



IPO Details	
Opening Date	September 21, 2023
Closing Date	September 25, 2023
Stock Exchange	NSE SME
Lot Size	1600 Shares
Issue Price	₹71 to ₹75 per share
Issue Size	Aggregating up to 44.93 Cr.
Fresh Issue	Aggregating up to 7.88 Cr.
Application Amount (@ upper band for retail Investors)	₹ 1,20,000

IPO Objective	
1.	Setting up of new Manufacturing Unit at Maharashtra.
2.	To Meet Working Capital Requirements .
3.	General Corporate Purpose.
4.	To meet Public Issue Expenses.

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	1,90,00,000	100.00%
Public	-	0.00%

Promoter of the Company	
1.	M/s. RNG Finlease Private Limited
2.	Amitkumar Hasmukhrai Bhalodi
3.	Dr. Shaileshkumar Vallabhdas Makadia
4.	Krupa Chetankumar Dethariya
5.	Radhika Amitkumar Bhalodi
6.	Shriyakumari Shaileshkumar Makadia
7.	Koosh Chetanbhai Dethariya

Competitive Strengths	
1.	Experienced Promoter and Management Team.
2.	Strategic Location of Manufacturing Facilities.
3.	Innovative Technology.
4.	Quality assurance.
5.	Permanent Demand and Wide Application of Product.

Company Background	
○	Hi-Green Carbon Limited was incorporated in the year 2011 and has its registered office in Rajkot, Gujarat.
○	The Company is engaged in the business of waste tyres recycling.
○	Company's manufacturing plant operates on continuous pyrolysis process. It is an uninterrupted working method with continuous feeding and discharging system controlled by the Supervisory control and data acquisition (SCADA).
○	Company's major products are Recovered Carbon Black (rCB) and Steel Wires under Raw Material Category, Fuel Oil and Synthesis Gas under Energy components category.
○	As on 31 st March 2023, the company had 32 employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 143	₹ 187

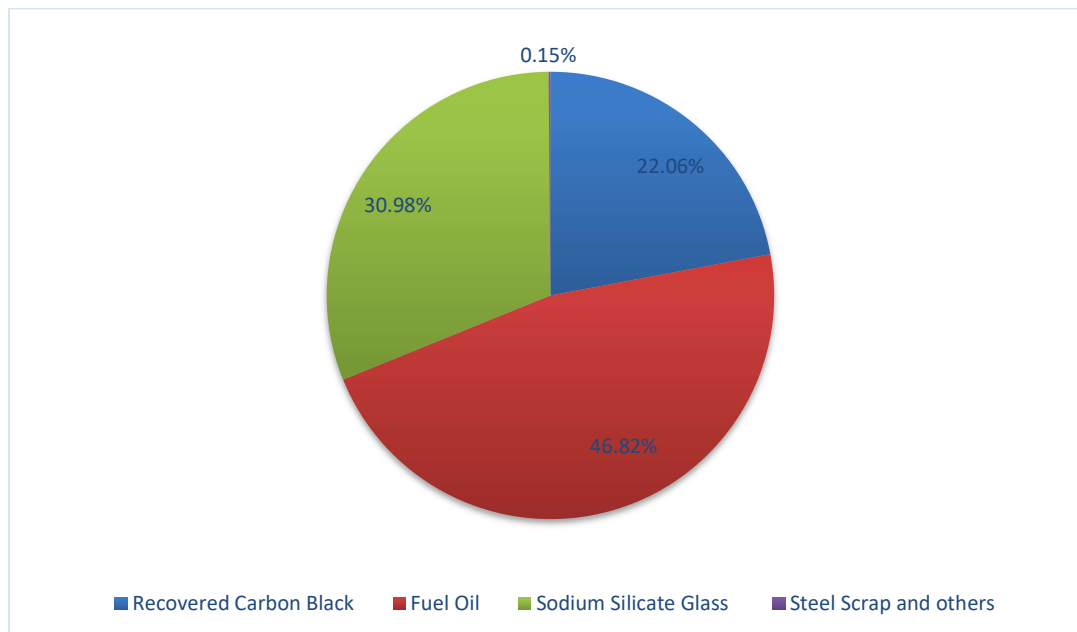
Financial Summary (In Lacs.)			
For the Period Ended	Mar-21	Mar-22	Mar-23
Total Assets	3,310.92	3,424.36	4,387.82
Net Assets	806.28	1,174.23	2,259.02
Total Borrowings	1,783.10	1,586.70	1,362.19
Total Revenue	2,429.39	5,113.95	7,903.90
Profit After Tax	9.58	367.95	1,078.93

