



## IPO Note

# Ganesh Green Bharat Limited

Recommendation: **APPLY!**

### Company Background -

- Incorporated in April 2016, Ganesh Green Bharat Limited is an Electrical Contracting Service company. The company offers a range of services including the supply, installation, testing, and commissioning (SITC) of solar and electrical goods and services to various government bodies.
- The company has completed projects under various government schemes, such as the Saubhagya Scheme, KUSUM Scheme, and Saur Sujla Yojna.
- The company has a team of 10 engineers supported by third-party consultants and industry experts to ensure compliance with industry and government standards.
- As of March 31, 2024, the company had around 39 employees and contract labour at its project sites.

### Objects of the Issue -

- Repayment in full or in part, of certain of the outstanding borrowings.
- Funding of capital expenditure towards installation of additional plant and machinery at the factory
- Funding to meet Working Capital Requirements
- General Corporate Expenses.

### Promoters Name -

Ketanbhai Narisinhbhai Patel, Rajendrakumar Narsinhbhai Patel, Niravkumar Sureshbhai Patel and Shilpaben Ketanbhai Patel.

### Rationale for recommendation -

- ✓ Decent existence of Track Record
- ✓ Good industry prospects and scope for growth
- ✓ Healthy Key Financial ratios although unsustainable revenue.
- ✓ Low P/E compared to the industry.

### IPO Details

Opening Date	July 05, 2024
Closing Date	July 09, 2024
Allotment Date	July 10, 2024
Listing Date	July 12, 2024
Stock Exchange	NSE SME
Lot Size	600 Shares
Issue Price Per Share	₹181 to ₹190
Issue Size	125.23 Cr.
Fresh Issue	125.31 Cr.
Offer for Sale	-
Application Amt	₹ 1,14,000 (600 shares)

### KPIs

KPI's	FY 22	FY 23	FY 24
Revenue	10,553.67	9,019.91	17,017.02
EBITDA	3,176.70	2,242.74	4,276.16
Net Profit	520.75	815.58	1,988.51
RoCE	97.71%	48.06%	45.07%
ROE	19.23%	23.15%	34.72%
P/E	66.43	42.41	17.40

### Promoter Share Holding Pattern

Pre-Issue	Post Issue
100%	73.42%

### Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	10.92	8.02
BVPS	31.45	73.59
P/E	17.40	23.70
P/BV	6.04	2.58
Mkt Cap (In Cr)	345.99	471.22

### Lead Managers -

**Hem Securities Limited**

### Registrar -

**KFin Technologies Limited**

## Business Overview -

Originally Incorporated as a partnership firm on April 02, 2016, Ganesh Green Bharat Limited has its registered office in Gujarat, India. The company is in the field of supply, installation, testing and commissioning (SITC) of solar and electrical goods and services to various government bodies. The company has completed projects under various schemes of Central and State Government like - the Saubhagya Scheme, KUSUM Scheme, and Saur Sujla Yojna.

The Subsidiary, Souraj Energy Private Limited (Souraj) is involved in the manufacturing of solar photovoltaic ("PV") modules with an installed capacity of 192.72 MW. The Subsidiary operates from its manufacturing facility situated at Mehsana, Gujarat and is equipped with machines like a glass Loader, EVA Cutting Machine, Layup Machine, Stringer Bussing, Back sheet, and etc.



Substation  
← Work



Solar SPV  
Module →

## Business Operations -

**Solar System & Allied Services** – The company offers solutions such as Solar Home Light Systems (CFL & LED Based), Solar Street Light Systems (CFL & LED Based), Solar Off-Grid and On Grid Power Plants (Solar Rooftop Systems), Solar Submersible Pumps (AC & DC), and Solar Surface Pumps (AC & DC).

**Electrical Contracting Services** – The company is a class 'A' Electrical Contractor offering electrical contracting services as per customer requirements, such as (i) SITC of all types of Street light work, Distribution Transformer, high mast work, HT 11 kV and 66 kV installation and modification of substation. (ii) Cabling & Wiring Work that includes cabling of High Tension [HT] and Low Tension [LT] - XLPE.

**Water Supply Scheme Projects** – The company is engaged in the designing, construction, supply, testing and commissioning of Water Supply Scheme Projects.

**Manufacturing of Solar PV Module** – The company manufacture Solar PV Modules (150WP - 335 WP). The company initiated the use of Topcon Solar Cell Technology for manufacturing Solar PV Modules.

