

IPO Review			Company Background																																		
<p>Rajgor Castor Derivatives Limited is in the business of castor oil related derivatives that has huge and growing demand. The company scaled up its operations post the pandemic and is poised for bright prospects ahead. The financial valuations of the company make the issue reasonably priced.</p>			<ul style="list-style-type: none"> ○ Rajgor Castor Derivatives Limited was incorporated in the year 2018 and has its registered office in Ahmedabad, Gujarat. ○ The company is in the business of manufacturing of Castor Oil, Castor Oil cake, High Protein Oil cake in the Castor Plant. ○ The company has commenced manufacturing of Refined Castor Oil First Stage Grade (F.S.G.), Castor De-Oiled Cake and High Protein Castor De-Oiled Cake for the domestic market. ○ Company is currently operating on a B2B business Model and offer its customers Castor Oil and its derivatives. ○ As on July 31st, 2023, the company had 60 employees on its payroll. 																																		
IPO Objective			Financial Summary (In Lacs.)																																		
<ol style="list-style-type: none"> 1. To Meet Working Capital Requirements. 2. General Corporate Purpose. 3. To meet Public Offer Expenses. 			<table border="1"> <thead> <tr> <th>For the Period Ended</th> <th>Mar-21</th> <th>Mar-22</th> <th>Mar-23</th> <th>June-23</th> </tr> </thead> <tbody> <tr> <td>Total Assets</td> <td>2,578.47</td> <td>3,753.42</td> <td>7,782.62</td> <td>9,847.94</td> </tr> <tr> <td>Net Assets</td> <td>149.71</td> <td>201.90</td> <td>2,365.54</td> <td>2,558.23</td> </tr> <tr> <td>Total Borrowings</td> <td>2,286.28</td> <td>1,809.51</td> <td>4,450.93</td> <td>5,178.96</td> </tr> <tr> <td>Total Revenue</td> <td>1,100.70</td> <td>4,091.31</td> <td>42,887.35</td> <td>11,276.10</td> </tr> <tr> <td>Profit After Tax</td> <td>-180.17</td> <td>52.20</td> <td>554.46</td> <td>192.57</td> </tr> </tbody> </table>					For the Period Ended	Mar-21	Mar-22	Mar-23	June-23	Total Assets	2,578.47	3,753.42	7,782.62	9,847.94	Net Assets	149.71	201.90	2,365.54	2,558.23	Total Borrowings	2,286.28	1,809.51	4,450.93	5,178.96	Total Revenue	1,100.70	4,091.31	42,887.35	11,276.10	Profit After Tax	-180.17	52.20	554.46	192.57
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Promoter & Promoter Group	1,50,20,852	100.00%																																			
Public	-	-																																			
Promoter of the Company																																					
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Competitive Strengths																																					
<ol style="list-style-type: none"> 1. Experienced Management Team. 2. Quality Control and Quality Assurance. 3. Diversified business model and customer base. 4. Scalable Business Model. 																																					

Company Background and Analysis

Incorporated in 2018, Rajgor Castor Derivatives Limited has decent track record of existence in the industry.

Prior to December 2021, company was engaged in the business of trading of agro commodity. However, from January, 2022 current promoters along with their family members (collectively referred to as Rajgor family) purchased entire stake of M/s. Mangalam Global Enterprise Limited, consisting of 60,109 equity shares, in the issuer company. Since then, Rajgor family has been actively managing the business of manufacturing of Castor Oil, Castor Oil cake, High Protein Oil cake in the Castor Plant - Harij along with trading of agro-commodity which amounts to very small portion of revenue from operation in current financial year.

Rajgor Castor Derivatives Limited has commenced manufacturing of Refined Castor Oil First Stage Grade (F.S.G.), Castor De-Oiled Cake and High Protein Castor De-Oiled Cake for the domestic market. Company is currently operating on a B2B business Model and offers its customers Castor Oil and its derivatives.

