



IPO Details	
Opening Date	Sept 26, 2023
Closing Date	Sept 29, 2023
Stock Exchange	NSE SME
Lot Size	3,000 Shares
Issue Price	₹ 36 to ₹ 38 per share
Issue Size	Aggregating up to 18.63 Cr.
Fresh Issue	Aggregating up to 18.63 Cr.
Offer for Sale	-
Application Amount	₹ 1,14,000

IPO Objective	
Capital Expenditure for Quality Enhancement	
Brand Creation and Marketing Expenses	
Working Capital Requirements	
General Corporate Purpose.	

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	1,29,98,250	100.00%
Public	-	-

Promoter of the Company	
1	Rajesh Goyal
2	Pramesh Goyal
3	Lokesh Goyal
4	Radhika Goyal
5	Priyanka Goyal
6	Rekha Goyal
7	Kunj Bihari Goyal (HUF)
8	Rajesh Goyal (HUF)
9	Parmesh Goyal (HUF)
10	Lokesh Goyal (HUF)

Competitive Strengths	
1	Established a refining facility and integrated production with cost efficiencies.
2	Focus on quality and safety.
3	Efficient supply chain management.
4	Strong and consistent financial performance and leading market position
5	Cordial relationship between management and labour
6	Experienced management team.

Company Background	
○	Goyal Salt Limited was originally incorporated in the year 2010 and has its registered office in Rajasthan.
○	The Company is primarily engaged in the business of refining of raw salts procured from sub soil brine in the state of Rajasthan.
○	The company has an integrated production facility for the raw salt, industrial salt, and edible salt, at Nawa city.
○	The Company has supplied its products to various welfare schemes started by the Government.
○	As of 20 th June 2023, the Company has 262 employees and 52 temporary employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 49	₹ 68

Financial Summary (In Lacs)			
For the Period Ended	Mar-21	Mar-22	Mar-23
Total Assets	2,745.85	2,733.41	3,000.94
Net Assets	1,121.57	1,169.12	1,618.11
Total Borrowings	1,297.36	1,059.80	920.11
Total Revenue	6,012.96	6,615.00	11,770.68
Profit After Tax	68.15	62.75	353.74

Tentative Timeline	
Opening Date	Sept 26, 2023
Closing Date	Sept 29, 2023
Basis of Allotment	Oct 05, 2023
Initiation of Refunds	Oct 06, 2023
Credit of Shares to Demat	Oct 09, 2023
Listing Date	Oct 10, 2023



Company Background and Analysis

The Company was originally incorporated in the year 2010. The company is primarily engaged in the business of refining of raw salts procured from sub soil brine in the state of Rajasthan for useable as industrial salts and edible salts. company refines and supplies pure, refined and quality range of triple refined free flow iodized salt, industrial salt, double fortified salt, and triple refined half dry salt. The refining process does not involve any adulteration from chemical and harmful substances.

The company has an integrated production facility for the raw salt, industrial salt, and edible salt, at Nawa city which is located on the edge of Sambhar Lake. The company has well-equipped refining unit with latest technology plant and machinery for refining of salt and quality control lab within house testing equipment's to test the quality of the products.

The company's product portfolio includes –

1. Refined Free Flow Iodized Salt - It is finely ground salt with small, even-sized crystals, typically created from raw salt. It usually contains an anti-caking agent to keep it free flowing, even in high humidity. Refined Free Flow Iodized salt is the edible that we consume daily. It contains iodine and is basically used in home consumption.
2. Refined Free Flow Industrial Salt - refine salt for a variety of industries ranging from soap and detergent industries, textile and dyeing industries to industries producing glass, polyester, plastics, and leather and as well as in the chemical industry.
3. Double Fortified Salt - ingredient for food preparation, The World Health Organisation initiated this DFS to fight against anaemia diseases. Iodized salt is fortified with Encapsulate Ferrous Fumarate (EFF) to provide person's daily iodine and iron requirements and is highly effective for the body.
4. Refined Half Dry Salt - often used in cooking and food processing as it dissolves quickly and evenly, making it ideal for seasoning and preserving foods. It is commonly used in the production of snack foods, bakery products, and processed meats.

