

## IPO Details

<b>Opening Date</b>	June 03,2024
<b>Closing Date</b>	June 05, 2024
<b>Stock Exchange</b>	BSE, NSE
<b>Lot Size</b>	110 Shares
<b>Issue Price</b>	₹129 to ₹136 per share
<b>Issue Size</b>	Aggregating up to ₹130.15Cr.
<b>Fresh Issue</b>	-
<b>Offer for Sale</b>	Aggregating up to ₹130.15Cr.
<b>Application</b>	Min. Inv. - ₹14,960 (110 shares)
<b>Amount (Price at Upper Band)</b>	Max. Inv. – ₹1,94,480 (1,430 shares)

## IPO Objective

- Carry out the Offer for Sale of up to 95,70,000 Shares by the Promoter Selling Shareholders
- Achieve the benefits of listing the Equity Shares on the Stock Exchanges

## Pre-Issue Shareholding

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	3,71,04,000	100%
Public	-	-

## Promoter of the Company

- Jogindersingh Jaswal
- Ketan Ramani
- Pritesh Ramani

## Competitive Strengths

- Wide range of products finding applications in diversified end user industries
- Long standing relationships with customers
- High entry and exit barriers due to long customer approval cycles and strict product standards
- Focus on R&D and Quality Control
- Zero debt company with strong and consistent financial performance
- Strategically located manufacturing facilities providing supply chain efficiencies
- Experienced Promoters and Senior Management with extensive domain knowledge

## Company Background

- Incorporated in 2008, Kronox Lab Sciences Limited is a manufacturer of high-purity speciality fine chemicals for diverse end-user industries.
- The company's High Purity Specialty Fine Chemicals are used in various applications such as manufacturing APIs, pharmaceutical formulations, scientific research, nutraceuticals, biotech applications, agrochemical formulations, personal care products, metal refineries, and animal health products.
- The company offers a wide range of over 185 products, including phosphate, sulphate, acetate, chloride, citrate, nitrates, nitrites, carbonate, EDTA derivatives, hydroxide, succinate, gluconate, and others. These products are supplied to customers in India and more than 20 countries worldwide.
- The company has three manufacturing facilities in Vadodara, Gujarat, close to the seaports of Mundra, Kandla, Hazira, and Nhava Sheva. The facilities cover 17,454 sq. m. and have an installed capacity of 7,242 TPA as of December 31, 2023.
- As of December 31, 2023, the company is conducting research and development on 122 products.
- The Company employed 212 people at various levels as of December 31, 2023 on its payroll.

## Market Capitalization (In Cr.)

Pre-Issue	Post-Issue
₹ 505	₹ 505

## Financial Summary (In Cr.)

For the Period Ended	Mar-21	Mar-22	Mar-23	Dec-23
<b>Total Assets</b>	37.64	56.78	54.03	66.95
<b>Net Assets</b>	26.81	40.35	44.67	60.28
<b>Total Borrowings</b>	0.01	0.64	-	-
<b>Total Revenue</b>	63.23	83.34	97.49	68.43
<b>Profit After Tax</b>	9.73	13.62	16.61	15.46

## Tentative Timeline

<b>Opening Date</b>	June 03, 2024
<b>Closing Date</b>	June 05, 2024
<b>Basis of Allotment</b>	June 06, 2024
<b>Initiation of Refunds</b>	June 07, 2024
<b>Credit of Shares to Demat</b>	June 07, 2024
<b>Listing Date</b>	June 10, 2024