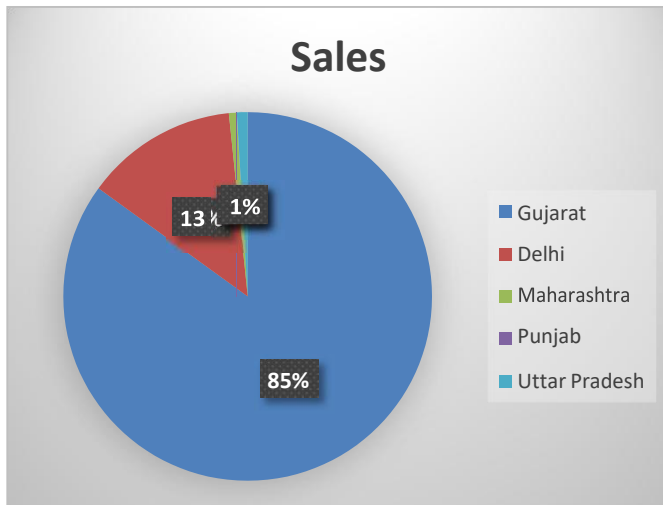
The following table sets forth certain information on the Revenue from Operations contributed by Company's business segments, for the periods indicated:

(Rs. In Lacs)

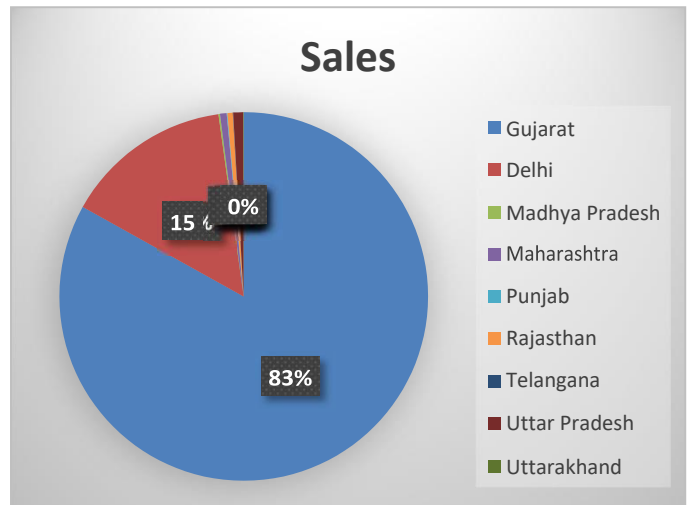
Particulars	Jun-23		Mar-23		Mar-22		Mar-21	
	Amt	(%)	Amt	(%)	Amt	(%)	Amt	(%)
Revenue from Trading	413.88	3.67	856.53	2.00	3,820.22	96.29	849.30	87.14
Revenue from Manufacturing	10,855.28	96.32	42,006.31	97.97	-	0.00	-	0.00
Other operating revenue	0.72	0.01	15.21	0.04	146.99	3.71	125.36	12.86
Total	11,269.88	100.00	42,878.05	100.00	3,967.21	100.00	974.66	100.00

Company has marked its presence in domestic markets. Company supply products in states such as Gujarat, Delhi, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Telangana, Uttar Pradesh and Uttarakhand. State Wise Revenue Bifurcation for Sale of Product is given below: -

For the year ended June 30, 2023



For the year ended March 31, 2023



Castor oil has multiple industrial applications and is extensively demanded in Lubricants, Paints, Pharmaceuticals, Cable insulators, Sealants, Inks, Rubber and Textiles etc. It is also used to relief Constipation, Eyelashes grow, Hair grow, Skin moisturiser and to improve immunity function. It is also used for applying on food grains to protect from the insects / fungus. Castor De-Oil Cake is fertilizer consisting of high content of Nitrogen, Phosphoric Acid, Potash and moisture retention and it is also an organic fertilizer which can be used as alternatives to chemical fertilizer.

As on the date of Red Herring Prospectus, company manufactures Castor Oil, Castor Seed, Castor Oil cake, High Protein Oil cake at its manufacturing units situated at Harij, Gujarat.

To conclude, product manufactured by the company has verity of usage in different industries. With the company's aim to grow its operations on PAN India basis and make a brand as a distinguished name in industry, company has good prospect in the future.

Business Strategies

1. Increase Global Presence through Exports.

In order to cater increasing demands for Castor oil and to capitalize on the opportunities in the international market, Company has decided to foray into export operations. Company's growth strategy for exports will vary from country to country.

2. Leveraging on market skills and relationship.

Leveraging on market skills and relationships is a continuous process in an organization and the skills that company imparts in its people give importance to customers. Company aims to do this by leveraging on marketing skills and relationships and further enhancing customer satisfaction.

3. Improving functional efficiency through technology enhancements.

Company intends to improve efficiency to achieve cost reductions, and which will give it a competitive edge over its peers. Company believes that this can be achieved through detailed analysis of the processes and continuous process improvement along with keeping pace with technology development.

4. Brand image.

Company is highly conscious about its brand image and intends to continue brand building exercise by providing excellent services to the satisfaction of the customers.