The Company has supplied its products to various welfare schemes started by the Government. The company has supplied the products to the State Government of 3 states which are Madhya Pradesh, Uttar Pradesh and Jharkhand. The company has supplied refined iodized salt to the Government of Madhya Pradesh as per the orders from Madhya Pradesh Civil Supply Corporation Limited under the Public Distribution System (PDS). In the past, the company has also received similar orders to supply iodized salt to the State Governments of Uttar Pradesh and Jharkhand under PDS.



Product-wise revenue break-up for the fiscal year ended 2021, 2022, and 2023 are given below-

(Amount in Lakhs)

Particulars	Fiscal 2021		Fiscal 2022		Fiscal 2023	
	Amount	%	Amount	%	Amount	%
Refined Free Flow Iodized Salt	4,899.42	81.48	5,641.79	85.29	8,914.20	75.73
Refined Free Flow Industrial Salt	423.53	7.04	523.43	7.91	1,537.26	13.06
Double Fortified Salt	-	0.00	-	0.00	164.93	1.40
Refined Half Dry Salt	682.34	11.35	445.88	6.74	1,147.80	9.75
Total	6,005.29	99.87	6,611.10	99.94	11,764.19	99.94
Others	7.66	0.13	3.91	0.06	6.49	0.06
Total	6,012.95	100.00	6,615.01	100.00	11,770.68	100.00

To conclude, the company was originally incorporated in the year 2010. The company is primarily engaged in the business of refining of raw salts. The company is generating majority of its revenue through refined free flow iodized salt. The company is raising total gross proceeds of Rs. 18.63 Cr.

Business Strategies

1. Expand and increase the production capacity.

To cater to the growing demand from the existing customers and to meet the requirements of the new customers and dealers, the company intends to expand the refining capacities for salt production and intends to increase the capacity to meet the market demands.

2. Build new customer base and enter new geographical markets.

The company intends to cater to the increasing demand of the existing customers by enhancing the distribution reach of the products. The company intends to achieve this by having dedicated sales and marketing teams whose primary focus will be on business development in international markets and in certain focussed geographies.

3. To adopt a holistic approach in building goyal brand in the salt industry.

The company aims to set themselves apart from rivals in the salt market by using effective advertising and using Karishma Kapoor's influence, building a powerful and alluring brand image that propels sales to new heights.

4. Pan India presence and target potential export markets.

The company plans to achieve productivity improvements through technology development and process improvement and plans to increase the proportion of repaired parts in the overall refurbishment process as opposed to the replacement of parts.

5. Continue to focus on quality, environment, health and safety.

The company investing in two new colour sorting machines to ensure that the refining process generates the highest quality output. The company has set stringent standards and employ measures to mitigate any harmful impact on the local environment.



Competitive Scenario and Peer Mapping

Competition

The industry in which company operate is unorganized and fragmented with many small and medium-sized companies. Salt industry being a global industry, the company faces competition from various domestic and international players. The barrier to entry in such a sector is moderate. The bargaining power with the suppliers is high and the bargaining power with the customers is relatively low in the sector in which the company operates.

Peer Analysis

The comparison of the key performance indicators of the listed peers as of Mar-23 is given below -

Particulars	Goyal Salt Limited	Saboo Sodium Chloro Limited
	31st Mar 2023	31st Mar 2023
Net Profit Margin	3.01%	0.25%
EBITDA Margin	5.72%	9.34%
Return on Capital Employed	35.82%	2.96%
Return on Equity	21.86%	0.19%
EPS (INR)	10.34	0.02

The comparison of the key performance indicators of the listed peers as of Mar-22 is given below -

Particulars	Goyal Salt Limited	Saboo Sodium Chloro Limited
	31st Mar 2022	31st Mar 2022
Net Profit Margin	0.95%	0.03%
EBITDA Margin	4.45%	5.16%
Return on Capital Employed	15.49%	3.90%
Return on Equity	5.37%	0.07%
EPS (INR)	1.98	0.00

