



# Ramdevbaba Solvent Limited

IPO Note

Recco – **APPLY**



IPO Details		Company Background				
<b>Opening Date</b>	April 15, 2024	<ul style="list-style-type: none"> <li>○ Founded in 2008, Ramdevbaba Solvent Limited has its registered office in Nagpur, Maharashtra, India.</li> <li>○ The company is in the business of manufacturing, distribution, marketing and selling of Physically Refined Rice Bran Oil (“Rice Bran Oil”).</li> <li>○ The company manufacture and sell Rice Bran Oil to FMCG companies like Mother Dairy Fruit &amp; Vegetable Private Limited, Marico Limited and Empire Spices and Foods Ltd.</li> <li>○ The company also manufacture, market and sell Rice Bran Oil under its own brands “Tulsi” and “Sehat” through thirty-eight (38) distributors.</li> <li>○ As of April 04, 2024, the company had a total of 491 employees on its payroll.</li> </ul>				
<b>Closing Date</b>	April 18, 2024					
<b>Stock Exchange</b>	NSE SME					
<b>Lot Size</b>	1,600 Shares					
<b>Issue Price</b>	₹80 to ₹85 per share					
<b>Issue Size</b>	Aggregating up to 50.27 Cr.					
<b>Fresh Issue</b>	Aggregating up to 50.27 Cr.					
<b>Offer for Sale Application Amount</b>	- ₹1,36,000					
IPO Objective		Market Capitalization (In Cr.)				
1. Setting up of new manufacturing facility.		Pre-Issue		Post-Issue		
2. Repayment in full or in part, of certain outstanding borrowings.		₹ 138		₹ 188		
3. To meet working capital requirements.		Financial Summary (In Lacs.)				
4. General corporate purposes.		For the Period Ended	Mar-21	Mar-22	Mar-23	Dec-23
		<b>Total Assets</b>	10,125.6	13,134.6	19,062.1	20,341.1
		<b>Net Assets</b>	2,823.95	3,483.10	4,783.25	6,857.08
		<b>Total Borrowing</b>	4,474.16	6,485.67	9,922.63	9,998.78
		<b>Total Revenue</b>	42,717.3	58,525.5	70,433.41	46,569.8
		<b>Profit After Tax</b>	617.06	659.15	1,300.15	828.90
Pre-Issue Shareholding		Tentative Timeline				
Category	No. of Shares	% of Total Shares	Opening Date			April 15, 2024
Promoter & Promoter Group	1,35,15,750	83.37%	Closing Date			April 18, 2024
Public	26,96,000	16.63%	Basis of Allotment			April 19, 2024
Promoter of the Company			Initiation of Refunds			April 22, 2024
1. Prashant Kisanlal Bhaiya			Credit of Shares to Demat			April 22, 2024
2. Nilesh Suresh Mohata			Listing Date			April 23, 2024
3. Tushar Ramesh Mohata						
4. Aayush Prashant Bhaiya						
5. Prashant Kisanlal Bhaiya (HUF)						
6. Mohata Nilesh Suresh (HUF)						
7. Kishanlal Prashant (HUF)						
8. Prashant & Ayush (HUF)						
9. Prashant Prateek (HUF)						
Competitive Strengths						
1. Strategic location of Manufacturing Facilities						
2. Easy availability of rice bran around the Manufacturing Facilities.						
3. Integrated operations and economies of scale.						
4. Arrangements with FMCG companies for supply of Rice Bran Oi.						
5. Focus on Quality Control.						
6. Experienced Promoters and senior management team.						



## Company Background and Analysis

Ramdevbaba Solvent Limited was incorporated on November 25, 2008. The company is in the business of manufacturing, distribution, marketing and selling of Physically Refined Rice Bran Oil (“Rice Bran Oil”). The company manufacture and sell Rice Bran Oil to FMCG companies like Mother Dairy Fruit & Vegetable Private Limited, Marico Limited and Empire Spices and Foods Ltd. The company also manufacture, market and sell Rice Bran Oil under its own brands “Tulsi” and “Sehat” through thirty-eight (38) distributors who in turn sell to various retailers across Maharashtra.

The company also produce De-oiled Rice Bran (DORB), which is a by-product in the extraction of Rice Bran Oil and sell the same as cattle feed, poultry feed and fish feed in the States of Maharashtra, Goa, Gujarat, Madhya Pradesh, Andhra Pradesh, Telangana, Karnataka, Kerala and Tamil Nadu. Other by-products such as fatty acid, lecithin, gums, spent earth and wax are sold in the open market.

