



### IPO Review

The company is operating in highly competitive and fragmented market. The FY21 and FY22 numbers were not as per the expectations, however, FY23 showed a much improved EBITDA with a thrust to its B2C business model.

### 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<sup>th</sup> 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
<b>Total Assets</b>	2,745.85	2,733.41	3,000.94
<b>Net Assets</b>	1,121.57	1,169.12	1,618.11
<b>Total Borrowings</b>	1,297.36	1,059.80	920.11
<b>Total Revenue</b>	6,012.96	6,615.00	11,770.68
<b>Profit After Tax</b>	68.15	62.75	353.74

### Tentative Timeline

<b>Opening Date</b>	Sept 26, 2023
<b>Closing Date</b>	Sept 29, 2023
<b>Basis of Allotment</b>	Oct 05, 2023
<b>Initiation of Refunds</b>	Oct 06, 2023
<b>Credit of Shares to Demat</b>	Oct 09, 2023
<b>Listing Date</b>	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 (OOOs tonnes)

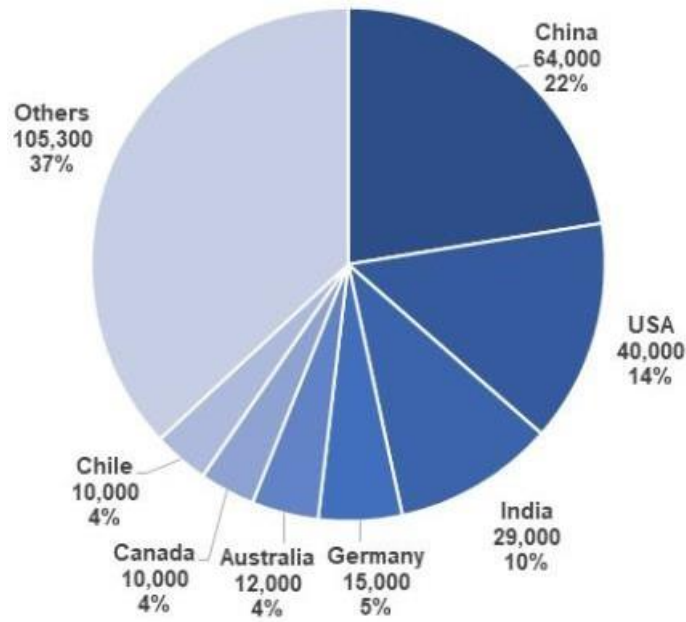
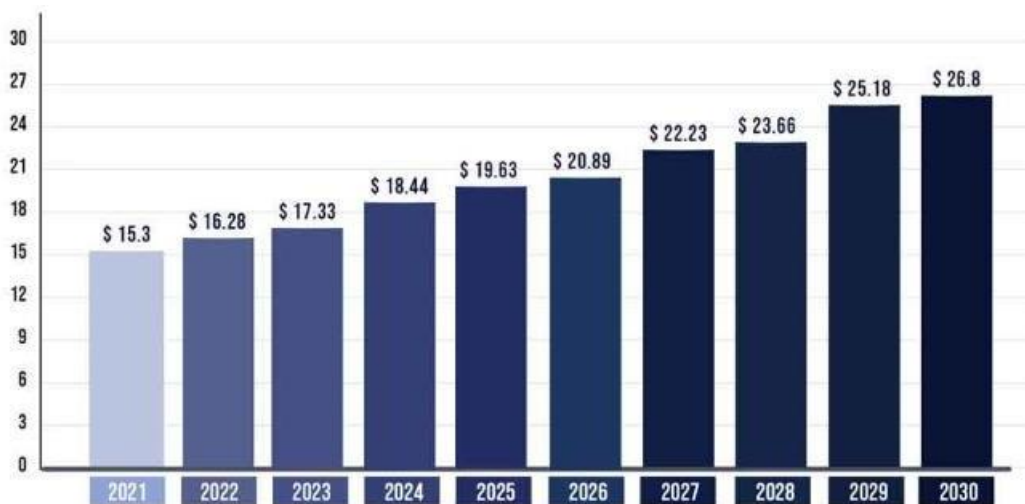


Exhibit 2: Industrial Salts Market Size, 2021 to 2030 (USD Billion)





## 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>
Revenue from Operations	6,005.30	6,611.09	11,764.19
Other Income	7.66	3.91	6.49
<b>Total Income</b>	<b>6,012.96</b>	<b>6,615.00</b>	<b>11,770.68</b>
<b>Expenses</b>			
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
<b>Total Expenses</b>	<b>5,919.88</b>	<b>6,506.53</b>	<b>11,285.92</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>281.88</b>	<b>294.40</b>	<b>673.33</b>
<b>EBITDA Margin</b>	<b>5%</b>	<b>4%</b>	<b>6%</b>
<b>Profit/(Loss) before tax</b>	<b>93.08</b>	<b>108.47</b>	<b>484.76</b>
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
<b>Profit/(Loss) for the year</b>	<b>68.15</b>	<b>62.75</b>	<b>353.74</b>
Net Profit Margin	1%	1%	3%

