

Jain Resource Recycling IPO

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- The company is engaged in recycling and producing non-ferrous metals that primarily covers Lead, Copper, Aluminium.
- In a short span, it has created a niche place as recyclers in metals.
- It is operating in a highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed investors can park funds for medium to long term.

About the Company

Jain Resource Recycling Ltd. (JRRL) is engaged in the recycling and production of non-ferrous metals in India with capabilities to handle multiple products in recycling at a single location and has an extensive global network for sourcing recyclable materials. The company is primarily focused on manufacturing of non-ferrous metal products by way of recycling of non-ferrous metal scrap. Its product portfolio comprises of (i) lead and lead alloy ingots; (ii) copper and copper ingots; and (iii) aluminium and aluminium alloys. Company's lead ingot is registered as a brand by the London Metal Exchange which provides the Company a distinct advantage of access to a broader customer base by offering products compliant with international quality standards along with the benefit of LME reference pricing with respect to supply of its products in global markets. It also partnered with M/s Ikon Square Limited UAE ("ISL"), by way of acquiring 70% in Jain Ikon Global Ventures (FZC) a free zone company registered in Sharjah, UAE (hereinafter referred as "JIGV"), resulting JIGV in becoming its subsidiary.

The acquisition was undertaken for the purposes of setting up gold refining facility at Sharjah UAE that commenced refining of gold and its by-product silver ("Precious Metals") in the month of August 2024. However, the refining operations of Precious Metals of JIGV have been discontinued with effect from April 17, 2025 due to low margins, high operational overheads, working capital constraints and continued volatility in the gold refining sector. The company is also engaged in trading of non-ferrous metals and other commodities which constitutes 2.03%, 1.98% and 4.50% of revenue from operations for Fiscal 2025, Fiscal 2024 and Fiscal 2023 respectively. Its key raw materials include: (i) lead scrap rains, lead scrap rinks, lead scrap relay and lead scrap radio for lead products; (ii) copper scrap druid, copper scrap berry and copper scrap birch for copper products; (iii) aluminium scrap tread, aluminium scarp talon and aluminium scrap tense for aluminium products. Its recycling operations are vertically integrated with end-to-end recycling processes wherein raw materials are procured both domestically and internationally. (Source: CRISIL).

Over the last three Fiscals, the Jain Metal Group has sourced raw materials from more than 120 countries. (Source: CRISIL). As a process, the raw material scrap is sorted based on type and quality followed by pre-processing steps including sorting, stripping, shredding, granulation followed by melting of scrap for alloying and refining to achieve the desired purity levels and quality. The refined scrap is then cast into forms such as ingots, billets, rods, or other shapes and thereafter the final products undergo quality control tests to ensure that they meet industry standards and customer specifications.

It operates through three recycling facilities located at SIPCOT Industrial Estate, Gummidipoondi, Chennai engaged in recycling: (i) copper scrap birch and copper scrap druid (hereinafter known as “Facility 1”); (ii) lead scrap including lead scrap radio, lead scrap relay, lead scrap rains, lead scrap rinks and copper scrap including copper scrap birch, copper scrap druid, (hereinafter known as “Facility 2”); and (iii) aluminium scrap including aluminium scrap tread, aluminium scarp talon and aluminium scrap tense (hereinafter known as “Facility 3” and collectively with Facility 1 and Facility 2 referred to as “Recycling Facilities”). Further, the company commenced gold refining operations through its subsidiary, JIGV at the facility situated at Sharjah Airport International Free Zone (SAIF-Zone), UAE from on August 19, 2024 (“Refining Facility”). It operates Facility 1 and Facility 2 through the Company and Facility 3 through subsidiary JGTPL. Further, its subsidiary JGTPL received the consent to operate (CTO-Direct) from the Tamil Nadu Pollution Control Board under (i) Section 21 of the Air (Prevention and Control of Pollution) Act, 1981, as amended; and (ii) Section 25 of the Water (Prevention and Control of Pollution) Act, 1974, as amended, each dated May 16, 2025 for production of purified aluminium chips and iron chips at its facility located at Survey No. 69, Dekanikottai, Kelamangalam Road, Annakkollu Village, Krishnagiri District, Tamil Nadu 635113 subleased from one of its customers (hereinafter known as “Hosur Facility”). The Hosur Facility functions as a segregating facility and is engaged in cleaning contaminated aluminium chips received from the customer’s aluminium component machining factory located in proximity to the Hosur Facility and removing oil and iron impurities from such contaminated chips using magnetic separation process.

