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**KRONOX LAB SCIENCES  
LIMITED**

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**IPO NOTE**

*June 2024*

ISSUE HIGHLIGHTS

- The Company was incorporated as 'Kronox Lab Sciences Pvt. Ltd on November 18, 2008, at Gujarat and subsequently the name was changed to 'Kronox Lab Sciences Ltd' on May 25, 2019, on conversion to a public limited company. The company manufactures High Purity Speciality Fine Chemicals for diversified end user industries which include pharmaceuticals, scientific and laboratory research, nutraceuticals, biotech, agrochemicals, personal care, metallurgy and animal health.
- The company manufactures High Purity Speciality Fine Chemicals of **various grades in particle sizes ranging from 10 mesh to 100 mesh**. The company's **185+ products** span across the family of phosphate, sulphate, acetate, chloride, citrate, nitrates, nitrites, carbonate, EDTA derivatives, hydroxide, succinate, gluconate, among others. Moreover, as on December 31, 2023, the company had **122 products under various phases of research and development**.
- The products are **manufactured in accordance with industry standards like IP, BP, EP, JP, USP, FCC, LR, AR, GR and ACS** in addition to custom manufacturing specifications required by customers in select cases.
- The company **has 3 manufacturing facilities spread** over 17,454 sq. meters, having an aggregate installed capacity of 7,242 TPA, which are situated at Vadodara in Gujarat close to the seaports of Mundra, Kandla, Hazira and Nhava Sheva. Further, the company intends **to establish a new manufacturing unit** at GIDC Dahej – II Industrial Estate and the company has **acquired land admeasuring to 20,471 sq. meters** for the said facility.
- The company has served **more than 592 customers** in the last 3 financial years and during the 9 months period ended December 31, 2023, of which 141 customers amounting to 23.82% of total customers placed repeat orders. Further, the average tenure of the relationship with its top 10 customers is 7 years, 9 years and 9 years for Fiscals 2023, 2022 and 2021, respectively.
- The company's **Revenues from operations grew at CAGR of 23.70%** between Fiscal 2021 to 2023, from ₹ 62.46 Cr to **₹ 95.58 Cr**, while its **EBITDA** grew at a **CAGR of 21.90%** from ₹ 14.80 Cr to **₹ 21.99 Cr** during the same period. The company's PAT grew at a CAGR of 30.68% between Fiscal 2021 to Fiscal 2023 from ₹ 9.73 Cr to ₹ 16.62 Cr. Further the company is a zero debt company with a strong balance sheet balance sheet and cash flow position.

BRIEF FINANCIAL DETAILS\*

(₹ IN CR)

Particulars	For 9 months ended Dec.31,		As at March 31 <sup>st</sup>		
	2023	2022	2023	2022	2021
Equity Capital	37.10	39.04	37.10	0.24	0.24
Net worth (₹ Cr)	60.28	54.60	44.68	40.35	26.81
Total Borrowings	-	-	-	0.64	0.01
Debt - Equity Ratio (x)	-	-	-	0.02	- <sup>^</sup>
Revenue from Operations (₹ Cr)	67.69	74.10	95.58	82.25	62.46
EBITDA (₹ Cr)	20.46	17.88	21.99	19.70	14.80
EBITDA Margin (%)	30.23	24.13	23.01	23.95	23.70
Profit After Tax for the Year (₹ Cr)	15.47	14.09	16.62	13.63	9.73
PAT Margin (%)	22.60	18.57	17.04	16.35	15.39
EPS (Basic & Diluted) (₹)	4.17*	3.61*	4.30	3.49	2.40
ROE (%)	25.66	25.81	37.19	33.77	36.29
ROCE (%)	33.15	33.50	49.86	46.27	51.78
Fixed Assets Turnover Ratio (x)	2.61	4.62	6.01	9.30	10.87
Number of customers served	353	307	351	316	283
Number of products sold	189	155	157	156	159
New product added	8	8	10	10	12
Product under development (incremental basis)	64	26	32	31	35

Source: RHP, <sup>^</sup> negligible, \*not annualised

Issue Details

Offer for Sale Up to 95,70,000 Equity Shares

Issue summary

Issue size: ₹ 123-130 Cr

No. of shares: 95,70,000 Shares

Face value: ₹ 10/-

Price band: ₹ 129-136

Bid Lot: 110 Shares and in multiple thereof

Post Issue Implied Market Cap:

