

IPO Details	
Opening Date	Dec 28, 2023
Closing Date	Jan 02, 2024
Stock Exchange	NSE SME
Lot Size	2,000 Shares
Issue Price	₹ 54 per share
Issue Size	Aggregating up to 15.93 Cr.
Fresh Issue	Aggregating up to 15.93 Cr.
Offer For Sale Application Amount	- ₹ 1,08,000

IPO Objective	
1.	Funding working capital requirements of the Company.
2.	General Corporate Purposes.

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	77,00,100	96.13%
Public	3,09,900	3.87%

Promoter of the Company	
1.	Lokendra Jain
2.	Shalini Jain

Competitive Strengths	
1.	Strong Order Book of supply, Erection and commissioning of EHV transmission lines, and sub-stations from public sector units.
2.	Strong execution capabilities with industry experience.
3.	Existing client relationship.
4.	Quality Assurance.
5.	Experienced management team.

Company Background	
○	Kay Cee Energy & Infra Limited was originally incorporated in the year 2015 and has its registered office Kota, Rajasthan.
○	The Company is an Engineering, Procurement and Construction (“EPC”) company providing specialized services of commissioning EHV Power transmission lines to various government authorities and private entities.
○	The Company undertake EPC projects for various government entities, including but not limited to Rajasthan Rajya Vidyut Prasaran Nigam Limited (“RRVPL”).
○	Company’s service portfolio includes handling, erection, testing, commissioning of equipment and materials for power transmission & distribution System including lines, substation construction, automation, augmentation/ modification and extension of existing power system.
○	As of 31 st August 2023, the Company had 339 employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹43	₹59

Financial Summary (In Lacs.)				
For the Period Ended	Mar-21	Mar-22	Mar-23	Jun-23
Total Assets	3,807.83	6,370.15	8,017.57	8,332.09
Net Assets	1,330.58	1,640.63	2,191.34	2,312.08
Total Borrowings	272.27	646.90	2,289.42	2,405.41
Total Revenue	3,559.13	5,012.55	6,132.07	964.29
Profit After Tax	187.47	310.05	550.71	120.74

Tentative Timeline	
Opening Date	Dec 27, 2023
Closing Date	Jan 02, 2024
Basis of Allotment	Jan 03, 2024
Initiation of Refunds	Jan 03, 2024
Credit of Shares to Demat	Jan 04, 2024
Listing Date	Jan 05, 2024

Company Background and Analysis

Kay Cee Energy & Infra Limited was originally incorporated on January 23, 2015. Company is an Engineering, Procurement and Construction (“EPC”) company providing specialized services of construction and commissioning of power transmission and distribution system including overhead and underground lines, substation construction, automation etc. to various government authorities and private entities. Company undertakes EPC projects for various government entities, including but not limited to Rajasthan Rajya Vidyut Prasaran Nigam Limited (“RRVPL”). Company’s service portfolio includes handling, erection, testing, commissioning of equipment and materials for power transmission & distribution System including lines, substation construction, automation, augmentation/ modification and extension of existing power system.

The service portfolio of the Company also includes the Operation and Maintenance of 132 kV Substations, Maintenance of substations up to 400 kV Level and Maintenance of EHV Lines up to 765 kV Level including deployment of Emergency Restoration System (ERS) for breakdown maintenance etc. Company undertakes turnkey, partial turnkey and labour contract jobs for supply, civil, erection, testing & commissioning of all types of electrical system works for government and private entities. As on September 30, 2023, Company has 15 projects in hand with an aggregate order book value of approximately Rs. 54,990.27 Lacs.