Tentative Timeline	
Opening Date	September 21, 2023
Closing Date	September 25, 2023
Basis of Allotment	September 28, 2023
Initiation of Refunds	September 29, 2023
Credit of Shares to Demat	October 03, 2023
Listing Date	October 04, 2023

Company Background and Analysis

Hi-Green Carbon Ltd incorporated in 2011, company has a decent experience in the industry that it operates in. Company is engaged in the business of waste tyres recycling. Company's manufacturing plant operates on continuous pyrolysis process. It is an uninterrupted working method with continuous feeding and discharging system controlled by the program logic controller system. The process is fully automatic and requires almost no human intervention. Following continuous pyrolysis, company process the end-of-life tyres (ELTs) pieces to produce energy components and raw materials. Company's major products are Recovered Carbon Black (rCB) and Steel Wires under Raw Material Category, Fuel Oil and Synthesis Gas under Energy components category. The following chart shows the percentage of its revenue company derives from each of its major product.

Product Wise Revenue Bifurcation



Company sells its products both domestically and internationally. In India company sells its products across 13 states such as Himachal Pradesh, Punjab, Haryana, Rajasthan, UP, Gujarat, Maharashtra etc., out of which Rajasthan contributes the most towards the revenue i.e., 79.73% in 2023 fiscal. Further domestic vs international wise revenue bifurcation is given below: -

(Rs. In Lakhs)

Particulars	Mar-23		Mar-22		Mar-21	
	Amt	(%)	Amt	(%)	Amt	(%)
Domestic Sale	7,535.52	95.96	4,899.67	95.87	2,370.08	97.65
International Sale	316.89	4.04	211.03	4.13	57.01	2.35
Total	7,852.41	100.00	5,110.70	100.00	2,427.09	100.00

The company has modern, Supervisory Control and Data Acquisition (SCADA) operated in integrated recycling plant at its manufacturing plant situated in Rajasthan. This production facility at Rajasthan is installed with capacity of recycling of 100 MT waste tyres per day. The company is proposing a new manufacturing plant in Dhule district of Maharashtra, with capacity of recycling of 100 MT waste tyres per day. Company has already acquired land admeasuring 21,500 sq. meters for the said purpose. The said expansion will add to the company's existing tyre processing capacity.

To conclude, the company operates in business segment with good prospect and the company have also shown a good growth in revenue.

Business Strategies

1. Leveraging on its market skills and relationship.

Leveraging its market skills and relationships is a continuous process in an organization and the skills that company imparts in its people is by giving importance to customers. Company aims to do this by leveraging its manufacturing as well as marketing skills and its industry relationships.

2. Continue Improvement in Operational Efficiency.

Optimization and reduction of costs remains the key focus area and company continues to work towards attaining cost efficiencies, whether it be in supply chain management or during the production process. Company's core team also focuses on the refinement of its manufacturing processes, aimed at improved yield and efficiency, by optimizing and modifications of various parameters. Company also proposes to develop eco-friendly and cost-effective production processes.

3. Customer Centric Approach.

The approach of the Company is customer-centric and always strives to maintain a good relationship with its customers. Leveraging on its market skills and decades of relationships with customers is a continuous process in an organization and the skills that company imparts in its people by giving importance to customers. Company aims to do this by enhancing customer satisfaction.