₹ 479~ Cr - ₹ 505 Cr

BRLMs: Pantomath Capital Advisors

Registrar: KFin Technologies Limited

Issue opens on: Monday, 03 June'2024

Issue closes on: Wednesday, 05 June' 2024

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	06-06-2024
Refunds/Unblocking ASBA Fund	07-06-2024
Credit of equity shares to DP A/c	07-06-2024
Trading commences	10-06-2024

Issue break-up

	No. of Shares	₹ In Cr		% of Issue
		@Lower	@Upper	
QIB	47,85,000	61.73	65.08	50%
NIB	14,35,500	18.52	19.52	15%
-NIB2	9,57,000	12.35	13.02	
-NIB1	4,78,000	6.17	6.51	
RET	33,49,500	43.21	45.55	35%
<b>Total</b>	<b>95,70,000</b>	<b>123.45</b>	<b>130.15</b>	<b>100%</b>

NIB-1=NII Bid between ₹ 2 to 10 Lakhs

NIB-2 =NII Bid Above ₹ 10 Lakhs

Category	Retail Category	NII-Bid between ₹ 2 - 10 Lakhs	NII - Bid Above ₹ 10 Lakhs
Minimum Bid Lot (Shares)	110 Shares	1,540 Shares	7,370 Shares
Minimum Bid Lot Amount (₹)	₹ 14,960 <sup>^</sup>	₹ 2,09,440 <sup>^</sup>	₹ 10,02,320 <sup>^</sup>
Appl for 1x	30,450 Applications	311 Applications	621 Applications

Listing: BSE & NSE

Shareholding (No. of Shares)

Pre-issue	Post issue
3,71,04,000	3,71,04,000

<sup>^</sup>@Lower price Band #@ Upper Price Band

Shareholding (%)

	Pre-Issue#	Post-Issue
Promoter & Promoter Group	100%	74.21%
Public – Others	-	25.79%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

# As per RHP

## BACKGROUND

### Company and Directors

The Company was incorporated as 'Kronox Lab Sciences Pvt. Ltd on November 18, 2008, at Gujarat and subsequently the name was changed to 'Kronox Lab Sciences Ltd' on May 25, 2019 on conversion to a public limited company. The company manufactures High Purity Speciality Fine Chemicals for diversified end user industries which include pharmaceuticals, scientific and laboratory research, nutraceuticals, biotech, agrochemicals, personal care, metallurgy and animal health.

### Brief Biographies of Directors & Key Managerial Personnel

**Jogindersingh Jaswal** is one of the Promoters and is the MD of the Company. He has been a director of the Company since incorporation. He looks after production, quality control and human resource activities in the Company. Previously, he worked with Ranbaxy Laboratories Ltd and Ranbaxy Fine Chemicals Ltd from the year 1994 till 2001. He has over three decades of experience in the chemical industry.

**Ketan Ramani** is one of the Promoters and Whole-time Director of the Company. He has been a director of the Company since incorporation. He oversees finance, purchase and administration in the Company. He has over 3 decades of experience in the chemical industry.

**Pritesh Ramani** is one of the Promoters and Whole-time Director of the Company. He looks after sales and marketing in the Company. He has been a director of the Company since incorporation. He has over 2 decades of experience in the chemical industry.

**Satish Kumar** has been an Independent Director of the company since August 23, 2022. He has also worked with Hindustan Unilever Ltd, Ranbaxy Laboratories Ltd and Kanta Electricals India Ltd.

**Krutika Negandhi** has been an Independent Director of the Company since August 23, 2022. She is a practicing Chartered Accountant. She has work experience of over 5 years and has expertise in the field of accounting, auditing, and tax advisory.

**Parth Shah** has been an Independent Director of the Company since August 23, 2022. Presently, he is a practising advocate and has experience of over a decade in the field of tax consulting and law.

**Samir Gadhiya** is the CFO of the Company w.e.f. November 1, 2023. He was associated with the Company as a Purchase Manager till April 2023. In the Company, he has over 6 years of experience in functions such as purchases, accounting and taxation. He oversees functions such as accounting, finance and taxation in the Company.