In addition to executing EPC projects for various public sector units and government entities, company also undertakes EPC projects for private entities such as, Wonder Cement Limited, H G Infra Engineering Limited, Gawar Construction Limited, Raj Shyama Constructions Private Limited, DRAIPL-GCC (JV), DMIA Nyati LLP, Larsen & Turbo Limited, Sadbhav Engineering Limited, to name a few. As part of EPC projects for private entities, company offer services including but not limited to, shifting of high voltage transmission lines, dismantling of previous transmission lines, handling, erection, installation, testing, commissioning of new transmission lines along with equipment and materials, obtaining necessary approvals for creation or shifting of transmission lines from the relevant state government authorities, etc. A break-up of the revenue earned by the Company from government and private customers during the three-month period ended June 30, 2023, and the Fiscals 2023, 2022 and 2021 have been provided below:

Service-wise break up of Revenues is as follows: –

(Amount in Lacs)

Particulars	Mar-21		Mar-22		Mar-23		Jun-23	
	Amt	(%)	Amt	(%)	Amt	(%)	Amt	(%)
Public sector units and State Government agencies	3,286.76	94.68	3,669.99	74.00	4,696.24	76.87	847.42	88.72
Agri	184.50	5.32	1,289.37	26.00	1,412.93	23.13	107.76	11.28
Total Sale	3,471.26	100.00	4,959.36	100.00	6,109.17	100.00	955.18	100.00

In addition to independently undertaking projects, company has also entered into a collaboration with other engineering companies such as Sterlite Power Transmission Limited, Jost Engineering Limited, in industry to jointly bid and execute larger projects. As of September 30, 2023, company has been awarded three projects by Rajasthan Rajya Vidyut Prasaran Nigam Limited having an aggregate value of ₹ 36,296.34 lakhs which shall executed in collaboration with Jost’s Engineering Company Limited as other partner, wherein Company shall be acting as the lead partner.

To conclude, Kay Cee Energy & Infra Limited was incorporated in 2015, and has decent experience in the industry. Currently company derives most of its revenue from public sector units and government entities. Company also has a good order book of Rs. 54,990.27 Lacs.

Business Strategies

1. Setting up a manufacturing unit to diversify business operations and become a fully integrated unit -

In order to further diversify its business activities, company is proposing to set up a manufacture unit for manufacturing materials required for EPC Contract of EHV transmission lines, and sub-stations, namely, line and substation hard wares accessories/ items/ fittings along-with clamps and connectors up-to 765 kV, Bird Flight Diverters, Structures for Substation/ Lines and Solar Plants, Electrical Panels etc., in phased manner.

2. Maintain focus on EPC projects for construction and commissioning of EHV Transmission System -

The company intends to capitalize on its experience and continue to selectively pursue larger projects, both independently and in partnership with other players. Company intends to continue to focus on efficient project execution by adopting industry best practices and advanced technologies to deliver quality projects to the satisfaction of clients. Company intends to continue to invest in modern equipment to ensure continuous and timely availability of equipment critical to its business, which will help in exercising better control over the execution of projects.

3. Expansion of geographical footprint and diversify customer base -

While, the company offers majority of its services in Rajasthan, however company gradually intends to expand its business operations domestically and internationally. Company is planning to diversify and expand presence in other Indian states for the growth of business.

4. Company intends to enter collaboration arrangements with other engineering and manufacturing companies to bid and execute large value projects and manufacturing -

The company intends to bid and execute larger projects with various authorities by entering into partnerships with various other players in the power transmission industry in the near future.

5. Leverage core competencies with enhanced in-house integration and achieve optimal utilization of resources -

In-house integration has been an integral part of company's growth over the years, and it seeks to focus on further enhancing in-house competencies by expanding into various functional aspects of projects thereby eliminating dependence on third parties. Company is further enhancing its design and engineering capabilities and fabrication facilities to reduce dependence on third parties to avoid risks and minimizing costs associated with these functions.

6. Enhance operational controls to ensure timely completion of Service -

Company continues to focus on enhancing operational controls and cost efficiencies through optimal service quality & cost management. Company's ability to provide timely completion of service and quality service is key to reputation and further expansion of business.