The comparison of the key performance indicators of the listed peers as of Mar-21 is given below -

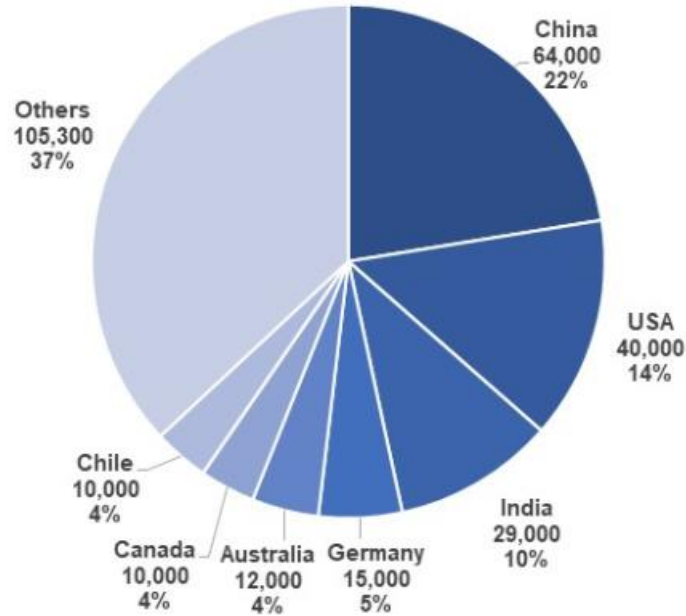
Particulars	Goyal Salt Limited	Saboo Sodium Chloro Limited
	31st Mar 2021	31st Mar 2021
Net Profit Margin	1.13%	-3.13%
EBITDA Margin	4.69%	18.34%
Return on Capital Employed	15.83%	5.17%
Return on Equity	6.08%	-2.43%
EPS (INR)	0.16	-0.16

Based on the above analysis, The company has performed better than the peer company for FY 2023. The company's profitability margins are high when compared with the peer company for FY 2023. The RoCE and ROE are high when compared to the peer company, the EPS is high when compared with Saboo Sodium Chloro Limited for FY 2023.



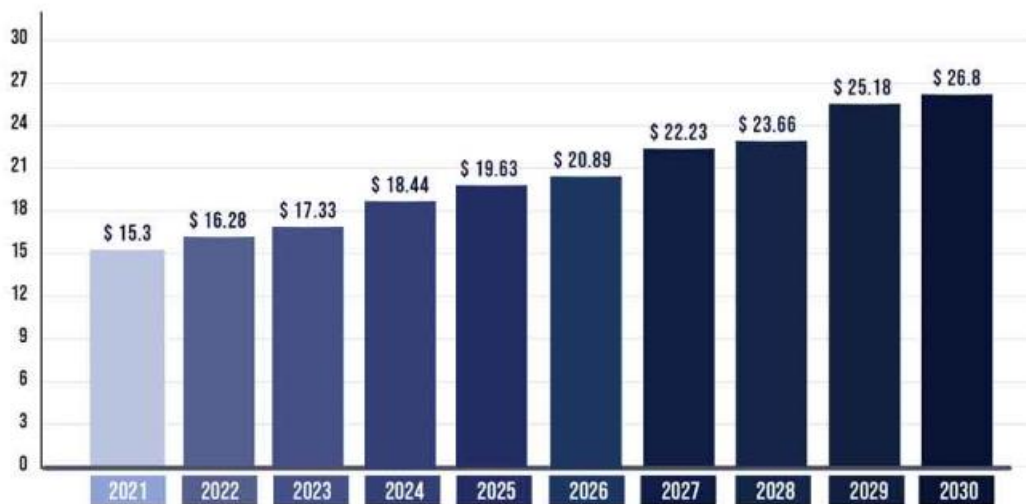
Industry Overview

Exhibit 1: World Salt Production (000s tonnes)



(Source: informed.com)

Exhibit 2: Industrial Salts Market Size, 2021 to 2030 (USD Billion)



(Source: precedenceresearch.com)



Salt Industry -

Global Market -

Salt, a crucial element of life, is manufactured as a seasoning for human consumption as well as used in chemical industries. The most prominent use for salt is as a feedstock for the production of industrial chemicals. The worldwide market for salt production was valued at over 29 billion U.S. dollars in 2021, with 290 million metric tons of salt produced that year. China, the United States, and India are the top three countries for salt production and altogether produced a combined total of over 130 million metric tons of salt in 2021.