The company has two manufacturing facilities out of which one is situated at Bramhapuri and another one is situated at Mahadula near Nagpur, Maharashtra. Manufacturing Facilities comprise of three (3) solvent extraction facilities and two (2) oil refinery facilities with an aggregate installed capacity of around 2,55,000 MTPA and 48,000# MTPA, respectively. The Manufacturing Facilities spread across is 1,28,000 sq. metres.

The company’s product portfolio and revenue generation for the same is as follows –

1. Rice Bran Oil – Rice Bran Oil is one of the healthiest choices available in cooking oils. The company sells this product under two brands such as Tusli Physically Refined Rice Bran Oil and Schat Physically Refined Rice Bran Oil.
2. De-oiled Rice Bran (DORB) - De-oiled Rice Bran (DORB) is derived when crude oil is extracted from rice bran. DORB is commonly used in the production of animal nutrition products catering to cattle, poultry, horse, pet care, aquaculture (aquafeed) industries. The company sell DORB under the brand of ‘RBS HI - PRO DORB’.
3. Other by-products - Other by-products derived during process of solvent extraction and refining of oil includes fatty acid, lecithin, gums, spent earth and wax which are generally consumed by industries such as food, cosmetics, nutritional products and among others.

(Amt in Lakhs)

Particulars	Mar-21		Mar-22		Mar-23		Dec-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Rice Bran Oil (Own Brands)	3,076.70	7.26	5,471.00	9.39	7,882.14	11.30	3,867.13	8.34
Rice Bran Oil (Other Brands)	15,478.98	36.51	23,559.38	40.42	21,816.02	31.27	15,529.73	33.50
DORB	16,108.96	38.00	16,340.18	28.03	26,097.18	37.40	21,104.74	45.52
Other Products	6,543.04	15.43	9,530.73	16.35	12,174.61	17.45	5,844.87	12.61
Trading of Rice Bran	1,184.82	2.79	3,386.45	5.81	1,805.30	2.59	12.54	0.03
<b>Total (A+B)</b>	<b>42,392.50</b>	<b>100.00</b>	<b>58,287.74</b>	<b>100.00</b>	<b>69,775.25</b>	<b>100.00</b>	<b>46,359.01</b>	<b>100.00</b>

To conclude, the company has vast experience in the industry. The company generates the least revenue from the trading business of rice bran. The company has 2 manufacturing facilities. The company has both its own brand and other brands through which it makes the sales.



## **Business Strategies**

### **1. Setting up of a corn de-oiling manufacturing facility –**

The company intends to set up a corn de-oiling manufacturing facility, adjoining the existing manufacturing unit at Brahmmapuri, which involves crushing and processing of grains like corn using a process called dry-milling. The Company will be entering into an arrangement with RBS Renewables Private Limited to supply the de-oiled corn cake and de-oiled rice bran (DORB).

### **2. Addition of ‘Blended Oil’ as an additional product category –**

The Company intends to enter a new product category viz. blended oil for both the FMCG clients and the customers. The company will also leverage the existing relationship with the FMCG clients to obtain supply contracts to achieve a high volume of sales. The company is targeting to sell this new product by the end of the second quarter of Fiscal 2025.

### **3. Enhance the brand recall to increase the market share –**

The company intends to increase brand recall and marketing efforts to increase the existing market share. The company will enhance its marketing efforts to reach out to other districts in and around the Vidharbha region of Maharashtra and also expand into other neighbouring states like Madhya Pradesh and Chhattisgarh.

### **4. Increasing operational efficiency –**

The company continues to invest in increasing operational efficiency throughout the organisation. The company also strives to achieve alignment of the people towards ‘process improvement’ through change management and upgradation of skills as a continuous activity.

### **5. Entering new product categories like cleaning products –**

The company is in the process of setting up a separate subsidiary for manufacturing cleaning products such as soaps and detergents. The company plans to enter into arrangements with this entity for the supply of soaps/detergents that could be bundled and sold along with the Rice Bran Oil brands viz. “Tulsi” and “Sehat”.