Competitive Scenario and Peer Mapping

Competition

The company operates in a competitive atmosphere. The competition varies by market, geographic areas and type of products. Company may face stiff competition from domestic as well as global market as the dynamic changes. Some of its competitors may have greater resources than those available to them. While service quality, technical ability, performance records, etc are key factors in client decisions among competitors, however, price & quality are the deciding factor in most cases. Further, this industry is fragmented with many small and medium sized companies and entities, which manufactures some of these products at various levels, which may adversely affect company's business operation and financial condition. Further, there are no entry barriers in this industry and any expansion in capacity of existing manufacturers would further intensify competition.

Peer Analysis

The comparison of the key performance indicators of the listed peers as on Mar-21 is given below –

Particulars	Kay Cee Energy and Infra Limited	Viviana Power Tech Limited	Kec International Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	5.4%	4.4%	4.2%
EBITDA Margin	5.8%	9.3%	9.5%
Return on Capital Employed	12.8%	30.9%	29.3%
Return on Equity	14.1%	25.8%	16.5%
EPS (INR)	74.99	43.04	21.50

The comparison of the key performance indicators of the listed peers as on Mar-22 is given below –

Particulars	Kay Cee Energy and Infra Limited	Viviana Power Tech Limited	Kec International Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	6%	9%	2%
EBITDA Margin	9%	15%	7%
Return on Capital Employed	14%	62%	20%
Return on Equity	19%	41%	9%
EPS (INR)	124.02	121.74	12.92

The comparison of the key performance indicators of the listed peers as on Mar-23 is given below –

Particulars	Kay Cee Energy and Infra Limited	Viviana Power Tech Limited	Kec International Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	9%	8%	1%
EBITDA Margin	17%	14%	5%
Return on Capital Employed	24%	24%	18%
Return on Equity	25%	17%	5%
EPS (INR)	220.28	5.04	6.85

Industry Overview

Exhibit 1: Countries leading in electricity generation in 2022 (TWh).

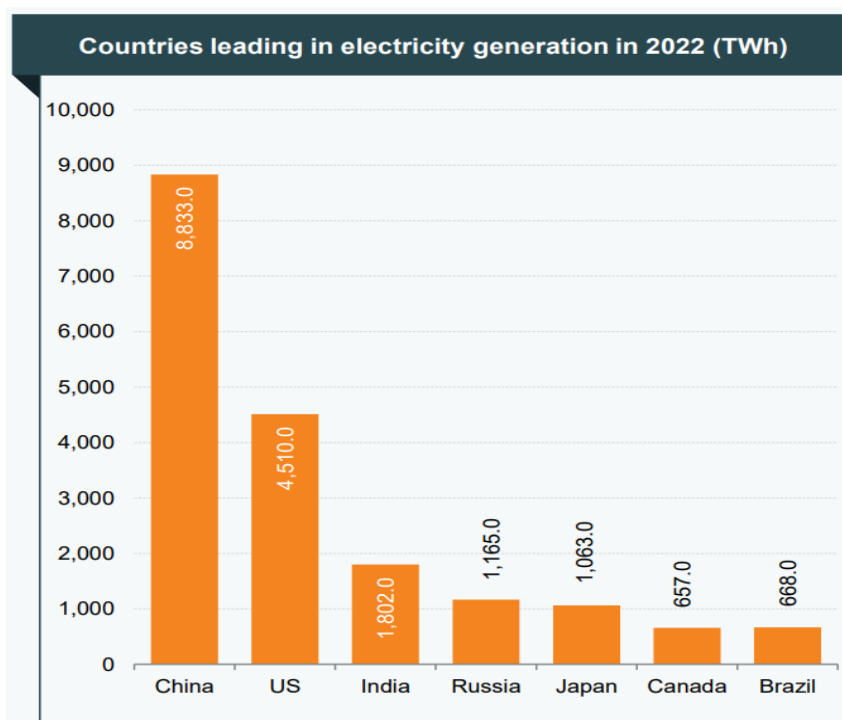
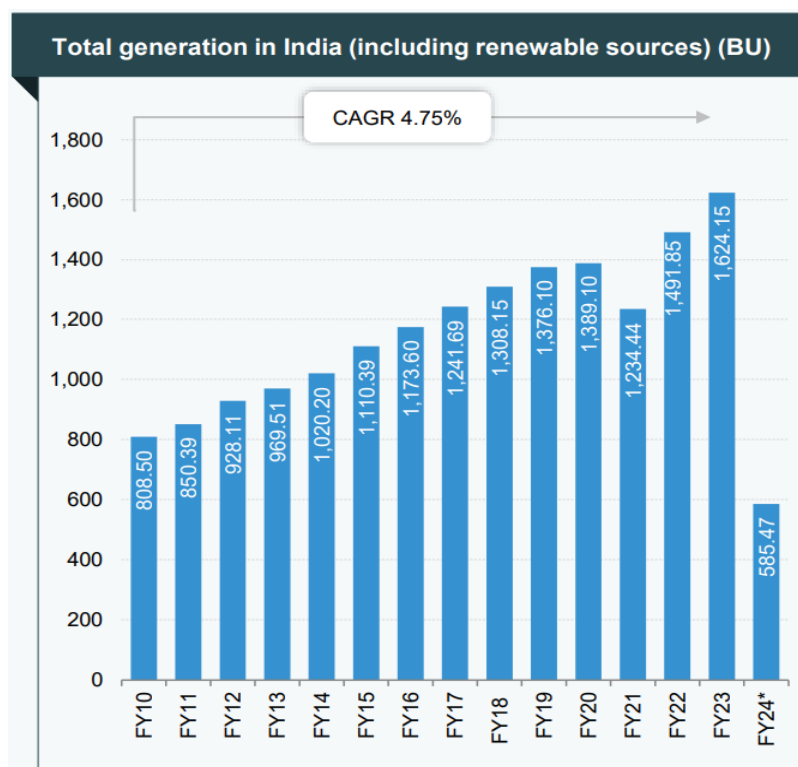


