



IPO Note

Godavari Biorefineries Limited

Recommendation: **AVOID!**

Company Background -

- **Incorporation:** The company was originally formed and incorporated as "Godavari Investment and Finance Corporation Limited" in Mumbai, Maharashtra. Subsequently, the name was changed to Godavari Biorefineries Limited and was incorporated on Nov 10, 2006.
- **Business Activity:** The company is engaged in the manufacturing of bio-based chemicals, sugar, different grades of ethanol and power.
- **Revenue Stream:** The major revenue stream for the company is from sugar, bio-based chemicals and distillery segments.
- **Human Resource:** The company had 1,583 permanent employees and 633 contract labourers as of June 30, 2024.

Objects of the Issue -

- Repayment/prepayment, in full or part, of certain borrowings availed by the Company
- General Corporate Purposes

Promoters Name -

Samir Shantilal Somaiya, Lakshmiwadi Mines and Minerals Private Limited, Sakarwadi Trading Company Private Limited and Somaiya Agencies Private Limited

Rationale for recommendation -

- ✓ The PE ratio is very high for FY2024 and it is negative post issue.
- ✓ The top line, bottom and profitability margins have decreased over the years and the company incurred loss for Q1.
- ✓ The company's RoCE and RoE is low.
- ✓ The company has high concentration of suppliers.
- ✓ The overall financial health of the company is poor.

IPO Details

Opening Date	Oct 23, 2024
Closing Date	Oct 25, 2024
Allotment Date	Oct 28, 2024
Listing Date	Oct 30, 2024
Stock Exchange	BSE, NSE
Lot Size	42 Shares
Issue Price Per Share	₹334 to ₹352
Issue Size	554.75 Cr.
Fresh Issue	325.00 Cr.
Offer for Sale	229.75 Cr.
Application Amt	₹ 14,784 - ₹ 1,92,192 (42 to 546 shares)

INDUSTRY - Sugar/ Bio-based Chemicals Avg. PE Ratio as per RHP - 35.54

KPI's	KPIs (In Crores)			
	FY 22	FY 23	FY 24	Jun-24
Revenue	1,702.33	2,014.69	1,686.67	522.53
EBITDA	132.89	146.23	133.54	-12.24
Net Profit	19.10	19.64	12.30	-26.11
RoCE	10.42%	9.86%	8.35%	-7.40%
ROE	4.04%	4.01%	2.46%	-5.50%
P/E	77.36	75.21	120.14	-*

*Annualized

Promoter Share Holding Pattern

Pre-Issue	Post Issue
81.06%	63.31%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	2.93	-24.54
BVPS	119.37	136.74
P/E	120.14	-
P/BV	2.95	2.57
Mkt Cap (In Cr)	1,476.39	1,801.39

*Annualized

Lead Managers -

1. Equirus Capital Private Limited
2. SBI Capital Markets Limited

Registrar -

Link Intime India Private Limited

Business Overview –

Godavari Biorefineries India Limited is engaged in the manufacturing of ethanol based chemicals. They also manufacture bio-based chemicals such as ethyl acetate, bio-ethyl acetate, MPO, 1,3 butylene glycol, crotonaldehyde, acetaldehyde, bio-acetic acid, butanol, EVE, and paraldehyde. Furthermore, they also market multiple products including sugar, jaggery, salt and turmeric under the brand name ‘Jivana’. They are a part of the Somaiya group of companies, which has experience of over eight decades in the sugar industry and over six decades in the bio-based chemicals industry.

Subsidiaries: They have two subsidiaries - Solar Magic Private Limited and Cayuga Investments B.V.

Clients: Hershey India Pvt Ltd, Hindustan Coca-Cola Beverages Private Limited, M/s Karnataka Chemical Industries, M/s Techno Waxchem Pvt Ltd, LANXESS India Private Limited, IFF Inc., Ankit Raj Organo Chemicals Limited, Escorts Chemical Industries, Khushbu Dye Chem Pvt Ltd, Privi Speciality Chemicals Limited, Shivam Industries, as well as major oil marketing companies.

