

IPO Details	
Opening Date	September 18, 2023
Closing Date	September 21, 2023
Stock Exchange	BSE SME
Lot Size	1600 Shares
Issue Price	₹ 86 per share
Issue Size	Aggregating up to 16.72 Cr.
Fresh Issue	Aggregating up to 16.72 Cr.
Application Amount (@ upper band for retail Investors)	₹ 1,37,600

IPO Objective	
1.	Investment in research and development (“R&D”) initiatives which includes hiring of experienced R&D resources and purchase of equipment to support R&D initiatives.
2.	Investment in office Premises.
3.	Refurbishment of new office premises and purchase of office equipment.
4.	Expansion of company’s execution and support service teams including hiring of resources with expertise in environmental consulting.
5.	Repayment of Bank facilities.
6.	General corporate purposes.

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	48,41,446	89.02%
Public	5,97,284	10.98%

Promoter of the Company	
1.	Ajay Ramakant Ojha
2.	Prasad Rangrao Pawar

Competitive Strengths	
1.	Robust Execution Capabilities.
2.	Across Multiple Sectors.
3.	Many Innovative Executions.
4.	Strong Team Experience.

Company Background	
○	Techknowgreen Solutions Ltd was incorporated in the year 2001 and has its registered office in Pune, Maharashtra.
○	The Company provides environmental consulting services.
○	The key offerings of the company include Consulting – Regulatory Sustainability, Technology – Execution Info Tech and Research – Policy Engineering.
○	Techknowgreen Solutions is one of the first companies in India providing environmental IT solutions through cutting-edge software applications and compliance solutions.
○	They Company’s client base includes government, semi government organization, MNCs, large companies, mid-size companies and MSMEs.
○	As on the date of Prospectus, the company had 74 employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹47	₹63