Exhibit 2: Total generation in India (including renewable sources) (BU).



(Source: ibef.org)

Power Sector in India

Power is among the most critical components of infrastructure, crucial for the economic growth and welfare of nations. The existence and development of adequate power infrastructure is essential for sustained growth of the Indian economy. The fundamental principle of India's power industry has been to provide universal access to affordable power in a sustainable way. The Ministry of Power has made significant efforts over the past few years to turn the country from one with a power shortage to one with a surplus by establishing a single national grid, fortifying the distribution network, and achieving universal household electrification.

India's power sector is one of the most diversified in the world. Sources of power generation range from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power, to viable non-conventional sources such as wind, solar, agricultural and domestic waste. Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. In order to meet the increasing demand for electricity in the country, massive addition to the installed generating capacity is required.

India was ranked fourth in wind power capacity and solar power capacity and fourth in renewable power installed capacity, as of 2021. India is the only country among the G20 nations that is on track to achieve the targets under the Paris Agreement.

Market Size

India is the third-largest producer and consumer of electricity worldwide, with an installed power capacity of 423.25 GW as of July 31, 2023. As of July 31, 2023, India's installed renewable energy capacity (including hydro) stood at 177.73 GW, representing 41.9% of the overall installed power capacity. As of July 31, 2023, Solar energy contributed 71.14 GW, followed by 43.94 GW from wind power, 10.24 GW from biomass, 4.98 GW from small hydropower, 0.57 from waste to energy, and 46.85 GW from hydropower.

The non-hydro renewable energy capacity addition stood at 4.2 GW for the first three months of FY23 against 2.6 GW for the first three months of FY22. India's power generation witnessed its highest growth rate in over 30 years in FY23. Power generation in India increased by 8.87% to 1,624.15 billion kilowatt-hours (kWh) in FY23. According to data from the Ministry of Power, India's power consumption stood at 130.57 BU in April 2023. The peak power demand in the country stood at 224.10 GW in July 2023.