Manufacturing Facility and Capacity Utilization: They have two manufacturing facilities, one located in the Bagalkot district in Karnataka (Sameerwadi Manufacturing Facility) and another located in the Ahmednagar district in Maharashtra (Sakarwadi Manufacturing Facility). The capacity utilization for Sameerwadi remained at 76.60%, 75.75% and 75.26% and Sakarwadi remained at 40.68%, 53.69% and 67.98% for FY2024, 2023 and 2024 respectively.



Sameerwadi Manufacturing Facility



Sakarwadi Manufacturing Facility

Product Portfolio –

- Bio-based Chemicals:** They comprise of Ethanol based chemicals such as ethyl acetate, bio-ethyl acetate, MPO, 1,3 butylene glycol, crotonaldehyde, acetaldehyde, bio-acetic acid, butanol, EVE, and paraldehyde. The Bio-based Chemicals manufactured by them find application in various industries, including the personal care and cosmetics, flavour and fragrance, food, fuel, paints and coatings and pharmaceutical industries.
- Rectified Spirits:** Ethanol is converted to various grades including fuel ethanol, pharma grade ethanol and extra neutral alcohol. Ethanol manufactured by them finds application in the beverages, pharmaceutical and chemical industries. Ethanol is manufactured by the fermentation of sugar-based materials, starch, and cellulose-based feedstocks like corn, barley, wood, and wheat, among others. The major applications of ethanol include fuel & fuel additives, disinfectants, beverages, personal care, industrial solvents, and others.
- Sugar:** They manufacture of sugar from sugarcane. They have domestic customers and are also engaged in export.
- Co-Generation:** They generate power at the Sameerwadi Manufacturing Facility utilising bagasse from the feedstock and the power generated is used to meet their requirements.
- Other Products:** The other products currently sold include ethyl lactate, and tri ethoxy butane. These also include salt and turmeric for which they are dependent on third party manufacturers such as Rashi Spices Private Limited and The Peninsular Export Company for the manufacture and sale of these products.

Revenue Bifurcation -

(Amt in Cr.)

Particulars	FY 2022		FY 2023		FY 2024	
	Amt	%	Amt	%	Amt	%
Sugar	517.68	30.41	677.84	33.65	563.75	33.42
Bio-based Chemicals	647.07	38.01	651.79	32.35	505.52	29.97
Distillery	490.62	28.82	631.862	31.36	561.70	33.30
Co-generation	36.32	2.13	42.85	2.13	42.82	2.54
Unallocated	10.65	0.63	10.34	0.51	12.88	0.76
Total	1,702.33	100.00	2,014.69	100.00	1,686.67	100.00

Competition -

1. **Market Competition:** The industry is highly competitive and the key factors of competition are product quality, price and product range.
2. **Geographic Competition:** The company faces competition from organized as well as unorganized players in both domestic as well as international market.
3. **Barriers to entry:** Low barriers to entry.
4. **Threat of Substitutes:** High threat of substitutes.
5. **Bargaining power of Suppliers:** The bargaining power is low with the suppliers.
6. **Bargaining Power of Buyers:** The bargaining power is high with the customers.