**Competitive Scenario and Peer Mapping**

**Competition**

The company face competition from various domestic manufacturers and FMCG companies. Various players in the industry compete with each other for providing rice bran oil. The company also face competition from new entrants that may have more flexibility in responding to changing business and economic condition. The company has very low entry barriers. The bargaining power with the suppliers is slightly higher and the bargaining power with the customer is also high in the industry in which the company operates in.

**Peer Analysis**

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

Particulars	Ramdev Baba Solvent Limited	BCL Industries Limited	Gokul Refoils and Solvent Limited	Gujarat Ambuja Exports Limited	Shri Venkatesh Refineries Limited	Kriti Nutrients Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	2%	4%	1%	7%	3%	2%
EBITDA Margin	3%	7%	2%	11%	4%	4%
Return on Capital Employed	17%	14%	16%	18%	23%	25%
Return on Equity	27%	15%	7%	14%	16%	22%
EPS (INR)	9.45	2.74	3.68	7.20	4.15	647%

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

Particulars	Ramdev Baba Solvent Limited	BCL Industries Limited	Gokul Refoils and Solvent Limited	Gujarat Ambuja Exports Limited	Shri Venkatesh Refineries Limited	Kriti Nutrients Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	1.13%	4.25%	0.86%	10.06%	2%	2%
EBITDA Margin	3%	7%	2%	16%	3%	4%
Return on Capital Employed	19%	26%	18%	29%	16%	28%
Return on Equity	19%	22%	9%	22%	11%	27%
EPS (INR)	4.79	3.51	2.45	10.37	2.46	5.15

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

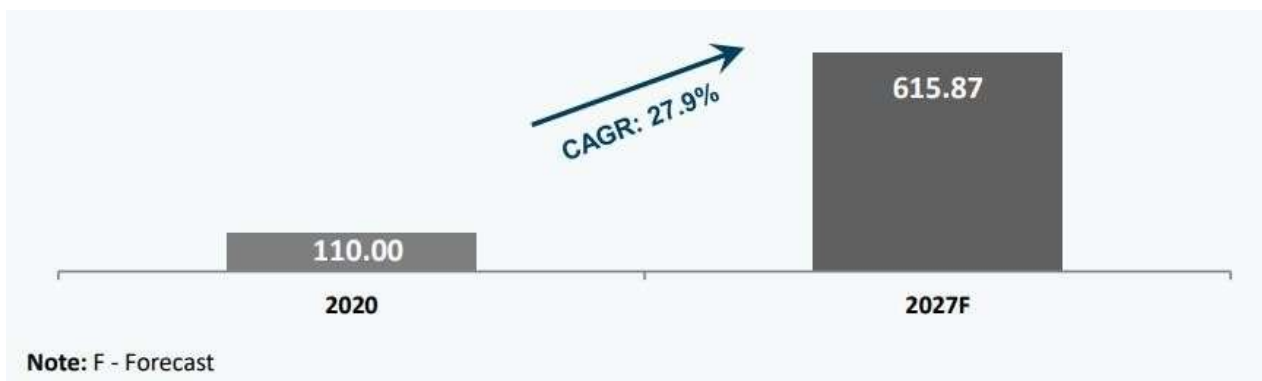
Particulars	Ramdev Baba Solvent Limited	BCL Industries Limited	Gokul Refoils and Solvent Limited	Gujarat Ambuja Exports Limited	Shri Venkatesh Refineries Limited	Kriti Nutrients Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	1.46%	2.9%	0.8%	7.1%	2.2%	1.0%
EBITDA Margin	3%	6%	2%	11%	3%	3%
Return on Capital Employed	20%	23%	16%	26%	19%	19%
Return on Equity	21%	14%	7%	20%	14%	12%
EPS (INR)	4.48	0.39	-0.04	7.37	3.01	1.08

**Industry Overview**

Exhibit 1: India’s oilseeds production trend (million tonnes)



Exhibit 2: Indian FMCG Market



(Source: ibef.org)



## **Edible Oil Industry -**

Edible oils and Fats are essential ingredients for a wholesome and balanced diet, and they are vital items of mass consumption. The Department of Food and Public Distribution deals with issues related to the Vegetable Oil Processing Industries, Price Control, Inter State trade & commerce and also supply & distribution of vanaspati, oilseeds, vegetable oil, cakes and fats. The Directorate of Sugar and Vegetable oils is staffed with qualified technical people who assist the Ministry in the coordinated management of Vegetable Oils Policy, particularly relating to production/availability and monitoring of prices.