The coal plants registered a PLF of 73.7% for the first nine-months period in FY23 compared to 68.5% in FY22 for the same period. Thermal power plant load is estimated to improve by 63% in FY24, fuelled by strong demand growth along with subdued capacity addition in the sector.

As per a survey by Amazon Web Services (2021), India is expected to have nine times more digitally skilled workers by 2025. IT spending in India is expected to increase to US\$ 110.3 billion in 2023 from an estimated US\$ 81.89 billion in 2021. In November 2021, Mr. Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, lauded the Indian IT sector for excelling its competitive strength with zero government interference. He further added that service exports from India have the potential to reach US\$ 1 trillion by 2030.

(Source: ibef.org)

Key Managerial Personnel

Lokendra Jain, aged 50 years, is the Chairman, Managing Director and Promoter of the Company. He holds Diploma in Engineering – Electrical from Rajasthan State. He has more than 27 years of specialized experience in Engineering, Procurement and Construction (EPC) Contracts, Extra High-Voltage (EHV) Lines in the area of power transmission and energy sector.

Shalini Jain, aged 46 years, is the Whole-time Director, Chief Financial Officer (CFO) and Promoter of the company. She holds bachelor's degree in business administration and M.A in Hindi Literature from Devi Ahilya Vishwavidyalaya, Indore. She has more than 7 years of experience in management. At present, she plays a vital part in business development, business excellence and Procurement Management of the Company.

Divyanshu Jain, aged 30 years, is a Non-Executive Director of the Company and holds bachelor's degree in commerce from Jai Narain Vyas University, Jodhpur, Rajasthan. He is a qualified Chartered Accountant and a Fellow Member of Institute of Chartered Accountants of India and also a qualified Company Secretary from Institute of Company Secretaries of India. Currently he is practicing as Chartered Accountant for the past 7 years in aspects finance, accounting, audits and taxation.

Ashok Kumar Jain, aged 48 years, is an Independent Director of the Company. He holds bachelor's degree in commerce from Maharishi Dayanand Saraswati University, Ajmer and is engaged in the business of Textile and Garments since 1996 having more than 27 years of experience in the field of textiles and garments.

Garima Dasot, aged 38 years, is an Independent Director of the Company. She holds master's degree in business administration with Specialisation in Business Economics from Devi Ahilya Vishwavidhyalaya, Indore. She has an experience of 3 years in AutoCAD designing industry.

Gaurav Anand, aged 28 years, is an Independent Director of the Company. He holds master's degree in business administration with Specialisation in Finance from Jaipur National University. He also holds bachelor's degree in law from University of Kota. He has more than 2 years of specialized experience in the area of finance, management and law.

To conclude, the company has 2 promoters out of which 1 has vast experience and 1 has decent experience in the industry. Whereas both are involved in the management of the company. The remaining directors have decent experience in their respective fields, which does not include the operations of the company.