Competitive Scenario and Peer Mapping

Competition

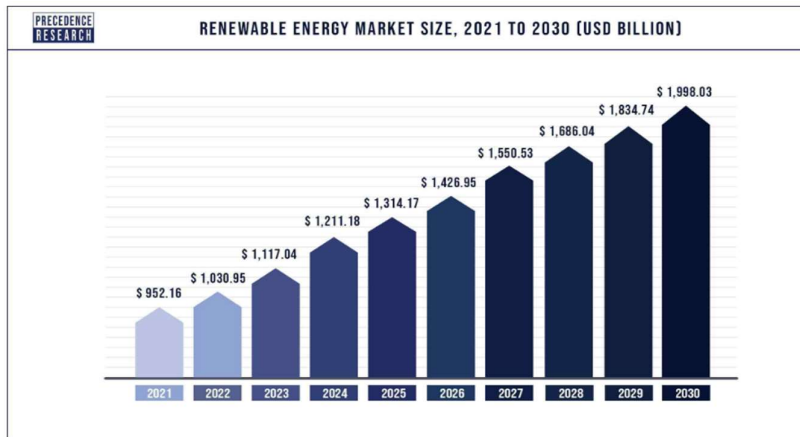
The company operates in a highly competitive market and there are numbers of unorganized players. Price is the main factor in most cases for company's client making decision to have its products. Competition emerges not only from small but also from big Regional and National and International players. There is relatively less barrier to entry. The bargain power of the company is high.

Peer Analysis

As per the offer document, there is no listed competitor for the company.

Industry Overview

Exhibit 1: Global Renewable Energy Market



(Source: precedenceresearch.com)

Exhibit 2: Installed Renewable Energy¹ Capacity (GW) in India – FY23

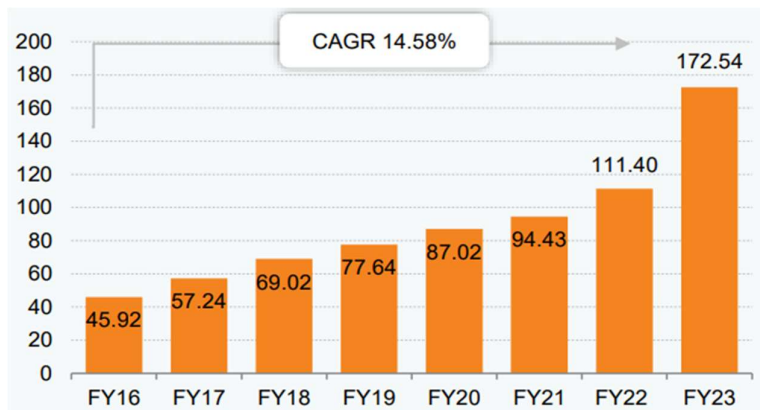
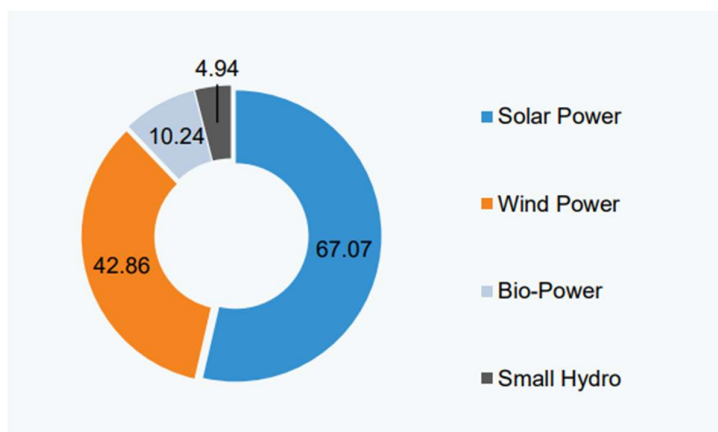


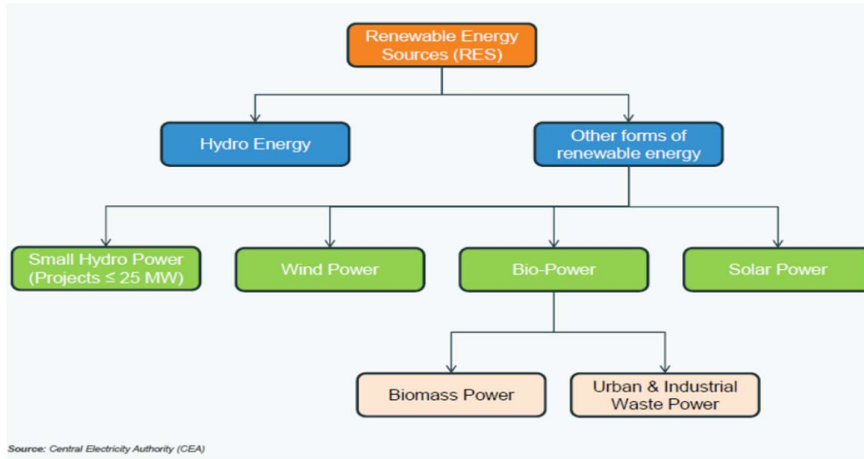
Exhibit 3: Installed Renewable Capacity Breakup (GW) in India – April 2023