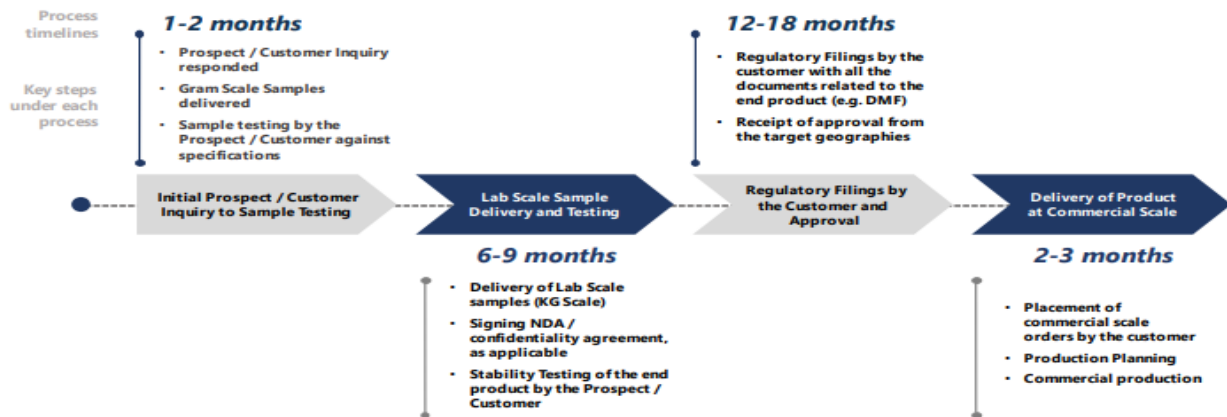
## Company Background and Analysis

Incorporated in 2008, Kronox Lab Sciences Limited is a manufacturer of high-purity speciality fine chemicals for diverse end-user industries. The company's High Purity Specialty Fine Chemicals are used in various applications such as manufacturing APIs, pharmaceutical formulations, scientific research, nutraceuticals, biotech applications, agrochemical formulations, personal care products, metal refineries, and animal health products. The Company manufactures High Purity Speciality Fine Chemicals of various grades in particle sizes ranging from 10 mesh to 100 mesh.

Company's range of more than 185 products spanning across the family of phosphate, sulphate, acetate, chloride, citrate, nitrates, nitrites, carbonate, EDTA derivatives, hydroxide, succinate, gluconate, among others are supplied to customers in India and more than 20 countries globally. In addition to the manufacturing of products in accordance with various domestic and international standards, company also undertake custom manufacturing to achieve high levels of purity, as specified by the client, having different purity levels than the prescribed industry standards.

Over the years, company has expanded their scale of operations and global footprint with customers in over 20 countries including United States, Argentina, Mexico, Australia, Egypt, Spain, Turkey, United Kingdom, Belgium, United Arab Emirates, China, among others. The Company's revenue from exports have grown at a CAGR of 37.46% between Fiscal 2021 and 2023.

### A Typical Product Approval Cycle



Due to the long approval process, customers typically avoid changing the suppliers as they are selected after detailed evaluation and customers tend to develop long term relationships with them

### Product Approval Cycle

The Company has 3 Manufacturing Facilities situated in Vadodara, Gujarat which are close to the seaports of Mundra, Kandla, Hazira and Nhava Sheva. Manufacturing Facilities are cumulatively spread across 17,454 sq. metres and as on Dec23, have an aggregate installed capacity of 7,242 TPA. The company has served more than 592 customers in the last three financial years and during the period ended Dec23, of which 141 customers constituting to 23.82% of total customers placed repeat orders out of the total revenue from operations. For the period ended Dec23, Dec22, FY23, FY22 and FY21, the Company's top 10 customers contributed about 45.22%, 53.58%, 50.68%, 56.18% and 56.32% respectively.

The Company gives equal importance to Research, Development and Quality Control leading to new product development required for growth of the business and profitability. As on Dec23, the Company had 122 products under various phases of research and development. As far as human resource concern, the Company employed 212 people at various levels as of December 31, 2023 on its payroll.

**Industries where company's products have been used in various applications:**

(Amount in Cr.)

Application/ Industry	Mar-21		Mar-22		Mar-23		Dec-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Pharmaceuticals	33.98	54.41	33.72	41.00	38.97	40.78	30.54	45.13
Scientific Research and Lab Testing	14.61	23.40	26.76	32.54	27.92	29.21	17.96	26.54
Nutraceuticals	11.38	18.23	17.47	21.25	24.52	25.66	16.05	23.72
Others	2.470	3.95	4.28	5.21	4.15	4.35	3.12	4.61
<b>Total</b>	<b>62.46</b>	<b>100</b>	<b>82.24</b>	<b>100</b>	<b>95.57</b>	<b>100</b>	<b>6.76</b>	<b>100</b>

**Revenues and percentage of revenues from operations from export:**

(Amount in Cr.)

Geography	Mar-21		Mar-22		Mar-23		Dec-23	
	Amt	%	Amt	%	Amt	%	Amt	%
India (Domestic Sales)	45.92	73.52	57.25	69.61	65.44	68.47	44.60	65.91
Exports	12.84	20.56	19.29	23.46	24.26	25.39	16.97	25.07
India (SEZ Sales)	3.15	5.06	4.26	5.19	4.96	5.20	5.56	8.22
Merchant Exports	0.53	0.86	1.43	1.74	0.89	0.94	0.54	0.80
<b>Total</b>	<b>62.46</b>	<b>100</b>	<b>82.24</b>	<b>100</b>	<b>95.57</b>	<b>100</b>	<b>67.60</b>	<b>100</b>

To conclude Incorporated in 2008, Kronox Lab Sciences Limited is a manufacturer of high-purity speciality fine chemicals for diverse end-user industries. The Company's product ranges to more than 185 products which are supplied to customers in India and more than 20 countries globally. The Company has 3 Manufacturing Facilities situated at Vadodara in Gujarat which are close to the seaports of Mundra, Kandla, Hazira and Nhava Sheva.

