

IPO ANALYSIS

Sector: Specialty Oil
Issue Price: INR 160 to INR 169
Issue Size: INR 490 – 501 Crores
Issue Opens/Closes: Nov 22 / Nov 24

IPO Basics

Promoters: Mr. Ramesh Babulal Parekh, Mr. Samir Ramesh Parekh and Mr. Aslesh Ramesh Parekh
Selling Shareholders: Mr. Ramesh Babulal Parekh, Mr. Kailash Parekh, Ms. Gulab Parekh, Green Desert Real Estate Brokers, Denver Bldg Mat & Décor TR LLC
Lead Managers: Nuvama Wealth, ICICI Securities
Registered Office: Mumbai
Registrar: Link Intime India Pvt Ltd.
Listing: BSE and NSE

IPO Capital Structure

Fresh Issue	17,869,822 equity shares upto INR 302 Cr
Offer for Sale	11,756,910 equity shares upto INR 199 Cr
Total Issue as % of total capital (Post-Issue)	30.29%
Post Issue No. of Shares	97,869,822
Post Issue Market Cap	INR 1,582 – 1,654 Cr
Face Value	INR 2
Issue Route	Book Build Issue
Bid Lot (Shares)	88
Minimum Bid Amount	INR 14,872
<i>All values calculated at upper band</i>	

Financial Snapshot (INR in crs)

Y/E Mar	FY21	FY22	FY23
Equity Share Capital	16.00	16.00	16.00
Reserves	428.83	525.12	709.30
Non-controlling Interest	-	19.58	34.91
Net worth	444.83	560.71	760.21
Revenue from Ops	2,221.00	3,543.37	4,079.44
Growth (%)	-	59.54%	15.13%
EBITDA	138.77	245.97	316.62
EBITDA (%)	6.25%	6.94%	7.76%
Net Profit	100.32	163.58	213.18
Net Profit (%)	4.47%	4.58%	5.20%
Basic EPS	12.54	18.42	23.77
Diluted EPS	12.54	18.42	23.77
RONW (%)	24.77%	32.54%	32.28%
ROCE (%)	29.37%	42.10%	32.28%
NAV (INR)	55.60	70.09	95.03
P/E (Based on Upper Band)			7.11
Average Industry P/E			52.65
P/B (Based on Upper Band)			1.78

Shareholding Pattern

Holders	Pre-issue	Post Issue
Promoters	87.50%	64.63%
Public	12.50%	35.37%
Total	100.00%	100.00%

Particulars	Retail Category	NII bid between Rs 2 lakhs- Rs 10 lakhs	NII bid above Rs 10 lakhs
Minimum Bid Lot (Shares)	88	1,232	5,984
Minimum Bid Lot Amount (₹)	₹14,872	₹ 2,08,208	₹ 10,11,296
No of Applications for 1x	1,17,834	1,202	2,405

Gandhar Oil Refinery (India) Limited

Nov 21, 2023

Issue Highlights:

- Gandhar Oil Refinery (India) Limited, established on October 7, 1992, stands out as a major white oil manufacturer by revenue, emphasizing the consumer and healthcare sectors. By June 30, 2023, they offered an extensive product lineup exceeding 440 items across personal care, healthcare, lubricants, and process and insulating oils under the "Divyol" brand. These products serve as crucial ingredients for leading companies globally, fueling end-product manufacturing in diverse sectors like healthcare, automotive, industrial, power, and rubber.
- The white oil market, known as the fastest-growing specialty oils segment, has positioned Gandhar as India's largest white oil manufacturer by revenue in FY2023, encompassing both domestic and overseas sales. Their global market share ranks them among the top five players worldwide by the end of 2022. The three primary business divisions center on personal care, healthcare, and performance oils (PHPO), lubricants, and process and insulating oils (PIO).
- Gandhar boasts a wide-ranging clientele comprising 3,558 customers during the Financial Year 2023. Operating three manufacturing facilities with a combined annual production capacity of 522,403 kL by June 30, 2023, they strategically positioned plants in Taloja (Maharashtra), Silvassa (Union Territory of Dadra and Nagar Haveli, and Daman and Diu), and Sharjah (United Arab Emirates) to meet both local and global product demands.
- Their global presence is palpable, with products sold in over 100 countries worldwide, catering to a substantial client base exceeding 3,500 customers during FY2023. Key industry players such as Procter & Gamble, Unilever, Marico, and more count among their clientele. Moreover, the company operates a robust domestic distribution network comprising 282 distributors and 27 depots, with four operated directly by the company itself.
- Gandhar's expertise lies in specialty oils, aligning their products and processes with stringent industry standards to maintain long-standing relationships and secure high customer loyalty. These attributes, coupled with their quality certifications and customer-centric approach, have significantly contributed to their growth and success over the past three financial years.