Business Strategies -

1. The company intends to expand distillery capacity from 600 KLPD (as at June 30, 2024) to 1,000 KLPD.
2. They intend to explore the utilisation of grains to manufacture grain-based ethanol.
3. They intend to commence the manufacturing of 2nd generation Ethanol and cellulose and its derivatives from bagasse, a by-product of sugar, to further improve the utilisation of available feedstock for distillery.
4. They support the agricultural research conducted by the K.J. Somaiya Institute for Applied Agriculture Research (“KIAAR”) and have entered into a memorandum of understanding dated September 9, 2021 with KIAAR to carry out joint research activities in various fields including soil testing, production of tissue culture settlings, production and supply of bio-fertilizers, transfer of technology to farmers, organic farming and energy cane.
5. They have installed an incineration boiler at the Sameerwadi Manufacturing Facility, which uses spent wash (which is waste produced while producing rectified spirits) to generate steam for distillery operations.
6. They have commenced production of bio-based chemicals such as biobutanol and biobased ethers.
7. They have entered into a consultancy agreement with Dr. Sendurai Mani in connection with the R&D of small molecule inhibitors for cancer and obtained approval from the Central Drugs Standard Control Organisation (“CDSCO”) to undertake clinical trials in relation to a proposed drug on patients with advanced solid tumours.
8. They have entered into an agreement with a Category I Deemed to be University in Mumbai on developing certain carbon capture initiatives which includes the development of a technology to produce value added chemicals and fuels from carbon dioxide.
9. They aim to expand geographical footprint across India and expand portfolio of sugar, salt, jaggery, turmeric and allied products.
10. They intend to augment sugarcane crushing capacity at the Sameerwadi Manufacturing Facility beyond 18,000 TCD.

Risk Factors – 6

The company is highly dependent on top 10 suppliers for their purchase of raw materials which contributed to 89.28%, 86.45% and 94.71% for FY2022, 2023 and 2024 respectively.

The company has 28 outstanding cases against it for criminal, tax, regulatory and other pending matters amounting to Rs. 132.84 Cr and they have filed 231 cases regarding criminal and other pending matters amounting to Rs. 38.43 Cr.

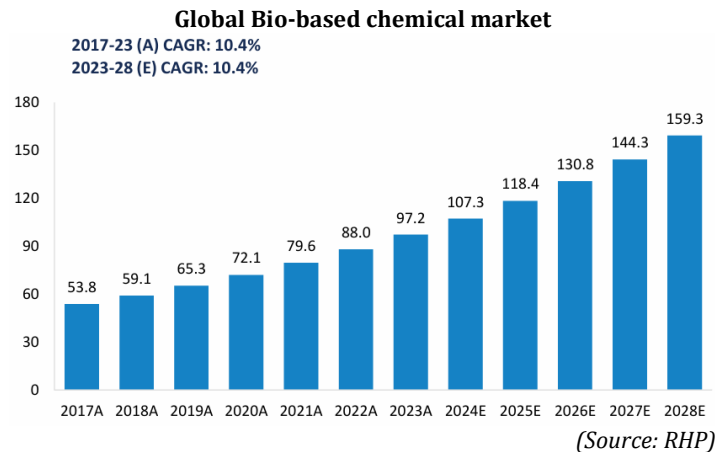
The promoters have 11 cases against them regarding criminal, tax and other pending matters amounting to Rs. 2.65 Cr.

The company’s subsidiary, Solar Magic private Limited had incurred loss for FY2022 and 2023.