Competitive Scenario and Peer Mapping

Competition

Company operates in the sector which faces competition from domestic as well as international players. Competition emerges from both organized and unorganized sector. The major players in Castor Oil market include Gokul Overseas, Jayant Agro Organics, Adani Group, etc. The primary competitive factors consist of quality, price, size of product portfolio and customer service. Relatively there are very less barriers to entry in this industry.

Peer Analysis

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

Particulars	Rajgor Castor Derivatives Limited	Jayant Agro Organics Limited
	31st Mar 2021	31st Mar 2021
Net Profit Margin	-18%	5%
EBITDA Margin	-1%	9%
Return on Capital Employed	-14%	14%
Return on Equity	-120%	11%
EPS (INR)	-21.84	11.20

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

Particulars	Rajgor Castor Derivatives Limited	Jayant Agro Organics Limited
	31st Mar 2022	31st Mar 2022
Net Profit Margin	1%	7%
EBITDA Margin	7%	11%
Return on Capital Employed	16%	25%
Return on Equity	26%	20%
EPS (INR)	6.33	25.67

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

Particulars	Rajgor Castor Derivatives Limited	Jayant Agro Organics Limited
	31st Mar 2023	31st Mar 2023
Net Profit Margin	1%	4%
EBITDA Margin	3%	6%
Return on Capital Employed	34%	13%
Return on Equity	23%	10%
EPS (INR)	30.06	14.02

Financial Snapshot

Profit and Loss Statement	(In Lacs.)			
Particulars	FY 21	FY 22	FY 23	Jun-23
Revenue from Operations	974.66	3,967.21	42,878.06	11,269.88
Other Income	126.04	124.10	9.29	6.22
Total Income	1,100.70	4,091.31	42,887.35	11,276.10
Expenses				
Cost of Materials Consumed	- 975.66	-	38,962.46	10,407.12
Purchases of stock-in-trade	-9.96	4,960.20	1,637.79	373.05
Changes in inventories	10.71	-1,278.98	-73.47	-238.70
Employee benefit expense	230.50	7.78	142.19	37.91
Finance costs	135.13	224.10	154.92	129.92
Depreciation and Amortization expense	10.62	137.10	140.43	35.66
Other expenses		9.01	1,057.24	262.06
Total Expenses	1,352.66	4,059.21	42,021.56	11,007.02
Earnings Before Interest, Taxes, Depreciation & Amortization	-12.37	269.20	1,151.85	428.44
EBITDA Margin	-1%	7%	3%	4%
Profit/(Loss) before exceptional items and tax	-251.96	32.10	865.79	269.08
Less: Exceptional Items	-	-	-	-
Profit/(Loss) before tax	-251.96	32.10	865.79	269.08
Tax Expense				
Current Tax MAT	-	5.01	152.74	75.01
Credit Deferred tax	-	-5.01	-107.39	-
	-71.79	-20.10	265.98	1.50
Total Tax Expense	-71.79	-20.10	311.33	76.51
Profit/(Loss) for the year	-180.17	52.20	554.46	192.57
Net Profit Margin	-16%	1.28%	1.29%	1.71%

Balance Sheet	(In Lacs)			
Particulars	FY 21	FY 22	FY 23	Jun-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
(a) Share Capital	11.78	11.78	214.58	214.58
(b) Reserves and surplus	137.93	190.12	2,150.96	2,343.65
Total Equity	149.71	201.90	2,365.54	2,558.23
2. Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	892.57	620.44	434.04	384.20
(ii) Other Financial Liabilities	10.38	-	-	-
(b) Provisions	1.17	-	1.91	2.76
(c) Deferred Tax Liabilities (Net)	-	-	162.73	164.28
(d) Other Non-Current Liabilities	7.34	-	-	-
Total Non-current liabilities	911.46	620.44	598.68	551.24
3. Current liabilities				
(a) Financial Liabilities				
(i) Short-term borrowings	1,393.71	1,189.07	4,016.89	4,794.76
(ii) Trade payables				
Due to MSME	-	-	-	-
Due to Others	10.23	90.49	535.22	1,483.91
(iii) Other Financial Liabilities	40.94	34.32	7.55	7.55