Revenue Bifurcation regarding Government and Non-Government Customers are as follows -

	FY 2022		FY 2023		FY 2024	
	Amt	%	Amt	%	Amt	%
Govt	4,763	27.99	2,308	25.59	4,390	41.60
Non-Govt	12,253	72.01	6,711	74.41	6,163	58.40
<b>Total</b>	<b>17,017</b>	<b>100</b>	<b>9,019</b>	<b>100</b>	<b>10,553</b>	<b>100.00</b>

Revenue Bifurcation based on its customers acquisition modes are as follows -

	FY 2022		FY 2023		FY 2024	
	Amt	%	Amt	%	Amt	%
Bids	4,763	27.99	2,309	25.61	4,390	41.60
Sub-contract	4,855	28.53	6,386	70.80	6,163	58.40
B2B	7,397	43.47	323	3.59	-	0.00
<b>Total</b>	<b>17,017</b>	<b>100</b>	<b>9,019</b>	<b>100</b>	<b>10,553</b>	<b>100.00</b>

## On-Going Projects -

The company has (i) 10 work orders under Solar System & Allied Services aggregating to Rs 273,28.03 lakhs, (ii) 7 work orders under Electrical contracting services aggregating to Rs 2645.57 Lakhs, (iii) 1 work order under Water Supply Scheme Projects for an aggregate value of Rs. 1423.97 lakhs.

### Competition -

The Renewable Energy Industry is extremely competitive where the basis of competition includes, among other things, pricing, innovation, perceived value and other criteria.

The company faces competition from various small and mid-sized companies listed and unlisted companies

The company also face competition from new entrants who may have more flexibility in responding to changing business and economic conditions.

The company faces competition from Solex Energy Limited, Zodiac Energy Limited and Waaree Renewable Technologies Limited.

### Business Strategies -

**Increasing the size of projects:** The company intends to capitalize on the experience and project execution expertise and continue to selectively pursue larger Projects, both independently and in partnership with other players in the industry.

**Implement strategic backward integration:** The company intends to set up an additional line for solar panel manufacturing.

**Expansion of geographical footprint:** The company gradually intends to expand the business operations to other regions of the country.

**Cost-effective production:** The company has taken various steps to ensure adherence to timely fulfilment of orders and also to achieve greater cost efficiency.

### Risk Factors -

The company has certain litigations:

- 2 outstanding cases against the company for taxation matters amounting to Rs. 578.36 lakhs.
- 2 outstanding cases by the company for other matters amounting to Rs. 626.71 lakhs.
- 4 outstanding cases against the promoters for taxation matters amounting Rs. 304.96 lakhs.

The company has had negative operating cash flows for the FY ended 2023 and ended 2022.

The company has certain contingent liabilities amounting to Rs. 4,802.32 lakhs as on 31<sup>st</sup> March 2024.

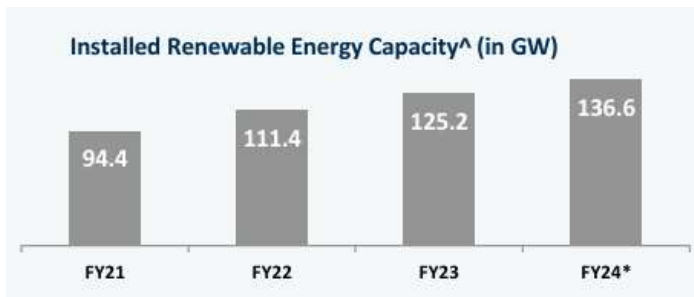
### PEER ANALYSIS

Particulars	Ganesh Green Bharat Limited			Solex Energy Limited			Waaree Renewable Technologies Limited			Zodiac Energy Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	5%	9%	12%	1%	2%	2%	5%	16%	17%	4%	2%	5%
EBITDA Margin	30%	25%	25%	3%	9%	8%	19%	24%	24%	6.8%	6.0%	9.0%
RoCE	98%	48%	45%	4%	11%	23%	36%	63%	73%	21.7%	16.2%	33.6%
ROE	19%	23%	35%	3%	7%	15%	29%	65%	64%	16.7%	8.9%	23.1%
EPS (INR)	2.86	4.48	10.92	1.53	3.40	10.92	0.83	5.33	14.22	3.74	2.19	7.50
P/E	66.43	42.41	17.40	73.20	126.32	74.18	80.80	29.06	98.84	-	40.00	11.77

## Indian Renewable Energy Industry -

### Introduction -

India has low conventional energy resources compared to its required energy needs driven by a huge population and a rapidly increasing economy. More than ₹5.2 lakh crore (US \$ 70 billion) has been invested in India’s renewable energy sector since 2014. Installed renewable power generation capacity has increased at a fast pace over the past few years, posting a CAGR of 14.58% between FY16 and FY23. India has 172.54 GW of renewable energy capacity in FY23.



