



IPO NOTE

GODAVARI BIOREFINERIES LIMITED

Rating:
NEUTRAL



ISSUE OFFER

| | |
|----------------------------|--------------|
| Issue Opens on | OCT 23, 2024 |
| Issue Close on | OCT 25, 2024 |
| Total IPO size (cr) | ₹554.75 |
| Fresh issue (cr) | ₹325 |
| Offer For Sale (cr) | ₹229.75 |
| Price Band (INR) | 334-352 |
| Market Lot | 42 |
| Face Value (INR) | ₹10 |
| Listing At | NSE, BSE |
| Market Capitalization (cr) | 1801.39 |

ISSUE BREAK-UP (%)

| | |
|----------------|-----|
| QIB Portion | 50% |
| NII Portion | 15% |
| Retail Portion | 35% |

PROMOTER HOLDING %

| | |
|-----------|------------|
| Pre Issue | Post Issue |
| 81.06% | 63.31% |

INDICATIVE TIMETABLE

| | |
|------------------------------|------------|
| Basis of Allotment | 28-10-2024 |
| Refunds/Unblocking ASBA Fund | 29-10-2024 |
| Credit of Share to Demat A/c | 29-10-2024 |
| Listing Date | 30-10-2024 |

Godavari Biorefineries Limited is one of the manufacturers of ethanol based chemicals in India and it is an integrated bio-refinery in India with an installed capacity of 570 KLPD for manufacturing ethanol as at June 30, 2024.

OBJECTS OF THE ISSUE

- Payment of borrowings.
- General corporate purposes.

FINANCIALS (RESTATED CONSOLIDATED)

| PARTICULARS (IN CRORE) | FY 2024 | FY 2023 | FY 2022 |
|---------------------------|----------|----------|----------|
| Equity Share Capital | 41.94 | 41.94 | 41.94 |
| Net Worth | 500.6 | 489.4 | 473 |
| ROCE % | 9.53% | 10.59% | 10.64% |
| Revenue | 1,686.66 | 2,014.69 | 1,702.32 |
| Operating Profit Margin % | 8.77% | 7.67% | 8.26% |
| Net Profit of the year | 12.29 | 19.63 | 19 |

FINANCIAL RATIOS OF FY24



D/E



P/E



Asset Turnover

OUTLOOK & VALUATION

- Largest global manufacturer of MPO and a key player in ethanol-based specialty chemicals.
- It is facing financial challenges.
- The company is burdened with significant debt.
- The IPO appears to be highly priced.
- While the company may benefit from the liberalized ethanol production norms, the current IPO valuation is not recommended. Investors who believe in the company's long-term prospects and are willing to accept the risks associated with the high debt and recent financial challenges may consider applying with caution.



COMPANY PROFILE

- One of India's largest producers of ethanol in terms of volume as of March 31, 2024.
- Largest manufacturer of MPO worldwide, one of only two manufacturers of natural 1,3 butylene glycol, and the only company in India to manufacture bio ethyl acetate.
- Product portfolio comprises of bio-based chemicals, sugar, different grades of ethanol and power.
- It has two manufacturing facilities, one is Karnataka and the other in Maharashtra.
- It has three research and development facilities.



COMPETITIVE STRATEGIES

- Continuing to diversify product offerings.
- Implementation of additional measures for improving feedstock security and increasing value.
- Increasing the share of business.
- Continuing focus on implementation of sustainable practices.
- Reduction of borrowings and leverage.



KEY CONCERNS

- Depend on a few suppliers for supply of a significant portion of raw materials.
- Cost of materials consumed constituted a majority of the total expenses.
- Its sugar, distillery and cogeneration segments are subject to seasonal vagaries.
- Inability to set and/or control the prices of sugarcane, ethanol and sugar.
- Bio chemicals industry is capital intensive.



KEY STRENGTHS

- One of the largest producers of Ethanol in terms of volume.
- Integrated bio-refinery in India with an installed capacity of 570 KLPD.
- Diversified product portfolio.
- Well-established relationship with a diversified marquee customer.
- Well-developed in-house research and development capabilities.
- Experienced Promoter and management.

COMPARISON WITH LISTED INDUSTRY PEERS

| Name of the Company | EPS (Basic) | NAV | P/E | TOTAL INCOME (In CR.) | ROCE (%) |
|--|-------------|--------------|---------------|-----------------------|--------------|
| Godavari Biorefineries Limited | 2.93 | 62.05 | 120.04 | 1,686.65 | 9.53% |
| Peer Group | | | | | |
| Alkyl Amines Chemicals Limited | 29.13 | 247.87 | 78.84 | 1,440.61 | 16.32% |
| Jubilant Ingrevia Limited | 11.56 | 171.86 | 64.10 | 4,135 | 9.23% |
| Laxmi Organic Industries Limited | 4.46 | 65.18 | 65.11 | 2,865 | 9.17% |
| EID Parry (India) Limited | 50.68 | 397.61 | 16.69 | 29,413 | 19.80% |
| Triveni Engineering and Industries Limited | 18.05 | 132.52 | 26.06 | 6,151.4 | 13.56% |
| Balrampur Chini Mills Limited | 26.49 | 168.57 | 24.72 | 5,593.74 | 15.27% |
| Dalmia Bharat Sugar & Industries Limited | 33.66 | 362.27 | 15.83 | 2,899.37 | 9.48% |
| Dhampur Sugar Mills Limited | 20.27 | 168.28 | 11.20 | 2,646.83 | 11.37% |
| Dwarikesh Sugar Industries Limited | 4.44 | 43.66 | 17.30 | 1,709.57 | 12.90% |



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CORPORATE & ADMINISTRATIVE OFFICE - 48, Jaora Compound, M.Y.H. Road, Indore - 452 001 | Phone 0731 - 6644000

Compliance Officer: Ms. Sheetal Duraphe Email: compliance@swastika.co.in Phone: (0731) 6644 241

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