

Neptune Petrochemicals Limited – Business Overview

Neptune Petrochemicals Limited is engaged in the manufacturing and trading of a wide range of bitumen products, including bitumen emulsions and allied petrochemical products. Their product portfolio includes:

- **Various grades of bitumen**
- **Modified bitumen such as:**
 - **Polymer Modified Bitumen (PMB)**
 - **Crumb Rubber Modified Bitumen (CRMB)**
- **Industrial oils and lubricants**

These products cater primarily to the construction and infrastructure sectors, specifically for road construction and industrial applications.

The company has been recognized as a significant player in the Indian bitumen market. As of calendar year 2024, it holds the distinction of being the top importer of packed bitumen (PKD) in India, underlining its prominent role in the supply chain of bitumen-related materials.

Additionally, the company operates manufacturing units across:

- **Ahmedabad, Gujarat**
- **Panipat, Haryana**
- **Changsari, Assam**

Industry in which company operates

Neptune Petrochemicals Limited operates within the Petrochemical Industry, specifically focusing on the manufacturing and trading of bitumen and related products. Their offerings include various grades of bitumen, polymer-modified bitumen (PMB), crumb rubber modified bitumen (CRMB), bitumen emulsions, base oils, and fuel oils. These

products are primarily utilized in the construction and infrastructure sectors, notably in road construction and maintenance.

In summary, Neptune Petrochemicals Limited is a key player in the petrochemical sector, supplying essential materials for infrastructure development and industrial applications.

Company Financials in crores

Particulars	Dec 31, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations	614.32	667.73	707.82	81.16
Growth in Revenue from Operations (%)	-	-5.66%	772.10%	
Gross Profit	44.95	55.80	48.51	2.58
Gross Profit Margins	7.32%	8.36%	6.85%	3.18%
EBITDA	20.73	20.27	12.96	-0.07
EBITDA Margins	3.37%	3.04%	1.83%	-0.10%
PAT	19.46	20.81	10.39	0.68
PAT Margins	3.17%	3.12%	1.47%	0.84%
ROCE	55.97%	117.86%	170.40%	265.48%
CFOA	-11.42	16.14	-6.88	11.90

Comparison with peers:

Companies	Revenue	EBITDA Margins	PAT Margins	D/E Ratio	MCap	P/E
Neptune Petrochemicals (FY 2024)	667.73 Cr.	3.04%	3.12%	0.00	276.37 Cr.	13.28*
Agarwal Industrial Corporation (TTM)	2,399 Cr.	8%	4.83%	0.52	1,466 Cr.	12.70
Nexus Petro Industries (TTM)	238 Cr.	3%	1.26%	0.85	81.80 Cr.	23.50

Forward PE is 10.65 on the basis of FY 25 PAT.

IPO details:

IPO Details

- **Issue Size:** ₹73.20 crore (entirely fresh issue)
- **Price Band:** ₹115 – ₹122 per share
- **Face Value:** ₹10 per share
- **Lot Size:** 1,000 shares

Promoter Shareholding

- **Pre-Issue Promoter Holding:** 94.30%

- **Post-Issue Promoter Holding:** 69.33%
- **Post-Issue Public Holding:** 30.67%

Promoters

The company is promoted by:

- Mr. Pareshkumar Subodhchandra Shah
- Mrs. Riddhi Pareshkumar Shah
- Mr. Sanjaykumar Subodhchandra Shah

Utilization of IPO Proceeds

The funds raised from the IPO will be allocated as follows:

- **Working Capital Requirements:** ₹42 crore
- **Capital Expenditure for Office Space:** ₹14.74 crore
- **Installation of New Plant and Machinery:** ₹5.15 crore
- **General Corporate Purposes:** Remaining balance

Cons

1. Customer Concentration Risk

- **Revenue Dependence:** Top 10 customers contribute approximately 62.19% of total revenue, posing a risk if major clients are lost.

2. Pending Legal Proceedings

- **Litigation Risks:** Ongoing legal cases against the company and key personnel could impact reputation and operations.

3. Thin Margins Resembling a Trading Company

- While Neptune Petrochemicals is engaged in both manufacturing and trading, a significant portion of its revenue is derived from trading activities. As a result, its **EBITDA margins are relatively thin**, resembling those of a pure-play trading company rather than a value-added manufacturing enterprise.

Conclusion:

Neptune Petrochemicals Limited operates in a high-demand sector aligned with India's ongoing infrastructure and road development initiatives. The company boasts strong topline growth, commendable profitability metrics, and a well-established distribution network across India and neighboring countries. Its strategic expansion, low debt, and consistent earnings profile make it an attractive proposition for investors seeking exposure to the petrochemical and bitumen industry.

However, investors must remain cautious of certain red flags — such as high revenue concentration from a limited client base, environmental and operational risks, seasonal demand fluctuations, and most importantly, **trading-like margin profiles** which may not command high valuation multiples in the long run. Despite manufacturing capabilities, the current financial profile reflects low EBITDA margins, resembling that of a trading company more than a value-added producer.