**Nikhil Goswami** is the Company Secretary and Compliance Officer of the Company. Previously, he has worked with Welterman International Ltd. He has experience in matters related to corporate governance and secretarial compliances.

## OFFER DETAILS

The Offer for Sale by:	No. of Shares	WACA per Equity Share (₹)
Jogindersingh Jaswal	Up to 31,90,000 Equity Shares	0.07
Ketan Ramani	Up to 31,90,000 Equity Shares	0.07
Pritesh Ramani	Up to 31,90,000 Equity Shares	0.07

## SHAREHOLDING PATTERN

Shareholders	Pre-offer		Offer for sale Shares	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter and Promoter Group	3,71,04,000	100.00%	95,70,000	2,75,34,000	74.21%
Public	0	0.00%	0	95,70,000	25.79%
<b>Total Equity Share Capital</b>	<b>3,71,04,000</b>	<b>100.00%</b>	<b>95,70,000</b>	<b>3,71,04,000</b>	<b>100.00%</b>

(^ AT UPPER PRICE BAND; # AS PER RHP)

## BUSINESS OVERVIEW

KRONOX manufactures High Purity Speciality Fine Chemicals for diversified end user industries. These chemicals are used mainly as (i) reacting agents and raw material in the manufacturing of Active Pharmaceutical Ingredients (APIs); (ii) excipients in pharmaceutical formulations; (iii) reagents for scientific research and laboratory testing; (iv) ingredients in nutraceuticals formulations; (v) process intermediates and fermenting agents in biotech applications; (vi) ingredients in agrochemical formulations; (vii) ingredients in personal care products; (viii) refining agents in metal refineries; and (ix) ingredients in animal health products, amongst others.

The company manufactures High Purity Speciality Fine Chemicals of various grades in particle sizes ranging from 10 mesh to 100 mesh. The company's 185+ products span 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. The products are manufactured in accordance with industry standards like IP, BP, EP, JP, USP, FCC, LR, AR, GR and ACS in addition to custom manufacturing specifications required by customers in select cases.

Product Family	Product Sub-Group	No. of Products
Phosphate	Ammonium, Calcium, Magnesium, Potassium, Sodium, Others	36
Sulphate	Aluminium, Ammonium, Calcium, Copper, Magnesium, Nickel, Potassium, Sodium, Zinc, Manganous, Others	28
Chloride	Barium, Calcium, Copper, Magnesium, Nickel, Zinc, Manganous, Potassium, Sodium, Others	15
Acetate	Ammonium, Barium, Calcium, Copper, Lead, Magnesium, Potassium, Sodium, Zinc, Others	12
Nitrate and Nitrite	Barium, Calcium, Copper, Lead, Magnesium, Nickel, Potassium, Sodium, Zinc, Others	11
Citrate	Ammonium, Magnesium, Potassium, Sodium, Zinc, Others	10
Carbonate	Ammonium, Calcium, Magnesium, Potassium, Sodium, Others	9
EDTA Derivatives	Potassium, Sodium, Others	6
Hydroxide	Barium, Calcium, Magnesium, Potassium, Sodium, Others	4
Succinate & Gluconate	Sodium, Zinc, Others	3
Others	Aluminum, Ammonium, Calcium, Copper, Lead, Magnesium, Oxalic, Potassium, Sodium, Zinc, Others	54
<b>Total</b>		<b>188</b>

Source: RHP

The company has set up an in-house research, development and testing laboratory ("RDT Laboratory") to develop new products and test the products against the specified industry standards or customer specifications. For the 9 months periods ended December 31, 2023, December 31, 2022, and Fiscal 2023, Fiscal 2022 and Fiscal 2021, the company manufactured and sold 188, 155, 157, 156 and 159 products, respectively.

The company has expanded its scale of operations and global footprint across 20 countries which include United States, Argentina, Mexico, Australia, Egypt, Spain, Turkey, United Kingdom, Belgium, United Arab Emirates, China, among others. The company has served more than 592 customers in the last 3 financial years and during the 9 months period ended December 31, 2023, of which 141 customers amounting to 23.82% of total customers placed repeat orders.