Financial Snapshot

Profit and Loss Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jun-23
Revenue from Operations	3,477.33	4,959.36	6,109.18	955.18
Other Income	81.80	53.19	22.89	9.11
Total Income	3,559.13	5,012.55	6,132.07	964.29
Expenses				
Raw Material Consumed	1,637.44	3,305.49	4,179.14	478.38
Direct Expenses	696.19	943.50	1,081.20	167.74
Change in inventories of finished goods, work in progress and stock in trade.	-130.25	-743.28	-1,179.71	-208.86
Employee benefits expense	907.45	803.15	782.87	191.33
Finance costs	32.61	51.81	294.62	92.46
Depreciation and Amortization expense	7.36	8.69	8.37	2.02
Other expenses	164.48	224.83	223.99	77.26
Total Expenses	3,315.28	4,594.19	5,390.48	800.33
Earnings Before Interest, Taxes, Depreciation & Amortization	202.02	425.67	1,021.69	249.33
EBITDA Margin	6%	9%	17%	26%
Profit/(Loss) before tax	243.85	418.36	741.59	163.96
Tax Expense				
Current Tax	72.73	110.10	195.13	44.96
Deferred Tax	-16.35	-1.79	-4.25	-1.74
Total Tax Expense	56.38	108.31	190.88	43.22
Profit/(Loss) for the year	187.47	310.05	550.71	120.74
Net Profit Margin	5%	6%	9%	13%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jun-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	25.00	25.00	25.00	25.00
Reserve and Surplus	1,305.58	1,615.63	2,166.34	2,287.08
Total Equity	1,330.58	1,640.63	2,191.34	2,312.08
2. Non-current liabilities				
Long Term Borrowings	154.69	444.04	1,719.46	1,771.29
Other Long-Term Liabilities	-	758.68	296.72	197.81
Long Term Provisions	35.61	48.41	62.99	69.22
Total Non-current liabilities	190.30	1,251.13	2,079.17	2,038.32
3. Current liabilities				
Financial Liabilities				
Short-term borrowings	117.58	202.86	569.96	634.12
Trade payables				
-Due to MSME	-		5.60	40.20
-Due to Others	2,091.44	2,819.92	2,090.02	1,777.03
Other Current Liabilities	70.55	447.36	968.46	1,387.41
Short-term Provisions	7.38	8.25	113.02	142.93
Total Current liabilities	2,286.95	3,478.39	3,747.06	3,981.69
Total Liabilities	2,477.25	4,729.52	5,826.23	6,020.01
Total Equity and Liabilities	3,807.83	6,370.15	8,017.57	8,332.09