India exports the most salt of any country, transporting over 8.5 billion kilograms in 2021. The United States was the leading importer of salt worldwide that year, where it is used in industrial applications within sectors such as pharmaceuticals, agriculture and livestock, and chemical productions.

The United States imported about 16 million metric tons of salt in 2021, a slight increase from 15.6 million the year before. As of 2021, the price of vacuum and open pan salt in the United States was estimated to stand at 220 U.S. dollars per ton, while the price of solar salt amounted to approximately 120 U.S. dollars per ton during the same year.

Domestic Market -

India is the third largest Salt producing Country in the World after China and USA with Global annual production being about 230 million tonnes. The growth and achievement of Salt Industry over the last 60 years has been spectacular. When India attained Independence in 1947, salt was being imported from the United Kingdom & Adens to meet its domestic requirement. But today it has not only achieved self-sufficiency in production of salt to meet its domestic requirement but also in a position of exporting surplus salt to foreign countries.

Profile and Status of Salt Industry -

There are about 11799 salt manufacturers engaged in production of Common salt in an extent of about 6.09 lakh acres in the Country. It is estimated that 87.6 per cent of the total number of salt manufacturers are small salt producers (having an individual extent of less than 10 acres for salt manufacture), 5.8% is large scale producers (having an individual extent of more than 100 acres) and 6.6 % is medium scale producers (having an individual extent between 10 and 100 acres). Average Annual Production of Salt in India is 215.80 lakh tonnes whereas ever high production of 240 lakh tonnes was recorded during 2009-10 followed by 221 lakh tonnes during 2012-13 (Upto 2/13).

Gujarat, Tamil Nadu and Rajasthan are surplus Salt producing States accounting for about 96 per cent of the Country's production. Gujarat contributes 76.7 per cent to the total production, followed by Tamil Nadu (11.16 %) and Rajasthan (9.86%). The rest 2.28% production comes from Andhra Pradesh, Maharashtra, Orissa, Karnataka, West Bengal, Goa, Himachal Pradesh, Diu & Daman. On an average 62% of the total production is from large salt producers followed by small scale producers (28%) and rest by medium scale producers.

(Source: prospectus)



Key Managerial Personnel

Rajesh Goyal, aged 43, is one of the Promoters, Chairman, and Whole-Time Director of the company. He possesses bachelor's and master's degree in commerce. He has vast experience of over 25 years in the field of Salt Industry in India. He is responsible for providing strategic advice and guidance to the members of the board, to keep them aware of developments in the salt industry, managing refining operations and marketing areas of the company.

Pramesh Goyal, aged 41, is one of the Promoters, and Managing Director of the company. He completed his Bachelor's and master's in commerce. He has more than 25 years of experience in salt industry in India. He is responsible for managing accounting and finance operations of the company.

Lokesh Goyal, aged 36, is one of the Promoters, and Whole-Time Director of the company. He has been associated with the Company since 2015. He has vast experience of over 17 years in the field of Salt Industry in India. He has completed his Bachelor's and master's in business administration. He focuses on product development and new innovations in products for customer satisfaction.

Priyanka Goyal, aged 41, is one of the Promoters, and Non-Executive Director of the company. She holds bachelor's and master's degree in arts. She is engaged in the salt business for more than 14 years. She has joined the Company in 2023.

Radhika Goyal, aged 43, is one of the Promoters of the company. She is a graduate in science. She is responsible for activities relating to quality control department of the company. She is working in the salt business for over a decade.

Rekha Goyal, aged 35, is one of the Promoters of the company. She is Graduate in science & also handling human resource department for the company. She is also engaging in salt business for more than 6 years.

