BUSINESS MODEL:

KP Green Engineering Limited operates primarily in two major business verticals:

1) Manufacturing of Fabricated and Galvanized Products: The company specializes in the fabrication and hot-dip galvanization of steel products according to customer specifications. Their product range includes lattice towers, structures for substations, solar module mounting structures, cable trays, beam crash barriers, galvanized earthing strips and flats, roofing channels, and more. They provide comprehensive solutions encompassing engineering, design, fabrication, galvanization, and deployment, thanks to their in-house fabrication and hot-dip galvanizing facilities.

2) Service Portfolio: KP Green Engineering Limited offers a variety of services including:

> Fault Rectification Services related to optical fiber cables for various telecom service providers. They offer operations and maintenance services that cover regular inspection, preventive maintenance, fault monitoring, and fault rectification to ensure the optimal performance of telecommunications networks.

> Galvanizing Job Work: They provide galvanizing services on a job work basis tailored to the requirements of their clients.

> Solar Installation Services: The company also engages in solar rooftop installation services, contributing to the adoption of renewable energy sources.

The revenue breakup of KP Green Engineering Limited (For the year ended 30/09/2023):

Product/Service	Revenue (₹ Lakhs)	Percentage of Total Revenue (%)
Lattice Tower and SubStation Structure	3,539.05	34.05%
Solar MMS Structure	4,540.38	43.69%
Cable Tray and Earthing Material	577.70	5.56%
Beam Crash Barrier	623.22	6.00%
Galvanizing Job Work	149.34	1.44%
Isolator	18.30	0.18%
FRT	142.41	1.37%
Rooftop Power Units and Others	242.00	2.33%
Others	560.83	5.40%

The geographical revenue breakup of KP Green Engineering Limited for the period ended on 30/09/2023:

The majority of KP Green Engineering Limited's revenue is generated from **Gujarat,** amounting to ₹10,295.78 lakhs, which constitutes 98.93% of the total revenue. This significant concentration in Gujarat underscores the company's strong presence and market dominance in this region.

OBJECTS OF THE ISSUE:

KP Green Engineering Limited plans to utilize the proceeds from the Initial Public Offering (IPO) for the following purposes:

To finance the setting up of a new manufacturing unit: The company aims to establish a new manufacturing plant at Matar Bharuch. This expansion is expected to significantly enhance their production capabilities and enable the introduction of new product lines such as high masts, floor gratings, pre-engineered buildings, and heavy fabrications.

To meet working capital requirements: A portion of the funds raised will be allocated towards meeting the company's working capital needs. This is crucial for maintaining smooth operations, ensuring timely completion of projects, and facilitating growth.

INDUSTRY ANALYSIS:

The industry analysis for KP Green Engineering Limited encompasses the sectors of infrastructure, energy (specifically renewable energy), and telecommunications, given the company's product and service offerings. These sectors are critical components of India's growth trajectory and are influenced by both domestic and international market dynamics, technological advancements, and government policies. Here’s a summary of the key aspects of the industry analysis:

Infrastructure Sector: The infrastructure sector in India is on a growth path, driven by increased government spending, public-private partnerships, and foreign direct investment. The government's focus on improving transportation, power, and urban infrastructure to support economic growth creates a substantial demand for fabricated and galvanized products, such as those offered by KP Green Engineering Limited.

Renewable Energy Sector: With global emphasis on sustainability and clean energy, India is aggressively pursuing renewable energy goals. The solar energy market, in particular, is expanding rapidly, driven by government initiatives like the National Solar Mission. This surge in solar energy projects generates a significant demand for solar module mounting structures and related services, positioning companies like KP Green Engineering Limited favorably in the market.

Telecommunications Sector: The telecommunications sector is witnessing exponential growth due to increasing digitalization, the rollout of 5G technology, and growing internet penetration across the country. The demand for robust telecommunications infrastructure, including optical fiber networks, necessitates services like fault rectification and maintenance, areas in which KP Green Engineering Limited is actively engaged.

Government Policies and Initiatives: Government initiatives aimed at boosting the infrastructure and renewable energy sectors, such as the Smart Cities Mission, Make in India, and various incentives for solar power development, play a pivotal role in shaping the industry landscape. These policies not only encourage domestic production but also attract investment, thereby fostering a conducive environment for companies operating in these sectors.

In conclusion, the industry analysis for KP Green Engineering Limited reveals a positive outlook across its operational sectors, buoyed by supportive government policies, growing demand for infrastructure and renewable energy, and technological advancements. The company's alignment with these sectors' growth trajectories, combined with its comprehensive offerings and strategic initiatives, positions it well to capitalize on the emerging opportunities.

RISKS IN THE BUSINESS:

Dependence on the Gujarat Market: A significant portion of the company's revenue is generated from Gujarat, making it susceptible to regional economic conditions and regulatory changes within the state.

The Company is dependent on a few numbers of customers for sales. Loss of any of this large customer may affect our revenues and profitability.

Negative Cash Flows: Company had negative cash flow from operating activity in recent financial year, details of which are given below. Sustained negative cash flow could adversely impact our business, financial condition and results of operations.

Losses in subsidiary Co.: Subsidiary named “KPzon Energia Private Limited” has incurred losses in Financial Year 2022-23 on audited basis.

Operational Risks: The company's ability to maintain profitability hinges on high levels of **capacity utilization**, efficient forecasting of customer demand, uninterrupted operations, and the availability of raw materials. Disruptions in any of these areas could lead to operational inefficiencies and impact financial performance.

Pending Litigations: The company has outlined certain pending litigation and contingent liabilities related to direct taxes for various assessment years (AY 2021-22, AY 2017-18, AY 2016-17, and AY 2015-16), which indicate disputes with tax authorities but do not directly imply non-compliance with filing requirements. The contingent liabilities section mentions demands and interests disputed by the company, which are pending resolution .

FINANCIAL ANALYSIS:

Particulars	**For the period ended 30/09/2023**	**For the year ended 31/03/2023**
Revenue (In lakhs)	10,393.23	11,420.89
EBITDA margin	17.32%	18.90%
NP Margin	10.84%	10.85%
D/E Ratio	1.11	0.54
Interest Coverage Ratio	8.76	5.79
Current Ratio	1.48	1.19

PEER ANALYSIS:

Name of Co.	P/E ratio	EPS	ROCE	EBITDA Margin	D/E
KP GREEN ENGINEERING LTD.	32	6.28	36.80%	17.32%	1.11
Salasar Techno Engineering Ltd	63	0.32	14.30%	9.37%	0.83
Skipper Ltd	40.10	6.34	11.90%	10%	0.91

CONCLUSION:

1) KP Green Engineering Limited's revenue generation being predominantly concentrated in Gujarat presents a critical risk factor, as it exposes the company to regional economic fluctuations and regulatory changes within a single geographic location, potentially limiting diversification and growth opportunities in other markets.
2) Company is a debt ridden company however margins are good to cover Interest cost.
3) Based on the provided PE ratio, it appears that the company is valued more attractively in comparison to its peers.
4) Company ROCE and EBITDA margin is also better than peers in the listed market.