Key Risks:

- The company's reliance on its personal care, healthcare, and performance oil business division is substantial.
- The company heavily relies on sourcing its primary raw material, base oil, from South Korea and the Gulf Co-operation Council region.
- The company and its promoters are engaged in regulatory actions and ongoing investigations by authorities like the Enforcement Directorate and the Central Bureau of Investigation. Adverse outcomes in these matters could significantly impact the company's business, reputation, financial standing, and operational results.
- Fluctuations in currency exchange rates, particularly in USD and other currencies used for a substantial part of business transactions, could adversely affect the company's business

Particulars	No. of shares Lower Band (Cr.)	No. of shares Upper Band (Cr.)	Issue Size Amount Lower Band (Rs. Cr.)	Issue Size Amount Upper Band (Rs. Cr.)	% Of Issue
QIB	1.53	1.48	245.06	250.35	50.00%
NIB	0.46	0.44	73.52	75.10	15.00%
Retail	1.07	1.04	171.54	175.24	35.00%
Total	3.06	2.96	490.11	500.69	100.00%

An Indicative Timetable Post Issue Closing

Particulars	Tentative Date
Finalization of Basis of Allotment	November 30, 2023
Refunds/un-blocking of ASBA Accounts	December 01, 2023
Credit of Equity Shares to DP Ac	December 04, 2023
Trading Commences	December 05, 2023

Investors are advised to refer disclosures made at the end of the research report.

BACKGROUND**Brief Biographies of Directors**

Ramesh Babulal Parekh is the Promoter, Chairperson and Managing Director of the company. He has been with the company since its incorporation and has over 30 years of experience in the petroleum and specialty oils industry. Additionally, he is also a director on the board of directors of other companies including Gandhar Shipping and Logistics Pvt Ltd and Texol Lubritech FZC, Texol Oils FZC and Gandhar Foundation.

Samir Ramesh Parekh is the Promoter, 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 also a director on the board of directors of other companies including Gandhar Shipping and Logistics Pvt Ltd and Nature Pure Wellness Pvt Ltd and Gandhar Foundation.

Aslesh Ramesh Parekh is the Promoter and Joint Managing Director of the company. He has over 19 years of experience in the petroleum and specialty oils industry. He is also a director on the board of directors of Nature Pure Wellness Pvt Ltd and Texol Lubritech FZC.

Raj Kishore Singh is an Independent Director of the company. He is experienced in the petroleum industry and has previously worked with Bharat Petroleum Corporation Ltd and in his most recent role was the chairman and managing director of Bharat Petroleum Corporation Ltd. Additionally, previously he was also a director on the board of directors of ONGC Ltd. He currently serves an independent director on the board of directors of Aegis Logistics Ltd, Tema India Ltd, Texol Lubritech FZC, Essar UK Services Pvt Ltd and Essar Construction India Ltd.

Amrita Nautiyal is an Independent Director of the company. She is also a director on the board of directors of Cipla Health Ltd and Jay Precision Pharmaceuticals Pvt Ltd.

Deena Asit Mehta is an Independent Director of the company. She is currently a director on the board of directors of Asit C Mehta Financial Services Ltd, Asit C Mehta Investment Intermediates Ltd, NMIMS Business School Alumni Association, Fino Payments Bank Ltd and Reliance Asset Reconstruction Co Ltd.

Indrajit Bhattacharyya is the Chief Financial Officer of the company. He has been associated with the company since September 2015. Jayshree Soni is the Company Secretary and Compliance Officer of the company. She has over 17 years of experience in secretarial compliance. She has been associated with the company since December 3, 2014.