**Business Strategies****1. Expand product portfolio, increase supply of products to existing customers and tap new customers in existing and new geographies-**

The company has diverse product portfolio of 185 products. The Company has 122 products in various phases of R&D as on December 31, 2023. The Company intends to diversify reach in geographies including North America, Europe, Middle East Asia and Central & South America.

**2. Expand capacity for existing products and diversify into new products by setting up a new manufacturing facility-**

As of December 31, 2023, the Company's aggregate installed capacity is 7,242 TPA across 3 Manufacturing Facilities and plans to establish new unit at GIDC Dahej-II Industrial Estate and has acquired a land admeasuring to 20,471 sq. metres. to manufacture High Purity Speciality Fine Chemicals. The cost for establishing the new unit is proposed to be financed through equity and/or debt and/ or the internal accruals of the Company.

**3. Explore newer applications for existing products and develop new products that are in synergy with current and future operations-**

The Company aims to market products for end-use applications in industries such as food, beverages, electronics and precision industrial products. The Company believes that its existing and future growth prospects of various end-user industries can be in Pharmaceuticals, Biotech, Active Pharmaceuticals ingredients among others. New products proposed to be launched are Glycinate, Succinate, & Gluconate.

**4. Focus on import substitution and increase exports-**

The supply chain disruption witnessed in China during the pandemic is expected to result in larger export opportunities for the domestic chemical industry. Indian manufacturers are expected to be key beneficiaries of this as very few countries other than India have the requisite scale, skilled labour availability, government support, etc., to cater to the large-scale requirements.

**5. Improve cost management and operational efficiencies-**

The Company strives to improve the production process to optimize processes and achieve higher efficiency with the support of RDT team. The Company aims to increase capacity utilization, which can reduce fixed overheads per product, increase profitability and improve operating leverage. The Company intends to focus on high-value, low-volume products within product portfolio and seek to benefit from optimizing product selection strategy.

## Competitive Scenario and Peer Mapping

### Competition

The chemical industry faces fierce competition from established players vying for market share. New entrants might be deterred by high capital costs and complex regulations. Supplier power fluctuates based on the specific chemical and concentration. Customers in various industries hold moderate power due to numerous suppliers, but bulk buyers can negotiate better prices. The threat of substitutes like bio-based alternatives is a concern, pressuring innovation.

### Peer Analysis

The comparison of the key performance indicators of the listed peers as of Mar-23 is given below –

Particulars	Kronox Lab Sciences Ltd	Tatva Chintan Pharma Chem Ltd	Tanfac Industries Ltd	Neogen Chemicals Ltd	Sigachi Industries Ltd	DMCC Speciality Chemical Ltd
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	17.60%	10.59%	14.66%	7.23%	14.10%	1.78%
EBITDA Margin	23.01%	14.66%	21.95%	16.82%	21.18%	9.95%
Return on Capital Employed	48.49%	10.26%	41.22%	-	19.65%	7.88%
Return on Equity	32.20%	8.83%	30.46%	10.36%	16.22%	3.49%
P/E	31.63	81.38	17.73	64.18	15.73	86.25
EPS (INR)	4.30	20.51	56.27	20.04	1.42	2.77

The comparison of the key performance indicators of the listed peers as of Mar-22 is given below –

Particulars	Kronox Lab Sciences Ltd	Tatva Chintan Pharma Chem Ltd	Tanfac Industries Ltd	Neogen Chemicals Ltd	Sigachi Industries Ltd	DMCC Speciality Chemical Ltd
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	16.46%	21.66%	16.47%	9.14%	15.83%	6.42%
EBITDA Margin	23.95%	26.55%	24.59%	17.98%	22.01%	14.05%
Return on Capital Employed	44.83%	22.46%	53.79%	-	22.42%	15.06%
Return on Equity	16.82%	20.27%	39.86%	10.16%	17.58%	11.02%
P/E	38.97	51.08	8.75	93.94	95.32	42.80
EPS (INR)	3.49	45.38	53.42	18.49	0.31	8.55

The comparison of the key performance indicators of the listed peers as of Mar-21 is given below –