Note: ^ - includes wind, solar, bio power and small hydro, \*Until January 2024

### Growth Drivers -

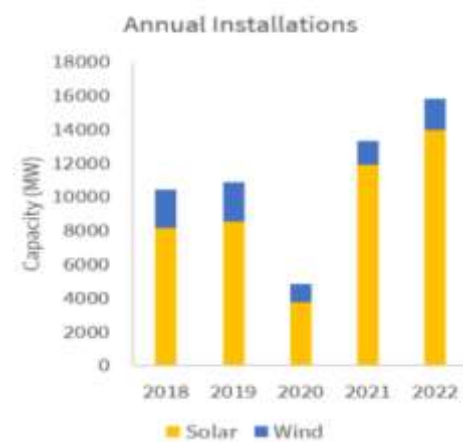
- In November 2021, the government announced future plans to increase the funding under the PLI scheme for domestic solar cells and module manufacturing to ₹24,000 crore (US\$ 3.17 billion) from the existing ₹4,500 crore (US\$ 594.68 million) to make India an exporting nation.
- Solar city per state-approved and approved setting up 59 solar parks of 40 GW across the nation. The government is also giving a push to Floating PV Projects.
- In August 2022, Norfund, who manage the Norwegian Climate Investment Fund, and KLP, Norway’s biggest pension company, signed an agreement to buy a 49% share of a 420 MW solar power plant in Rajasthan for ₹2.8 billion (US\$ 35.05 million).
- Proposed solar cities and parks: Solar city per state-approved and approved setting up 59 solar parks of 40 GW across the nation. The government is also giving a push to Floating PV Projects.

## Indian Solar Energy Industry-

India is one of the best recipients of solar energy with abundant availability due to its favourable location in the solar belt (400 S to 400 N).

The installed solar energy capacity has increased by 24.4 times in the last 9 years and stands at 66.7 GW as of May 2023.

The Bhadla Solar Park in Rajasthan’s Jodhpur district is the largest solar power plant in the world. Spanning 14,000 acres, the power plant is fully operational and has a capacity of 2,250 MW.



### ELECTRICAL CONTRACT SERVICES -

Government of India with the objective to improve the quality and reliability of power supply in rural areas has launched the scheme Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), an integrated scheme covering all aspects of rural power distribution and facilitates towards achievement of ‘24x7 Power For All’ in the rural areas of India.

#### Village Electrification – Landmark Achievement

As of April 1, 2015, there were 18,452 villages which remained then un-electrified despite various programmes of Government of India.

But with collective efforts and initiatives of the States, the Ministry, Rural Electrification Corporation and other stakeholders, 28th April 2018 had been made as a landmark day in the Power Sector domain by achieving electrification of all un-electrified census inhabited villages in the country totalling to 18,374 villages excluding the 1,305 uninhabited villages with 1,515 villages electrified in this FY 2018-19.

**Key Management -**

<b>Key Management Persons Name -</b>	<b>Ketanbhai Narsinhbhai Patel</b>
<b>Age</b>	48
<b>Designation and No. of years of experience</b>	Promoter, Chairman, 25 Years of experience
<b>Qualification</b>	Higher Secondary Certificate
<b>Roles and Responsibility</b>	Looks after functions such as liaising with government authorities, business development and project execution of the company.
<b>Other Directorships</b>	Souraj Industries Private Limited, Souraj Energy Private Limited and Harikrupa Solar And Engineering Private Limited

<b>Key Management Persons Name -</b>	<b>Rajendrakumar Narsinhbhai Patel</b>
<b>Age</b>	51
<b>Designation and No. of years of experience</b>	Promoter, and Whole-Time Director, 24 years of experience
<b>Qualification</b>	Higher Secondary Certificate
<b>Roles and Responsibility</b>	Looks after procurement and maintenance activities and overall execution of the company.
<b>Other Directorships</b>	Souraj Energy Private Limited, Harikrupa Solar and Engineering Private Limited