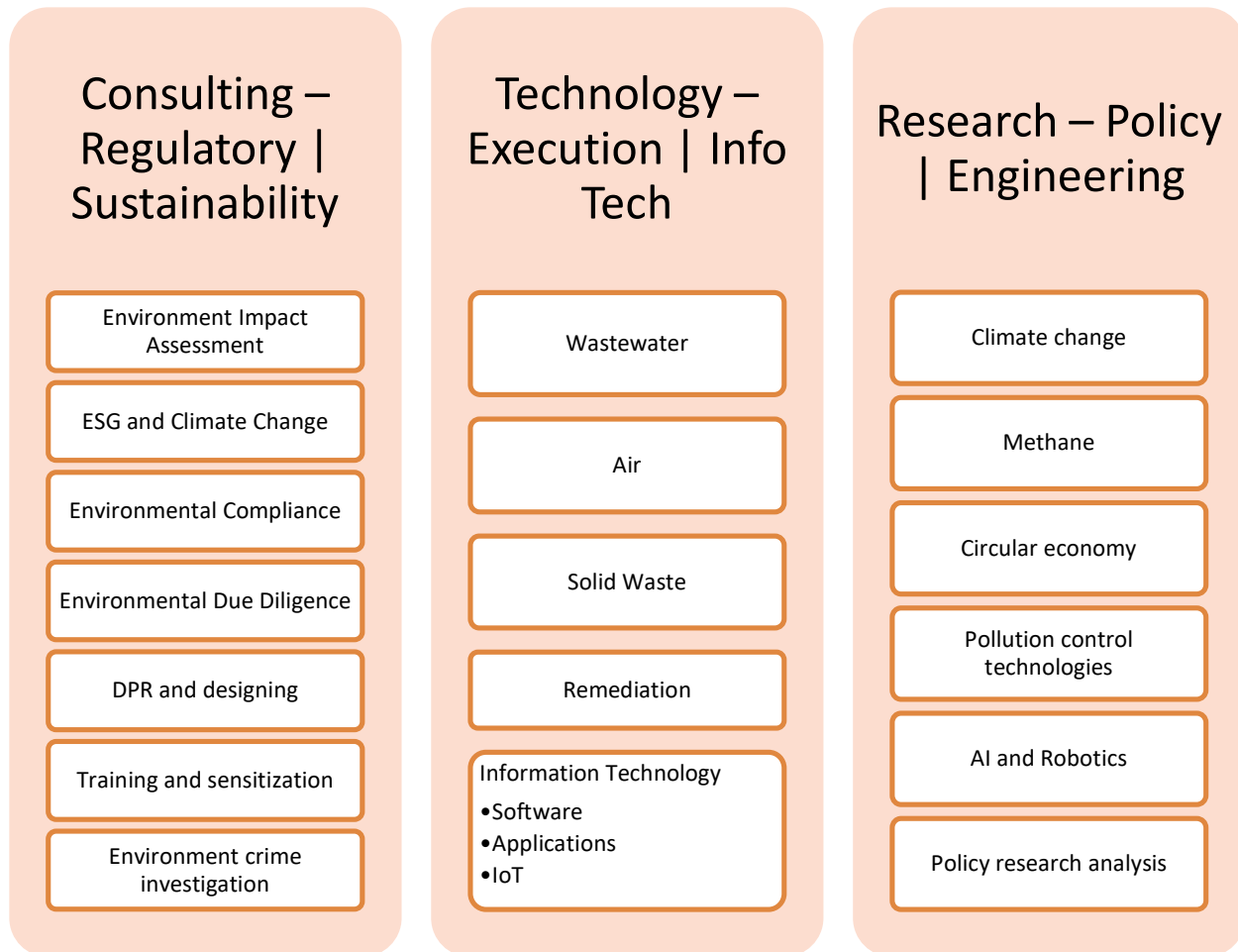
Financial Summary (In Lacs.)			
For the Period Ended	Mar-21	Mar-22	Mar-23
Total Assets	1,181.75	953.95	1,237.26
Net Assets	296.43	355.87	633.63
Total Borrowings	450.71	285.86	287.40
Total Revenue	785.27	999.10	1,486.29
Profit After Tax	37.16	108.17	451.38

Tentative Timeline	
Opening Date	September 18, 2023
Closing Date	September 21, 2023
Basis of Allotment	September 26, 2023
Initiation of Refunds	September 27, 2023
Credit of Shares to Demat	September 28, 2023
Listing Date	September 29, 2023

Company Background and Analysis

Techknowgreen Solutions Ltd is an environmental consulting company with 20+ years of experience, headquartered in Pune, India. Company's key offerings include Consulting – Regulatory | Sustainability, Technology – Execution | Info Tech and Research – Policy | Engineering. Techknowgreen Solutions is one of the first companies in India providing environmental IT solutions through cutting-edge software applications and compliance solutions. Company has diverse experience in handling complex projects across various industries like infrastructure, chemical, automobile, healthcare, manufacturing, real estate and national/state governments. Company's client base includes government, semi government organization, MNCs, large companies, mid-size companies and MSMEs.

Company has established itself in 3 verticals i.e., Consulting – Regulatory | Sustainability, Technology – Execution | Info Tech and Research – Policy | Engineering, all of them being part & parcel of the overall plan & strategy of growth & development of the company's footprint as well as expanse in near future. The special services of each of these sectors is provided in table below:



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. Focus on Big Ticket Projects.

- Cross-selling of Impact Assessment services with Environmental Clearance to realise 2-2.5x sales value
- Increased bidding on large government projects like carbon, neutrality, climate resilience & city planning (50% - 100% higher value assignments than normal consulting assignments)
- Focus on newer opportunities like data center environmental permits (higher ticket size).

2. Upgrade to a State- of-the-Art R&D Infrastructure.

- Strengthen in-house R&D team through resource addition & infrastructure expansion.
- Tie-ups with major IITs and Internationally acclaimed Universities.
- Empanelment of environmental professors and experts on board.