### Industry-wise break-up of Revenue from operations

Application/Industry	For 9 months ended Dec 31,				As at March 31 <sup>st</sup>					
	2023		2022		2023		2022		2021	
	₹ Cr	%	₹ Cr	%	₹ Cr	%	₹ Cr	%	₹ Cr	%
Pharmaceuticals	30.55	45.13	28.70	38.72	38.98	40.78	33.72	41.00	33.99	54.41
Scientific Research & Laboratory Testing	17.97	26.54	23.14	31.23	27.92	29.21	26.76	32.54	14.62	23.40
Nutraceuticals	16.05	23.72	19.15	25.85	24.52	25.66	17.48	21.25	11.39	18.23
Others*	3.12	4.61	3.11	4.20	4.16	4.35	4.28	5.21	2.47	3.95
<b>Total</b>	<b>67.69</b>	<b>100.00</b>	<b>74.10</b>	<b>100.00</b>	<b>95.58</b>	<b>100.00</b>	<b>82.25</b>	<b>100.00</b>	<b>62.46</b>	<b>100.00</b>

Source: RHP, \*Includes Biotech, Agrochemicals, Personal Care, Metallurgy and Animal Health

The company's 3 manufacturing facilities are spread over 17,454 sq. meters, having an aggregate installed capacity of 7,242 TPA, which are situated at Vadodara in Gujarat close to the seaports of Mundra, Kandla, Hazira and Nhava Sheva. The company's unit 1 comprises of 2 manufacturing blocks with an aggregate installed production capacity of 2,400 TPA, and is equipped with glass-lined and stainless-steel reactors with switch capacities ranging between 1 kl to 5 kl, along with various filtration, centrifugation and drying system. The company's unit 2 has an aggregate installed production capacity of 3,744 TPA.

and is equipped with glass-lined and stainless steel reactor with capacities ranging between 1.5kl and 3kl, along with various pulverisers, filtration, centrifugation and drying system. The company's unit 3 has an aggregate installed production capacity of 1,098 TPA and is equipped with glass-lined and stainless-steel reactor with capacities ranging between 1.5 kl and 3 kl, along with various pulverisers, filtration, centrifugation, and drying system. Additionally, the company has acquired a land admeasuring to 20,471 sq. meters at GIDC - Dahej II Industrial Estate.

Particulars	December 31, 2023*	Fiscal 2023	Fiscal 2022	Fiscal 2021
<b>Unit – I</b>				
Installed Capacity (in TPA)	2,400	2,400	2,400	2,400
Capacity Utilized (in TPA)	1,427.58	1,835.54	1,858.02	2,053.88
Utilized Capacity (in %)	59.48%	76.48%	77.42%	85.58%
<b>Unit – II</b>				
Installed Capacity (in TPA)	3,744	3,744	3,744	3,744
Capacity Utilized (in TPA)	1,975.42	2,529.16	2,434.42	2,604.16
Utilized Capacity (in %)	52.76%	67.55%	65.02%	69.56%
<b>Unit – III</b>				
Installed Capacity (in TPA)	1,098	1,098	1,098	1,098
Capacity Utilized (in TPA)	251.80	503.90	847.72	1,016.56
Utilized Capacity (in %)	22.93%	45.89%	77.21%	92.58%

Source: RHP; \*Utilized Capacity is not annualised; Capacity working is based on 3 shift of 8 hours each per day for 300 days of a year

## COMPETITIVE STRENGTHS

- **Wide range of products finding applications in diversified end user industries**

The company's High Purity Speciality Fine Chemical products have applications across a wide spectrum of industries like pharmaceuticals, scientific and laboratory research, nutraceuticals, biotech, agrochemicals, personal care, metallurgy and animal health. The company has a product portfolio of 185+ products and its top 20 products amounting ₹ 40.94 Cr, ₹ 52.30 Cr, ₹ 65.58 Cr, ₹ 57.45 Cr and ₹ 43.75 Cr contributed 60.49%, 70.58%, 68.62%, 69.85% and 70.04% of its revenue for the 9 months periods ended December 31, 2023, December 31, 2022 and the Fiscal 2023, Fiscal 2022 and Fiscal 2021 respectively. The company's products are manufactured in accordance with standards like IP, BP, EP, JP, USP, FCC, LR, AR, GR and ACS. Additionally, the company undertakes custom manufacturing of High Purity Speciality Fine Chemicals, which are high margin products.

