

November 21, 2023

IPO Note

**IPO NOTE**
**Issue Details**

<b>Price Band:</b> ₹ 160 to ₹ 169
<b>Issue Opens on:</b> November 22, 2023
<b>Issue Closes on:</b> November 24, 2023
<b>Lot Size:</b> 88 Shares & in Multiples thereafter

**Issue Highlights**

<b>Issue Size:</b>	₹ 500.69 Cr.
<b>No of Shares:</b>	29,626,732
<b>Face Value:</b>	₹ 2

**Offer Structure**

Issuance	₹ in Cr.
Fresh Issue	302.00
Offer for Sale	198.69
<b>Total</b>	<b>500.69</b>

**Issue Breakup**

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	250.35
HNI	15	75.10
Retail	35	175.24
<b>Total</b>	<b>100</b>	<b>500.69</b>

**Listing**

BSE &amp; NSE

**Lead Managers**

- Nuvama Wealth Management Limited
- ICICI Securities Limited

**Registrar**

Link Intime India Pvt. Ltd.

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**COMPANY OVERVIEW**

Gandhar Oil Refinery India Ltd. is a leading manufacturer of white oils by revenue with a growing focus on the consumer and healthcare end-industries. As of June 30, 2023, their product suite comprised over 440 products primarily across the personal care, healthcare and performance oils ("PHPO"), lubricants and process and insulating oils ("PIO") divisions under the "Divyol" brand. Their products are used as ingredients by leading Indian and global companies for the manufacture of end products for the consumer, healthcare, automotive, industrial, power and tyre and rubber sectors.

As of June 30, 2023, their products were sold in over 100 countries across the globe. It catered to over 3,500 customers in the Financial Year 2023, including leading Indian and global companies such as Procter & Gamble ("P&G"), Unilever, Marico, Dabur, Encube, Patanjali Ayurved, Bajaj Consumer Care, Emami and Amrutanjan Healthcare, supported by their global supplier base and manufacturing operations in India and United Arab Emirates.

The company currently operates three manufacturing facilities with a combined annual production capacity of 522,403 kL as of June 30, 2023, with plants located in (i) Taloja, Maharashtra (the "Taloja Plant"), (ii) Silvassa, the Union Territory of Dadra and Nagar Haveli and Daman and Diu (the "Silvassa Plant") and (iii) Sharjah, United Arab Emirates (the "Sharjah Plant")

**HIGHLIGHTS**

1. Leading market share of the Indian white oils market with significant overseas sales
2. Extensive and diversified customer base and a supplier base
3. Strategically located manufacturing facilities and in-house R&D capabilities
4. Resilient, flexible and scalable business model

**OBJECTS OF THE ISSUE**

1. Investment into Texol by way of a loan for financing the repayment/pre-payment of a loan facility availed by Texol from the Bank of Baroda (₹ 22.71 Cr.)
2. Capital expenditure through purchase of equipment and civil work required for expansion in capacity of automotive oil at Silvassa Plant (₹ 27.72 Cr.)
3. Funding working capital requirements of the Company (₹ 185 Cr.)

To carry out the Offer for Sale of up to 11,756,910 by the Selling Shareholders. The company will not receive any proceeds from Offer for sale.

**OUR VIEW**

The company is a distinguished manufacturer of white oils that caters to the consumer and healthcare end-industries. The white oil market is the fastest growing segment in the specialty oils sector and the company is India's largest manufacturer of white oils by revenue in FY23, including domestic and overseas sales and is one of the top five players globally in terms of market share in the calendar year 2022.

The company also has a strong and diversified supplied base. The company believes in supreme quality, has received various approvals and certifications. They are subject to strict quality requirements and standards and inspections any failure to comply with the same may lead to adverse business operations. Most of their base oil (key raw material) is imported from South Korea and the Gulf Co-operation Council region. Disruptions on the supply side of the raw materials may lead to fluctuations in price and pressure on margins.

The revenue CAGR for the period FY21-23 stood at about 35.53%. The company operated on an EBITDA margin of 7.76% and PAT margin of 5.2% for year ended FY23. The number was 7.85% and 5.07% respectively for Q1FY24. Generating an ROE and ROCE of 32.28% and 41.19% respectively for FY23.

The issue is priced at a P/BV of 1.67 based on its NAV of Rs. 101.35 as of June 30, 2023 and is asking for a PE multiple of 7.11x on the upper end of the price band and using diluted EPS for FY23 (₹ 23.77) and a PE of 7.54x annualizing diluted EPS for Q1FY24 (₹ 5.2). Industry average PE is 52.6x.

Looking at all the factors, risks, opportunities and attractive valuation the cash rich investors may apply for the issue with a medium to long-term view.

### Brief Financials

PARTICULARS	As at June 30, 2023	₹ in Million		
		FY '23	FY '22	FY '21
Total Income	10,715.15	41,017.91	35,689.63	22,425.90
Total Expenditure	10,043.79	38,308.39	33,442.40	21,294.24
EBITDA	468.50	315.90	2,031.01	1,337.38
Profit before Tax	671.36	2,709.52	2,252.33	1,202.78
Profit after Tax	542.84	2,131.75	1,635.84	1,003.22
E.P.S. (Diluted)	5.60*	23.77	18.42	12.54
P/E (x) (Diluted)	-	7.11	-	-
RONW (%)	6.91*	32.28	34.54	24.77

\* Not Annualised

### PRICE CHART (@ ₹ 169) (Retail Category)

LOT SIZE	Amount
88	14,872
176	29,744
264	44,616
352	59,488
440	74,360
528	89,232
616	104,104
704	118,976
792	133,848
880	148,720
968	163,592
1,056	178,464
1,144	193,336

### HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Between ₹ 2 to ₹ 10 Lakhs (Minimum Shares)	1,232	208,208
Between ₹ 2 to ₹ 10 Lakhs (Maximum Shares)	5,896	996,424
Above ₹ 10 Lakhs	5,984	1,011,296

### Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	30/11/2023
Initiation of refunds/unblocking ASBA Fund	01/12/2023
Credit of Equity Shares to demat accounts of Allottees	04/12/2023
Commencement of trading of the Equity Shares on the Stock Exchanges	05/12/2023

**For more details, Please refer RHP,**

[https://www.sebi.gov.in/filings/public-issues/nov-2023/gandhar-oil-refinery-india-limited-rhp\\_79156.html](https://www.sebi.gov.in/filings/public-issues/nov-2023/gandhar-oil-refinery-india-limited-rhp_79156.html)

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