OBJECTS OF THE ISSUE

Objects	Amount (₹ Cr)
▪ 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
▪ Capital expenditure through purchase of equipment and civil work required for expansion in capacity of automotive oil at Silvassa Plant	27.73
▪ Funding working capital requirements of the company	185.01
▪ General Corporate Purposes	[•]
Total	[•]

SHAREHOLDING PATTERN

Shareholders	Pre-offer		Offer for Shares	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter	33,990,000	42.49%	2,250,000	31,740,000	32.43%
Promoter Group	36,010,000	45.01%	4,500,000	31,510,000	32.20%
Total for Promoter and Promoter Group	70,000,000	87.50%	6,750,000	63,250,000	64.63%
Public – Selling Shareholders	5,007,840	6.25%	5,006,910	930	0.00%
Public – Other	4,992,160	6.25%	17,869,822	34,618,892	35.37%
Total for Public Shareholders	10,000,000	12.50%	22,876,732	34,619,822	35.37%
Total Equity Share Capital	80,000,000	100.00%	29,626,732	97,869,822	100.00%

OFFER DETAILS

Fresh Issue	No. of Shares	WACA per Equity Share (₹)
Fresh Issue (₹ 302 Cr)	Upto 18,875,000~ - 17,869,822^ Equity Shares	4.56
The Offer for Sale by:	Upto 11,756,910 Equity Shares	
The Promoter Selling Shareholders:		
Ramesh Babulal Parekh	Upto 2,250,000 Equity Shares	4.56
The Promoter Group Shareholders:		
Kailash Parekh	Upto 2,250,000 Equity Shares	0.66
Gulab Parekh	Upto 2,250,000 Equity Shares	0.69
The Other Selling Shareholders:		
Green Desert Real Estate Brokers	Upto 3,000,000 Equity Shares	47.33
Denver Bldg Mat & Décor TR LLC	Upto 1,000,000 Equity Shares	46.00
Fleet Line Shipping Services LLC	Upto 1,000,000 Equity Shares	50.00
Vijendra Sumatilal Patani	Upto 1,970 Equity Shares	82.16
Vinay Prabhakar Ulpe	Upto 1,970 Equity Shares	82.16
Sunith Menon	Upto 1,970 Equity Shares	82.16
Mayur Bhupendralal Desai	Upto 1,000 Equity Shares	82.16

(~ at lower price band and ^ upper price band;) WACA = Weighted Average Cost of Acquisition

BUSINESS OVERVIEW

The product categories and primary end-industries for the 3 main business divisions are as follows:

Business Division	Product Categories	Primary End-Industries
Personal care, healthcare and performance oils (PHPO)	White oils, waxes and jellies	Consumer; healthcare; plastics; chemical; textiles; and fragrance
Lubricants	Automotive oils and industrial oils	Automobile; and industrial machines and equipment
Process and insulating oils (PIO)	Transformer oils and rubberprocessing oils	Transformer manufacturers; power generation and distribution; and tyre and rubber product manufacturers

The PHPO division is the largest business division and contributed to ₹552.58 crore or 56.29% and ₹2,098.30 crore or 54.96% of the pro forma consolidated revenue from finished goods sold for the quarter ended June 30, 2023 and the Financial Year 2022, respectively.

A breakdown of the pro forma consolidated revenue from finished goods sold and the corresponding total sales volumes across the business divisions:

	Quarter ended June 30, 2023			Financial Year 2023			Financial Year 2022			Financial Year 2021		
	pro forma consolidated revenue from finished goods sold		Sales volume	pro forma consolidated revenue from finished goods sold		Sales volume	pro forma consolidated revenue from finished goods sold		Sales volume	pro forma consolidated revenue from finished goods sold		Sales volume
	(₹ Cr)	(%)		(₹ Cr)	(%)		(₹ Cr)	(%)		(₹ Cr)	(%)	
PHPO	552.58	56.29%	63,619	2,098.30	54.96%	237,727	1,479.79	53.50%	214,724	771.67	44.64%	143,917
Lubricants	262.88	26.78%	27,980	955.58	25.03%	100,404	594.22	21.48%	79,023	473.32	27.38%	74,569
PIO	65.91	6.71%	9,605	363.26	9.51%	45,152	291.64	10.54%	49,708	219.16	12.68%	45,681
Channel partners	100.31	10.22%	12,749	401.03	10.50%	50,215	400.54	14.48%	67,919	264.59	15.30%	57,842
Total	981.68	100.00%	113,954	3,818.16	100.00%	433,498	2,766.20	100.00%	411,373	1,728.74	100.00%	322,009