Particulars	Kronox Lab Sciences Ltd	Tatva Chintan Pharma Chem Ltd	Tanfac Industries Ltd	Neogen Chemicals Ltd	Sigachi Industries Ltd	DMCC Speciality Chemical Ltd
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	15.59%	17.11%	11.72%	9.30%	15.44%	15.67%
EBITDA Margin	23.70%	23.52%	23.21%	19.26%	21.45%	20.81%
Return on Capital Employed	48.55%	33.11%	29.89%	18.46%	39.24%	18.68%
Return on Equity	18.24%	31.49%	21.01%	17.12%	32.12%	18.51%
P/E	56.67	-	14.46	64.33	-	-
EPS (INR)	2.40	26.02	17.53	13.43	0.13	13.06

**Industry Overview**

Exhibit 1: Indian Phosphate Industry Volumes (2018-2025)

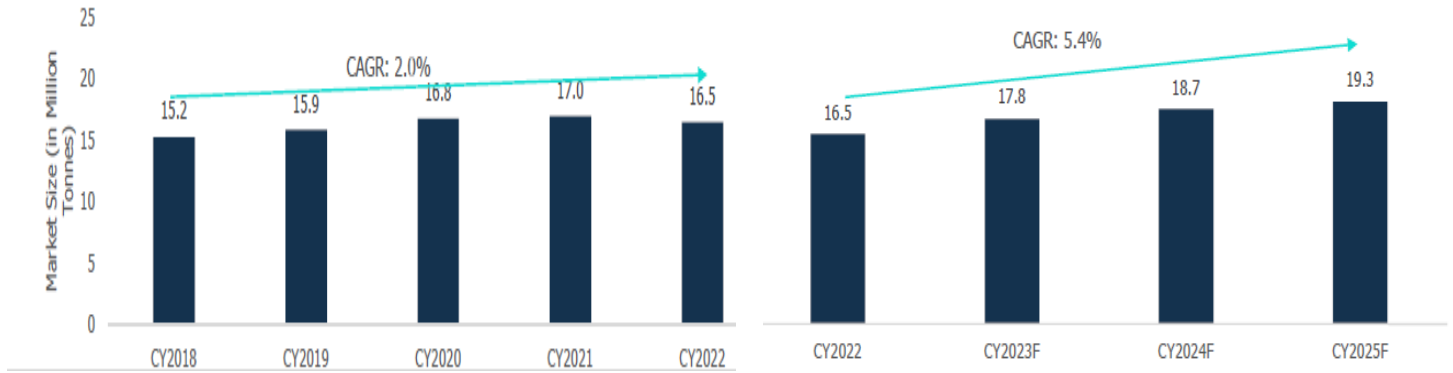
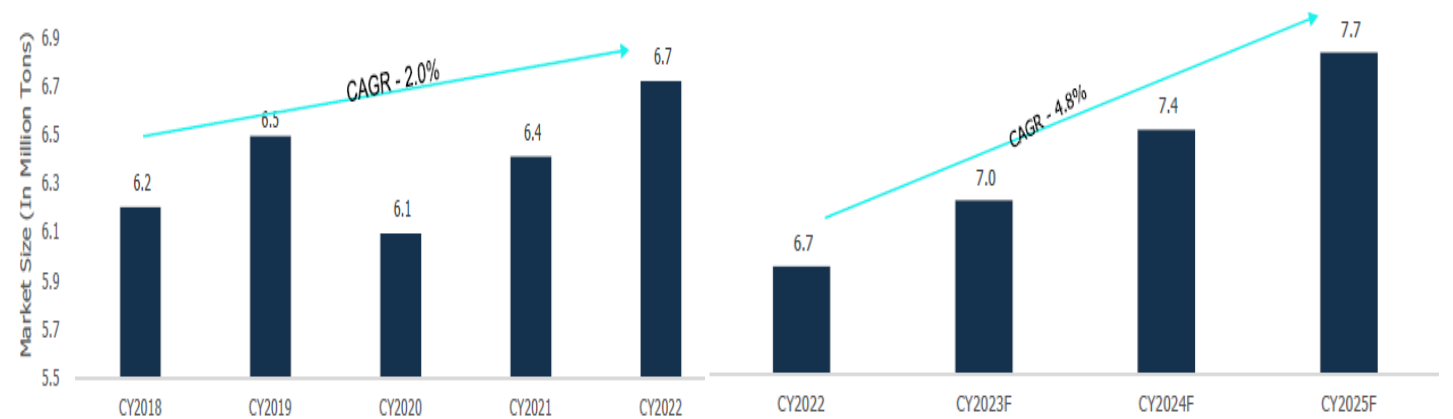