- **Long standing relationships with customers**

During the 9 months periods ended December 31, 2023, December 31, 2022, and Fiscal 2023, Fiscal 2022, Fiscal 2021, the company served 353, 307, 351, 316 and 283 customers, respectively. The company has served more than 592 customers in the last 3 financial years and during the 9 months period ended December 31, 2023, of which 141 customers amounting to 23.82% of total customers placed repeat orders.

### Break-up of domestic and global customers

Particulars	Number of customers
<b>Domestic Customers</b>	
India (Domestic Sales)	532
Merchant Exports	12
India (SEZ Sales)	9
<b>Global Customers</b>	
Exports	39
<b>Total</b>	<b>592</b>

Source: RHP

The company derives significant revenues from its top 10 and top 20 customers. Further, the average tenure of the relationship with its top 10 customers is 7 years, 9 years and 9 years for Fiscals 2023, 2022 and 2021, respectively and the average tenure of the relationship with its top 20 customers is 7 years, 8 years and 9 years for Fiscals 2023, 2022 and 2021, respectively.

Customers	For 9 months ended Dec.31,				As at March 31 <sup>st</sup>					
	2023		2022		2023		2022		2021	
	₹ Cr	%	₹ Cr	%	₹ Cr	%	₹ Cr	%	₹ Cr	%
Top 10 Customers	30.61	45.22	39.71	53.58	48.44	50.68	46.20	56.18	35.18	56.32
Top 20 Customers	39.62	58.54	49.69	67.05	62.14	65.01	56.88	69.15	44.37	71.03

Source: RHP

The company has not entered into any long-term agreements with its customers and instead relies on purchase orders to govern the volume and other terms of its sales of products. The company’s enduring customer relationships has helped in planning working capital and capex requirements, deriving benefits of economies of scale for purchase of raw material, and also in expanding the company’s product offerings and geographic reach.

- **High entry and exit barriers due to long customer approval cycles and strict product standards**

The company’s manufacturing process involves multi-step production and purification processes to manufacture fine chemicals. Further, given the nature of the application, its processes and products are subject to, and measured against established domestic and international standards and stringent specifications of customers. The manufacturing facilities are subject to on-site inspection by potential customers or its agencies/consultant, for adherence to good manufacturing practices (GMP), cleanliness, equipment maintenance, safety measures, and environmental regulations. Thus, customer acquisition involves a long process and gestation period is higher. During the 9 months period ended December 31, 2023, the company supplied its products to over 353 customers, out of which 115 of its customers have been associated with the company since the past 5 years and 148 of its customers have been associated with the company since the past 3 years. During Calendar Years 2024, 2023 and 2022 and 2023 (up to the date of this RHP), the facilities were audited 34 times by customers/prospects or their external consultants.

- **Focus on R&D and Quality Control**

Kronox gives equal importance to Research & Development and Quality Control. R&D leads to new product development required for growth of business and profitability while QC helps to achieve customer quality standards for the continued supply of products required by the end user industries.

Further, Custom manufacturing of products requires substantial R&D before production. For example, the company recently achieved quality specifications for calcium chloride and magnesium chloride for drinking water, calcium acetate for pharma applications, ammonium fluoride, tri-potassium phosphate, potassium hydroxide, potassium acetate, potassium chloride for diversified applications. As on December 31, 2023, the company had 122 products under various phases of research and development.