The company has grown their specialty oils business over the last 3 decades under the leadership of a qualified and experienced management team, with particular focus on enhancing their production and supply chain capabilities over the last 3 Financial Years through technological upgrades, product development and customized offerings for customers and strengthening their supplier base and the customer base.

FEATURES OF COMPANY BUSINESS

Customers: With 3,558 customers in FY2023 and an 83.74% repeat order rate, Gandhar maintains strong relationships and high customer loyalty, reflecting product quality and operational strength.

Suppliers: Partnering with leading oil companies and Indian refineries ensures base oil procurement. Key supplier relationships are annually renewed.

Geographical Presence: Operating in 100+ countries, including Texol subsidiary in Sharjah, UAE, the company generates revenue from overseas sales.

Manufacturing & R&D: Gandhar operates three facilities, totaling 522,403 kL annual production capacity as of June 30, 2023, situated in Taloja (Maharashtra), Silvassa (Union Territory of Dadra and Nagar Haveli, Daman, and Diu), and Sharjah (UAE). These ISO-certified plants are expanding their Taloja Plant by 100,000 kL, having already added 25,000 kL in October 2022. Additionally, they plan to use ₹27.73 crore from Net Proceeds to increase Silvassa Plant's capacity by 18,840 kL for automotive oil.

Strategic Business Move: Gandhar's exit from the coal-trading business in FY2022 underlines a shift towards focusing solely on specialty oils.

Industry Outlook: The white oil segment in the Indian specialty oil market is projected to reach \$0.76 billion by 2028 with a growth rate of 9.9% CAGR, driven by increased investment, government initiatives, and rising demand in personal care, cosmetics, and pharmaceuticals due to improving standards of living.

Gandhar has an in-house sales and marketing team that comprised 129 employees as of June 30, 2023, on whom they largely rely for their marketing activities. They also sell their automotive oil products through a domestic distribution network that comprises 282 distributors and 27 depots, of which 4 are operated by the company. As of June 30, 2023, they had a combined in-house storage capacity of 52,616 kL for storage of base oil, a key raw material.

PRODUCT DESCRIPTION

Product	Business Division	Product Description	Key Customers	Primary End Industries
White oils, waxes and jellies	PHPO	White oils are highly refined mineral oils that are pure, stable, colorless, odorless, non-toxic and chemically inert and is used as an ingredient in various end-products. Petroleum jelly is a thick, waxy paste that many people use as a skin care product.	P&G (for petroleum jelly in the Indian market), Unilever, Bajaj Consumer Care, Dabur, Emami, Marico, Patanjali Ayurved, Amrutanjan Healthcare, Supreme Petrochem, Encube	Consumer; healthcare; plastics; chemicals; textiles; and fragrances
Automotive oils	Lubricants	Used in automotive applications including engine oils, passenger car oils, shock absorber oils, brake fluids, motorcycle oils, gear oils, and automotive grease.	Gulf Oil	Automobile and fleet operators
Industrial oils	Lubricants	Used in industrial operations providing lubrication to machines or specified process application and maintaining a stable temperature.	Gulf Oil, Adani Ports and Special Economic Zone	Industrial machines and equipment
Transformer oils	PIO	To serve the dual purposes of providing liquid insulation and acting as a coolant.	Toshiba Transmission and Distribution Systems (India)	Transformer manufacturers; and power generation and distribution
Rubber processing oils	PIO	To ensure uniform mixing and improve blending of the rubber being processed.	Farseen Rubber Industries (FRIL), Avigiri Urethane and Rubber Industries and Vamshi Rubber	Tyre and rubber product manufacturers

KEY CUSTOMERS

Gandhar has a diversified customer base that comprised 3,558 customers during the Financial Year 2023.