(Source: ibef.org)

Renewable Energy Industry

Renewable Energy Sources



Government Policies

Clean Energy Innovation

- In November 2022, India and Sweden entered into an India-Sweden Green Transition Partnership to support the exchange of knowledge in the energy space.
- In June 2021, India launched the Mission Innovation CleanTech Exchange, a global initiative that will create a whole network of incubators across member countries to accelerate clean energy innovation

Renewable Purchase Obligations (RPOs)

- RPO's are a mechanism by which state electricity commissions are obliged to purchase certain percentage of power from renewable energy sources
- Also, floor prices of the RPO have been set to provide certainty to companies. The floor price has been set at US\$ 144 per MW.

Increasing investments, FDI inflows and M&As

India's liberal foreign investment policy permits 100% FDI in the renewable energy sector. The International Renewable Energy Agency (IRENA), in partnership with the Indian G20 Presidency, launched a new report on how low-cost finance can accelerate the energy transition. In February 2023, IREDA announced to establish an office in Gujarat's GIFT city to finance renewable energy projects in foreign currency. Ayana Renewable Power Pvt Ltd (Ayana) announced plans to set up renewable energy projects totaling 2 gigawatts (GWs) with an investment of Rs. 12,000 crore (US\$ 1.53 billion) in Karnataka. In February 2022, Husk Power Systems, a renewable energy company working towards rural electrification, secured a US\$ 4.2 million loan from the Indian Renewable Energy Development Agency (IREDA). In February 2022, Virescent Renewable Energy Trust (VRET), a renewable energy infrastructure investment trust, raised US\$ 87 billion through a domestic bond issuance.

(Source: prospectus)



Key Managerial Personnel

Amitkumar Hasmukhrai Bhalodi, aged 39 years, is Managing Director cum CFO and Promoter of the Company. He holds the Degree of Company Secretary from Institute of Company Secretaries of India. He was appointed as a NonExecutive Director of the Company since incorporation. He is having more than 15 years in the field of Corporate, Finance, Business Management, Manufacturing of Carbon Products, Renewable Energy Equipment, Spices and Foods products. He manages Commercial Activities, Sales, Purchase, Marketing & Finance etc. of the company.

Dr. Shaileshkumar Vallabhdas Makadia, aged 54 years, is the Chairman, Non-Executive Director and Promoter of the Company. He holds the Degree of Bachelor of Veterinary Science and Animal Husbandry from Gujarat Agricultural University. He was appointed as an Executive Director of the Company w.e.f. September 16, 2011. He has an Experience of more than 19 years in the field of Biomass Briquetting, Renewable Energy, Food Processing and Recovered Carbon Black & Waste Recycling process. He manages the Finance, Production, Marketing, and overall management of Radhe Group of Company since inception and also manage Technical Research and Developments of the company.

Nirmalkumar Karshandas Sutaria, aged 52 years, is the Whole Time Director and Promoter of the Company. He has completed Bachelor of Commerce from Saurashtra University. He was appointed as Non-Executive Director w.e.f. March 30, 2012. He is having an overall experience of 19 years in the wholesale trading and more than 11 Years of experience of Waste Recycling and Recovering Carbon Black. He manages Factory operations and production department of the company.

Krupa Chetankumar Dethariya, aged 43 years, is the Non-Executive Director and Promoter of the Company. She has completed Bachelor of Business Administration from Saurashtra University. She was appointed as Non-Executive Director of the company w.e.f. February 14, 2023 liable to retire by rotation. She is having overall experience of 13 years in construction business as well as import and trading of Glass, Mirrors. Papers and Melamine. Also having experience of more than 5 years in Manufacturing of paper based Decorative Laminate Sheets.

Narendra Kantilal Patel, aged 52 years, is an Independent Director of the Company. He was appointed as an Independent Director of the Company for the term of 5 years w.e.f. April 01, 2023. He has an experience for more than 10 years in the field of uPVC Manufacturing.

Shaileshbhai Durlabhjibhai Sagpariya, aged 49 years is an Independent Director of the Company. He has completed Bachelor of Commerce form the Bhavnagar University. He was appointed as an Independent Director of the Company for the term of 5 years w.e.f. April 01, 2023. He has an experience of more than 20 years in the field of finance.