Exhibit 2: Indian Sulphate Industry Volumes (2018-2025)



(Source: Prospectus)

**Overview of Indian Chemical Manufacturing Industry –**

The Indian chemical industry, excluding pharmaceuticals, holds significant weight within the manufacturing sector, contributing roughly 8.4% of its output with a value of Rs. 9.10 lakh crore in FY22. This industry has seen impressive growth, averaging 8.8% annually between FY18 and FY22. India ranks as a major global player, sitting at 11th for exports and 6th for imports of chemicals (excluding pharmaceuticals). FY22 saw a significant rise in both imports (66%) and exports (30%) with totals reaching Rs. 8.5 lakh crore and Rs. 4.9 lakh crore respectively.

The industry is comprised of five key segments: alkali chemicals (holding the largest share at 71%), inorganic chemicals, organic chemicals, pesticides & insecticides, and dyes & pigments. Production across these segments has also grown steadily at a CAGR of 4.61% from FY18 to FY22.



Kronox Lab Sciences mainly competes in Citrate Industry, Carbonate Industry, Phosphate Industry, Acetate Industry, Sulphate Industry, Gluconates Industry, EDTA Derivatives Industry, and Succinates Industry within the Chemical Manufacturing Industry. The Expected Trend for these sub-sectors in India is as follows:

The Indian chemical manufacturing industry presents a diverse landscape of sub-industries with varying growth trajectories. The star performer is the succinates industry, boasting a phenomenal 26.6% CAGR and projected to double in value by 2025. The citrate industry, though experiencing impressive growth (23.8% CAGR) from 2018 to 2022, is expected to dip slightly due to price correction.

Meanwhile, the carbonate and phosphate industries show steady volume growth, with projections for continued expansion. The acetate industry is on the rebound after a price correction, while the sulphate and gluconates industries exhibit moderate value growth driven by volume increases. Finally, the EDTA derivatives industry shows promise with volume and value growth projections.

#### **Key Challenges for the Chemical Manufacturing Industry:**

- **Price Fluctuations:** Both raw material and end product prices fluctuate due to global market forces, impacting profitability and working capital requirements.
- **Stringent Quality Norms:** Manufacturers, especially those supplying pharmaceuticals, nutraceuticals, and lab reagents, need to comply with strict quality guidelines across production, storage, handling, transport, and disposal. Failure to comply can severely impact business.
- **Global Inflation and Geopolitical Tensions:** High inflation and interest rates, coupled with geopolitical tensions, threaten to disrupt raw material supplies, transportation, and demand from key markets.
- **Environmental Concerns:** Chemical production can lead to effluent discharge and soil contamination. Increasing focus on sustainability necessitates investment in R&D and cleaner technologies.

(Source: Prospectus)

## Key Managerial Personnel

**Jogindersingh Jaswal**, aged 58 years, is one of the Promoters and the Managing Director of the Company. He has been a director of the Company since incorporation. He holds a bachelor's degree in science. Previously, he has worked with Ranbaxy Laboratories Limited and Ranbaxy Fine Chemicals Limited from the year 1994 till 2001. He has over 3 decades of experience in chemical industry. He looks after production, quality control and human resource activities in the Company.

**Ketan Ramani**, aged 55 years, is one of the Promoters and Whole-time Director of the Company. He has been a director of the Company since incorporation. He is a commerce graduate and holds a degree for post-graduation in industrial purchasing and material management. He has over 3 decades of experience in the chemical industry. He oversees finance, purchase and administration in the Company.

**Pritesh Ramani**, aged 49 years, is one of the Promoters and Whole-time Director of the Company. He has been a director of the Company since incorporation. He holds a bachelor's degree in science. He has over 2 decades of experience in the chemical industry. He looks after sales and marketing in the Company.

**Satish Kumar**, aged 59 years, is as Independent Director of the Company. He holds a bachelor's degree in science. He has also worked with Hindustan Unilever Limited, Ranbaxy Laboratories Limited and Kanta Electricals India Limited.

**Krutika Negandhi**, aged 36 years, is an Independent Director of the Company. She is a member of the Institute of Chartered Accountants of India. She holds a bachelor's and a master's degree in commerce. She is a practicing Chartered Accountant. She has a work experience of over 5 years and have expertise in the field of accounting, auditing and tax advisory.

**Parth Shah**, aged 36 years, is as Independent Director of the Company. He holds a bachelor's degree in commerce and a bachelor's degree in law (Special). He holds a degree of post graduate diploma in taxation laws and practice. Presently, he is a practising advocate and has an experience of over a decade in the field of tax consulting and law.