There are two sources of oils viz. primary source and secondary source. The primary sources of oil are nine principal oilseeds viz. groundnut, rapeseed/mustard, soyabean, sunflower, sesame, niger, safflower, castor and linseeds. Edible oils obtained through secondary sources include coconut, cottonseed, palm, rice bran and oilseed cakes.

As per the 4th Advance Estimates of Ministry of Agriculture released on 17.08.2022 for 2021-22, estimated Oilseeds production is about 376.97 lakh mt and estimated production of oils from these oilseeds in 2021-22 comes to about 89.66 lakh MT. The total availability of edible oils from primary as well as secondary sources is estimated at 115.71 lakh MT.

India is a vast country and inhabitants of several of its regions have developed specific preference for certain oils largely depending upon the oils available in the region. For example, people in the South and West prefer groundnut oil while those in the East and North use mustard/rapeseed oil. Likewise, several pockets in the South have a preference for coconut and sesame oil. Inhabitants of northern plain are basically consumers of fats and therefore prefer Vanaspati, a term used to denote a partially hydrogenated edible oil mixture of oils like soyabean, sunflower, ricebran and cottonseed oils. Many new oils from oilseeds of tree and forest origin have found their way to the edible pool largely through vanaspati route. Of late, things have changed. Through modern technological means such as physical refining, bleaching and de-odorization, all oils have been rendered practically colorless, odorless and tasteless and therefore, have become easily interchangeable in the kitchen. Oils such as soyabean oil, cottonseed oil, sunflower oil, rice bran oil, palm oil and its liquid fraction- palmolein which were earlier not known have now entered the kitchen. The share of raw oil, refined oil and vanaspati in the total edible oil market is estimated roughly at 35%, 60% and 5% respectively.

The production of domestic oilseeds has been steady since 2010-11. As oilseeds are cultivated on marginal land and largely dependent on rainfall, their production has been stagnant for the last couple of years. Favorable climatic conditions all over the country during the past year have led to an increase in the production of oilseeds and thereby edible oils. However, domestic demand for edible oils has been increasing at a pace faster than that of production due to growth in population and improvement in the standards of living of people, hence domestic production is insufficient to meet the demand. The short fall which is around 55% is met through imports. As per the 4th Advance Estimates released by the Department of Agriculture, Cooperation and Farmers Welfare the estimated production of oilseeds for 2021-22 is 376.97 LMT as against 359.45 LMT in 2020-21. The total availability of edible oils from all sources (primary and secondary) for 2021-22 is estimated at 115.71 LMT as against 111.51 lakh tons in 2020-21. The gap between demand and supply is about 55% and is met through imports. Out of the total quantity of oils imported, Palm oils (Crude + Refined) constitute around 57% and are imported mainly from Indonesia and Malaysia, while Soyabean oil constitutes around 29% and is imported from Argentina and Brazil. Sunflower oil constitutes around 14% and is imported mainly from Ukraine.

(Source: ibef.org)



## Key Managerial Personnel

**Prashant Kisanlal Bhaiya**, aged 60 years, is one of the Promoters, Chairman and Whole-Time Director of the Company. He holds a bachelor's degree in commerce. He has an experience of more than fifteen (15) years in agro food business and related activities. He looks after day-to-day operations at the Mahadula Manufacturing Facility and other activities such as production management & sales management (retail) in the Company.

**Nilesh Suresh Mohata**, aged 48 years, is one of the Promoters and Managing Director of the Company. He is an undergraduate. He has an experience of more than fifteen (15) years in the food and agro-based product processing industry. He looks after day-to-day operations at the Bramhapuri Manufacturing Facility, procurement of raw materials for all the plants and requirement of technological upgradations in the plants.

**Tushar Ramesh Mohata**, aged 41 years, is one of the Promoters and Whole-Time Director of the Company. He has done his higher secondary education. He has an experience of more than ten (10) years in agro food business and related activities. He looks after day-to-day operations at the Bramhapuri Manufacturing Facility and sales (wholesale) and marketing-related activities in the Company.

**Aayush Prashant Bhaiya**, aged 28 years, is one of the Promoters and Chief Financial Officer of the company. He holds bachelor's degree in business administration. He has also completed LSE School Programme 2017 organised by The London School of Economics and Political Science. He looks after accounts, finance and taxation related activities in the Company.

