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YOUR FRIENDLY FINANCIAL ADVISORS



**IPO Note:**

**JAIN RESOURCE RECYCLING LIMITED- SUBSCRIBE**

Jain Resource Recycling Ltd. (JRRL) is a **non-ferrous metal recycling and production company** in India with the ability to handle different products at a single location and a large global network for acquiring recyclable materials. The company's **primary focus is on the manufacture of nonferrous metal products** through the recycling of nonferrous metal scrap. Its product offerings include (i) lead and lead alloy ingots; (ii) copper and copper ingots; and (iii) aluminum and aluminum alloys.

The **London Metal Exchange** has registered the Company's lead ingot as a brand, giving the Company a distinct advantage in terms of access to a broader customer base by offering products that meet international quality standards, as well as the benefit of **LME reference pricing** when supplying its products in global markets. It has **teamed with M/s Ikon Square Limited UAE** ("ISL") by acquiring 70% of Jain Ikon Global Ventures (FZC), a free zone business registered in Sharjah, UAE (hence referred to as "JIGV"), resulting in JIGV becoming a subsidiary.

The acquisition was made with the intention of **establishing a gold refining facility** in Sharjah, UAE, which will begin refining gold and its byproduct silver ("Precious Metals") in August 2024. However, JIGV's Precious Metals refining operations have been halted from April 17, 2025 due to low profitability, high operating overheads, working capital difficulties, and continuous instability in the gold refining sector.

The company also **trades nonferrous metals and other commodities**, accounting for 2.03%, 1.98%, and 4.50% of total revenue from operations in Fiscal 2025, Fiscal 2024, and Fiscal 2023, respectively. Its main raw materials are: (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; and (iii) aluminium scrap tread, aluminium scarp talon, and aluminium scrap tense for aluminum products. Its recycling operations are vertically integrated, with end-to-end recycling processes that source raw materials both locally and internationally.

Over the last three fiscal years, the Jain Metal Group has **sourced raw materials from over 120 nations**. The raw material scrap is sorted by kind and grade, followed by pre-processing stages such as sorting, stripping, shredding, and granulation, followed by melting the scrap for alloying and refining to reach the appropriate purity levels and quality. The refined scrap is subsequently cast into ingots, billets, rods, or other shapes, and the final products are quality controlled to verify that they fit industry standards and customer demands.

It serves customers in a variety of industries, **including lead acid batteries, electrical and electronics, pigments, and automobiles**. Its customers include **Vedanta Limited-Sterlite Copper, Luminous Power Technologies Private Limited, and Yash Resources Recycling Limited**, as well as multinational companies including Mitsubishi Corporation RtM Japan and Nissan Trading Co. **The company serves both foreign and domestic markets**. Lead and copper account for the majority of the company's entire revenue. It served 371 consumers in FY25, compared to 342 in FY24. As of July 31, 2025.

#### **Investment Recommendation and Rationale: -**

*Jain Resource Recycling Ltd. (JRRL) is a leading recycler of non-ferrous metals, manufacturing lead, copper, and aluminium products through integrated facilities in Tamil Nadu. Its lead ingots are LME-registered, giving it global acceptance and pricing advantage. The company sources scrap from 120+ countries, ensuring steady raw material supply, and serves 371 customers including Vedanta, Luminous, Mitsubishi, and Nissan. With a strong global network, diversified portfolio, and focus on sustainability, JRRL is well-positioned to capture rising demand in India's circular economy. At the upper price band of ₹232, the issue is valued at a P/E multiple of about 35.86x on its FY25 post-IPO EPS of ₹6.47. We give a 'SUBSCRIBE' rating to the issue for the following reasons: -*

1. LME-registered lead ingots and sourcing network across 120+ countries provide global credibility and steady supply.
2. Presence across lead, copper, and aluminium caters to multiple industries including battery, auto, electricals, and electronics.
3. Trusted by marquee customers like Vedanta, Luminous, Mitsubishi, and Nissan, ensuring revenue stability and growth visibility.