#### R& D expenses

Particulars	For 9 months ended Dec.31,		As at March 31 <sup>st</sup>		
	2023	2022	2023	2022	2021
	₹ Cr	₹ Cr	₹ Cr	₹ Cr	₹ Cr
Expenses towards R&D Personnel	0.30	0.32	0.42	0.33	0.29
Other R&D expenses	0.16	0.06	0.08	0.06	0.05
<b>Total</b>	<b>0.46</b>	<b>0.37</b>	<b>0.50</b>	<b>0.39</b>	<b>0.34</b>

Source: RHP

- **Zero debt company with strong and consistent financial performance**

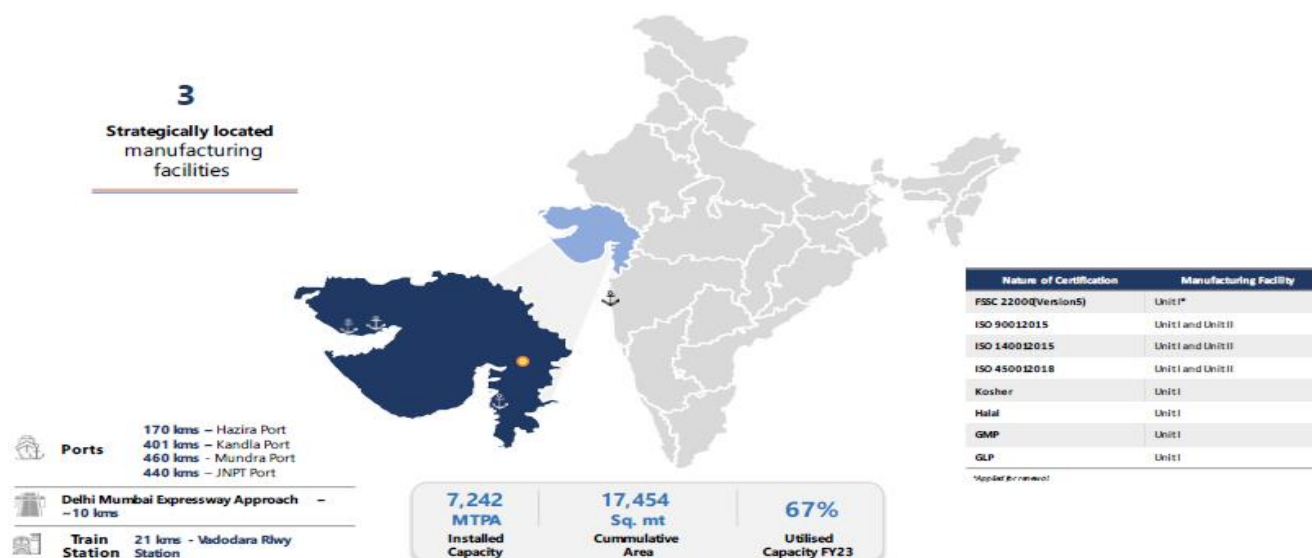
The company’s Revenues from operations grew at CAGR of 23.70% between Fiscal 2021 to 2023, from ₹ 62.46 Cr to ₹ 95.58 Cr, while its EBITDA grew at a CAGR of 21.90% from ₹ 14.80 Cr to ₹ 21.99 Cr during the same period. The company’s PAT grew at a CAGR of 30.68% to ₹ 16.62 Cr in Fiscal 2023 from ₹ 9.73 Cr in Fiscal 2021. The company’s robust balance sheet, positive operating cash flows coupled with zero debt position enable us to fund its strategic initiatives, pursue opportunities for growth and better manage unanticipated cash flow variations.

- **Strategically located manufacturing facilities providing supply chain efficiencies**

The company has 3 strategically located Manufacturing Facilities which are located in Padra, Vadodara, Gujarat, in close proximity to several ports including Kandla, Mundra, Hazira and Nhava Sheva which ensures that the company has ready access to port facilities and is able expediently import its raw materials and export its products thereby providing the company with a cost and logistical advantage.

The company’s manufacturing facilities are in proximity to DMIC and Delhi-Mumbai Expressway and have access to rail and airport facilities. Further, the manufacturing facilities are located in Gujarat, where some of the major APIs, pharmaceutical formulations, nutraceuticals, biotech and other application industries are located. The company’s manufacturing facilities are located in close proximity to each other, thereby ensuring greater logistic synergies and operational efficiencies.





- **Experienced Promoters and Senior Management with extensive domain knowledge**

The company’s promoters and directors have collective experience of over seven decades in the chemical industry. The company’s Promoter and Director, Jogindersingh Jaswal, was with the erstwhile Ranbaxy Laboratories Limited and Ranbaxy Fine Chemicals Limited from the year 1994 till 2001 and has over three decades of experience. The company’s Chief Financial Officer has over 6 years of experience in various financial functions.