Prashar Kishorbhai Vyas, aged 34 years, is an Independent Director of the Company. He holds the Degree of Master of Technology in Mechanical Engineering with specialisation in Thermal Engineering from Nirma University. He was appointed as an Independent Director of the Company for the term of 5 years w.e.f. April 01, 2023. He is having an overall experience of 10 years as Business Development Manager.

To conclude, the promoters of the company have a good experience in the industry that company operates in, the remaining directors also have decent knowledge and experience in the different industry and in the fields which will help in the growth of the business.

Financial Snapshot

Profit and Loss Statement			
(In Lacs.)			
Particulars	FY 21	FY 22	FY 23
Revenue from Operations	2,427.09	5,110.69	7,852.41
Other Income	2.30	3.26	51.49
Total Income	2,429.39	5,113.95	7,903.90
Expenses			
Cost of Materials Consumed	1,978.89	3,092.77	4,876.50
Changes in inventories of Finished Goods, WIP and Traded Goods	-361.24	228.13	-117.41
Employee benefits expense	107.32	116.82	136.22
Finance costs	48.03	118.00	119.78
Depreciation and Amortization expense	297.19	303.83	312.47
Other expenses	346.00	787.60	963.09
Total Expenses	2,416.19	4,647.15	6,290.65
Earnings Before Interest, Taxes, Depreciation & Amortization	356.12	885.37	1,994.01
EBITDA Margin	15%	17%	25%
Profit/(Loss) before exceptional items and tax	13.20	466.80	1,613.25
Less: Exceptional Items	-	-	-
Profit/(Loss) before tax	13.20	466.80	1,613.25
Tax Expense			
Current Year	-	70.51	202.00
Earlier Year	-	-	2.92
Deferred tax	3.62	28.34	329.40
Total Tax Expense	3.62	98.85	534.32
Profit/(Loss) for the year	9.58	367.95	1,078.93
Net Profit Margin	0.39%	7%	14%