To conclude, the company has 3 promoters, and all the Promoters has vast experience in the industry in which the company operates in. The Directors of the company have diverse as well as vast experience in the industry and in the fields which help in the growth of the business.



## Financial Snapshot

<b>Profit and Loss Statement</b>				<b>(In Cr.)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Dec-23</b>
Revenue from Operations	62.46	82.24	95.57	67.68
Other Income	0.77	1.09	1.92	0.75
<b>Total Income</b>	<b>63.23</b>	<b>83.34</b>	<b>97.49</b>	<b>68.43</b>
<b>Expenses</b>				
Cost of Materials Consumed	34.36	47.98	58.01	32.80
Changes in Inventories of Finished Goods, Stock-in Trade and Work-in-Progress	0.04	-0.58	-3.13	2.57
Employee Benefit Expenses	5.39	5.74	7.02	5.01
Finance Costs	0.38	0.40	0.09	-
Depreciation and amortisation expenses	1.97	2.02	1.49	1.00
Other expenses	7.85	9.40	11.67	6.83
<b>Total Expenses</b>	<b>50.01</b>	<b>64.98</b>	<b>75.17</b>	<b>48.22</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>14.80</b>	<b>19.69</b>	<b>21.99</b>	<b>20.46</b>
<b>EBITDA Margin</b>	<b>23.70%</b>	<b>23.95%</b>	<b>23.01%</b>	<b>30.23%</b>
<b>Profit/(Loss) before tax</b>	<b>13.22</b>	<b>18.35</b>	<b>22.32</b>	<b>20.21</b>
Tax Expense				
Current Tax	3.55	4.79	5.79	5.07
Deferred Tax Expense / (credit)	-0.06	-0.06	-0.08	-0.33
Total Tax Expense	3.49	4.72	5.71	4.74
<b>Profit/(Loss) for the Year</b>	<b>9.73</b>	<b>13.62</b>	<b>16.61</b>	<b>15.46</b>
<b>Other Comprehensive Income</b>				
(A) Items that will not be reclassified to Statement of Profit and Loss	-	-	-	-
(i) Defined benefit Plan liability / asset	0.01	-0.11	0.28	0.17
(ii) Tax impact on above item	-	0.03	-0.07	-0.04
<b>Profit/(Loss) for the year</b>	<b>9.74</b>	<b>13.53</b>	<b>16.82</b>	<b>15.60</b>
<b>Net Profit Margin</b>	<b>15.40%</b>	<b>16.24%</b>	<b>17.26%</b>	<b>22.80%</b>

<b>Balance Sheet</b>				<b>(In Cr.)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Dec-23</b>
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	5.74	8.84	15.91	25.96
Capital Work-in-Progress	0.39	-	-	0.03
Right of Use Assets	3.44	2.45	-	-
Financial Assets				
(i) Investments	0.02	0.02	0.02	0.02
(ii) Other Financial Assets	1.57	0.97	3.57	0.07
Deferred Tax Assets (Net)	0.23	0.32	0.34	0.63
Other non-current Assets	0.00	-	-	-
<b>Total Non-Current assets</b>	<b>11.42</b>	<b>12.62</b>	<b>19.85</b>	<b>26.73</b>
<b>Current Assets</b>				
Inventories	5.49	7.51	9.17	7.17
Financial Assets				
(ii) Trade Receivables	15.44	25.80	18.55	16.97
(iii) Cash and Cash Equivalents	1.05	0.28	2.48	1.07
(iv) Bank Balances other than (iii) above	1.00	2.52	1.07	0.50
(vi) Other Financial Assets	2.59	7.40	2.35	12.49
Other current assets	0.63	0.63	0.54	2.015
<b>Total Current assets</b>	<b>26.22</b>	<b>44.16</b>	<b>34.18</b>	<b>40.22</b>
<b>Total Assets</b>	<b>37.64</b>	<b>56.78</b>	<b>54.03</b>	<b>66.95</b>

