



IPO Note

Renol Polychem Limited

Recommendation: **AVOID**

Business - Renol Polychem Limited is engaged in the manufacturing of colour masterbatches, colour pigment, filler granule, anti-moisture powder, carbon noodles, superpack & onepack, impact modifier, processing AID and titanium dioxide.

Objects of the Issue -

Particulars	Amount
Capital Expenditure towards purchase of Machinery	Rs. 5.60 Cr.
Repayment of Borrowings	Rs. 1.00 Cr.
Working Capital Requirement	Rs. 15.15 Cr.
General Corporate Purposes	

Promoters Name -

Mr. Bhaveshbhai Mansukhbhai Harsoda and Mr. Naitik Bhaveshbhai Harsoda

Promoter Share Holding Pattern	
Pre Issue 99.99%	Post Issue 69.10%

Rationale for recommendation -

Renol Polychem Limited was incorporated on Apr-01, 2008 and has a moderate operating history. The company is transitioning from trading to manufacturing and offers a well-diversified product portfolio. It holds an order book of Rs. 582.14 lakhs as on May-31, 2025 with capacity utilization around 90% in key machines. Revenue is majorly driven by the PVC Pipe Manufacturing Industry, contributing 65.53% as of May-25. However, it has high geographic concentration in Gujarat, with ~96% revenue share in FY25. Revenue grew by 25.43% in FY24 and 19.20% in FY25, led by sales growth. EBITDA and PAT margins improved to 13.40% and 9.51% respectively, due to a reduction in material COGS. Return ratios (RoCE and RoE) have been volatile, showing a declining trend from FY24 to annualized FY26. The company reported negative operating cash flows in FY23 and FY25 due to working capital inefficiencies. Debt-to-equity improved from 1.98 in FY23 to 0.36 in May-25, while liquidity ratios also strengthened. Supplier concentration remains high, with no long-term contracts. Management is moderate with key observations on financial consistency. With a post-issue P/E of 12.18, the IPO appears fairly priced. We recommend to **AVOID** the IPO due to volatility in return ratios, raw material dependency, moderate management rating and financial stability.

IPO Details

Opening Date	Jul 31, 2025
Closing Date	Aug 04, 2025
Allotment Date	Aug 05, 2025
Listing Date	Aug 07, 2025
Stock Exchange	NSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹100 - ₹105
Issue Size	₹ 25.77 Cr.
Fresh Issue	₹ 25.77 Cr.
Offer for Sale	-
Application Amt	₹ 2,52,000 (2,400 shares)

KPIs (In Lakhs)

KPI's	FY 23	FY 24	FY 25	May-25*
Revenue	4,166.77	5,226.23	6,229.90	7,202.58
EBITDA	118.25	609.74	714.27	965.16
Net Profit	72.81	394.46	499.68	684.72
RoCE	26.61%	66.06%	51.99%	20.75%
ROE	26.90%	45.38%	37.48%	14.90%
P/E	105.00	13.94	11.54	12.18

*Annualized

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	9.10	8.62
BVPS	24.28	57.84
P/E	11.54	12.18
P/BV	4.32	1.82
Mkt Cap (In Cr)	57.65	83.41

*Annualized

Lead Managers -

Corporate Makers Capital Limited

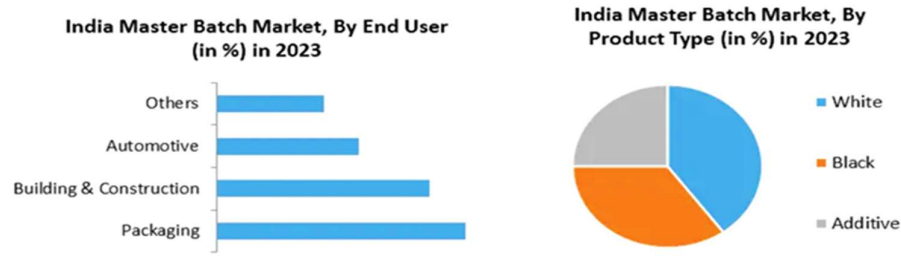
Registrar -

Skyline Financial Services Private Limited

Industry Overview –

India's Master Batch is a concentrated mixture of pigments, additives or modifiers that are used in plastic processing to impart color, enhance properties or improve processing characteristics. It is extensively used across various industries like packaging, automotive, construction and more to improve the performance and aesthetics of plastic products. The Master Batch Market in India has experienced substantial growth owing to the rising demand for plastic products in different sectors. It includes the production, distribution, consumption and trade of these masterbatch products, considering factors such as demand, supply chain dynamics and technological advancements. Western India leads the Master Batch Market in India. The region encompasses key industrial zones and harbors major manufacturing hubs.