3. Focus on Annuity Business.

- Target 30-40% revenue from new and existing service offerings.
- Strengthening of environmental division in 12-18 months.
- Expand company's shared resources model for environmental compliance roles across existing clients.

4. Geographical Expansion Strategy.

- Bolstering presence in Kingdom of Saudi Arabia by creating on ground execution team in ~12 months and further expanding expertise to GCC market.
- Enter the highly lucrative US market in 12-18 months.

Competitive Scenario and Peer Mapping

Competition

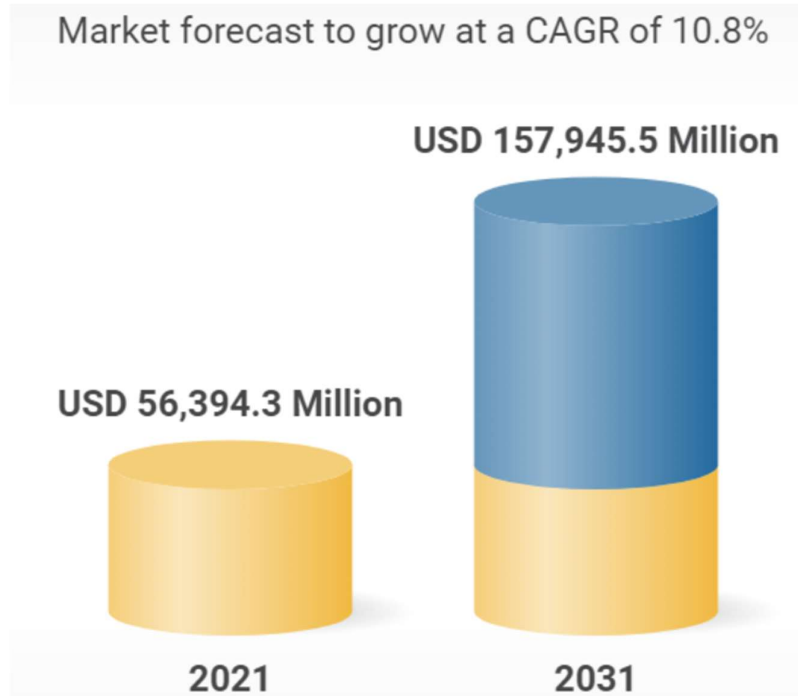
The company operates in a competitive industry that experiences rapid technological developments, and changes in customer requirements. Company faces competition including from large global consulting Firms like KPMG, E&Y, PWC and Deloitte. While service quality, brand value, execution capabilities, etc. are key factors in client's decision making, however, reliability and competitive pricing is the deciding factor in many cases. The upgradations in technologies are enabling new players to enter the market and provide innovative solutions at a lower cost, which can disrupt company's business.