It caters to customers in various industries including lead acid battery, electrical and electronics, pigments, and automotive. Its clientele includes Vedanta Limited-Sterlite Copper, Luminous Power Technologies Private Limited and Yash Resources Recycling Limited and global customers such as Mitsubishi Corporation RtM Japan and Nissan Trading Co. The company caters to both international and domestic markets. Lead and Copper has the lion shares in its total revenue. It served 371 customers in FY25, against 342 in FY24. As of July 31, 2025, it had 411 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of equity shares worth Rs. 1250 cr. (approx. 53879310 equity shares at the upper cap). The IPO comprises of fresh equity shares worth Rs. 500 cr. (approx. 21551724 equity shares at the upper cap), and an Offer for Sale (OFS) worth Rs.750 cr. (approx. 32327586 equity shares at the upper cap). The company has announced a

price band of Rs. 220 – Rs. 232 per equity shares of Rs. 2 each. The issue opens for subscription on September 24, 2025, and will close on September 26, 2025. The minimum application to be made is for 64 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 15.61% of the post-IPO paid-up equity capital. From the net proceeds of the IPO, the company will utilize Rs. 375.00 cr. for repayment/prepayment of certain borrowings, and the rest for general corporate purposes.

The company has allocated not less than 75% for QIBs, not more than 15% for HNIs and not more than 10% for Retail investors.

The joint Book Running Lead Managers (BRLMs) to this issue are DAM Capital Advisors Ltd., ICICI Securities Ltd., Motilal Oswal Investment Advisors Ltd., and PL Capital Markets Pvt. Ltd., while KFin Technologies Ltd., is the registrar to the issue. Investec Capital Services (India) Pvt. Ltd., Sharekhan Ltd., Motilal Oswal Financial Services Ltd., Prabhudas Lilladher Pvt. Ltd. are the syndicate members.

Having issued initial equity shares at par, the company issued/converted further equity shares in the price range of Rs. 0.11 – Rs. 127.652 per share (based on Rs. 2 FV), between December 2023, and March 2025. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 1.22, and Rs. 12.88 per share.

Post-IPO, its current paid-up equity capital of Rs. 64.71 cr. will stand enhanced to Rs. 69.02 cr. Based on the upper cap of the IPO price band, the company is looking for a market cap of Rs. 8005.99 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 3107.53 cr. / Rs. 91.81 cr. (FY23), Rs. 4484.84 cr. / Rs. 163.83 cr. (FY24), and Rs. 7162.15 cr. / Rs. 223.29 cr. (FY25). The company marked growth in its top and bottom lines for the reported periods, indicating the likely future trends.

For the last three fiscals, the company has posted an average EPS of Rs. 5.84 (basic) and an average RoNW of 50.24%. The issue is priced at a P/BV of 10.61 based on its NAV of Rs. 21.87 as of March 31, 2025, and at a P/BV of 11.32 based on its post-IPO NAV of Rs. 20.50 per share (at the upper cap).

If we attribute FY25 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 35.86. Based on FY24 earnings, the P/E stands at 48.84. Thus, the issue appears fully priced.

The company has shown PAT margins of 3.00% (FY23), 3.70% (FY24), 3.13% (FY25), and RoCE margins of 12.31%, 19.13%, 24.22%, respectively for the referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in March 2025, based on its financial performance and future

prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Gravita India, Pondy Oxides, as their listed peers. They are currently trading at a P/E of 36.3, and 49.6 (As of September 23, 2025). However, they are truly not comparable on an apple-to-apple basis.

Merchant Banker's Track Record

The four BRLMs associated with the offer have handled 887 public issues in the past three fiscals, out of which 23 issues closed below the offer price on the listing date.

Conclusion / Investment Strategy

JRRL is engaged in recycling and producing non-ferrous metals that primarily covers Lead, Copper, Aluminium. In a short span, it has created a niche place as recyclers in metals. It is operating in a highly competitive and fragmented segment. Based on its recent financial data, the issue appears fully priced. Well-informed investors can park funds for medium to long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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