Market Size - India Master Batch Market size was valued at USD 12.4 billion in 2023 and the total India Master Batch Market revenue is expected to grow at a CAGR of 4.8 % from 2024 to 2030, reaching nearly USD 17.22 billion.



Outlook - India's masterbatch market—used to impart color and functionality in plastics—is estimated at roughly USD 365 million in 2024, projected to grow at a CAGR of ~4.1–4.8% through 2030, reaching between USD 460 million and USD 573 million by 2032. Demand is being propelled by expanding packaging, automotive and construction sectors, along with rising adoption of sustainable and bio-based masterbatches. Major growth drivers include government initiatives like Make in India and infrastructure programs, while challenges like raw material price volatility and lack of standardization persist.

(source : RHP)

Business Overview -

Renol Polychem Limited is engaged in the manufacturing of colour masterbatches, colour pigment, filler granule, anti-moisture powder, carbon noodles, superpack & onepack, impact modifier, processing AID and titanium dioxide. The company also specializes in manufacturing of customized masterbatch and pigments to suit the specific requirements of customers/manufacturers. They also provide solutions such as all-in-one additive containing stabilisers, impact modifier, color pigments etc. to help the manufactures/ producers of UPVC, & CPVC pipes, pipe fittings and manufacturing of other plastic products. The company was originally incorporated as a Partnership Firm as Renol Enterprises on Apr-01, 2008.

Company's Traded Products – Carbon Powder, Tin Stabiliser, Waxes and Lubrication, Stearic Acid, Calcium Zinc Stabilizer, Zinc Stearate, Calcium Stearate, Anti-Oxidant, DOP, DBP, EPOXY, CPW, NBS, Optical Brightener and Calcium Powder

Order Book – The company has order book of Rs. 582.14 Lakhs as on May-31, 2025.

Bifurcation of PAT -

(Amt. in Lakhs)

Particulars	FY2023		FY2024		FY2025		May-25	
	Amt	%	Amt	%	Amt	%	Amt	%
PAT from Manufacturing Activities	51.24	70.37%	268.96	68.18%	412.73	82.60%	94.92	83.18%
PAT from Trading Activities	21.57	29.63%	125.50	31.82%	86.94	17.40%	19.20	16.82%
Total	72.81	100%	394.46	100%	499.67	100%	114.12	100%

- The company has well-diversified product portfolio across various categories and company expanded from trading of products to manufacturing of products.
- The company is well-diversified across customers reducing its customer concentration.
- The company's majority of revenue is contributed by PVC Pipe Manufacturing Industry, contributing 70.49%, 69.33%, 67.68% and 65.53 of revenue in FY23, FY24, FY25 and as of May-25 respectively.
- The company has capacity utilisation of around 90% in Filler Extruder Machine, Master Batch Extruder Machine and Master Batch Pulvrising Machine as of May-25.

Business Strategies -

- The company plans to expand clientele network by geographic expansion.
- The company aims to reduce operational costs and improve operating efficiencies.

FINANCIAL SNAPSHOT

Key Performance Indicators					Key Ratios				
(Amt in Lakhs)									
Particulars	FY23	FY24	FY25	May-25	Particulars	FY23	FY24	FY25	May-25*
P&L Statement					Per Share Data				
Total Income	4,185.74	5,254.38	6,256.23	1,201.74	Diluted EPS	1.00	7.53	9.10	8.62
Total Expenses	4,087.59	4,697.38	5,589.83	1,049.34	BV per share	-	15.83	24.28	57.84
EBITDA	118.25	609.74	714.27	160.86	Operating Ratios				
EBIT	115.40	591.61	699.91	158.97	EBITDA Margins	2.84%	11.67%	11.47%	13.40%
PBT	98.15	557.00	666.40	152.40	PAT Margins	1.75%	7.55%	8.02%	9.51%
Tax Expenses	-25.34	-162.54	-166.72	-38.28	Inventory days	27.27	48.47	54.45	46.24
Net Profit	72.81	394.46	499.68	114.12	Debtor days	42.09	43.43	52.68	50.25
Balance Sheet					Creditor days	16.06	17.47	7.37	15.19
Total Equity	270.63	869.30	1,333.20	1,447.31	Return Ratios				
Liabilities					RoCE	26.61%	66.06%	51.99%	20.75%
Non-Current Liabilities	163.00	26.26	13.09	10.79	RoE	26.90%	45.38%	37.48%	14.90%
Current Liabilities	593.90	653.77	994.49	1,128.38	Valuation Ratios (x)				
Total Liabilities	756.90	680.03	1,007.58	1,139.17	EV/EBITDA	6.72	1.68	2.42	0.32
Assets					Market Cap/Sales	-	1.10	0.93	1.16
Non-Current Assets	125.08	60.42	101.56	103.18	P/E	105.00	13.94	11.54	12.18
Current Assets	902.45	1,488.92	2,239.23	2,483.31	Price to Book Value	-	6.63	4.32	1.82
Total Assets	1,027.53	1,549.34	2,340.79	2,586.49	Solvency Ratios				
Cashflow Statement					Debt/Equity	1.98	0.30	0.52	0.11
Operating Cashflow	-111.04	162.12	-124.53	-111.04	Current Ratio	1.52	2.28	2.25	2.25
Investing Cashflow	1.64	-35.17	-40.10	1.64	Quick Ratio	1.00	1.22	1.32	1.32
Financing Cashflow	115.00	-37.65	359.94	115.00	Asset Turnover	4.06	3.37	2.66	3.08
					Interest Coverage	3.19	9.43	11.70	20.17