Peer Analysis

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

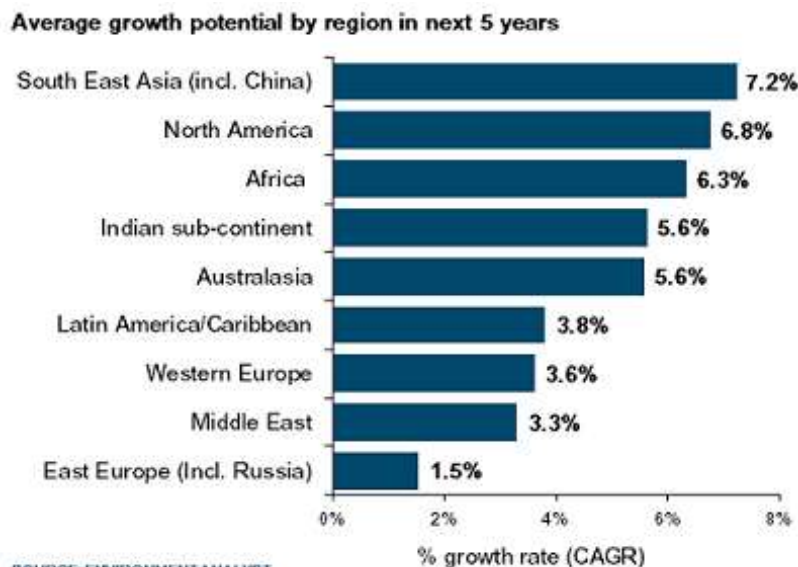
Industry Overview

Exhibit 1: Global Environmental Consulting Services Market



(Source: researchandmarkets.com)

Exhibit 2: Market Growth In Environmental Consulting Seen Worldwide



(Source: hazmatmag.com)

Environmental consulting Services Industry

Despite 30 years of global climate advocacy and diplomacy, the international system has struggled to make the required progress on climate change. The potential failure to address this existential global risk first entered the top rankings of the Global Risks Report over a decade ago, in 2011. Today, atmospheric levels of carbon dioxide, methane and nitrous oxide have all reached record highs. Emission trajectories make it very unlikely that global ambitions to limit warming to 1.5°C will be achieved. A Failure to mitigate climate change is ranked as one of the most severe threats in the short term but is the global risk we are seen to be the least prepared for, with 70% of GRPS respondents rating existing measures to prevent or prepare for climate change as “ineffective” or “highly ineffective”.

According to the Intergovernmental Panel on Climate Change (IPCC), the chance of breaching the 1.5°C target by as early as 2030 stands at 50%. Current commitments made by the G7 private sector suggest an increase of 2.7°C by mid-century, way above the goals outlined in the Paris Agreement.

Regulatory pressure as well as general public awareness and demand for more environmentally conscious companies means that businesses have to set increasingly ambitious goals when it comes to sustainability and the environment. In a lot of countries across the world, governments are starting to regulate this area, requiring that businesses take action to calculate their environmental impact and to take measures to reduce it. This brings into focus the role and expertise of Environmental Consultants and Environmental Consulting Firms.

Environmental consulting encompasses a huge scope of diverse work, from understanding regulatory requirements, to developing operational strategies, to the actual implementation of the strategy (something that varies hugely depending on the company and the operational changes). Environmental consulting is a highly specialized area that involves anything from financial modelling to climate engineering. An environmental consultant can be summed up as a professional who works to reduce the environmental impact of an organization's operations through the use of environmental data. Environmental consultants operate in a variety of different industries and may also go by the job title of environmental field consultant, environmental project manager, environmental audit consultant, environmental professional, or environmental analyst. In addition to the various different job titles given to the role, there are an equally wide range of sub-specialities that environmental consultants may choose to specialize in. For example: an environmental consultant may specialize in contaminated land assessment, energy, geotechnical investigations or engineering, environmental management systems, green claims, compliance, impact assessment, flood risk, carbon footprint management.

Environmental consulting helps to get the word out and raise awareness of environmental issues amongst businesses. Even where regulations exist requiring a company to take action, environmental consultant helps the company to develop and implement an attainable strategy. This encourages businesses to reconsider their relationship with the environment and educates those working in commercial environments on their impact.

(Source: prospectus)

Key Managerial Personnel

Ajay Ramakant Ojha, aged 46 years is the Promoter and Managing Director on the Board of the Company. He holds degree of Doctor of Philosophy (Science) in Chemistry, Masters of Environmental Science and Bachelors in Science from University of Mumbai. He was a member of strategic committee for Pollution reduction from two stroke 3wheeler engines constituted under the order of Hon'ble NGT through MPCB. He has been associated with the Company since inception and has over 23 years of experience in the industry. He primarily looks after the overall business operations of the Company including formulation of policies for the business development.