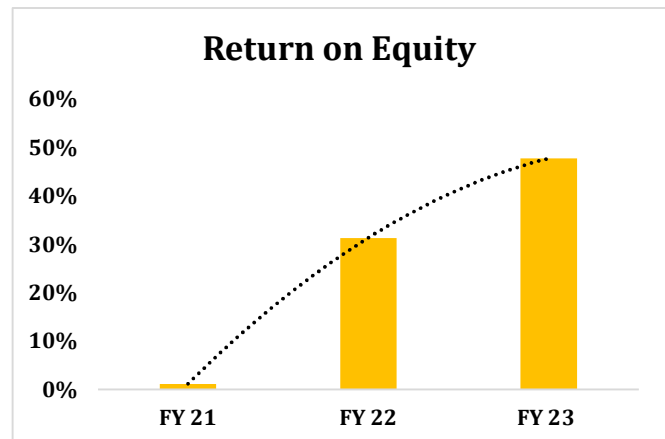
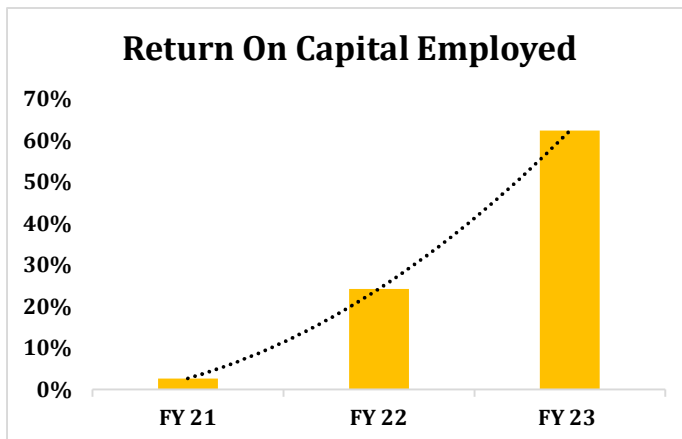
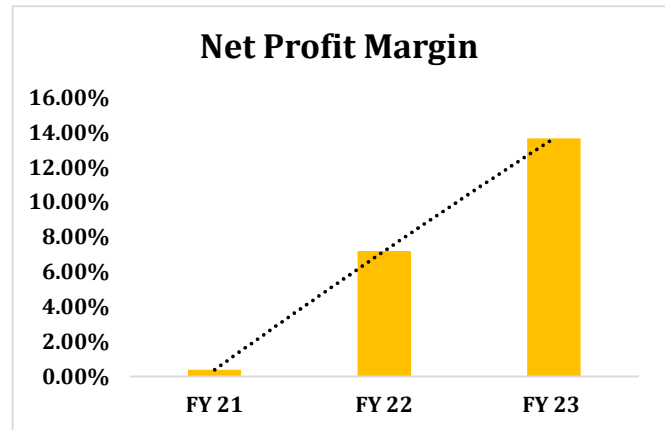
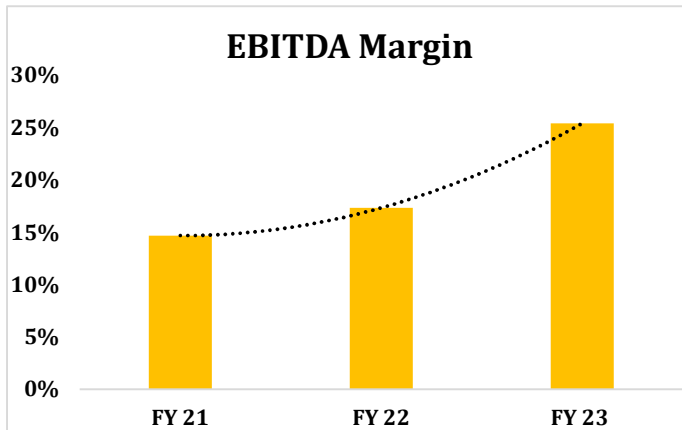
Balance Sheet			
(In Lacs)			
Particulars	FY 21	FY 22	FY 23
EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	1,900.00	1,900.00	1,900.00
(b) Reserves and surplus	(1,093.72)	(725.77)	359.02
Total Equity	806.28	1,174.23	2,259.02
2. Shares application money pending allotment	-	-	-
3. Non-current liabilities			
(a) Long-term borrowings	1,381.03	1,208.27	381.71
(b) Deferred Tax liability	-	-	37.99
(c) Long-term provisions	11.10	13.47	15.84
Total Non-current liabilities	1,392.13	1,221.74	435.54
4. Current liabilities			
(a) Short-term borrowings	402.07	378.43	980.48
(b) Trade payables			
(i) Due to MSME	-	426.38	426.73
(ii) Due to Others	703.42	56.32	10.01
(c) Other current liabilities	4.97	94.41	58.23
(d) Short-term provisions	2.04	72.86	217.80
Total Current liabilities	1,112.50	1,028.40	1,693.25
Total Liabilities	2,504.63	2,250.14	2,128.79

Balance Sheet			
			(In Lacs)
Total Equity and Liabilities	3,310.91	3,424.37	4,387.81
ASSETS			
1. Non-current assets			
(a) Property Plant & Equipment's and intangible assets			
(i) Tangible assets	1,557.38	1,667.25	1,797.68
(ii) Capital work in progress	49.52	-	187.27
(iii) Intangible Assets	0.14	0.13	0.10
(b) Non-current investments	0.20	0.20	0.20
(c) Deferred tax assets (net)	319.75	291.41	-
(d) Other Non-Current Assets	17.69	19.25	18.71
Total Non-Current assets	1,944.68	1,978.24	2,003.96
2. Current assets			
(a) Inventories	1,034.47	938.31	1,227.77
(b) Trade receivables	294.05	497.19	562.12
(c) Cash and cash equivalents	12.33	6.45	9.00
(d) Short-term loans and advances	1.00	-	576.77
(e) Other Current Assets	24.39	4.17	8.20
Total Current assets	1,366.24	1,446.12	2,383.86
Total Assets	3,310.92	3,424.36	4,387.82

Cash Flow Statement			
			(In Lacs)
Particulars	FY 21	FY 22	FY 23
Net Cash Flow from Operating Activities	-118.58	669.81	1,553.11
Net Cash Flow from Investing Activities	-123.30	-362.28	-629.51
Net Cash Flow from Financing Activities	233.63	-313.40	-921.05

Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	0.05	1.94	5.71
BV per share	3.23	4.70	9.04
Operating Ratios			
EBITDA Margins	15%	17%	25%
PAT Margins	0.39%	7%	14%
Inventory days	155.57	67.01	57.07
Debtor days	44.22	35.51	26.13
Creditor days	119.05	53.56	31.49
Return Ratios			
RoCE	3%	24%	62%
RoE	1%	31%	48%
Valuation Ratios (x)			
EV/EBITDA	7.24	3.11	1.81
Market Cap / Sales	7.72	3.67	2.39
P/E	1,500.00	38.66	13.13
Price to Book Value	23.25	15.96	8.30
Solvency Ratios			
Debt / Equity	2.21	1.35	0.60
Current Ratio	1.23	1.41	1.41
Quick Ratio	0.30	0.49	0.68
Asset Turnover	0.73	1.49	1.79
Interest Coverage Ratio	1.23	4.93	14.04

Financial Charts



Key Risk Factors

1. There are 14 outstanding legal proceedings amounting to Rs. 1099.15 lakhs involving Group Company. Any adverse decision in such proceedings may have a material adverse effect on business, results of operations and financial condition of Group Company.
2. The company have certain contingent liabilities amounting to Rs. 150.00 lakhs, which if they materialize, may adversely affect the business, financial condition, and results of operations.
3. The Company is dependent on few numbers of customers for sales i.e., top ten customers of the company for FY2022-23, FY 2021-22 and FY 2020-21 contributed for 63.87%, 57.91% and 53.63% respectively of its sales. Loss of any of this large customer may affect its revenues and profitability.
4. Company is highly depending on its major raw materials and a few key suppliers who help us procure the same i.e., top ten suppliers of the company for FY2022-23, FY 2021-22 and FY 2020-21 contributed for 96.88%, 97.94% and 99.15% respectively of its purchases. In the event company's inability to procure adequate amounts of raw materials, at competitive prices the company's business, results of operations and financial condition may be adversely affected.
5. Company have experienced negative cash flows in the past amounting to Rs. -118.58 lakhs. Any such negative cash flows in the future could affect business, results of operations and prospects.

Track Record of Lead Manager

The lead manager to the issue is Beeline Capital Advisors Private Limited. A table has been set below highlighting the details of the IPO of the 10 companies handled by the Lead Manager in recent times –

Beeline Capital Advisors Private Limited

Sr. No	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP* (INR)
1.	Vinsys IT Services Limited	49.84	128.00	Aug 11, 2023	275.85
2.	Shri Techtex Limited	45.14	61.00	Aug 04, 2023	86.55
3.	Ahasolar Technologies Limited	12.85	157.00	Jul 21, 2023	339.95
4.	Pentagon Rubber Limited	16.17	70.00	Jul 07, 2023	127.30
5.	Remus Pharmaceuticals Limited	47.69	1,229.00	May 29, 2023	4,390.00
6.	Sotac Pharmaceuticals Limited	33.30	111.00	Apr 13, 2023	122.00
7.	Dev Labtech Venture Limited	11.22	51.00	Mar 29, 2023	59.05
8.	Vertexplus Technologies Limited	14.20	96.00	Mar 15, 2023	228.05
9.	Viaz Tyres Limited	20.00	62.00	Mar 01, 2023	45.50
10.	Transvoy Logistics India Limited	5.11	71.00	Feb 02, 2023	75.01

As per the offer document Beeline Capital Advisors Private Limited have had 16 mandates in the last 3 fiscals. For Beeline Capital Advisors Private Limited out of the 10 mentioned above, 1 opened at par and 9 opened at premiums i.e., premium ranging from 0.004% to 85.71%.

*CMP for all the above-mentioned companies is taken as on 19th September 2023.



Recommendation

The company have experienced exponential growth with respect to the various financial indicators and improvement in the balance sheet position in the last three Fiscals, i.e., company has also seen an increase in its net worth.

The management outlook of the company is good, with a proper bifurcation of the roles and responsibilities of its top management.

The P/E on an annualised and Post IPO basis is around 17.37times which seems to be fully priced looking at the performance and size of the company.

The company has shown an exponential growth in its revenue, profits and its margin, which will be difficult to sustain going forward. Whereas, the business segment in which the company operates has good prospect as company operates in renewable energy segment and has no listed peer as mentioned in the offer document. At the given PE company is fully priced and a well-informed can **APPLY** for this IPO.



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