

Speciality chemicals firms eye fundraise

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The specialty chemicals sector is seeing a fundraising frenzy as several companies look to tap investor exuberance following the success of the initial public offering (IPO) of Rossari Biotech in July.

The Rossari Biotech IPO was subscribed almost 80 times when it opened for subscription, followed by an over-60% jump in its share price on its debut on the stock exchanges.

Investors are looking to bet on these specialty chemical makers as the sector is expected to benefit strongly from the global geopolitical and trade tensions, which are leading many global companies to adopt a 'China plus one' strategy for their supply chains. Indian chemical companies are expected to benefit greatly from these shifts in global supply chains.

Companies that are looking to tap the markets in the coming months to raise funds



Indian chemical companies are expected to benefit from the supply chain realignment from China.

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include SRF Ltd, which has taken a board approval for a ₹750 crore qualified institutional placement (QIP) offering.

"They could raise around ₹500-600 crore through the QIP, or the entire ₹750 crore, depending on investor appetite. Investment bank Kotak Mahindra Capital is advising the company on the share sale. They are yet to take shareholder approval for the fundraise, and the deal could be launched immediately thereafter," said a person aware of

the development.

Many others are planning to hit the market with their initial share sales.

According to media reports, Chemcon Speciality Chemicals is likely to launch its ₹350 crore IPO this month. Others such as Surat-based Anupam Rasayan and Mumbai-based Laxmi Organic Industries have appointed investment banks and started preparations to go public. "Laxmi Organic is looking to raise around ₹750 crore through its IPO. It has

appointed Axis Capital and IDFC Securities to manage the IPO," said a second person aware of the company's plans.

Emails sent to Anupam Rasayan, Laxmi Organic Industries, Kotak Mahindra Capital, and Axis Capital did not elicit a response. IDFC Securities declined to comment.

A spokesperson for SRF said, "The company has taken an enabling resolution for issuance of Equity of up to ₹750 crore. Requisite regulatory approvals are being sought, which should be received in due course. We will communicate with the media at the appropriate time."

According to brokerage firm Axis Securities, India has been gaining global market share in specialty chemicals because of its capabilities in the sector and the supply chain realignment from China to India. "We believe that Indian companies could gain ground further as companies would want to reduce dependence on China after the pandemic and shift their supply chains," it said in a 3 September report.