PHPO Division	Lubricants Division	PIO division
<ul style="list-style-type: none"> P&G, Unilever, Marico, Emami, Bajaj Consumer Care, Encube, Patanjali Ayurved, Dabur, Amrutanjan Healthcare, Supreme Petrochem Other leading Indian manufacturers of pharmaceutical products 	<ul style="list-style-type: none"> Gulf Oil, Adani Ports and Special Economic Zone, Other users of industrial machines and equipment 	<ul style="list-style-type: none"> Toshiba Transmission and Distribution Systems (India), Other leading manufacturers of transformers and power distribution and transmission companies

RESEARCH & DEVELOPMENTS

Gandhar's R&D team of 21 employees as of June 30, 2023, focuses on process and product development, crafting specialized white oils and jellies. These products serve as crucial ingredients in cosmetics, skincare, ointments, medicines, and other consumer goods. Their Silvassa R&D center holds DSIR's in-house R&D unit registration, housing advanced equipment like homogenizers, flowmeters, and viscometers for intricate product testing, meeting stringent quality standards. The company allocated ₹0.91 crore (0.08%), ₹3.69 crore (0.09%), ₹3.32 crore (0.10%), and ₹2.18 crore (0.11%) for R&D as a percentage of their pro forma consolidated revenue for the quarter ended June 30, 2023, and FY2023, 2022, and 2021, respectively.

Gandhar's innovative efforts resulted in developing a specialized hair serum oil for a renowned British multinational. They've also successfully commercialized various ingredients for products like ointments, skin care items, and specialty waxes. Additionally, they formulated a specialized automotive oil suitable for sub-zero temperatures.

REVENUE FROM OPERATIONS

Particulars	3 months ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	₹ in Cr	% of pro forma consolidated revenue from sale of products	₹ in Cr	% of pro forma consolidated revenue from sale of products	₹ in Cr	% of pro forma consolidated revenue from sale of products	₹ in Cr	% of pro forma consolidated revenue from sale of products
Revenue from finished goods sold	981.68	91.80%	3818.16	93.68%	2,766.20	81.73%	1,728.74	83.95%
Revenue from stock-in-trade sold	87.73	8.20%	257.56	6.32%	618.22	18.27%	330.55	16.05%
Revenue from Operations	1069.40	100.00%	4075.72	100.00	3,384.41	100.00%	2,059.29	100.00%

The revenue from sale of products by geographical divisions based on location of the customers:

Particulars	3 months ended June 30, 2023		Financial Year 2023		Financial Year 2022		Financial Year 2021	
	₹ in Cr	% of pro forma consolidated revenue from sale of products	₹ in Cr	% of pro forma consolidated revenue from sale of products	₹ in Cr	% of pro forma consolidated revenue from sale of products	₹ in Cr	% of pro forma consolidated revenue from sale of products
Domestic Sales	378.84	35.43%	1,902.38	46.68%	2,038.75	60.24%	1,317.94	64.00%
Overseas Sales	690.56	64.57%	2,173.35	53.32%	1,345.66	39.76%	741.36	36.00%
Revenue from Operations	1,069.40	100.00%	4,075.72	100.00%	3,384.41	100.00%	2,059.30	100.00%

The breakdown of the pro forma consolidated revenue from finished goods sold across the business divisions:

	3 months ended June 30, 2023		Financial Year 2023		Financial Year 2022		Financial Year 2021	
	Amount (₹ in Cr)	% of revenue from Overseas sales	Amount (₹ in Cr)	% of revenue from Overseas sales	Amount (₹ in Cr)	% of revenue from Overseas sales	Amount (₹ in Cr)	% of revenue from Overseas sales
PHPO	552.58	56.29%	25098.30	54.96%	1,479.79	53.50%	771.67	44.64%
- Consumer	330.87		1153.72		803.31		414.77	
- Healthcare	62.84		301.31		201.35		100.77	
- Plastics	40.88		201.91		148.53		83.50	
- Chemicals	30.08		132.36		172.82		89.91	
- Textiles	66.83		236.89		118.85		55.25	
- Fragrances	21.08		72.11		34.96		27.48	
Lubricants	262.88	26.78%	955.58	25.03%	594.22	21.48%	473.32	27.37%
PIO	65.91	6.71%	363.26	9.51%	291.64	10.54%	219.17	12.68%
Channel Partners	100.31	10.22%	401.03	10.50%	400.54	14.48%	264.59	15.31%
Total	981.68	100.00%	35818.16	100.00%	2,766.20	100.00%	1,728.74	100.00%