|  |   |
|--|---|
| <b>Issue Opens</b>                         | <b>24<sup>th</sup> September 2025</b>   |
| <b>Issue Closes</b>                        | <b>26<sup>th</sup> September 2025</b>   |
| <b>Type of Issue</b>                       | Fresh Issue of 2,15,51,724 shares (aggregating up to ₹500.00 Crores)<br>Offer for sale of 3,23,27,586 shares of ₹2 (aggregating up to ₹750.00 Crores) |
| <b>Issue size</b>                          | <b>₹ 1,250.00 crores</b>  |
| <b>Price Band</b>                          | ₹220 to ₹232 per share  |
| <b>Bid lot/ Bid Size</b>                   | 64 shares/ Rs. 14,848   |
| <b>Issue structure</b>                     | QIB-75%, HNI- 15%, Retail- 10%  |
| <b>Post issue equity shares</b>            | 34,50,85,814 shares   |
| <b>Promoters and Promoter Group Public</b> | Pre Issue – 88.01%   Post Issue- 73.15%<br>Pre issue – 11.99%   Post Issue- 26.85%  |
| <b>Post issue implied market cap</b>       | ₹8,005.99 Crores  |
| <b>BRLMs</b>                               | DAM Capital Advisors Limited, ICICI Securities Limited, Motilal Oswal Investment Advisors Limited, PL Capital Markets Private Limited                 |
| <b>Registrar to the issue</b>              | KFin Technologies Limited   |

#### **Financial Summary (in ₹ million, unless otherwise indicated)**

| Particulars                 | Fiscal    |           |           |
|-----------------------------|-----------|-----------|-----------|
|                             | 2025      | 2024      | 2023      |
| <b>Revenue</b>              | 71,257.68 | 44,284.18 | 30,640.71 |
| <b>Revenue Growth (%)</b>   | 60.91%    | 44.53%    | 7.53%     |
| <b>EBITDA</b>               | 3,685.82  | 2,272.18  | 1,241.76  |
| <b>EBITDA Margin (%)</b>    | 5.17%     | 5.13%     | 4.05%     |
| <b>Profit after Tax</b>     | 2,232.87  | 1,638.27  | 918.10    |
| <b>PAT Margin (%)</b>       | 3.13%     | 3.70%     | 3.00%     |
| <b>RoE (%)</b>              | 40.77%    | 57.66%    | 59.94%    |
| <b>RoCE (%)</b>             | 24.22%    | 19.13%    | 12.31%    |
| <b>Net worth</b>            | 7,074.58  | 3,671.81  | 1,969.73  |
| <b>RONW (%)</b>             | 41.56%    | 58.08%    | 60.62%    |
| <b>NAV</b>                  | 21.87     | 11.35     | 6.09      |
| <b>Inventory Days</b>       | 33.72     | 39.69     | 43.59     |
| <b>Debtor Days</b>          | 8.01      | 18.03     | 27.67     |
| <b>Creditor Days</b>        | 3.59      | 2.68      | 4.52      |
| <b>Working Capital Days</b> | 38.14     | 55.04     | 66.74     |
| <b>Net Debt</b>             | 6,716.20  | 6,091.79  | 5,870.42  |
| <b>Net Debt / Equity</b>    | 0.92      | 1.65      | 2.95      |
| <b>Fixed Asset Turnover</b> | 83.36     | 57.75     | 47.85     |

Source: RHP



Revenue details from product sales for the specified periods are provided below:

| Particulars   | Fiscal    |           |           |
|---|-----------|-----------|-----------|
|   | 2025      | 2024      | 2023      |
| Revenue from operations (in ₹ million)                  | 71,257.68 | 44,284.18 | 30,640.71 |
| Sale of products (domestic) (in ₹ million)              | 28,224.43 | 20,323.96 | 14,819.99 |
| As a percentage of total revenue from operations (in %) | 39.61%    | 45.89%    | 48.37%    |
| Sale of products (exports) (in ₹ million)*              | 43,033.25 | 23,960.22 | 15,820.73 |
| As a percentage of total revenue from operations (in %) | 60.39%    | 54.11%    | 51.63%    |

\* excludes export incentives and shipping line income.

Source: Red Herring Prospectus (RHP)

The details of segment-wise revenue for fiscal years 2025, 2024, and 2023 accordingly are as follows:

| Segment                      | Fiscal 2025                            |   | Fiscal 2024                            |   | Fiscal 2023                            |   |
|------------------------------|--|---|--|---|--|---|
|                              | Revenue from Operations (in ₹ million) | As a percentage of Revenue from Operations (in %) | Revenue from Operations (in ₹ million) | As a percentage of Revenue from Operations (in %) | Revenue from Operations (in ₹ million) | As a percentage of Revenue from Operations (in %) |
| Lead & Lead Alloy Ingots     | 28,119.15                              | 39.46%  | 20,762.29                              | 46.88%  | 10,702.49                              | 34.93%  |
| Copper & Copper Ingots       | 31,938.82                              | 44.82%  | 19,281.92                              | 43.54%  | 18,154.19                              | 59.25%  |
| Aluminium & Aluminium Alloys | 2,731.98                               | 3.83%   | 2,718.33                               | 6.14%   | 353.07                                 | 1.15%   |
| Precious Metals**            | 6,963.88                               | 9.77%   | -                                      | -   | -                                      | -   |
| Others                       | 1,503.85                               | 2.11%   | 1,521.64                               | 3.44%   | 1,430.96                               | 4.67%   |
| <b>Total</b>                 | <b>71,257.68</b>                       | <b>100.00%</b>                                    | <b>44,284.18</b>                       | <b>100.00%</b>                                    | <b>30,640.71</b>                       | <b>100.00%</b>                                    |