Prasad Rangrao Pawar, aged 45 years, is the Promoter, Executive Director & Chief Executive Officer of the Company. He holds a Master of Environmental Management Degree from Shivaji University, Kolhapur and Bachelors in Science from Pune University. He has been associated with the Company since inception. He has approximately 23 Years of experience in environmental industry. He is responsible for handling the Government Department & Authorities for permission regarding project related activities, makes decision for the company, do Technical & Financial Planning and Explore newer potentials for business, overall execution of the projects.

Aniket Vijay Kadam, aged 41 years, is the Executive Director and Chief Financial Officer of the Company. He holds a Bachelor of Engineering from University of Mumbai and completed his MBA – Retail Management & Marketing from Institute for Technology & Management, Navi Mumbai. He has more than 2 years of experience in the industry of Construction and Real Estate, etc. He has been associated with Knight Frank LLP as an Assistant Manager. He has been associated with the Company since inception. He is responsible for handling marketing and also looks after the finance and accounting matters of the Company.

Kuntal Jitendra Dave, aged 52 years, is the Non-Executive Independent Director on the Board of the Company. He is a qualified Chartered Accountant from ICAI and holds certificate of Practice. He has more than 25 years of experience post qualification in the field of Financial Management, Advisory on various statutes (viz. Income Tax Act, Companies Act, FEMA, SEBI). Valuation, Corporate Restructuring planning etc.

Vinayak Dattatraya Kelkar, aged 65 years, is the Non-Executive Independent Director on the Board of Company. He holds a degree of Master of Science in Botany from University of Poona, Master's Diploma in Business Administration from Institute of Management Development & Research, Poona and LLB from University of Poona. He has around 16 years of experience as a Lead corporate sustainability at Praj Industries Limited.

Ronita Ghosh, aged 42 years, is the Non-Executive Independent Director on the Board of the Company. She has completed MBA in Global Business & Sustainability (Social Entrepreneurship Track) from Tanzania University College, The Catholic University of Eastern Africa and Bachelors in Arts, (History Honours) from Delhi University.

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	780.73	987.33	1,483.85	
Other Income	4.54	11.77	2.44	
Total Income	785.27	999.10	1,486.29	
Expenses				
Direct Expense	385.40	88.08	95.93	
Purchase	52.62	572.50	225.96	
Changes in inventories of Finished goods, work-in-Progress	9.71	-24.85	-120.08	
Employee benefits expense	63.75	55.79	183.03	
Finance costs	61.54	50.17	24.29	
Depreciation and Amortization expense	3.95	3.96	5.08	
Other expenses	157.21	102.47	447.58	
Total Expenses	734.18	848.12	861.79	
Earnings Before Interest, Taxes, Depreciation & Amortization	112.04	193.34	651.43	
EBITDA Margin	14%	20%	44%	
Profit/(Loss) before exceptional items and tax	51.09	150.98	624.50	
Less: Exceptional Items	-	-	-	
Profit/(Loss) before tax	51.09	150.98	624.50	
Tax Expense				
Current Year	14.52	42.87	173.88	
Deferred tax	-0.59	-0.06	-0.76	
Total Tax Expense	13.93	42.81	173.12	
Profit/(Loss) for the year	37.16	108.17	451.38	
Net Profit Margin	5%	11%	30%	