Region-wise Revenue from operations:

Region	3 months ended June 30, 2023		Financial Year 2023		Financial Year 2022		Financial Year 2021	
	Amount (₹ in Cr)	% of revenue from Overseas sales	Amount (₹ in Cr)	% of revenue from Overseas sales	Amount (₹ in Cr)	% of revenue from Overseas sales	Amount (₹ in Cr)	% of revenue from Overseas sales
APAC	527.08	76.33%	1527.40	70.28%	832.19	61.84%	503.37	67.90%
Americas	71.18	10.31%	320.93	14.77%	263.62	19.59%	95.27	12.85%
Africa	71.61	10.37%	276.96	12.74%	199.17	14.80%	120.37	16.24%
Europe	20.70	3.00%	48.06	2.21%	50.69	3.77%	22.35	3.01%
Total	690.56	100.00%	2173.35	100.00%	1,345.66	100.00%	741.36	100.00%

MANUFACTURING UNITS

The company runs three manufacturing facilities: two in western India and one in Sharjah, UAE, with a total annual production capacity of about 522,403 kL. All plants hold ISO certifications.

The Taloja Plant, operating since 1994, focuses on white oil, petroleum jellies, specialized waxes, transformer oils, and lubricants, mainly for international markets, particularly for petroleum jelly products. Capacity enhancement of 100,000 kL is underway, with 25,000 kL completed in October 2022.

Established in 2000, the Silvassa Plant produces specialty oils for the domestic market and hosts a DSIR-certified R&D center.

Operational since 2017, the Sharjah Plant, managed by their subsidiary, Texol, manufactures white oils, petroleum jelly, lubricants, and transformer oils for overseas sales, targeting customers in the GCC, Africa, and the Middle East.

Capacity Production and Utilization

Plant	Quarter ended June 30, 2023			Fiscal ended March 31,								
	Installed Capacity	Actual Produc- tion	Utiliza- tion (%)	2023			2022			2021		
				Installed Capacity	Actual Produc- tion	Utiliza- tion (%)	Installed Capacity	Actual Produc- tion	Utiliza- tion (%)	Installed Capacity	Actual Produc- tion	Utiliza- tion (%)
Taloja	143,256	37,421	104.49%*	143,256	142,129	99.21%	118,256	155,533	131.52%	118,256	113,192	95.72%
Silvassa	143,853	37,568	104.46%*	143,853	165,411	114.99%	143,853	180,784	125.67%	143,853	157,183	109.27%
Sharjah	235,294	40,668	69.14%*	235,294	127,574	54.22%	235,294	85,454	36.32%	235,294	55,088	23.41%
Combined	522,403	115,657	88.56%	522,403	435,114	83.29%	497,403	421,771	84.79%	497,403	325,463	65.43%

*Calculated on proportionate installed capacity basis

COMPETITIVE STRENGTHS

Leading Market Position: Gandhar holds India's top spot in white oil manufacturing, securing significant overseas sales. They offer a diverse product portfolio exceeding 440 items in the PHPO, lubricants, and PIO divisions, utilized extensively in consumer and healthcare industries. Their reach spans over 100 countries across APAC, Europe, Africa, and the Americas.

Customer and Supplier Relationships: With long-standing relationships, Gandhar maintains high customer loyalty, evidenced by repeat orders averaging 83.74% in FY2023. They engage in annual agreements with certain customers, featuring provisions for price adjustments. Procuring major raw materials from South Korea and the GCC, their key suppliers include global oil companies like SK Lubricants and GS Caltex.

Strategic Manufacturing Facilities and R&D: Operating three manufacturing facilities, their combined annual production capacity reaches 522,403 kL. The Taloja Plant strategically placed near Mumbai and JNPT ports boasts proximity to road and rail networks. Their Silvassa facility hosts an in-house R&D center supporting manufacturing operations.