**Rajnandini Tanmay Bhaiya**, aged 26 years, is the Non-Executive Director of the Company. She is a qualified Chartered Accountant and member of Institute of Chartered Accountants of India. She has pre-qualification experience as an article assistant in a Chartered Accountant firm for two years and as an industrial trainee for one year. She also has six (6) months of post qualification experience of working in a Chartered Accountant firm.

**Amar Sushil Damani**, aged 35 years, is the Independent Director of the Company. He is a member of Institute of Chartered Accountants of India and practising qualified Chartered Accountant. He has done post qualification course in Information Systems Audit. He holds a Bachelor's degree in Commerce. He is a partner of M/s. Bhutda Somani & Co and has more than seven [7] years of work experience.

**Hemant Gopaldas Kalantri**, aged 35 years, is the Independent Director of the Company. He is a member of Institute of Chartered Accountants of India and practising qualified Chartered Accountant. He is also a qualified Company Secretary. He has done post qualification course in Information Systems Audit. He holds a Bachelor's degree in Commerce. He is a partner of M/s. Aarth & Associates and has more than seven [7] years of work experience.

To conclude, the company has 9 promoters, out of which 4 are individual promoters and they have vast experience in the industry. The Remaining Directors of the company also have good knowledge and experience in their respective fields which helps in the overall growth of the company.



**Financial Snapshot**

<b>Profit and Loss Statement</b>				<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Dec-23</b>
Revenue from Operations	42,392.50	58,287.73	69,775.26	46,359.01
Other Income	324.82	237.73	658.15	210.8
<b>Total Income</b>	<b>42,717.32</b>	<b>58,525.46</b>	<b>70,433.41</b>	<b>46,569.81</b>
<b>Expenses</b>				
Cost of Material Consumed	32,768.28	47,228.48	57,102.22	38,102.77
Purchases of Stock in Trade	1,058.19	1,411.30	1,782.89	169.97
Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade	410.83	142.24	-283.45	-295.92
Employee benefits expense	775.38	828.77	653.62	725.27
Finance costs	369.86	511.73	579.86	724.93
Depreciation and Amortization expense	420.91	515.53	227.67	319.3
Other Expenses	6,054.22	6,967.90	8,662.61	5,689.30
<b>Total Expenses</b>	<b>41,857.67</b>	<b>57,605.95</b>	<b>68,725.42</b>	<b>45,435.62</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>1,325.60</b>	<b>1,709.04</b>	<b>1,857.37</b>	<b>1,967.62</b>
<b>EBITDA Margin</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>
<b>Profit/(Loss) before tax</b>	<b>859.65</b>	<b>919.51</b>	<b>1,707.99</b>	<b>1,134.19</b>
Tax Expense				
Provision for Income Tax	179.84	206.22	326.98	168.19
Provision for Deferred Tax	62.75	54.14	80.86	137.1
<b>Total Tax Expense</b>	<b>242.59</b>	<b>260.36</b>	<b>407.84</b>	<b>305.29</b>
<b>Profit/(Loss) for the year</b>	<b>617.06</b>	<b>659.15</b>	<b>1,300.15</b>	<b>828.90</b>
<b>Net Profit Margin</b>	<b>1%</b>	<b>1%</b>	<b>2%</b>	<b>2%</b>

<b>Balance Sheet</b>				<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Dec-23</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
Share Capital	458.73	458.73	458.73	1,621.18
Reserves and surplus	2,365.22	3,024.37	4,324.52	5,235.90
<b>Total Equity</b>	<b>2,823.95</b>	<b>3,483.10</b>	<b>4,783.25</b>	<b>6,857.08</b>
<b>2. Non-current liabilities</b>				
Long Term Borrowings	1,483.30	2,724.37	4,228.79	4,137.81
Long-Term Provisions	34.27	33.55	41.31	46.45
Deferred tax liability (net)	152.88	207.01	287.87	424.97
<b>Total Non-current liabilities</b>	<b>1,670.45</b>	<b>2,964.93</b>	<b>4,557.97</b>	<b>4,609.23</b>
<b>3. Current liabilities</b>				
Short-term borrowings	2,990.86	3,761.30	5,693.84	5,860.97
Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises; and	638.6	673.75	1,351.08	532.33
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises.	1,240.37	1,459.63	1,682.13	1,925.00
Other current liabilities	579.47	540.6	602.79	396.25