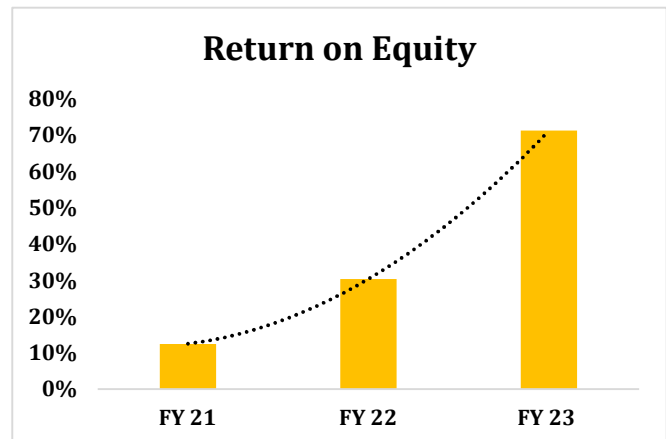
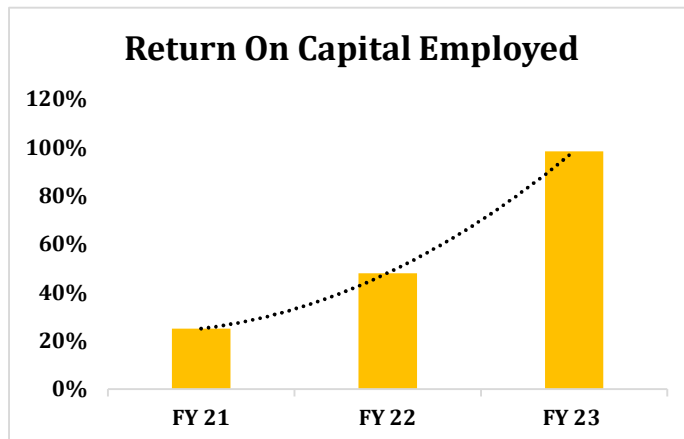
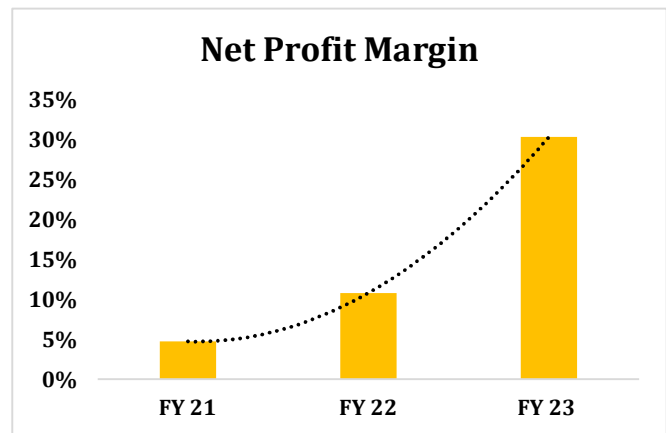
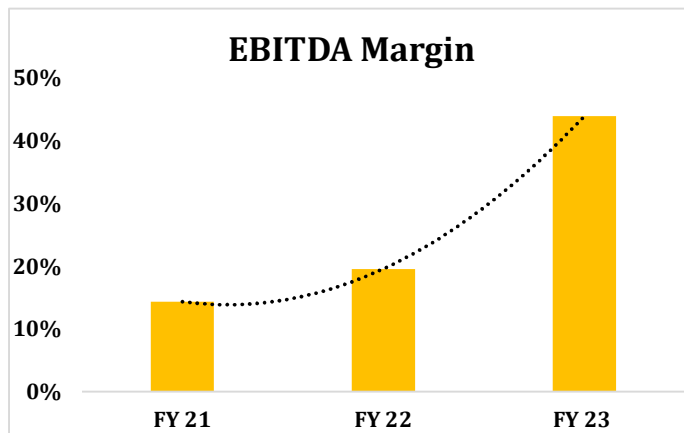
Balance Sheet		(In Lacs)		
Particulars	FY 21	FY 22	FY 23	
EQUITY AND LIABILITIES				
1. Shareholders' funds				
(a) Share Capital	509.63	509.63	509.63	
(b) Reserves and surplus	(213.20)	(153.76)	124.00	
Total Equity	296.43	355.87	633.63	
2. Shares application money pending allotment				
	-	-	-	
3. Non-current liabilities				
(a) Long-term borrowings	122.58	34.03	18.33	
(b) Long-term provisions	12.20	4.31	5.10	
Total Non-current liabilities	134.78	38.34	23.43	
4. Current liabilities				
(a) Short-term borrowings	328.13	251.83	269.07	
(b) Trade payables	332.96	61.14	69.66	
(c) Other current liabilities	66.04	82.08	17.54	
(d) Short-term provisions	23.41	164.69	223.93	
Total Current liabilities	750.54	559.74	580.20	
Total Liabilities	885.32	598.08	603.63	
Total Equity and Liabilities	1,181.75	953.95	1,237.26	

