and Netherlands**, to facilitate their overseas operations. They also actively participates in events such as *Convention on Pharmaceutical Ingredients (Cphi)* and *Chemspec*. The varied applications for their product portfolio have helped them build a wide customer base across many sectors. Of their entire customer base as of March 31, 2021, 46.86% of these customers have been their customers for less than 5 years and 53.14% of these customers have been their customers for over 5 years.

Product Category	Fiscal 2021	Fiscal 2020	Fiscal 2019
Number of new customers acquired	153	107	110
Number of customers served	508	445	444

- **Diversified specialised product portfolio requiring strong technical know-how**

Tatva Chintan has, over the years, diversified, expanded, and evolved their operations into manufacturing of pharmaceutical and agrochemical intermediates and other specialty chemicals, which have diverse applications across various industries. The expansion of their product portfolio is primarily driven by the continuously evolving needs and R&D initiatives undertaken by their customers, which is further supplemented by their R&D capabilities. Most of their products form part of the base raw materials required for the manufacture of products by their customers.

As of March 31, 2021, they offered 47 products under their SDA product portfolio, 48 products under the PTC product portfolio, 6 products under the electrolyte salts for super capacitor batteries portfolio and 53 products under their PASC portfolio. The production of SDAs and electrolyte salts for super capacitor batteries requires strong technical know-how and sound technical expertise. Their R&D capabilities and technical expertise has enabled them to become one of the leading manufacturers of SDAs for zeolites and PTCs in the world.

Company's products have a wide range of applications. For instance, in a heterogeneous multi-phase system, PTCs help facilitate the migration of a reactant from one phase into another phase where the reaction occurs. Further, their SDAs also have varied applications including as catalysts and adsorbents. In addition, the agrochemical intermediates that they manufacture form a part of various pesticides, fungicides, herbicides and such other agrochemical products. Similarly, their pharmaceutical intermediates are used in the manufacture of various pharmaceutical APIs and their other specialty chemicals are used in the manufacture of paints and coatings products, flavours and fragrance, dyes, and certain personal care products. In light of the wide range of applications of their products, they are in a position to cater to customers across various industries.

- **Modern manufacturing facilities with a focus on 'green' chemistry processes**

The company operates through two of their manufacturing facilities situated at Ankleshwar and Dahej. They have employed the latest available technology such as ANFDs which has helped improve the productivity and the quality of the products manufactured by them. They have successfully converted their Ankleshwar Manufacturing Facility into a 'zero liquid effluent discharge' facility from January 2020. The company, over the years, has focused 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. They have also 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.

In Fiscals 2021, 2020, and 2019, the capital expenditure was ₹ 20.97 crore, ₹ 48.17 crore, and ₹ 9.79 crore, respectively. Their aggregate manufacturing capacity as on March 31, 2021, comprised an aggregate reactor capacity of 280 KL and 17 Assembly Lines. Currently, each of their manufacturing facilities has accreditations including the ISO 14001:2015 and ISO 9001:2015 certifications for quality management, environment and health & safety systems.

- **Strong R&D capabilities**

Company's R&D efforts are mainly focused on development of new products, improvement of their existing production processes, adoption of advance production technology, and improvement of the quality of their existing products. These capabilities enable them to explore, among others, green and continuous flow chemistry processes which may give them a competitive edge in future. Of the products developed in last 10 years, 82 products have been successfully commercialized so far. Further, 82 products have been developed since March 31, 2011, and these products have contributed to 23.65%, 20.75%, and 12.88% of the total revenue, in Fiscals 2021, 2020, and 2019, respectively.

- **Experienced Promoters with a strong management team**

The company has experienced robust business growth under the vision, leadership and guidance of their experienced management team. The senior management team has also been instrumental in establishing and maintaining relationships with their customers. Additionally, their senior management possesses extensive industry and management experience which has given them a specialized understanding of the complexities involved in the manufacturing of such specific and niche products and the processes involved. Their business growth is also attributable to their strong management culture fostered by an entrepreneurial spirit that is managed by their department heads who are experienced, and have in-depth and hands-on knowledge of their industry.

- **Robust Financial Performance**

Tatva Chintan has demonstrated consistent growth in terms of revenues and profitability. They have able to increase their total revenue at a CAGR of 21.70% during the last three Fiscals. Their profit after tax has grown at a CAGR of 59.50%, from Fiscal 2019 to Fiscal 2021. The EBITDA has grown at a CAGR of 44.52% from Fiscal 2019 to Fiscal 2021.