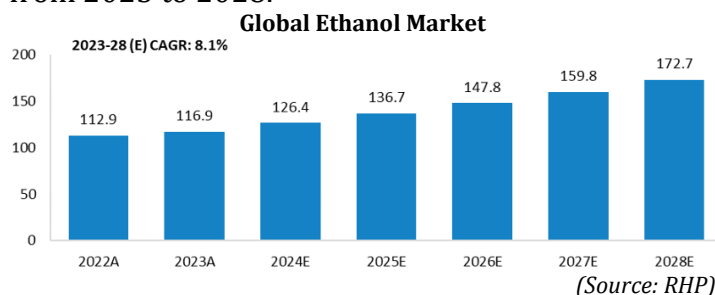
INDUSTRY OVERVIEW

Global Scenario -

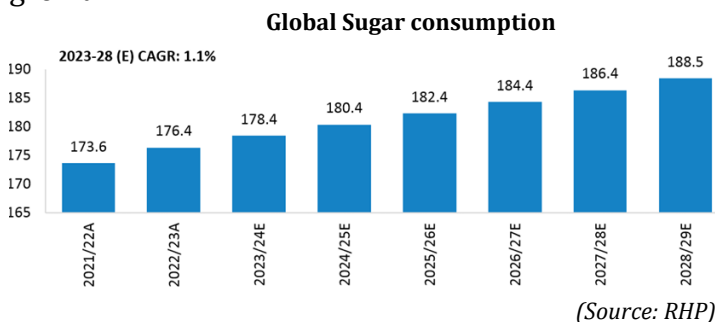
- The market for bio-based chemicals in 2023 was valued at USD 97.2 bn, expected to be growing at a CAGR of 10.4%, for the next five years from 2023 to 2028.



- The global ethanol market was valued at USD 116.9 billion in 2023 and is expected to reach a market value of USD 172.7 bn by 2028 with a CAGR of 8.1% from 2023 to 2028.

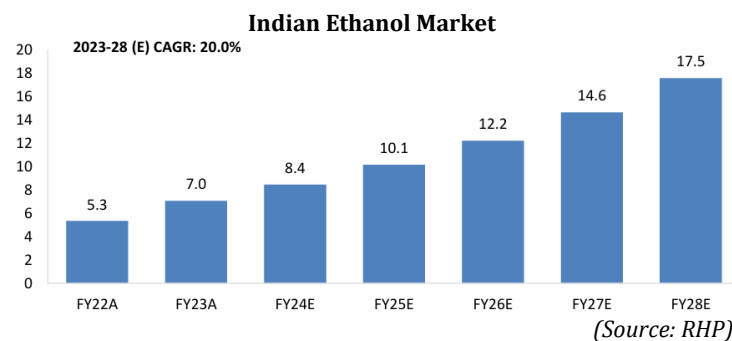


- The global sugar consumption stood at 176.4 million metric tons (MMT) in the current year, with a YoY growth of 2.8 MMT compared to the 2021/22. The sugar consumption is expected to increase at a rate of 1.1% from 2022/23 to 2028/29, reaching a value of 188.5 MMT, driven by population and income growth.



Indian Scenario:

- India ethyl acetate market stood at 450.5 KT in 2023 and is expected to grow at a CAGR of 9.0%, from 450.5 KT in 2023 to 693.1 KT in 2028.
- The Indian ethyl vinyl ether market is expected to grow at a CAGR of 10.0%, reaching to 2,026 MT by 2028.
- The market, in terms of volume, for 1,3-butylene glycol is expected to grow at a CAGR of 3.0% from 2023 to 2028, reaching a value of 267.5 MT by 2028.
- The Indian ethanol market is projected to grow from USD 7.0 billion in 2023 to USD 17.5 billion by 2028, exhibiting a CAGR of 20.0% during 2023-2028.



- The Indian cellulose market was valued at USD 9.3 billion in 2023 and is expected to grow at a rate of 7.5% from 2023 to 2028.
- The India market for MPO stood at 2,907 MT in 2023 and is expected to grow at 2.0% from 2023 to 2028, reaching to 3,210 MT by 2028.
- In terms of volume, the India market stood at 4,046 MT in 2023 and is expected to grow at a CAGR of 5.0% from 2023 to 2028, reaching to 5,164 MT by 2028.
- The sugar market is expected to grow at a CAGR of 0.6% from 2022/23 to 2028/29, reaching a value of USD 13.0 billion by 2028.
- The India market for Bio-CNG was valued at 32.2 mn MMBTU in 2023 and is expected to grow at a high CAGR of 40.0% from 2023 to 2028, reaching to 173.1 mn MMBTU by 2028.
- The acetaldehyde market is expected to grow at a CAGR of 7.1% from FY 2024 to FY 2028, reaching a value of USD 123.6 million by 2028.
- The India paraldehyde market stood at 437.3 MT in 2023 and is estimated to grow at a rate of 4.0% from 2023 to 2028, reaching to 532.0 MT by 2028.
- The India market for bio-acetic acid stood at 437.0 MT in 2023 and is expected to grow at a CAGR of 8.0% from 2023 to 2024, reaching upto 642.3 MT by 2028.