Manisha Godara, aged 44, is the Independent Director of the company. She is an associate member of The Institute of Company Secretaries of India. She has been in Practice as a Company Secretary since 2014. She holds a Bachelor and Master of Commerce degree.

Alpesh Fatehsingh Purohit, aged 46, is the Independent Director of the Company. He has completed his Post Graduation Diploma in Management Finance. He has an overall experience of approximately 11 years.

Other Promoters -

Kunj Bihari Goyal (HUF)

Rajesh Goyal (HUF)

Parmesh Goyal (HUF)

Lokesh Goyal (HUF)

To conclude, the company has 10 promoters, out of which 6 are individual promoters and they have good experience in the fields in which the company operates. The remaining directors have good knowledge and experience in the fields which help in the growth of the business.



Financial Snapshot

Profit and Loss Statement		(In Lacs)		
Particulars	FY 21	FY 22	FY 23	
Revenue from Operations	6,005.30	6,611.09	11,764.19	
Other Income	7.66	3.91	6.49	
Total Income	6,012.96	6,615.00	11,770.68	
Expenses				
Cost of Material Consumed	4,317.06	3,745.29	5,800.08	
Purchase of stock-in-trade	62.43	1,211.51	3,550.24	
Change in Inventories of finished goods, stock in process & stock in trade	-49.70	-52.58	61.22	
Employee benefits expense	237.66	241.27	242.82	
Finance costs	111.89	100.17	106.49	
Depreciation and Amortization expense	84.57	89.67	88.57	
Other expenses	1,155.97	1,171.20	1,436.50	
Total Expenses	5,919.88	6,506.53	11,285.92	
Earnings Before Interest, Taxes, Depreciation & Amortization	281.88	294.40	673.33	
EBITDA Margin	5%	4%	6%	
Profit/(Loss) before tax	93.08	108.47	484.76	
Tax Expense				
Current Tax	22.29	13.58	126.56	
Deferred tax (net)	2.64	15.77	-0.38	
Excess / Short provision relating earlier year tax	-	16.37	4.84	
Total Tax Expense	24.93	45.72	131.02	
Profit/(Loss) for the year	68.15	62.75	353.74	
Net Profit Margin	1%	1%	3%	

Balance Sheet		(In Lacs)		
Particulars	FY 21	FY 22	FY 23	
EQUITY AND LIABILITIES				
Equity				
Share Capital	199.58	199.58	1,083.19	
Reserves and Surplus	921.99	969.54	534.92	
Total Equity	1,121.57	1,169.12	1,618.11	
Liabilities				
Non-current liabilities				
Borrowings	112.00	137.50	-	
Long Term Provisions	13.11	15.20	14.39	
Total Non-current liabilities	125.11	152.70	14.39	
Current liabilities				
(i) Short Term Borrowings	1,185.36	922.30	920.11	
(ii) Trade Payables				
i) Due to micro and small enterprises	-	-	-	
ii) Due to other than micro and small enterprises	265.54	435.05	270.59	
Other Current Liabilities	5.22	11.97	16.73	
Short-Term Provisions	43.13	42.27	161.01	
Total Current liabilities	1,499.25	1,411.59	1,368.44	
Total Liabilities	1,624.36	1,564.29	1,382.83	
Total Equity and Liabilities	2,745.93	2,733.41	3,000.94	
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	520.40	579.98	568.61	
Deferred Tax Assets (Net)	16.73	0.96	1.34	
Long Term Loans & Advances	57.94	46.02	126.07	
Total Non-Current assets	595.07	626.96	696.02	