(*Annualized)

Financial Analysis -

- **Revenue from Operations** - The company's top line increased by 25.43% in FY24 and 19.20% in FY25, primarily attributed to increased sales.
- **EBITDA and PAT Margins** - The company's EBITDA margin has improved from 2.84% in FY23 to 13.40% as of May-25 and PAT margin from 1.75% to 9.51% over the same period, primarily contributed by decrease in material COGS as a percentage of revenue.
- **RoCE and RoE** - The company's return ratios have exhibited significant volatility, with RoCE rising sharply from 26.61% in FY23 to 66.06% in FY24, before declining to 51.99% and further to an annualized 20.75% in FY26. Similarly, RoE increased from 26.90% to 45.38%, then dropped to 37.48% and further to 14.90% over the same period, reflecting instability in the company's return profile.
- **Operating cashflow** - The company has negative operating cashflow in FY23, FY25 and as of Mar-25 indicating inefficiency in conversion of profits into cash due to inefficiency in working capital management.
- **D/E ratio** - The company's debt-to-equity ratio has been reduced from 1.98 in FY23 to 0.36 as of May-2025.
- The company's current and quick ratios have improved, indicating enhanced short-term liquidity and financial stability.

Outlook - The overall financials of the company appears moderate raising observations on stability and long-term sustainability of financials due to above mentioned observations and company's profits highly dependent on raw materials price fluctuations.

Lead Manager -

The lead manager of the issue is Corporate Makers Capital Limited. The lead manager has managed 3 IPO in last 3 years and all has opened in discount to its issue price on listing date.

Risk Factors -

- The company has under-utilization of capacity across mixture machine and carbon noodle extruder machine.
- The company's high dependence on raw materials raise risk of rising and fluctuating prices of raw materials.
- The company has high geographic concentration in Gujarat, contributing 55.48%, 58.53%, 96.01% and 96.29% of revenue in FY23, FY24, FY25 and as of May-25 respectively.
- The company has supplier concentration, top 10 suppliers contributing 84.83%, 74.88%, 61.52% and 73.51% of total purchases in FY23, FY24, FY25 and as of May-25 respectively. The company has not entered into any long-term supply agreements.

Key Management

- Mr. Bhaveshbhai Mansukhbhai Harsoda is the Managing Director of the company. He has more than 15 years of experience in the manufacturing and supply of Color Masterbatches, Industrial Chemicals, Plastic Masterbatches and Impact Modifiers.
- Mr. Naitik Bhaveshbhai Harsoda is the Director of the company. He has very limited experience of 1.6 years in sales, marketing and purchase.
- The Non-Executive and Independent Directors have moderate experience and are qualified in their respective fields.
- The company's Chief Financial Officer possess 10 years of experience in finance field and Company Secretary and Compliance Officer brings 4 years of limited experience in secretarial and compliance.
- Some of key personnel of the company have been appointed in last 1 year.

Outlook – The overall management of the company is moderate with some observations which needs to be highly noted.

Peer Analysis

Particulars	Renol Polychem Limited			Multibase India Limited			Captain Polyplast Limited			RM Drip and Sprinklers Systems Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	1.75%	7.55%	8.02%	12.76%	15.39%	19.09%	2.60%	5.83%	10.23%	0.22%	10.15%	18.20%
EBITDA Margin	2.84%	11.67%	11.47%	18.59%	22.25%	27.14%	8.73%	11.91%	16.86%	13.97%	16.64%	27.77%
RoCE	26.61%	66.06%	51.99%	10.38%	11.05%	24.53%	18.52%	29.24%	30.57%	6.03%	17.84%	33.71%
ROE	26.90%	45.38%	37.48%	7.78%	8.29%	18.67%	8.33%	18.63%	20.98%	0.24%	13.34%	30.01%
EPS (INR)	1.00	7.53	9.10	7.77	8.84	11.61	1.20	3.44	5.65	0.04	4.98	10.01
P/E	105.00	13.94	11.54	22.32	26.66	24.08	14.67	15.69	14.55	1150.00	27.91	42.76

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