<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital	0.24	0.24	37.10	37.10
Other Equity	26.57	40.11	7.57	23.17
<b>Total equity attributable to equity holders of the company</b>	<b>26.81</b>	<b>40.35</b>	<b>44.67</b>	<b>60.28</b>
Non-controlling interests (NCI)		-	-	-
<b>Total Equity</b>	<b>26.81</b>	<b>40.35</b>	<b>44.67</b>	<b>60.28</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial Liabilities				
(i) Long term borrowings	-	0.47	-	-
(ii) Lease Liabilities	2.71	1.68	-	-
Provisions	0.17	0.52	0.48	0.03
<b>Total Non-current liabilities</b>	<b>2.89</b>	<b>2.67</b>	<b>0.48</b>	<b>0.03</b>
<b>Current liabilities</b>				
Financial Liabilities				
(i) Short term borrowings	0.01	0.17	-	-
(ii) Lease Liabilities	0.89	1.03	-	-
(iii) Trade Payables				
- total outstanding dues of micro enterprises and small enterprises	1.50	6.01	2.86	2.64
- total outstanding dues of creditors other than micro enterprises and small enterprises	5.05	5.50	4.95	3.01
(iv) Other Financial Liabilities				
Other current liabilities	0.22	0.21	0.56	0.52
Short term provisions	0.24	0.60	0.63	0.36
Current tax liabilities (Net)	0.01	0.20	-0.13	0.09
<b>Total Current liabilities</b>	<b>7.94</b>	<b>13.76</b>	<b>8.86</b>	<b>6.64</b>
<b>Total Liabilities</b>	<b>10.83</b>	<b>16.43</b>	<b>9.35</b>	<b>6.67</b>
<b>Total Equity and Liabilities</b>	<b>37.64</b>	<b>56.78</b>	<b>54.03</b>	<b>66.95</b>

<b>Cash Flow Statement</b>				
	<b>(In Cr.)</b>			
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Dec-23</b>
Net Cash Flow from Operating Activities	11.31	9.02	19.66	15.31
Net Cash Flow from Investing Activities	-2.95	-7.59	-5.51	-17.30
Net Cash Flow from Financing Activities	-7.09	-0.66	-13.39	-

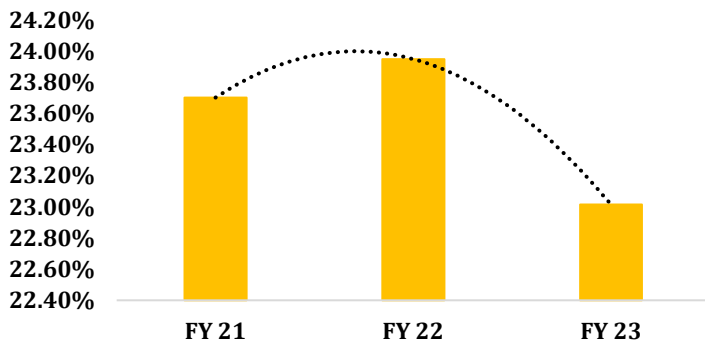
<b>Ratio Sheet</b>				
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Dec-23*</b>
<b>Per Share Data</b>				
Diluted EPS	2.40	3.49	4.30	5.98
BV per share	7.23	10.88	12.04	18.03
<b>Operating Ratios</b>				
EBITDA Margins	23.70%	23.95%	23.01%	30.23%
PAT Margins	15.40%	16.24%	17.26%	24.34%
Inventory days	32.11	33.33	35.03	29.14
Debtor days	90.24	114.50	70.84	68.96
Creditor days	68.62	85.10	50.41	46.59
<b>Return Ratios</b>				
RoCE	43.18%	41.06%	45.39%	38.79%
RoE	36.32%	33.55%	37.66%	33.20%
<b>Valuation Ratios** (x)</b>				
EV/EBITDA	1.74	2.07	1.92	2.41
Market Cap / Sales	8.08	6.14	5.28	5.59
P/E	56.67	38.97	31.63	22.72
Price to Book Value	18.82	12.51	11.29	7.54
<b>Solvency Ratios</b>				
Debt / Equity	-	0.02	-	-
Current Ratio	3.30	3.21	3.85	6.05
Quick Ratio	2.61	2.66	2.82	4.97
Asset Turnover	1.66	1.45	1.77	1.01
Interest Coverage Ratio	33.58	43.62	220.42	-

\*Annualized Figures

\*\*Valuation Ratios are calculated using the current Issue Price.