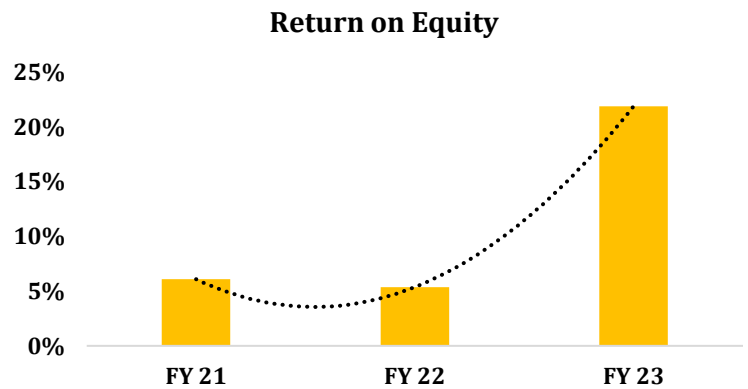
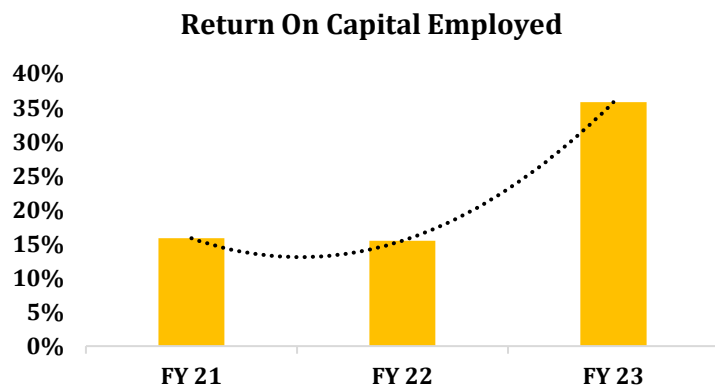
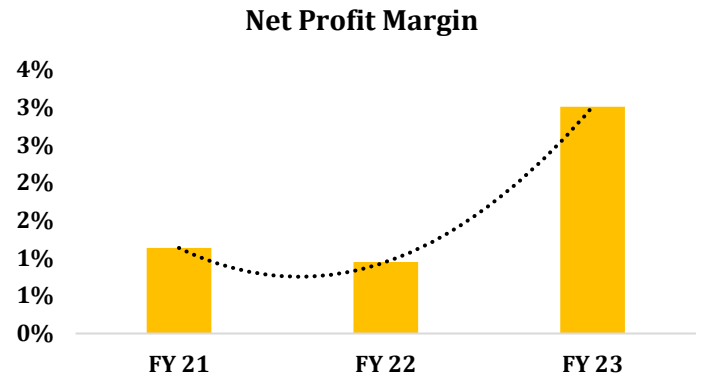
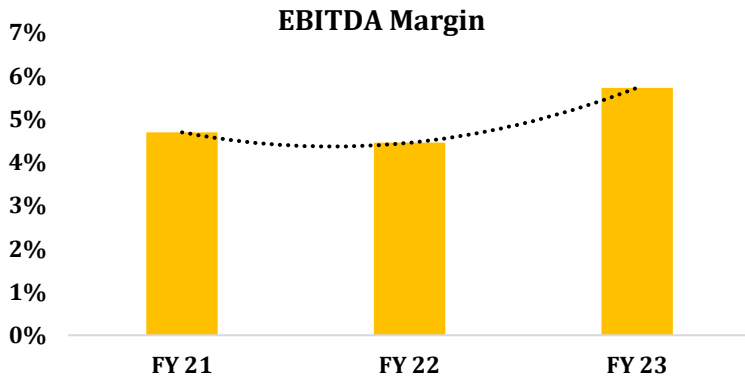


Current Assets			
Current Investments	-	-	25.70
Inventories	478.96	517.33	454.50
Trade Receivables	1,371.75	1,424.49	1,556.94
Cash and Cash Equivalents	21.49	16.63	21.51
Short-Term Loans and Advances	193.71	26.15	77.02
Other Current Assets	84.87	121.85	169.25
Total Current assets	2,150.78	2,106.45	2,304.92
Total Assets	2,745.85	2,733.41	3,000.94

Cash Flow Statement			(In Lacs)
Particulars	FY 21	FY 22	FY 23
Net Cash Flow from Operating Activities	-434.12	466.21	329.93
Net Cash Flow from Investing Activities	-109.24	-133.34	-181.24
Net Cash Flow from Financing Activities	524.27	-337.73	-143.81

Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	0.52	0.48	2.72
BV per share	6.27	6.53	9.04
Operating Ratios (%)			
EBITDA Margins	5%	4%	6%
PAT Margins	1%	1%	3%
Inventory days	29.11	28.56	14.10
Debtor days	83.37	78.65	48.31
Creditor days	21.38	32.13	10.56
Return Ratios (%)			
RoCE	16%	15%	36%
RoE	6%	5%	22%
Valuation Ratios (x)			
EV/EBITDA	8.51	7.51	3.74
Market Cap / Sales	1.13	1.03	0.58
P/E	73.08	79.17	13.97
Price to Book Value	6.06	5.82	4.20
Solvency Ratios			
Debt / Equity	1.16	0.91	0.57
Current Ratio	1.43	1.49	1.68
Quick Ratio	1.12	1.13	1.35
Asset Turnover	2.19	2.42	3.92
Interest Coverage Ratio	1.76	2.04	5.49

Financial Charts



Key Risk Factors

1. The Company refining of salt process has 25.86%, 24.30% and 20.48% process loss during the year ending on March 31, 2023, 2022 and 2021. Any further increase in process loss will have severe effects on the operational costs, profit margins, and financial performance.
2. The company derives 68.47%, 60.35% and 50.84% of the revenue from top 10 customers during the fiscal ending on March 31, 2023, 2022 and 2021. If one or more of such customers choose not to source their requirement from them, the business, financial condition, and result of operation may be adversely affected.
3. There are pending litigations against the company and certain Directors and any adverse decision in these proceedings may adversely affect the business, result of operations and financial conditions. 4 cases against the company amounting to Rs. 47.76 lakhs, 11 cases by the company amounting to Rs. 43.41 lakhs, 4 cases against the promoter amounting to Rs. 169.65 lakhs, 3 cases gain the directors amounting to Rs. 2.81 lakhs.
4. The company has negative cash flow from operating activity, investing activity and financing activities in some of the previous years as per the restated financial statement. Company has negative operating cash flow for the FY 2021.
5. The company has certain contingent liabilities amounting to Rs. 237.01 lakhs.



Track Record of Lead Manager

The lead manager to the issue is Holani Consultants Private Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Holani Consultants Private Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Infollion Research Services Limited	21.45	82.00	June 08, 2023	181.00
2.	Shera Energy Limited	35.20	57.00	February 17, 2023	142.00
3.	Insolation Energy Limited	22.16	38.00	October 10, 2022	409.00
4.	Cool Caps Industries Limited	11.63	38.00	March 24, 2022	543.00
5.	Network People Services Technologies Limited	13.70	80.00	August 10, 2021	1,355.00

*CMP for the above-mentioned companies is taken as of 24th September 2023.

As per the offer document, Holani Consultants Private Limited has had 5 mandates in the last four years. For Holani Consultants Private Limited from the above-mentioned mandates 1 opened at a discount and remaining all has opened at premiums on the listing date.



Recommendation

The company has been in the industry since 2010 and has good experience in the industry. The company has seen a sudden surge in the top line and bottom line which raises concerns about the same sustainability going forward.

The PE on an annualised and post-IPO basis is 19.23 times which seems to be fairly priced by looking at the performance of the company.

The company operates in a competitive segment. The management outlook of the company is satisfactory. The financial outlook of the company is good and can see an increase in demand and product assuming an increase in the orders. The company does face competition but by looking at the performance of the company and the demand for the same on can **APPLY** to this IPO for long term investment.



Goyal Salt Limited

IPO Note



Disclaimer

We are not a registered research analyst with SEBI and are not subject to the regulations governing research analysts. This research report is for educational purposes only and should not be construed as investment advice. The information contained in this report is based on publicly available information and is believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy or completeness. Also, some of the employees of our organization may have or may in the future hold investments in the company that is the subject of this research report. This may create a conflict of interest, and you should be aware of this when considering the information contained in this report. You should consult with your financial advisor before making any investment decisions.