Key Management -

Key Management Persons Name -	Samir Shantilal Somaiya
Age	56
Designation and No. of experience	Promoter, Chairman and Managing Director, 28+ years of experience in chemical industry.
Qualification	Bachelor's degree in science, Masters' degree in chemical engineering, Masters' degree in business administration and Master's degree in public administration
Other Directorships	Filmedia Communication Systems Private Limited, K J Somaiya and Sons Private Limited, Lakshmiwadi Mines and Minerals Private Limited etc.

Key Management Persons Name -	Sangeeta Arunkumar Srivastava
Age	58
Designation and No. of experience	Executive Director, 29+ years of experience in R&D
Qualification	Bachelor's degree in science, Masters' degree of science in chemistry, Masters' degree of philosophy in chemistry and Doctor of philosophy in science
Other Directorship	Genesis Labs Limited, K J Somaiya and Sons Private Limited and Filmedia Communication Systems Private Limited

Key Management Persons Name -	Bhalachandra Raghavendra Bakshi
Age	65
Designation and No. of experience	Executive Director, Several years of experience in agricultural industry
Qualification	Bachelors' degree of science in agriculture
Other Directorships	Solar Magic Private Limited

Key Management Persons Name -	Suhas Uttam Godage
Age	53
Designation and No. of experience	Executive Director (Works – Sakarwadi), 26+ years of experience in Chemical industry
Qualification	Bachelors' degree of science, Masters' degree of business administration in marketing management and post graduate diploma programme in industrial fermentation & alcohol technology
Other Directorships	Somaiya Properties and Investments Private Limited

Key Management Persons Name -	Hemant Luthra
Age	75
Designation	Independent Director
Qualification	Bachelors' degree of technology in mechanical engineering
Other Directorships	Fugu Mobile Pvt. Ltd., China

Key Management Persons Name -	Kumar Desai
Age	72
Designation and No. of experience	Independent Director, 47+ years of experience as a practicing advocate
Qualification	Bachelor's degree of commerce and Bachelor's degree of law
Other Ventures	Enrolled with the Bar Council of Maharashtra and Goa

Key Management Persons Name -	Raman Ramachandran
Age	66
Designation	Non-Executive Director
Qualification	Bachelor's degree in science (agriculture), Master's degree of science in entomology and Doctor of philosophy
Other Directorships	Calibre Chemicals Private Limited and Proklean Technologies Private Limited

Recommendation: **AVOID**

Key Management Persons Name -	Lakshmi Kantam Mannepalli
Age	69
Designation	Independent Director, Several years of experience in chemical sciences and technology
Qualification	Bachelor's degree of science, Master's degree of science in chemistry and a Doctor of philosophy degree in chemistry
Other Directorships	NACL Industries Limited, Prasol Chemicals Limited and Vinati Organics Limited

Key Management Persons Name -	Sanjay Puri
Age	62
Designation	Independent Director, 29+ years of experience in finance industry
Qualification	Holds a marksheet for part II examination for bachelor's degree in science and masters of management degree
Other Directorships	Athaang Infrastructure Investment Manager Private Limited and J.C. Flowers Asset Reconstruction Private Limited

Key Management Persons Name -	Nitin Mehta
Age	50
Designation	Independent Director, Experience in consumer business industry
Qualification	Bachelor's degree in technology in chemical engineering and Post graduate diploma in management
Previous Association	L'Oreal Bangladesh Limited and Olam International Limited

- The overall management of the company is satisfactory.
- The promoters and management have vast experience.
- There is an evidence of dual chairmanship, which is not favourable.
- Naresh Sitaram Khetan (CFO) has 23+ years of experience in finance.
- The senior management includes Pravin Bhupal Vibhute (General Manager – Technical) and Rajesh G Nair (General Manager – Purchase). They have vast experience in their respective fields.