Resilient Business Model: With over three decades of industry experience, Gandhar's scalable model focuses on risk mitigation through prudent management practices. They minimize price and foreign exchange risks, efficiently manage inventory, and maintain diversified customer bases. Additionally, their working capital facilities amount to approximately ₹1,966.38 crore as of September 30, 2023.

Consistent Financial Performance: Gandhar maintains consistent financial performance, safeguarding gross margin spreads against commodity price volatility. EBITDA margins stabilized at 7.76% in FY2023 and 7.85% for the quarter ending June 30, 2023. The PAT showed significant growth, registering a 15.02% CAGR from FY2021 to FY2023.

Experienced Management: The company is steered by a qualified and experienced management team proficient in specialty oils. Leveraging their expertise, the team efficiently handles operations and growth, equipped with extensive knowledge in administration, marketing, and human resource management.

KEY BUSINESS STRATEGIES

Focus on Consumer and Healthcare Industries: Gandhar targets the growing consumer and healthcare sectors, aiming to expand product offerings aligned with the robust growth in pharmaceuticals and consumer goods. They plan to expand their customer base by leveraging existing relationships and acquiring new clients within these industries.

Strategic Expansion of Overseas Sales: Prioritizing expansion within existing markets and potential entry into new ones, Gandhar seeks to increase its global footprint. Their strategy emphasizes leveraging current customer relationships to broaden their offerings in over 100 countries and manufacturing ingredients, particularly in the PHPO division.

Strengthening Customer Relationships and Diversification: The company aims to deepen ties with existing customers by broadening product portfolios and solutions aligned with their needs. Their growth strategy involves diversifying product offerings, moving up the value chain, and expanding contract manufacturing services for finished products.

Enhancing Manufacturing and R&D Capabilities: With an eye on volume-driven markets like food, pharmaceuticals, and beauty industries, Gandhar aims to reinforce product development and customization capabilities. Their focus remains on operational efficiency enhancement, scaling economies, cost reduction, and fortifying their competitive stance.

COMPETITION

Gandhar competes with several regional and local companies, as well as large multi-national companies. Their position in relation to their competitors will depend upon their ability to anticipate and respond to various competitive factors facing the industry, including pricing strategies, their ability to source raw materials, expansion of their distribution network etc.

The key competitors in the key business categories:

Category	Key Competitors
Specialty oil	Speciality oil Peers: Savita Oil Technologies Ltd and Panama Petrochem Ltd End-use Applications: Rossari Biotech, Privi Specialty, Fairchem Organics, and Galaxy Surfactants Lubricants and PIO Segments: Apar Industries Ltd, Raj Petro Specialties, Savita Oil Technologies Ltd and Gulf Oil Lubricants Ltd
White oil	Raj Petro Specialties, Savita Oil Technologies and Apar Industries
Automotive oil	Public sector oil marketing companies (OMCs): Indian Oil, Hindustan Petroleum and Bharat Petroleum, Multinational companies: Castrol India, Shell, Total Energies and Valvoline Indian companies: Gulf Oil, Savita Oil Technologies, Apar Industries, Raj Petro Specialties

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

Name of the Company	Consolidated / Standalone	Face Value	Revenue from Operations (₹ in Cr)	EPS		NAV	P/E	RoNW (%)
				Basic	Diluted			
Gandhar Oil Refinery (India) Ltd*	Consolidated	2	4,079.44	23.77	23.77	95.03	7.11	32.28%
Savita Oil Technologies Ltd	Consolidated	2	3,630.44	32.66	32.66	209.70	10.84	16.68%
Apar Industries Ltd	Consolidated	10	14,352.15	166.64	166.64	584.39	29.96	32.28%
Panama Petrochem Ltd	Consolidated	2	2,248.72	38.51	38.51	157.39	7.96	27.08%
Galaxy Surfactants Ltd	Consolidated	10	4,445.24	107.46	107.46	530.97	24.16	22.04%
Privi Specialty Chemicals Ltd	Consolidated	10	1,607.82	5.45	5.45	213.88	222.13	2.57%
Rossari Biotech Ltd	Consolidated	2	1,655.88	19.46	19.38	165.92	40.73	12.47%
Fairchem Organics Ltd	Consolidated	10	648.04	33.41	33.41	199.11	32.74	17.70%

Source: RHP; *Based on Restated Consolidated Financial Information; P/E ratio is calculated as closing share price as on October 25, 2023.