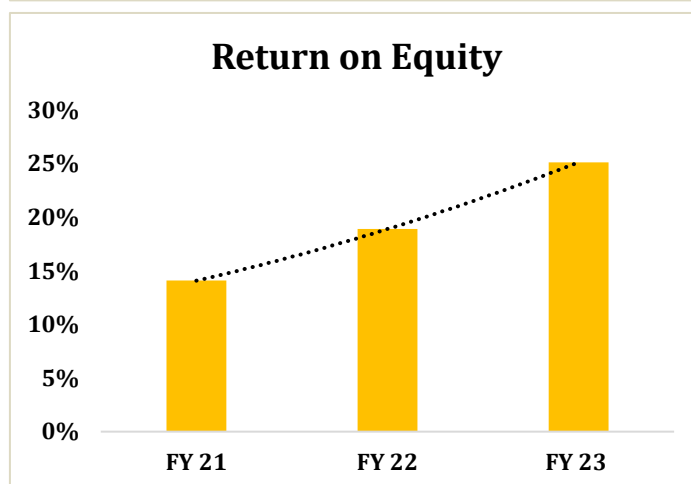
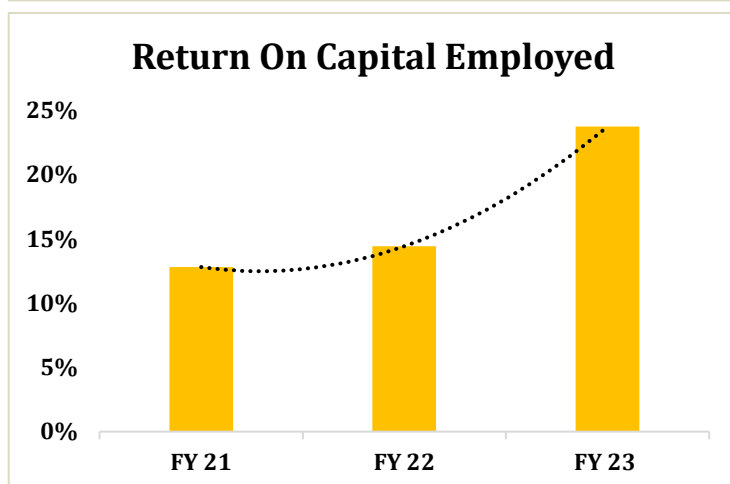
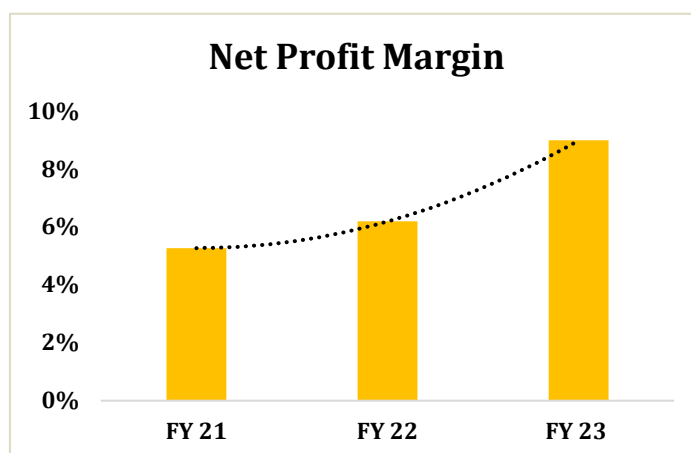
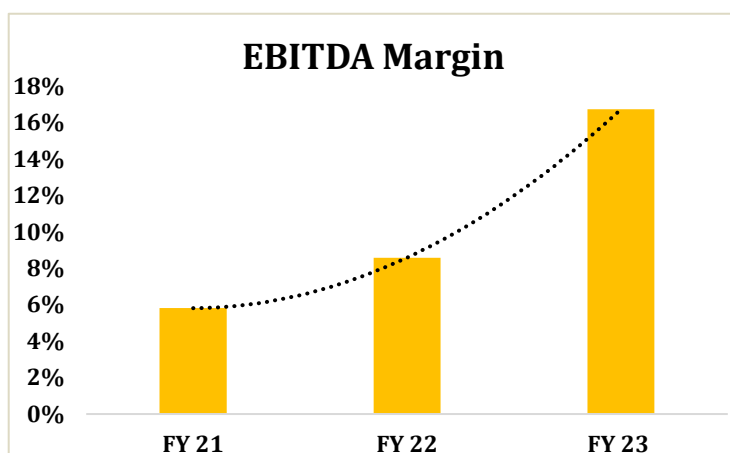
Balance Sheet					(In Lacs)
ASSETS					
1. Non-current assets					
Property, Plant and Equipment					
Tangible Assets	135.26	1,635.49	1,627.14	1,625.13	
Intangible Assets	0.15	0.14	0.12	0.11	
Capital Work in Progress	86.55	184.56	205.54	216.26	
Deferred Tax Assets (Net)	11.33	13.12	17.37	19.10	
Long term loans and advances	20.00	18.56	-	-	
Other Non-Current Assets	0.03	0.03	0.03	0.03	
Total Non-Current assets	253.32	1,851.90	1,850.20	1,860.63	
2. Current assets					
Current Investments	0.50	0.50	0.50	0.50	
Inventories	135.37	898.09	2,081.39	2,282.65	
Trade receivables	730.76	862.87	631.16	425.31	
Cash and Bank Balances	1,370.46	424.34	438.16	588.68	
Short-term loans and advances	565.78	402.10	169.21	326.24	
Other Current Assets	751.64	1,930.35	2,846.95	2,848.08	
Total Current assets	3,554.51	4,518.25	6,167.37	6,471.46	
Total Assets	3,807.83	6,370.15	8,017.57	8,332.09	

Cash Flow Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jun-23	
Net Cash Flow from Operating Activities	-1,294.06	1,132.31	-1,370.23	138.86	
Net Cash Flow from Investing Activities	5.55	-1,553.73	1.91	-2.23	
Net Cash Flow from Financing Activities	-125.36	322.82	1,347.90	23.53	