FINANCIAL SNAPSHOT

Statement of Profit and Loss				Amt in Crores
Particulars	FY 22	FY 23	FY 24	Jun-24
Revenue from Operations	1,702.33	2014.694	1,686.67	522.53
Other Income	7.65	8.39	14.40	2.75
Total Income	1,709.98	2,023.08	1,701.06	525.27
Expenses				
Cost of Material Consumed	1,215.98	1,312.96	1,533.15	128.33
Purchase of stock-in-trade	14.03	10.75	12.32	5.19
Changes in Inventories of WIP, Finished Goods & Stock in Trade	-41.53	60.31	-368.43	317.91
Employee Benefit Expenses	99.32	116.55	118.18	30.40
Finance Cost	60.44	72.79	75.56	19.57
Depreciation and amortisation expense	48.03	50.08	59.93	12.57
Other expenses	281.63	367.89	257.91	52.94
Total Expenses	1,677.91	1,991.33	1,688.62	566.91
EBITDA	132.89	146.23	133.54	-12.24
EBITDA Margin	7.81%	7.26%	7.92%	-2.34%
Profit/(Loss) before tax	32.07	31.75	12.45	-41.64
Tax Expense				
Current tax	0.30	0.54	0.37	0.04
Tax for earlier years	2.31	-0.002	-0.003	-
Deferred Tax	10.36	11.58	-0.22	-15.57
Total Tax	12.97	12.11	0.15	-15.53
Profit/(Loss) for the year	19.10	19.64	12.30	-26.11
Net Profit Margin	1.12%	0.97%	0.72%	-4.97%
Statement of Assets and Liabilities				Amt in Crores
Particulars	FY 22	FY 23	FY 24	Jun-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	41.94	41.94	41.94	41.94
Other Equity	431.06	447.51	458.74	432.34
Total Equity	473.00	489.45	500.68	474.28
2. Non-current liabilities				
Financial Liabilities				
(i) Borrowings	327.71	460.19	355.48	330.23
(ii) Lease Liabilities	0.47	0.50	0.25	0.22
(ii) Other financial liabilities	0.15	0.18	1.08	0.89
Provisions	1.33	2.07	2.30	2.30
Deferred tax liabilities	11.11	22.06	21.65	6.07
Other non-current liabilities	0.89	0.70	0.53	0.50
Total Non-current liabilities	341.66	485.70	381.29	340.21
3. Current liabilities				
Financial Liabilities				
(i) Borrowings	307.27	275.15	298.58	363.48
(ii) Lease Liabilities	0.16	0.06	0.28	0.22
(iii) Trade Payables				
(a) Outstanding Dues to MSME	10.80	14.81	12.13	10.40
(b) Outstanding Dues to other than MSME	563.45	385.06	618.08	222.49
(iv) Other Financial Liabilities	28.74	42.34	38.88	43.00
Other current liabilities	4.13	45.53	137.56	95.79
Provisions	4.32	4.88	4.10	4.75
Current Tax Liabilities (net)	-	0.56	0.08	-
Total Current liabilities	918.87	768.38	1,109.69	740.13
Total Liabilities	1,260.54	1,254.07	1,490.98	1,080.34
Total Equity and Liabilities	1,733.54	1,743.52	1,991.66	1,554.62