The key performance indicators based on Restated Consolidated Financials:

Particulars	Quarter ended June 30, 2023	CAGR from the FY2021 to FY2023	Financial Year 2023	Financial Year 2022	Financial Year 2021
Consolidated revenue from operations (₹ Cr)	1,070.36	35.53%	4,079.44	3,543.37	2,221.00
Gross Profit (₹ Cr)	128.87	34.96%	523.20	487.22	287.27
Gross Margins (%)	12.04%	(0.39)%	12.83%	13.75%	12.93%
EBITDA (₹ Cr)	84.06	51.05%	316.62	245.97	138.77
EBITDA Margin (%)	7.85%	11.43^	7.76%	6.94%	6.25%
PAT (₹ Cr)	54.28	4.58	213.18	163.58	100.32
PAT Margin (%)	5.07%	7.86^	5.20%	4.58%	4.47%
Restated Consolidated revenue from finished goods sold (₹ Cr)	981.68	64.87^	3,818.16	2,766.20	1,404.66
Manufacturing sales volumes (kL)	113,953.81	26.90%	433,498.24	411,373.33	269,172.71
Manufacturing Gross Margin (%)	12.58%	(19.38)%	12.98%	14.48%	19.97%
Manufacturing Gross Margin Spread (₹/kL)	10,836.86	4.73%	11,429.60	9,735.78	10,420.44
Working Capital Cycle (days)	45.88	6.19%	31.12	22.65	27.60
Net debt-to-EBITDA ratio	3.29^	(8.91)%	0.39	0.40	0.47
Gross fixed asset-to-turnover ratio	4.22^	21.36%	17.38	17.39	11.80
RoE (%)	6.91%^	14.16%	32.28	32.54	24.77
RoCE (%)	9.30%^	18.43%	41.19	42.10	29.37

^ not annualized

Comparison of the key performance indicators with listed industry peers

(₹ in Cr, unless mentioned otherwise)

	For Financial Year 2023						Financial Year 2022					
	EBITDA	EBITDA margin	PAT	PAT margin	RoE	RoCE	EBITDA	EBITDA margin	PAT	PAT margin	RoE	RoCE
Gandhar Oil Refinery (India)*	316.62	7.76%	213.18	5.20%	32.28%	41.19%	267.48	7.89%	184.30	5.42%	39.36%	46.96%
Gandhar Oil Refinery (India)^	316.62	7.76%	213.18	5.20%	32.28%	41.19%	245.97	6.94%	163.58	4.58%	32.54%	42.10%
Savita Oil Technologies	334.59	9.22%	225.70	6.18%	16.68%	23.02%	358.05	12.19%	260.49	8.77%	22.45%	28.75%
Apar Industries	1,226.93	8.55%	637.72	4.43%	32.28%	49.57%	547.97	5.88%	256.73	2.75%	16.48%	24.22%
Panama Petrochem	308.97	13.74%	232.97	10.33%	27.08%	34.42%	296.00	13.88%	230.34	10.77%	34.66%	42.65%
Galaxy Surfactants	568.28	12.78%	380.98	8.55%	22.04%	25.59%	400.71	10.87%	262.78	7.11%	18.28%	20.83%
Privi Speciality Chemicals	185.92	11.56%	21.28	1.31%	2.57%	6.10%	199.13	14.19%	97.38	6.78%	12.63%	10.67%
Rossari Biotech	223.02	13.47%	107.26	6.46%	12.47%	16.15%	183.44	12.37%	97.70	6.53%	16.10%	19.72%
Fairchem Organics	72.33	11.16%	43.50	6.71%	17.70%	24.11%	104.87	16.30%	67.91	10.55%	33.88%	42.08%

* Based on Pro Forma Consolidated Financial Information; ^ Based on Restated Consolidated Financial Information

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