# Ramdevbaba Solvent Limited

IPO Note

Recco – **APPLY**



<b>Balance Sheet</b>					<b>(In Lacs)</b>
Short-term provisions	181.36	251.55	391.55	160.32	
<b>Total Current liabilities</b>	<b>5,630.66</b>	<b>6,686.83</b>	<b>9,721.39</b>	<b>8,874.87</b>	
<b>Total Liabilities</b>	<b>7,301.11</b>	<b>9,651.76</b>	<b>14,279.36</b>	<b>13,484.10</b>	
<b>Total Equity and Liabilities</b>	<b>10,125.06</b>	<b>13,134.86</b>	<b>19,062.61</b>	<b>20,341.18</b>	
<b>ASSETS</b>					
<b>1. Non-current assets</b>					
Property, plant & equipment and Intangible Assets					
(i) Property, Plant and Equipment	3,928.94	4,041.99	6,205.17	9,362.66	
(ii) Intangible Assets					
(iii) Capital Work-In-Progress	-	1,194.75	2,753.99	186.14	
Non-Current Investment	15.00	15.00	-	750	
Long-Term Loans and Advances & Deposits	2.39	4.00	9.00	91.55	
Other Non-Current Assets	73.52	79.52	211.1	299.98	
<b>Total Non-Current assets</b>	<b>4,019.85</b>	<b>5,335.26</b>	<b>9,179.26</b>	<b>10,690.33</b>	
<b>2. Current assets</b>					
Inventories					
Raw Material and Finish Goods	3,624.98	3,490.25	4,403.71	4,065.84	
Consumables and Fuel	27.59	29.62	289.33	383.83	
Trade receivables	1,865.41	2,784.83	3,870.77	3,523.44	
Cash and cash equivalents	80.27	20.08	35.64	22.41	
Short-term loans and advances	99.82	945.73	135.89	286.83	
Other Current Assets	407.14	529.09	1,148.01	1,368.50	
<b>Total Current assets</b>	<b>6,105.21</b>	<b>7,799.60</b>	<b>9,883.35</b>	<b>9,650.85</b>	
<b>Total Assets</b>	<b>10,125.06</b>	<b>13,134.86</b>	<b>19,062.61</b>	<b>20,341.18</b>	

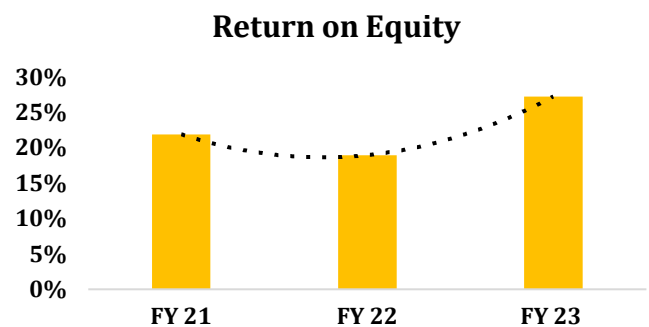
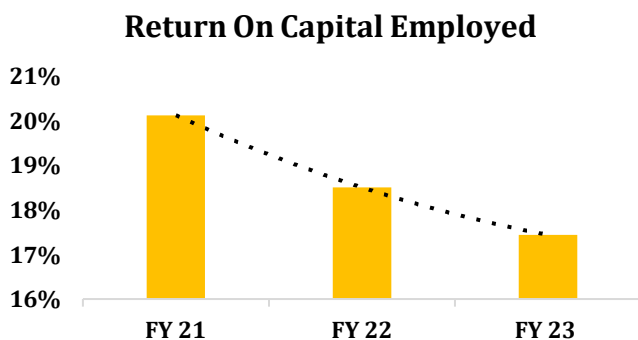
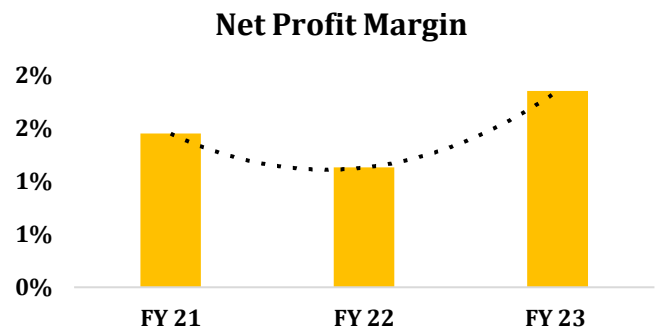
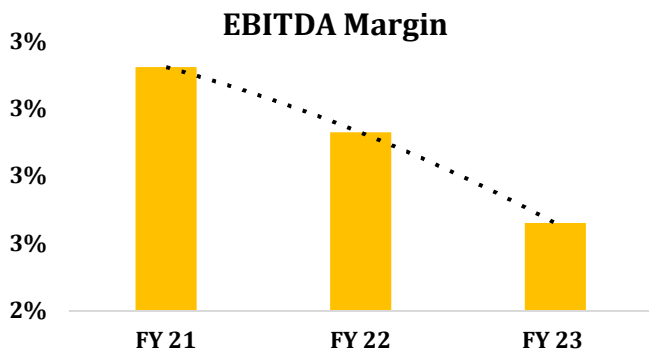
<b>Cash Flow Statement</b>					<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Dec-23</b>	
Net Cash Flow from Operating Activities	1,155.14	260.5	1,084.47	1,044.56	
Net Cash Flow from Investing Activities	-1,328.04	-1,820.47	-3,926.00	-1,654.02	
Net Cash Flow from Financing Activities	244.11	1,499.78	2,857.09	596.23	