Source: Red Herring Prospectus (RHP)

## Shareholding pattern

| Name of the Selling Shareholders | Type | Number of Equity Shares Offered   | Weighted Average Cost of Acquisition per Equity Share (in ₹) (on a fully diluted basis)* |
|----------------------------------|------|---|--|
| Kamlesh Jain                     | PSS  | Equity Shares of face value of ₹ 2 each aggregating up ₹ 7,150.00 million | 1.22   |
| Mayank Pareek                    | PSS  | Equity Shares of face value of ₹ 2 each aggregating up ₹ 350.00 million   | 12.88  |

Source: Red Herring Prospectus (RHP)

## Objects of the issue

Fresh Issue of 2,15,51,724 shares (aggregating up to ₹500.00 Crores)

Offer for sale of 3,23,27,586 shares of ₹2 (aggregating up to ₹750.00 Crores)

Company plans to use the Net Proceeds to fund the following objects:

1. Pre-payment or scheduled re-payment of a portion of certain outstanding borrowings availed by the Company.
2. General corporate purposes.

Source: Red Herring Prospectus (RHP)

## Peer Comparison

| Name of Company                  | Revenue from Operation (₹ in million) | Face Value (₹ per share) | P/E   | EPS (₹)- Basic | EPS (₹)- Diluted | RoNW (%) | NAV (₹ per share) |
|----------------------------------|---------------------------------------|--------------------------|-------|----------------|------------------|----------|-------------------|
| Jain Resource Recycling Limited  | 71,257.68                             | 2.00                     | NA    | 7.16           | 7.16             | 41.56%   | 21.87             |
| <b>Listed Peers</b>              |                                       |                          |       |                |                  |          |                   |
| Gravita India Limited            | 38,687.70                             | 2.00                     | 37.67 | 45.11          | 45.11            | 22.33%   | 273.04            |
| Pondy Oxides & Chemicals Limited | 20,569.05                             | 5.00                     | 55.24 | 22.03          | 21.08            | 12.71%   | 205.26            |

Source: Red Herring Prospectus (RHP)

## Competitive Strengths

1. Profitable and steady financial performance in a business with high entry barriers.
2. Diversified global presence – exports contribute 60%+ of revenue across 20+ countries (Singapore, China, Japan, Korea, UAE), with strong repeat customer base (>50%).
3. Strategically located Recycling Facilities with capabilities to handle multiple products lines.
4. Wide product portfolio covering lead & alloys, copper, aluminium, tin, plastics etc., catering to varied industries.
5. Risk management through hedging of commodity price fluctuations, ensuring stable margins.

Source: Red Herring Prospectus (RHP)

## Growth Strategies

1. Increase manufacturing capacity and modernize facilities to fulfill growing domestic and global demand for recycled metals.
2. Securing raw material sources (scrap procurement) and developing value-added downstream products will help to strengthen supply chain control.
3. Expand into new foreign geographies while strengthening partnerships in existing high-demand markets such as China, Korea, and the Middle East.
4. Create new alloy grades and recycled material categories to serve a larger range of sectors, including batteries, automobiles, and electronics.
5. Invest in modern recycling technologies to increase efficiency, save costs, and improve environmental compliance.

Source: Red Herring Prospectus (RHP)

## Key Risks

1. The company's operations are significantly reliant on a continual supply of scrap metal; any disruption in availability or increase in procurement costs might have an impact on profitability.
2. Metal price changes at both the global and domestic levels have a direct impact on revenue and profitability, as recycling margins are related to commodity cycles.
3. A significant portion of revenue is derived from a limited set of customers; loss of a key client could materially impact financial performance.
4. The recycling industry is subject to strong environmental and waste management regulations; noncompliance may result in penalties or operational restrictions.
5. The company requires substantial working capital for raw material procurement and inventory management, creating liquidity pressures.
6. The recycling sector confronts competition from both organized and unorganized firms, which can impact pricing and margins.

Source: Red Herring Prospectus (RHP)



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