

Issue Details	
Issue Opens	24-Apr-19
Issue Closes	26-Apr-19
Issue Size (Rs. Crore)	132.35
Face value (per equity share)	10
Price Band (Rs.)	212-215
Lot Size (No of Share)	65
No of Shares on Offer (crore)	0.62
QIB (%)	<=50%
Non-Institutional (%)	>=15%
Retail (%)	>=35%
Commencement of Trading	8-May-19

Issue Date: 24<sup>th</sup> Apr - 26<sup>th</sup> Apr 2019

Price Band (Rs.): 212 - 215

Lot Size (No. of Share): 65

### Company Background

Incorporated in 1991, Neogen Chemicals is one of India's leading manufacturers of bromine-based, and lithium-based, specialty chemicals. Company manufactures specialty organic bromine-based chemical compounds (Bromine Compounds) and other specialty organic chemical compounds as well as specialty inorganic lithium-based chemicals compounds (Lithium Compounds and together with the Bromine Compounds the Products).

Particulars	For the year/period ended (in Rs. Crores)			
	Dec'18	FY18	FY17	FY16
<b>Total Revenue</b>	159.7	164.6	121.77	109.0
<b>Profit After Tax</b>	12.2	10.5	7.68	5.18

### Concerns

- here are proceedings pending against the company and its Directors, which, if determined against the company or these directors, may have an adverse effect on its business.
- Demand dependent on few industry from application industries such as pharmaceuticals, Agrochemicals, refrigeration and construction chemicals.
- Does not have long-term agreements with suppliers for its raw materials.
- They operate in a highly competitive industry.

### Strengths

- It shown strong revenue growth at 20% CAGR in the last 5 years.
- It has shown good improvement in margins in the last 5 years. Its profits grown at 31% CAGR. Its profits are at Rs 6.4 for every Rs 100 of revenue.
- Company is one of India's leading manufacturers of bromine-based, and lithium-based, specialty chemicals in India.

### Our View

The company is asking highest price band of Rs 215 in the P/E of 25x to 49x based on its standalone last year EPS, annualize standalone EPS for 9 months ended Dec-18, and consolidated EPS of 3 years average. Its competitors like Navin Fluorine International is trading at P/E of 19.5x (Lowest) and Vinati Organics at P/E of 58x (Highest) and the industry average P/E is at 37.6x, hence the IPO Price band of Rs 215 per share is fully priced.

**As the company is now in fast forward mode with capacities, it holds a promising outlook and investors may consider investment for long-term prospective.**

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	79.68	X
Public (incl institutions and employees)	20.32	X
Total	100.0	100.0

### Objects of the Issue

Neogen Chemicals intends to utilize the net proceeds from this public issue towards the following objects:

1. Prepayment or repayment of all or a portion of certain borrowings availed by the Company.
2. Early redemption of 9.8% FRCPS.
3. Long term working capital.
4. General corporate purposes.