

IPO NOTE

GANDHAR OIL REFINERY INDIA LIMITED

Rating:

SUBSCRIBE

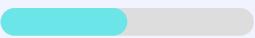
(Listing Gain & Long Term)



ISSUE OFFER

Issue Opens on	SEP 22, 2023
Issue Close on	SEP 24, 2023
Total IPO size (cr)	500.69
Fresh issue (cr)	302.00
Offer For Sale (cr)	198.69
Price Band (INR)	160-169
Market Lot	88
Face Value (INR)	2
Retail Allocation	35%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion		50%
NIB Portion		15%
Retail Portion		35%

SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
80,000,000	97,869,822

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	30-11-2023
Refunds/Unblocking ASBA Fund	01-11-2023
Credit of equity shares to DP A/c	04-11-2023
Trading commences	05-11-2023

Gandhar Oil Limited is a prominent manufacturer of white oils that caters to the consumer and healthcare end industries. The company's products serve as crucial ingredients for various end products in sectors such as consumer goods, healthcare, automotive, industrial, power, tyre, and rubber, and are used by leading Indian and global companies.

OBJECTS OF THE ISSUE

- Capital expenditure through purchase of equipment and civil work
- Funding working capital requirements of the Company.

OUTLOOK & VALUATION

As a top producer of white oils, Gandhar Oil Refinery India Limited's goods are marketed in more than 100 countries worldwide and are used as ingredients by prestigious Indian and international businesses. The consumer and healthcare industries are also top priorities for the business.

However, this industry is subject to price fluctuations for raw materials and requires high working capital as well. Secondly, it operates in a very competitive market.

The company is finally launching its first initial public offering (IPO) after abandoning plans to do so in 2017. The issue appears to be fairly priced, with a P/E ratio of 7.10x. So considering all these factors we will assign a subscribe rating to this IPO.



KEY MANAGERIAL PERSONNEL

01

Mr. Ramesh Babulal Parekh

Chairperson and Managing Director of the Company. He has been with the Company since its incorporation and has over 31 years of experience in the petroleum and specialty oils industry. He also serves as a director on the board of Manufacturers of Petroleum Specialities Association.

02

Mr. Samir Ramesh Parekh

Vice Chairperson and Joint Managing Director of the Company. He has over 19 years of experience in manufacturing and marketing of petroleum and specialty oils industry. He is responsible for managing the operations of the Company's Silvassa manufacturing facility.

03

Mr. Indrajit Bhattacharyya

Chief Financial Officer of the Company. He has experience in finance and administration. He has been associated with the Company since September 2015 and has been the Chief Financial Officer of the Company since January 5, 2017.

04

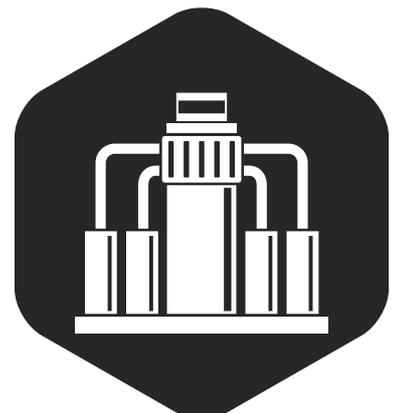
Ms. Jayshree Soni

Company Secretary and Compliance Officer of the Company. Prior to joining the Company, she was associated with Euro Ceramics Limited as company secretary/manager-legal. She has over 17 years of experience in secretarial compliance

05

Mr. Dipakbhai Babulal Mewada

General Manager R&D/ Operation (CPD) of the Company. He was associated with Elder Healthcare Limited, Vishal Personal Care Private Limited, and Modi- Revlon Private Limited. He has various years of experience in the field of research and development



COMPANY PROFILE

- The company offers an extensive range of over 350 products that primarily fall under three categories - personal care, healthcare and performance oils (PHPO), lubricants, and process and insulating oils (PIO) - under the brand name "Divyol".
- The company 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.
- The company's products serve as crucial ingredients for various end products in sectors such as consumer goods, healthcare, automotive, industrial, power, tyre, and rubber, and are used by leading Indian and global companies.

COMPETITIVE STRENGTHS

- Leading market share of the Indian white oils market with significant overseas sales, focused on the consumer and healthcare end industries.
- Extensive and diversified customer base and a supplier base comprised of leading oil companies with competitive pricing terms.
- Strategically located manufacturing facilities and in-house R&D capabilities.
- Resilient, flexible and scalable business model with prudent risk management framework

KEY STRATEGIES

- Enhanced focus on the consumer and healthcare end-industries.
- Continue to increase overseas sales by strategically expanding product offerings.
- Strengthen company's customer base by growing existing customer business and acquiring new customers.
- Strengthen the manufacturing and R&D capabilities

KEY CONCERNS

- The company is subject to strict quality requirements and standards and inspections and the success and acceptance of products by the customers are largely dependent on the company's ability to meet such quality requirements and standards.
- Delays, interruptions, or reductions in the supply of raw materials to manufacture products and abrupt fluctuations in the prices of raw materials may adversely affect business,
- The company is exposed to counterparty credit risk and any delay in, or non-receipt of, payments may adversely affect cash flows and results of operations.
- Exchange rate fluctuations in various currencies in which company does business could negatively impact business, financial condition and results of operations.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company	EPS (Basic)	NAV (per share) (₹)	P/E	Total Income (Mn)	RONW(%)
Gandhar Oil Refinery India Limited	23.77	95.03	-	40,794.41	32.28%
Peer Group					
Savita Oil Technologies Limited	32.66	209.70	10.84	36,304.35	16.68%
Apar Industries Limited	166.64	584.39	29.96	1,43,521.50	32.28%
Panama Petrochem Limited	38.51	157.39	7.96	22,487.20	27.08%
Galaxy Surfactants Limited	107.46	530.97	24.16	44,452.40	22.04%
Privi Speciality Chemicals Limited	5.45	213.88	222.13	16,078.20	2.57%
Rossari Biotech Limited	19.46	165.92	40.73	16,558.81	12.47%
Fairchem Organics Limited	33.41	199.11	32.74	6,480.41	17.70%

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLIONS)	FY 2023	FY 2022	FY 2021
Equity Share Capital	160.00	160.00	160.00
Other Equity	7,092.98	5,251.24	4,288.25
Net Worth	7,602.05	5,607.05	4,448.25
Total Borrowings	222.98	338.96	175.71
Revenue from Operations	40,794.41	35,433.74	22,210.01
EBITDA	41,017.91	35,689.63	22,425.90
Profit Before Tax	2,709.52	2,252.33	1,202.78
NET PROFIT OF THE YEAR	2,011.56	1,602.20	986.84



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