## KEY BUSINESS STRATEGIES

- **Expand product portfolio, increasing the supply of products to existing customers and tap new customers in existing and new geographies**

The company’s experience and expertise of 15+ years in the industry has helped it to capitalize on new opportunities offered by the customers. The company has expanded its product portfolio to more than 185 products spread across diverse applications. Further, the company is working towards new products forming a part of the family of acetate, adipate, ascorbate, aspartate, benzoate, citrate, EDTA, gluconate, glycinate, lactate, malate, orotate, propionate, sorbate and succinate, among others.

### Products in various phases of research and development as on December 31, 2023

Product Group	No. of Products	Application Industry(ies)
Acetate	12	Pharmaceuticals, Nutraceuticals, Food
Adipate	2	Various
Ascorbate Derivatives	6	Pharmaceuticals, Nutraceuticals
Aspartate Derivatives	8	Pharmaceuticals, Nutraceuticals
Benzoate	1	Pharmaceuticals, Nutraceuticals, Food
Citrate Derivatives	22	Pharmaceuticals, Nutraceuticals, Food
EDTA Derivatives	13	Pharmaceuticals, Nutraceuticals, Food,
Gluconate Derivatives	18	Pharmaceuticals, Nutraceuticals
Glycinate Derivatives	15	Pharmaceuticals, Nutraceuticals
Lactate	5	Pharmaceuticals, Nutraceuticals
Malate Derivatives	4	Pharmaceuticals, Nutraceuticals
Orotate Derivatives	5	Pharmaceuticals, Nutraceuticals
Propionate	3	Pharmaceuticals, Nutraceuticals, Food
Sorbate Derivatives	3	Pharmaceuticals, Nutraceuticals, Food
Succinate	5	Pharmaceuticals, Nutraceuticals, Food
<b>Total</b>	<b>122</b>	

Source: RHP

During the 9 months period ended December 31, 2023, and Fiscal 2023, the company supplied its products to more than 350 customers in India and overseas. The company intends to continue to leverage its existing sales team, diversified product portfolio and industry standing to establish new relationships with MNCs and Domestic customers. In Fiscal 2023, the company

sold its products to 15 countries outside India including the United States. During the nine months period ended December 31, 2023, December 31, 2022, Fiscal 2023, 2022 and 2021, the company has cumulatively exported its product to over 20 countries.

Particulars	For 9 months ended Dec.31,				As at March 31 <sup>st</sup>					
	2023		2022		2023		2022		2021	
	₹ Cr	%	₹ Cr	%	₹ Cr	%	₹ Cr	%	₹ Cr	%
India (Domestic Sales)	44.61	65.91	50.11	67.62	65.45	68.47	57.25	69.61	45.92	73.52
Exports	16.97	25.07	19.57	26.41	24.27	25.39	19.30	23.46	12.84	20.56
India (SEZ Sales)	5.56	8.22	3.65	4.93	4.97	5.20	4.27	5.19	3.16	5.06
Merchant Exports	0.54	0.80	0.77	1.04	0.90	0.94	1.43	1.74	0.54	0.86
<b>Revenue from Operations</b>	<b>67.69</b>	<b>100.00</b>	<b>74.10</b>	<b>100.00</b>	<b>95.58</b>	<b>100.00</b>	<b>82.25</b>	<b>100.00</b>	<b>62.46</b>	<b>100.00</b>

Source: RHP

In exports, United States remains the largest market for its products contributing ₹ 14.09 Cr, ₹ 18.39 Cr, ₹ 21.92 Cr, ₹ 17.07 Cr and ₹ 10.98 Cr contributing 83.01%, 93.99%, 90.32%, 88.49% and 85.48% of its revenue from exports for the 9 months periods ended December 31, 2023, December 31, 2022, and Fiscals 2023, 2022 and 2021, respectively. Going forward, the company intends to diversify its reach in geographies including North America, Europe, Middle East Asia and Central & South America.

- **Expand the capacity for existing products and diversifying 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 three Manufacturing Facilities. To meet requirements of new customers, the company intends to establish a new manufacturing unit at GIDC Dahej – II Industrial Estate and the company have acquired land admeasuring to 20,471 sq. meters for the said facility.

