



# IPO NOTE

## KRONOX LAB SCIENCES LIMITED



Rating:

**Subscribe**

(For listing gain & Long Term)



### ISSUE OFFER

Issue Opens on	JUNE 03, 2024
Issue Close on	JUNE 05, 2024
Total IPO size (cr)	₹130.15
Fresh issue (cr)	0
Offer For Sale (cr)	₹130.15
Price Band (INR)	129 - 136
Market Lot	110
Face Value (INR)	10
Retail Allocation	35%
Listing On	NSE, BSE

### ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 50%;"></div>	50%
NII Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 35%;"></div>	35%

### SHAREHOLDING (No. of Shares)

<b>Pre Issue</b>	<b>Post Issue</b>
37,104,000	37,104,000

### INDICATIVE TIMETABLE

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

Kronox Lab Sciences manufactures High Purity Speciality Fine Chemicals for diversified end-user industries. The company's High Purity Specialty Fine Chemicals are utilized in the production of pharmaceutical formulations, nutraceuticals, scientific research, agrochemical formulations, metal refineries, personal care products, and animal health products, among other uses.

### OBJECTS OF THE ISSUE

- Carry out the Offer for Sale.

### OUTLOOK & VALUATION

Kronox Lab Sciences operates in the specialty fine chemicals sector. The company's diverse product portfolio catering to various end-user industries, coupled with high entry and exit barriers due to stringent manufacturing processes, positions it for sustainable growth. It has established strong customer relationships and strategically located manufacturing facilities. Their consistent financial performance and zero debt position further solidify their financial health.

However, some key risks require consideration. Kronox Lab Sciences' exposure to international markets exposes them to foreign exchange fluctuations. Additionally, their current production utilizes less than their full capacity, and their products are supplied in limited quantities for specific applications, potentially limiting revenue growth.

Despite these considerations, the IPO's P/E valuation of 31.62x appears reasonable. Taking into account Kronox Lab Sciences' strengths, potential risks, and attractive valuation, we recommend a subscribe rating to this IPO for potential listing gains and long-term growth with due diligence regarding the aforementioned risks.



## KEY MANAGERIAL PERSONNEL

01

### Jogindersingh Jaswal

Promoters and is the Managing Director of the company. He holds a bachelor's degree in science from Panjab University. Previously, he has worked with Ranbaxy Laboratories Limited and Ranbaxy Fine Chemicals Limited from the year 1994 till 2001. He has over three (3) decades of experience in chemical industry.

02

### Ketan Ramani

Promoters and Whole-time Director of the Company. He is a commerce graduate from M. S. University, Baroda and holds a degree for post-graduation in industrial purchasing and material management from the Maharaja Sayajirao University of Baroda. He has over three (3) decades of experience in the chemical industry.

03

### Samir Gadhiya

Chief Financial Officer of the Company. He holds a bachelor's degree in commerce from the Maharaja Sayajirao University of Baroda and a master's degree in business administration from Sikkim Manipal University. In the Company, he has over six (6) years of experience in functions such as purchases, accounting and taxation.

04

### Nikhil Goswami

Company Secretary and Compliance Officer for the Company. He is a member of the Institute of Company Secretaries of India. He also holds a bachelor's degree in commerce from the Maharaja Sayajirao University of Baroda. Before his association with the Company, he has worked with Welterman International Limited.



## COMPANY PROFILE

- The company manufactures High Purity Speciality Fine Chemicals of various grades in particle sizes ranging from 10 mesh to 100 mesh.
- Its 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 manufacturing products by various domestic and international standards, it also undertakes custom manufacturing to achieve high levels of purity.
- It has set up an in-house research, development, and testing laboratory (“RDT Laboratory”) to develop new products and test its products against the specified industry standards or customer specifications.
- It has three (3) Manufacturing Facilities situated at Vadodara in Gujarat close to the seaports of Mundra, Kandla, Hazira, and Nhava Sheva.

## COMPETITIVE STRENGTHS

- Wide range of products.
- Long-standing relationships with customers.
- High entry and exit barriers.
- Zero debt company.
- strong and consistent financial performance.
- Strategically located manufacturing facilities.
- Experienced Promoters and Senior Management.

## KEY STRATEGIES

- Expand product portfolio, increasing the supply of products to the existing customers.
- Expand the capacity for existing products and diversify into new products by setting up a new manufacturing facility.
- Focus on import substitution and increasing exports.
- Improve cost management and operational efficiencies.

## KEY CONCERNS

- Products are required to meet domestic and international industry standards.
- Products are supplied in limited quantities for specific use by application industries.
- The company is not fully utilizing installed capacity at any of its manufacturing units.
- Face foreign exchange risks.
- Business operations require significant working capital.

**COMPARISON WITH LISTED INDUSTRY PEERS**

Name of the Company	EPS (Basic)	NAV	P/E	TOTAL INCOME	RoNW (%)
<b>Kronox Lab Sciences Limited</b>	<b>4.30</b>	<b>12.04</b>	-	<b>974.98</b>	<b>37.19</b>
<b>Peer Group</b>					
Tatva Chintan Pharma Chem Limited	19.45	220.07	57.57	4,293.56	8.84
Tanfac Industries Limited	56.27	184.74	39.15	3,828.70	30.46
Neogen Chemicals Limited	18.94	182.90	77.55	6,906.30	10.36
Sigachi Industries Limited	1.42	8.73	46.64	3,087.17	16.22
DMCC Speciality Chemical Limited	2.78	79.49	116.57	3,895.88	3.50

**FINANCIALS (RESTATED CONSOLIDATED)**

PARTICULARS (RS. IN MILLION)	FY 2023	FY 2022	FY 2021
<b>Equity Share Capital</b>	371.04	2.41	2.41
<b>Other equity</b>	75.75	401.12	265.73
<b>Net Worth</b>	446.79	403.53	268.14
<b>Total Borrowings</b>	-	4.72	-
<b>Revenue</b>	955.78	822.47	624.60
<b>EBITDA</b>	219.96	196.97	148.03
<b>Profit before Tax</b>	223.26	183.55	132.21
<b>Net Profit of the Year</b>	166.17	136.27	97.30


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