Particulars	FY 22	FY 23	FY 24	Jun-24
ASSETS				
1. Non-current assets				
Property, Plant and Equipment	666.27	864.98	848.61	842.31
Capital work-in-progress	43.72	8.36	16.36	16.49
Right-to-use assets	0.57	0.48	0.45	0.38
Intangible Assets	0.12	0.94	0.70	0.65
Intangible assets under development	6.63	8.68	12.42	12.86
Investments accounted for using the equity method	0.002	0.002	0.002	0.002
Financial Assets				
(i) Trade Receivables	8.06	6.72	0.78	0.10
(ii) Other financial assets	12.93	13.68	18.18	18.36
Other non-current assets	15.81	15.39	17.68	19.07
Total Non-Current assets	754.11	919.24	915.18	910.21
2. Current assets				
Inventories	652.25	519.33	805.21	435.37
Financial Assets				
(i) Trade receivables	172.73	202.04	189.80	122.86
(ii) Cash and cash equivalents	10.03	21.27	11.11	11.21
(iii) Bank balances other than (ii)	36.72	23.51	21.46	19.26
(iv) Other financial assets	3.04	2.80	12.32	12.09
Other Current Assets	104.67	55.33	36.58	43.63
Total Current assets	979.43	824.29	1,076.48	644.41
Total Assets	1,733.54	1,743.52	1,991.66	1,554.62

Cash Flow Statement	Amt in Crores			
Particulars	FY 22	FY 23	FY 24	Jun-24
Net Cash Flow from Operating Activities	44.86	196.96	185.67	-14.48
Net Cash Flow from Investing Activities	-47.67	-214.14	-44.49	-6.24
Net Cash Flow from Financing Activities	5.95	28.43	-151.34	20.82

Key Ratios

<u>Per Share Data</u>	FY 22	FY 23	FY 24	<u>Valuation Ratios (x)</u>	FY 22	FY 23	FY 24
Diluted EPS	4.55	4.68	2.93	EV/EBITDA	7.99	8.07	8.40
BV per share	112.77	116.69	119.37	Market Cap / Sales	1.06	0.89	1.07
<u>Operating Ratios</u>				P/E	77.36	75.21	120.14
EBITDA Margins	7.81%	7.26%	7.92%	Price to Book Value	3.12	3.02	2.95
PAT Margins	1.12%	0.97%	0.72%	<u>Solvency Ratios</u>			
Inventory days	139.85	94.09	174.25	Debt / Equity	1.34	1.50	1.31
Debtor days	37.03	36.60	41.07	Current Ratio	1.07	1.07	0.97
Creditor days	170.41	110.26	148.84	Quick Ratio	0.36	0.40	0.24
<u>Return Ratios</u>				Asset Turnover	0.98	1.16	0.85
RoCE	10.42%	9.86%	8.35%	Interest Coverage Ratio	1.40	1.14	1.15
RoE	4.04%	4.01%	2.46%				

FINANCIAL ANALYSIS –

1. The top line has remained inconsistent over the years. For FY2023, there was an increase by 18.35% which was due to increase from sugar and distillery segments. The demand increased for bio fuel due to Government of India's Ethanol Blending Program. For FY2024, there was a decrease by 16.28%, which was primarily due to reduction in sale of sugar to overseas customers as there was a restriction imposed on export of sugar by the government. Also, during the sugar season (Oct-22 to Oct-23) there was irregular rainfall pattern which further led to high prices and shortage of sugar. The distillery segment also decreased due to lower production of ethanol driven by lower diversion of sugar.
2. The net profit growth has also remained inconsistent over the years. For FY2023, it increased by 2.82% and for FY2024 it decreased by 37.37%.
3. The PAT margin has decreased consistently over the years and EBITDA margin has seen a slight dip in FY2023.
4. The RoCE and RoE has decreased over the years.
5. The PE ratio has increased over the years.

PEER ANALYSIS

Particulars	Godavari Biorefineries Limited			Triveni Engineering and Industries Limited			Dalmia Bharat Sugar & Industries Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	1.1%	1.0%	0.7%	9.7%	25.2%	7.5%	9.6%	7.5%	9.0%
EBITDA Margin	7.8%	7.3%	7.9%	16.2%	29.7%	13.0%	16.5%	15.4%	17.8%
RoCE	14.8%	8.9%	8.3%	26.0%	65.9%	17.6%	14.3%	11.9%	11.6%
ROE	4.0%	4.0%	2.5%	22.2%	67.2%	13.6%	12.5%	9.2%	9.3%
EPS (INR)	4.55	4.68	2.93	17.54	77.79	18.05	36.54	30.90	33.66
P/E	77.36	75.21	120.14	18.18	3.49	17.24	13.30	10.94	10.11