Their financial position illustrates not only the growth of their operations over the years, but also the effectiveness of the administrative and cost management protocols that they have implemented. Their strong financial position and results of operations have enabled them to invest in capital expenditure, including towards technology development and R&D.

KEY BUSINESS STRATEGIES

- **Expand the existing product portfolio**

The company intends to further diversify into products with prospects for increased growth and profitability. They plan to continue to increase offerings in their current business segments as well as diversify into new products by tapping into segments which has attractive growth prospects. In addition, the demand for automotive emission control mechanisms is going to grow. Since the requirements of the various sectors that company's existing customers are currently servicing are continuously evolving, as a consequence of the same, there will be a continuous demand to evolve their existing products and expand their product portfolio to meet these requirements.

- **Further develop the R&D capabilities**

Tatva Chintan has consistently invested in their R&D capabilities and technologies and has successfully implemented most of them based on market/customer demand at their manufacturing facilities over the years. In this regard, of the 2,787.00 square meters of land leased to the company pursuant to agreements with the GIDC for their premises at Vadodara, they now intend to expand their R&D facility at Vadodara and utilise 1,887 square meters of the available land for the same.

They intend to identify and adopt new-age technologies for their process and product development to improve their productivity, quality and cost effectiveness and help make their products eco-friendlier. They are also aiming to develop technologies to produce conventional products using new-age technologies such as continuous flow chemistry and electrolysis processes.

- **Increase wallet share with existing customers and continued focus to expand customer base**

The longstanding relationships that they have enjoyed with their customers over the years and the repeat and increased orders received from them are an indicator of their position as a preferred supplier to their customers. They have built long-standing relationships with some of their customers through various strategic endeavours, which they intend to leverage by capitalizing on the cross-selling opportunities that their diversified product portfolio offers. Further, they plan on utilizing their expanded geographical footprint to address the sourcing requirements of their existing multinational customers as and when they enter new markets, thereby consolidating their position as a preferred supplier across geographies. Several global players prefer a "China + 1 offshore strategy", with capacities shifting to cost efficient markets with strong technology capabilities like India. The company offers customers with a reliable option to satisfy their specialty chemicals requirements.

- **Expand the existing manufacturing capacities to capitalise on industry opportunities**

Tatva Chintan has, over the years, consistently grown their manufacturing and production capabilities. They seek to capitalize on the growth opportunities in the specialty chemicals industry based on their well-positioned operations and being led by an experienced management team. Company's aggregate manufacturing capacity has increased at a CAGR of 20.59% from an aggregate reactor capacity of 82 KL and zero Assembly Lines as of March 31, 2010 to 280 KL Reactor Capacity and 17 Assembly Lines as of March 31, 2021. Consistent with past practice, they will look to add capacity in a phased manner to ensure that they utilize their capacity at optimal levels.

COMPETITION

The company operates in a competitive environment and they expect to face greater competition from existing competitors located both in India and globally, and in particular from companies in India, USA and China. They compete with different companies depending on the market and type of products. They compete on the basis of

their ability to fulfil their contractual obligations including the timely delivery of products manufactured by them and the price and quality of such products.

Company's competitors include **Aarti Industries Ltd, PI Industries Ltd, Fine Organic Industries Ltd, Delta Finochem, Dishman group and Pacific Organics Pvt. Ltd.**

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

Name of the Company	Consolidated/ Standalone	Total Revenue (₹ Cr)	Closing Price on July 2, 2021	Face Value	EPS (Basic)	NAV [^]	P/E [~]	RoNW (%)
Tatva Chintan Pharma Chem Ltd	Consolidated	306.29	-	10	26.02	82.62	[•]	31.49%
Peer Group								
Aarti Industries Ltd	Consolidated	4,506.80	873.35	5	30.04	96.97	29.07	15.23%
Navin Fluorine International Ltd	Consolidated	1,258.44	3,799.25	2	52.03	33.01	73.12	15.76%
Alkyl Amines Chemicals Ltd	Consolidated	1,249.39	3,696.65	5	144.68	38.82	25.62	37.27%
Vinati Organics Ltd	Standalone	980.10	2,028.20	1	26.20	15.02	77.41	17.45%
Fine Organics Industries Ltd	Consolidated	1,150.32	2,944.10	5	39.25	23.86	75.01	16.45%

Source: RHP

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