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Jun-23*
Per Share Data				
Diluted EPS	74.99	124.02	220.28	4.48
BV per share	12.14	14.97	19.99	39.01
Operating Ratios				
EBITDA Margins	5.81%	8.58%	16.72%	26.10%
PAT Margins	5.27%	6.19%	8.98%	12.72%
Inventory days	14.21	66.10	124.36	217.47
Debtor days	76.70	63.51	37.71	40.52
Creditor days	466.68	309.56	182.87	351.26
Return Ratios				
RoCE	13%	14%	24%	16%
RoE	14%	19%	25%	11%
Valuation Ratios (x)				
EV/EBITDA	1.15	4.38	3.96	6.09
Market Cap / Sales	1.70	1.19	0.97	1.55
P/E	0.72	0.44	0.25	12.06
Price to Book Value	4.45	3.61	2.70	1.38
Solvency Ratios				
Debt / Equity	0.20	0.39	1.04	1.04
Current Ratio	1.55	1.30	1.65	1.63
Quick Ratio	1.50	1.04	1.09	1.05
Asset Turnover	0.91	0.78	0.76	0.11
Interest Coverage Ratio	5.97	8.05	3.44	2.67

*Annualized Figures

Financial Charts



Key Risk Factors

1. Company's revenues largely depend on acceptance of the bids submitted to the Government and other agencies. Company's performance could be affected in case majority of the bids are not accepted / awarded.
2. Company's top five customers have contributed 100%, 96.31%, 91.41% and 95.08% of revenues for the period ended June 30, 2023, and year ended March 31, 2023, March 31, 2022, and March 31, 2021, respectively. Any loss of business from one or more of them may adversely affect company's revenues and profitability.
3. The company's revenues are highly dependent on its operations in geographical region of State of Rajasthan. Any adverse development affecting operations in this region could have an adverse impact on business, financial condition and results of operations.
4. The company has certain legal proceedings involving the Company amounting to Rs. 129.22 Lacs. Any adverse decisions in any of the proceedings may have a significant adverse effect on the business, results of operations, cash flows and financial condition.
5. The Company had negative operating cash flow in FY 2023 and 2021. Sustained negative cash flow could adversely impact the business, financial condition and results of operations.

Track Record of Lead Manager

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

GYR Capital Advisors Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Maitreya Medicare Limited	14.89	82.00	November 07, 2023	120.65
2.	Basilic Fly Studio Limited	66.35	97.00	September 11, 2023	294.45
3.	Srivari Spices and Foods Limited	8.99	42.00	August 18, 2023	194.75
4.	Essen Specility Films Limited	66.33	107.00	July 06, 2023	209.15
5.	MCON Rasayan India Limited	6.84	40.00	March 20, 2023	170.85
6.	Agarwal Float Glass India Limited	9.20	42.00	February 23, 2023	57.00
7.	Anlon Technology Solutions Limited	15.00	100.00	January 10, 2023	255.00
8.	Uma Converter Limited	18.41	33.00	December 29, 2022	29.25
9.	Pritika Engineering Components Limited	9.42	29.00	December 08, 2022	66.20
10.	Mafia Trends Limited	3.60	28.00	October 06, 2022	18.00

*CMP for the above-mentioned companies is taken as of 28th December 2023.

As per the offer document, GYR Capital Advisors Private Limited has had 17 mandates in the last three fiscal years (including the current year). For GYR Capital Advisors Private Limited all the above-mentioned mandates have opened at premiums on the listing day.

Recommendation

The company has been in the industry since 2015 and has good experience in the industry. The company has shown good growth in its both top and bottom line of its financials. The company's management overview is good. Whereas the company faces significant competition in the industry.

The P/E on Post IPO basis is around 10.75 times which seems to be fairly priced looking at the performance and size of the company. The P/E on average for the peer companies is 57.00 times.

The Company have had good growth in its revenue, as well as in its profits and its margin. The business segment in which the company operates has good prospect going forward. Company also has a good order book of Rs. 54,990.27 Lacs, which will further add good growth in the company's revenue. Thus, at the given P/E one can **APPLY** for this IPO.

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