Balance Sheet				(In Lacs)
ASSETS				
1. Non-current assets				
(a) Property Plant & Equipment and intangible assets				
(i) PPE	8.83	6.38		17.98
(ii) Intangible assets	-	-		4.82
(b) Deferred tax assets (net)	2.15	2.22		2.97
(c) Other Non-Current Assets	272.63	197.45		215.43
Total Non-Current assets	283.61	206.05		241.20
2. Current assets				
(a) Inventories	237.92	262.76		382.84
(b) Trade receivables	315.26	306.11		334.12
(c) Cash and cash equivalents	141.62	8.81		58.93
(d) Short-term loans and advances	202.36	169.98		218.93
(e) Other Current Assets	0.98	0.23		1.23
Total Current assets	898.14	747.89		996.05
Total Assets	1,181.75	953.94		1,237.25

Cash Flow Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	
Net Cash Flow from Operating Activities	776.65	53.22	262.76	
Net Cash Flow from Investing Activities	3.83	0.49	-19.47	
Net Cash Flow from Financing Activities	-672.40	-186.53	-193.16	

Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	0.73	2.12	8.86
BV per share	4.02	4.82	8.58
Operating Ratios			
EBITDA Margins	14%	20%	44%
PAT Margins	5%	11%	30%
Inventory days	111.23	97.14	94.17
Debtor days	147.39	113.16	82.19
Creditor days	2,309.59	38.98	112.52
Return Ratios			
RoCE	25%	48%	98%
RoE	13%	30%	71%
Valuation Ratios (x)			
EV/EBITDA	5.40	3.27	1.32
Market Cap / Sales	8.13	6.43	4.28
P/E	117.81	40.57	9.71
Price to Book Value	21.42	17.84	10.02
Solvency Ratios			
Debt / Equity	1.52	0.80	0.45
Current Ratio	1.20	1.34	1.72
Quick Ratio	0.88	0.87	1.06
Asset Turnover	0.66	1.04	1.20
Interest Coverage Ratio	1.76	3.77	26.61

Financial Charts



Key Risk Factors

1. Company's dependence on its top 10 customers other than government has been increasing i.e., it has increased to 51.65%, 26.92%, and from 30.82% for the year ended March 31, 2023, 2022 and 2021 respectively. The loss of, or a significant reduction of one or more such customers could adversely affect the company's financial performance.
2. There are outstanding legal proceedings amounting to Rs. 558.82 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.

Track Record of Lead Manager

The lead manager to the issue is Indorient Financial Services Ltd. A table has been set below highlighting the details of the IPO of the 2 companies handled by the Lead Manager in recent times –

Indorient Financial Services Limited

Sr. No	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP* (INR)
1.	eMudhra Limited	412.79	256.00	Jun 01, 2022	467.10
2.	SecMark Consultancy Limited	15.04	135.00	Oct 01, 2020	81.50

As per the offer document Indorient Financial Services Ltd have had only 2 mandates in the last 3 fiscals, of which 1 has opened at discount and 1 at premium.

*CMP for all the above-mentioned companies is taken as on 14th September 2023.

Recommendation

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

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 14.07 times which seems to be fairly priced looking at the performance and size of the company.

The business segment in which the company operates has good prospect and the company has shown good growth in its revenue. Techknowgreen Solutions is one of the first companies in India providing environmental IT solutions, which will give company the first mover advantage in India. At the given PE company is fairly priced and one can **APPLY** for this IPO.

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