



MSEARCH

IPO OFFERING



NEOGEN
CHEMICALS LTD.

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About Company

Recommendation: Invest for long term

Neogen Chemicals Ltd (NCL) is a three decade old Mumbai based speciality chemical manufacturer in India. Over the years NCL has expanded its range of products and presently is into manufacturing of bromine based and lithium based speciality chemicals. NCL makes both organic and inorganic chemical compounds which finds its application across various industries in India and globally. The various uses of these speciality chemicals are as pharmaceutical intermediates, agrochemical intermediates, engineering fluids, electronic chemicals, polymers additive, water treatment chemicals, construction chemicals and flavours and fragrances. Their products basket includes 198 products comprising 181 organic chemicals and 17 inorganic chemicals as on Feb 2019. The company actually manufactures 1,30,400 litres of organic chemicals and 1,200,000 kg of inorganic chemicals. NCL markets and sells products in India, Europe, Japan and USA.

Price Band	: Rs. 212 to 215 per share
Bid Lot size	: 65 Shares
Issue size	: Rs. 132 Cr
Issue Opens	: April 24th 2019, Wednesday
Issue Closes	: April 26th 2019, Friday
Min App Amount	: Rs. 13,975/- at upper band

Msearch View:

We believe Neogen Chemicals Ltd (NCL) is well placed considering its specialized business model with high entry barriers, Large and diverse array of products and diversified customer base. On valuation parse at higher price band of Rs 215 per share NCL commands Rs 499 Cr market cap with P/E of 27x on its trailing FY19E earnings which is reasonably below industry average of 37x and ROCE is in line with industry average which proposes a long term investment opportunity. For short-term listing gain we feel there would be a little room for upside hence listing gain would be limited because issue size being lower than Rs 250 crore, shares will be listed in the 'T' group, which means there will be some restrictions on price movements.

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www.mehtagroup.in or Call @ 022-61507123/145

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