Particulars	Godavari Biorefineries Limited			Dhampur Sugar Mills Limited			Dwarikesh Sugar Industries Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	1.1%	1.0%	0.7%	7.5%	6.4%	6.1%	7.8%	4.9%	4.9%
EBITDA Margin	7.8%	7.3%	7.9%	15.8%	12.9%	13.4%	14.8%	10.8%	12.6%
RoCE	14.8%	8.9%	8.3%	21.5%	19.8%	16.9%	27.9%	18.2%	15.9%
ROE	4.0%	4.0%	2.5%	16.3%	15.1%	12.2%	23.1%	14.2%	10.2%
EPS (INR)	4.55	4.68	2.93	19.17	22.29	20.39	8.24	5.56	4.44
P/E	77.36	75.21	120.14	28.08	10.03	10.19	15.35	15.35	15.65

Interpretation –

- The market cap of the company is less compared to Triveni Engineering and Industries and Dalmia Bharat Sugar & Industries.
- The cash conversion cycle of the company is better than its peers.
- A similar trend has been seen among the peers where the revenue and net profit growth has decreased for FY2024.
- The NP Margin has decreased over the years for the company and similar trend has been seen for Dhampur Sugar Mills, Dwarikesh Sugar Industries and Triveni Engineering and Industries
- The PE ratio of the company is high compared to its peers.
- The RoCE and ROE is low compared to its peers.

LEAD MANAGER TRACK RECORD -

The lead managers to the issue are Equirus Capital Private Limited and SBI Capital Markets 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 –

Equirus Capital Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Kross Limited	500.00	240.00	Sep 16, 2024	179.90
2.	ECOS (India) Mobility & Hospitality Limited	601.20	334.00	Sep 04, 2024	433.95
3.	DEE Development Engineers Limited	418.01	203.00	June 26, 2024	242.75
4.	Capital Small Finance Bank Limited	523.07	468.00	Feb 14, 2024	290.90
5.	Jyoti CNC Automation Limited	1,000.00	331.00	Jan 16, 2024	1,083.90

The company has handled 16 mandates in the past three years (including the current year).

SBI Capital Markets Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Bajaj Housing Finance Limited	6,560.00	70.00	Sep 16, 2024	136.55
2.	Ola Electric Mobility Limited	6,145.56	76.00	Aug 09, 2024	81.66
3.	Bansal Wire Industries Limited	745.00	256.00	Jul 10, 2024	427.30
4.	Stanley Lifestyles Limited	537.02	369.00	Jun 28, 2024	503.00
5.	DEE Development Engineers Limited	418.01	203.00	Jun 26, 2024	242.75

The company has handled 22 mandates in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 22nd Oct 2024.

As per the offer document, the above-mentioned mandates all have opened at a premium on the listing day.

Recommendation -

Godavari Biorefineries Limited has been in the industry since 2006 and has vast experience in the industry. The management overview of the company is satisfactory.

The P/E on a post-IPO basis is negative and for FY2024 it was 120 times which makes it aggressively priced.

The company's top line and bottom line has seen a sudden decrease in FY2024. The profitability margins also decreased consistently over the years. Although the peer companies have also seen a similar trend, the margins in which the company is operating are very low compared. The RoCE and RoE has been below 10% for FY2023 and FY2024. Overall financial health of the company looks poor and this might sustain in the future. Also, the company incurred loss for period ended Jun-24.

The company is raising issue from IPO to repay their loans, which is not favourable. Also, they have high concentration of suppliers.

Thus, investors can **AVOID** this IPO.

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The analysis and recommendations are based on the current market and company-specific scenario, along with the data available in the prospectus. Market and company-specific conditions may change after the company's listing, potentially impacting its performance and outlook. We will not be providing any follow-up reports or updates on this analysis post-listing.

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