- **Explore newer applications for the existing products and developing new products that are in synergy with the current and future operations**

The company believes that the growth in end-use industries such as APIs, pharmaceutical formulations, agrochemical formulations, nutraceuticals, personal care, scientific research and laboratory, metal refining, animal health, biotech, beverages, food, electronics and precision industrial products, among others, will lead to an increase in demand for its current and proposed products. Moreover, the expansion of its portfolio through existing and proposed manufacturing facility is expected to further strengthen the company's market position and will enable it to offer comprehensive solutions to its customers.

Some of the new products proposed to be launched by the company:

New Products	Industry	Estimated Global Market Size CY2022 (USD mn)	Forecast CAGR from CY2022 to CY2025
Glycinate	Pharmaceuticals, Nutraceuticals, Scientific Research and Laboratory Testing, Food and Beverages and Animal Feed	344	7.6%
Succinate	Pharmaceuticals, Nutraceuticals, Scientific Research and Laboratory Testing and Food	144	24.6%
Gluconate	Pharmaceuticals, Nutraceuticals, Food and Beverages and Construction	698	5.8%

Source: RHP

- **Focus on import substitution and increasing exports**

The Company has a global footprint of exports to over 20 countries. For the 9 months period ended December 31, 2023, December 31, 2022, and the Fiscal 2023, 2022 and 2021, the company's revenue from exports amounted to ₹ 16.97 Cr, ₹ 19.57 Cr, ₹ 24.27 Cr, ₹ 19.29 Cr and ₹ 12.84 Cr, accounting for 25.07%, 26.41%, 25.39%, 23.46% and 20.56% of its revenue from operations, respectively.

- **Improve cost management and operational efficiencies**

KRONOX plans to enhance its profitability by continuing to improve its cost management and operational efficiencies, including (i) Process efficiency- to improve the production process to optimize its processes and achieve higher efficiency with the support of the RDT team. (ii) Scale efficiency- to leverage economies of scale through capacity expansion. The company plans to increase capacity utilization, which can reduce fixed overheads per product, increase the profitability and improve the



company's operating leverage and (iii) Product mix: The company plans to focus on high-value, low-volume products within its product portfolio and also seeks to benefit from optimizing its product selection strategy.

## COMPETITION

The competition varies by market, geographic areas, and type of product. The company competes primarily on the basis of product quality, technology, cost, delivery and service, as well as quality and depth of senior level relationships. The company faces competition primarily from domestic and international companies including Canton Laboratories Pvt. Ltd (India), Jost Chemicals, USA, (Czech Republic), Budenheim (Germany), Jiangsu Kolod Food Ingredients Co. Ltd. (China), CFL Chemische Fabrik Lehrte GmbH & Co. KG (Germany) and Ichimaru Co. Ltd. (Japan), amongst others.

## COMPARISON WITH LISTED PEER GROUP COMPANIES (AS ON 31<sup>ST</sup> MARCH 2023)

Name of the Company	Total Income (₹ Cr)	Face Value (₹)	PAT Margin (%)	RONW (%)	P/E Ratio (x)	NAV (₹)	EPS (₹)	CMP (₹)#	Market Cap (₹ Cr)
<b>Kronox Lab Sciences</b>	<b>97.50</b>	<b>10.00</b>	<b>17.04</b>	<b>37.19</b>	<b>[●]</b>	<b>12.04</b>	<b>4.3</b>	<b>[●]</b>	<b>[●]</b>
Tatva Chintan Pharma	429.36	10.00	10.59	8.84	57.57	220.07	19.45	1,119.50	2,618.74
Tanfac Industries	382.87	10.00	14.66	30.46	39.15	184.74	56.27	2,202.80	2,197.29
Neogen Chemicals	690.63	10.00	7.24	10.36	77.55	182.9	18.94	1,468.95	3,875.34
Sigachi Industries	308.72	1.00	14.1	16.22	46.64	8.73	1.42	66.05	2,030.54
DMCC Speciality Chemical	389.59	10.00	1.78	3.5	116.57	79.49	2.78	323.95	807.93

Note: RHP; # CMP as on May 17, 2024

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