<b>Balance Sheet</b>	<b>(In Lacs)</b>		
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	199.58	199.58	1,083.19
Reserves and Surplus	921.99	969.54	534.92
<b>Total Equity</b>	<b>1,121.57</b>	<b>1,169.12</b>	<b>1,618.11</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	112.00	137.50	-
Long Term Provisions	13.11	15.20	14.39
<b>Total Non-current liabilities</b>	<b>125.11</b>	<b>152.70</b>	<b>14.39</b>
<b>Current liabilities</b>			
(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
<b>Total Current liabilities</b>	<b>1,499.25</b>	<b>1,411.59</b>	<b>1,368.44</b>
<b>Total Liabilities</b>	<b>1,624.36</b>	<b>1,564.29</b>	<b>1,382.83</b>
<b>Total Equity and Liabilities</b>	<b>2,745.93</b>	<b>2,733.41</b>	<b>3,000.94</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
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
<b>Total Non-Current assets</b>	<b>595.07</b>	<b>626.96</b>	<b>696.02</b>



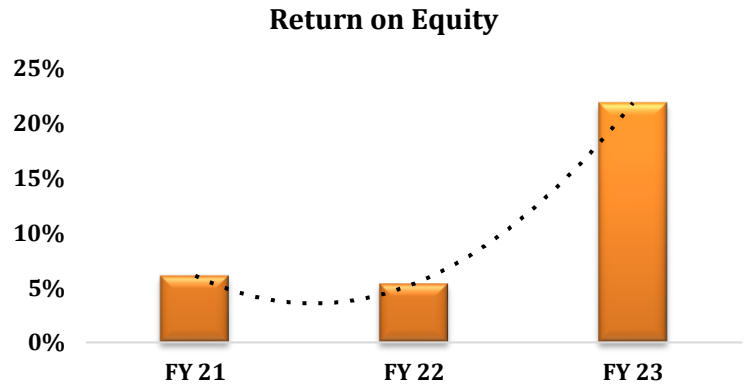
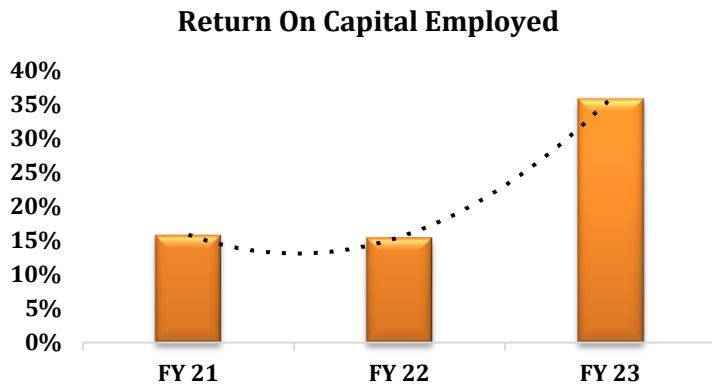
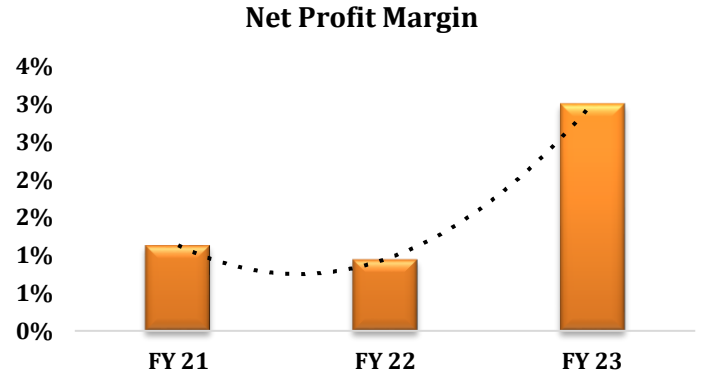
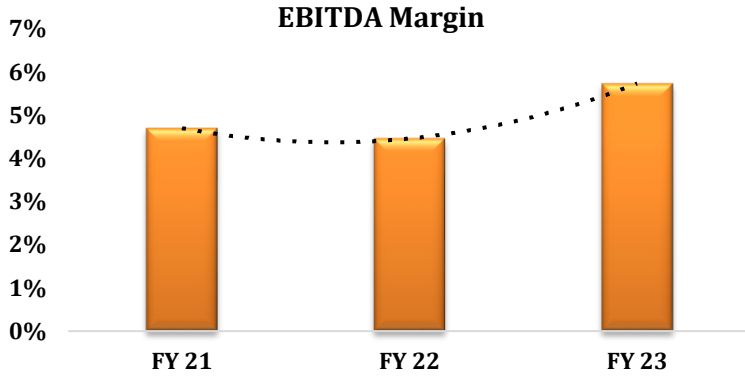
<b>Current Assets</b>			
Current Investments	-	-	25.70
Inventories	478.96	517.33	454.50
Trade Receivables	1,371.75	1,424.49	1,556.94
Cash and Cash Equivalents	21.49	16.63	21.51
Short-Term Loans and Advances	193.71	26.15	77.02
Other Current Assets	84.87	121.85	169.25
<b>Total Current assets</b>	<b>2,150.78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

<b>Ratio Sheet</b>			
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
<b>Per Share Data</b>			
Diluted EPS	0.52	0.48	2.72
BV per share	6.27	6.53	9.04
<b>Operating Ratios (%)</b>			
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
<b>Return Ratios (%)</b>			
RoCE	16%	15%	36%
RoE	6%	5%	22%
<b>Valuation Ratios (x)</b>			
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
<b>Solvency Ratios</b>			
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 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)**



# Goyal Salt Limited

## IPO Note



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