<b>Ratio Sheet</b>				
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Dec-23*</b>
<b>Per Share Data</b>				
Diluted EPS	4.48	4.79	9.45	5.88
BV per share	12.76	15.74	21.62	55.85
<b>Operating Ratios</b>				
EBITDA Margins	3.13%	2.93%	2.66%	4.61%
PAT Margins	1.44%	1.13%	1.85%	2.10%
Inventory days	9.29	7.88	1.20	0.92
Debtor days	16.06	17.44	20.25	20.90
Creditor days	19.32	16.01	18.60	23.83
<b>Return Ratios</b>				
RoCE	20%	19%	17%	20%
RoE	22%	19%	27%	11%
<b>Valuation Ratios (x)</b>				
EV/EBITDA	5.44	5.82	7.90	6.30
Market Cap / Sales	0.44	0.32	0.27	0.30
P/E	18.97	17.75	8.99	14.45
Price to Book Value	6.66	5.40	3.93	1.52
<b>Solvency Ratios</b>				
Debt / Equity	1.58	1.86	2.07	1.46
Current Ratio	1.08	1.17	1.02	1.09
Quick Ratio	0.44	0.64	0.56	0.63
Asset Turnover	4.19	4.44	3.66	2.28
Interest Coverage Ratio	2.45	2.33	2.81	2.27

\*Annualized Figures

## Financial Charts





### Key Risk Factors

1. The company is dependent upon certain suppliers for the supply of raw materials required for manufacturing the products and majority of them are from the states of Maharashtra, Madhya Pradesh, Chhattisgarh and Gujarat.
2. The company has outstanding legal proceedings involving the Company, Subsidiary, Directors and Promoters amounting to Rs. 383.45 lakhs which may adversely affect the business, financial condition and results of operations.
3. The company has certain contingent liabilities amounting to Rs. 246.06 lakhs, which if realised, could adversely affect the financial condition.

### Track Record of Lead Manager

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

#### Choice Capital Advisors Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Vishnu Prakash R Punglia Limited	308.88	99.00	September 05, 2023	166.00

The company has had 01 mandate in the past three years including the current Year.

\*CMP for the above-mentioned companies is taken as of 10<sup>th</sup> April 2023.

As per the offer document, from the above-mentioned mandates, the mandate has opened at a premium on the listing date.



## **Recommendation**

The company has been in the industry since 2008 and has good experience in the industry. The management overview of the company is good.

The P/E on a post-IPO and annualised basis is around 14.45 times which makes it fully priced by looking at the performance of the company and sector. The Sector P/E is 17.8 times.

The company operates in a competitive environment. The company has seen a slight dip in the margins for FY 222 but overall has seen an increase in top line and bottom line of its financials. The company has good strategies planned and is also planning to enter into a new revenue-generating vertical. The company is utilizing its net proceeds to set up a new manufacturing facility. Thus, at the current P/E, we recommend **APPLY** applying to this IPO.



# Ramdevbaba Solvent Limited

IPO Note

Recco – **APPLY**



## Disclaimer

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