Balance Sheet	(In Lacs)			
(b) Other CurrentLiabilities	71.08	1,612.19	96.16	208.63
(c) Short-term provisions	1.34	5.01	162.59	243.61
Total Current liabilities	1,517.30	2,931.08	4,818.41	6,738.46
Total Liabilities	2,428.76	3,551.52	5,417.09	7,289.70
Total Equity and Liabilities	2,578.47	3,753.42	7,782.63	9,847.93
ASSETS				
1. Non-current assets				
(a) Property, Plantand Equipment	2,142.57	2,020.05	1,983.05	1,950.43
(b) Financial Assets				
(i) Investments	30.00	30.00	42.50	117.50
(ii) Others FinancialAssets	17.53	17.55	17.35	17.35
(c) Deferred tax assets (net)	83.15	103.25	-	-
(d) Other Non-CurrentAssets	1.38	0.14	37.54	37.52
Total Non-Current assets	2,274.63	2,170.99	2,080.44	2,122.80
2. Current assets				
(a) Inventories	20.06	1,299.04	1,929.32	3,069.80
(a) Trade receivables	4.40	18.14	1,431.73	1,622.01
(b) Cashand cashequivalents	44.66	68.52	36.27	150.57
(d) Current TaxAssets (Net)	62.87	66.46	153.46	154.61
(e) Other CurrentAssets	171.85	130.27	2,151.40	2,728.15
Total Current assets	303.84	1,582.43	5,702.18	7,725.14
Total Assets	2,578.47	3,753.42	7,782.62	9,847.94

Cash Flow Statement	(In Lacs)			
Particulars	FY 21	FY 22	FY 23	Jun-23
Net Cash Flow from Operating Activities	-89.08	734.01	-4,018.80	-412.12
Net Cash Flow from Investing Activities	-46.85	-10.08	-109.12	-71.81

Net Cash Flow from Financing Activities	167.35	-700.07	4,095.68	598.23
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Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Jun-23
<u>Per Share Data</u>				
Diluted EPS	-21.84	6.33	30.06	4.44
BV per share	0.63	0.84	9.89	32.93
<u>Operating Ratios</u>				
EBITDA Margins	-1.27%	6.79%	2.69%	3.80%
PAT Margins	-16.37%	1.28%	1.29%	1.71%
Inventory days	7.51	119.52	16.42	24.79
Debtor days	1.65	1.67	12.19	13.10
Creditor days	3.83	6.66	4.74	11.58
<u>Return Ratios</u>				
RoCE	-14%	16%	34%	13%
RoE	-120%	26%	23%	13%
<u>Valuation Ratios (x)</u>				
EV/EBITDA	-193.32	4.91	5.51	7.19
Market Cap / Sales	12.27	3.01	0.28	0.27
P/E	-2.29	7.90	1.66	11.27
Price to Book Value	79.87	59.23	5.06	1.52
<u>Solvency Ratios</u>				
Debt /Equity	15.27	5.89	1.70	0.58
Current Ratio	0.20	0.54	1.18	1.15
Quick Ratio	0.19	0.10	0.78	0.69
Asset Turnover	0.38	1.06	5.51	4.58
Interest Coverage Ratio	-0.64	0.59	6.53	12.09

Key Managerial Personnel

Brijeshkumar Vasantlal Rajgor, aged 31, is one of the Promoters and Managing Director of the company. He holds a degree of Bachelor of Business Administration. He is having an experience of more than 8 years in Trading and Manufacturing of Agro and related Businesses. His functional responsibility is to look after sales, purchase, plant, day-to-day operations, accounts, and finance department of the Company.

Vasantkumar Shankarlal Rajgor, aged 58, is one of the Promoters, and Executive Directors of the company. He holds a degree of Bachelor of Rural Studies. He has completed his B.Ed and also completed a Certificate Course in Computing. He is having an experience of more than 8 years in Trading and Manufacturing of Agro and related Businesses. His functional responsibility is to look after the organization's development, strategic policies, plant, and operations of the Company.

Maheshkumar Shankarlal Rajgor, aged 51, is one of the Promoters, Chairman, and Non-Executive Director of the company. He has completed his Higher Secondary. He is having an experience of more than 8 years in Trading and Manufacturing of Agro and related Businesses. His functional responsibility is to look after the management duties, daily operations of Business, sales, purchase, plant, operations, accounts, and finance department of the Company.

Nishit Dushyant Shah, aged 47, is the Independent Director of the company. He holds a degree Bachelor of Commerce and Master of Commerce and also holds a degree of Chartered Accountant from the Institute of Chartered Accountants of India. He does not have significant experience.

Shivangi Gajjar, aged 31, is the Independent Director of the company. She holds a degree of Bachelor of Business Administration, Master of Business Administration, and Bachelor of Laws (Special), and also holds a degree of Company Secretary from the Institute of Company Secretaries of India. She is having an experience of more than 8 years in Secretarial and Legal Compliances.

Analyst Details: Dr. Ravi Singh, Mobile: +919810313561, Email Id: info@drsfinvest.com

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