## Financial Charts

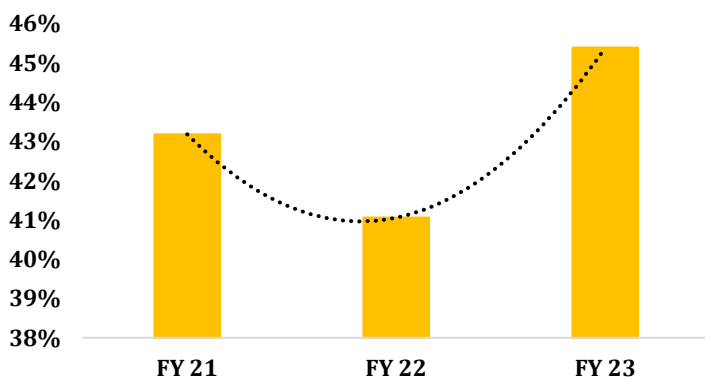
**EBITDA Margin**



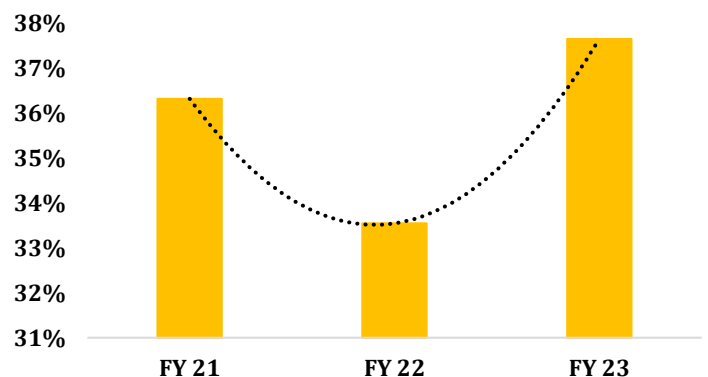
**Net Profit Margin**



**Return On Capital Employed**



**Return on Equity**



## Key Risk Factors

1. The size of the Company is relatively small in terms of revenue from operations when compared with other industry players and listed peers. Further, the Company has a negligible market share in the chemical industry.
2. Due to ground water contamination related issues, the Company is limited to the manufacturing of only certain products at Unit - III that are viable under such restrictions. Hence, there has been a decrease in the capacity utilization resulting to 22.93% for the period ended Dec23, comparing it from 45.89%, 77.21%, 92.58% as on FY23, FY22, and FY21.  
The firm is currently continuing to manufacture in this unit but has restricted itself to some products only. If the restrictions continue to persist, they may not be able to fully operate this unit and hence it will impact their financials, capacity utilization, and operations of the business.
3. The average utilised capacity of all the three manufacturing units for the period Dec23 and FY23, FY22 and FY21 is 50.47%, 67.23%, 70.98% and 78.36%, respectively.

### Track Record of Lead Manager(s)

The lead manager to the issue is Pantomath Capital Advisors Pvt Ltd. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the Lead Manager in recent times:

Pantomath Capital Advisors Pvt Ltd –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	SAR Televenture Limited	24.75	55.00	Nov 08, 2023	243.40
2.	Transtee Seating Technologies Limited	49.98	70.00	Nov 06, 2023	69.25
3.	Plaza Wires Limited	71.28	54.00	Oct 12, 2023	88.83
4.	Vishnu Prakash R Punglia Limited	308.88	99.00	Sep 05, 2023	181.25
5.	Aeroflex Industries Limited	351.00	108.00	Aug 31, 2023	136.80
6.	Urban Enviro Waste Management Limited	11.42	100.00	Jun 22, 2023	381.30
7.	Sah Polymers Limited	66.30	65.00	Jan 12, 2023	94.00
8.	AB Cotspin India Limited	10.09	35.00	Jan 11, 2022	236.25
9.	Exxaro Tiles Limited	161.09	120.00	Aug 16, 2021	98.30
10.	V-Marc India Limited	23.40	39.00	Apr 09, 2021	183.50

\*CMP for the above-mentioned companies is taken as of 30<sup>th</sup> May 2024.

As per the offer document, out of mentioned 10 mandates, all have opened at premiums. The company has had 10 mandates in the past three years including the current Year.

## Recommendation

The company has been in the industry since 2008 and thus has very good experience in the industry. The company's management overview is impressive.

The P/E on a post-IPO and annualized basis is around 22.72 times which makes it fairly priced by looking at the performance of the company and its peers. The Sector P/E is 35.30 times.

The company operates in a competitive segment. The company has seen consistency in the increase of its top line and bottom-line financials however, the EBITDA and PAT Margins of the company have been stagnant which means it is not growing or improving. The company also has zero debt, which means it is not utilizing its leverage opportunities.

One major concern is related to the Manufacturing Unit – III, in Vadodara, Gujarat, which is restricted to manufacture only some of its products due to ground water contamination. To again fully operate Unit – III, it requires a Zero Liquid Discharge (ZLD) Permission, which they have it but not wholly.

The ZLD involves huge cost, as it requires research and process design. This could have been an objective of the company, apart from gaining brand image, which would have helped them in been fully operational again.

Thus, we believe, Investors who are **RISK AVERSE should WAIT and RISK SEEKERS should APPLY** for this IPO.



## **Disclaimer**

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