<b>Key Management Persons Name -</b>	<b>Niravkumar Sureshbhai Patel</b>
<b>Age</b>	34
<b>Designation and No. of years of experience</b>	Promoter and Whole-Time Director, 11 years of experience
<b>Qualification</b>	B. Com degree
<b>Roles and Responsibility</b>	Looks after project execution, finance and compliance of the company
<b>Previous Associations</b>	Sadashiv Projects India Private Limited, Souraj Energy Private Limited, Harikrupa Solar and Engineering Private Limited

<b>Key Management Persons Name -</b>	<b>Shilpaben Ketanbhai Hanchate</b>
<b>Age</b>	44
<b>Designation and No. of years of experience</b>	Promoter and Non-Executive Director, 17 years of experience
<b>Qualification</b>	Bachelor of Law
<b>Roles and Responsibility</b>	Looks after CSR activities of the company
<b>Previous Associations</b>	-

<b>Key Management Persons Name -</b>	<b>Palak Jagatbhai Shah</b>
<b>Age</b>	46
<b>Designation and No. of years of experience</b>	Non-Executive Independent Director, 20 years of experience
<b>Qualification</b>	CA, Diploma in Information System Audit
<b>Roles and Responsibility</b>	-
<b>Other Ventures</b>	Shreni Shares Limited

<b>Key Management Persons Name -</b>	<b>Sahil Bipin Gala</b>
<b>Age</b>	34
<b>Designation and No. of years of experience</b>	Independent Director, 10 years of experience
<b>Qualification</b>	CA, Forensic Accounting & Fraud Detection
<b>Roles and Responsibility</b>	-
<b>Other Ventures</b>	Estep Filing Private Limited

## FINANCIAL SNAPSHOT

Statement of Profit and Loss			Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24
Revenue from Operations	10,553.67	9,019.91	17,017.02
Other Income	58.43	39.62	179.46
<b>Total Income</b>	<b>10,612.1</b>	<b>9,059.53</b>	<b>17,196.48</b>
<b>Expenses</b>			
Cost of Material Consumed	6,521.65	6,044.59	12,515.67
Change in Inventories of Finished Goods	-	-	-1,085.05
Employee Benefit Expenses	574.39	400.18	435.80
Finance Cost	229.06	255.86	537.34
Depreciation and Amortisation	51.87	76.54	337.10
Other expenses	2,531.51	1,179.40	1,618.95
<b>Total Expenses</b>	<b>9,908.48</b>	<b>7,956.57</b>	<b>14,359.81</b>
<b>EBITDA</b>	<b>3,176.70</b>	<b>2,242.74</b>	<b>4,276.16</b>
<b>EBITDA Margin</b>	<b>30.10%</b>	<b>24.86%</b>	<b>25.13%</b>
<b>Profit/(Loss) before tax</b>	<b>703.62</b>	<b>1,102.96</b>	<b>2,836.67</b>
<b>Tax Expense</b>			
Current tax	187.06	292.12	665.60
Deferred Tax	-4.19	-4.74	-11.91
<b>Total Tax</b>	<b>182.87</b>	<b>287.38</b>	<b>653.69</b>
<b>Profit After Tax</b>	<b>520.75</b>	<b>815.58</b>	<b>2,182.98</b>
<b>Profit attributable to Minority Holders</b>	<b>-</b>	<b>-</b>	<b>194.47</b>
<b>Profit After Tax to the Owners</b>	<b>520.75</b>	<b>815.58</b>	<b>1,988.51</b>
<b>Net Profit Margin</b>	<b>4.91%</b>	<b>9.00%</b>	<b>11.56%</b>

Statement of Assets and Liabilities			Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24
<b>EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
Share Capital	120.00	120.00	1,821.00
Reserves and surplus	2,587.34	3,402.91	3,906.64
<b>Total Equity</b>	<b>2,707.34</b>	<b>3,522.91</b>	<b>5,727.64</b>
<b>Minority Interest</b>			<b>155.70</b>
<b>Total Equity</b>	<b>2,707.34</b>	<b>3,522.91</b>	<b>5,883.34</b>
<b>2. Non-current liabilities</b>			
Long-term borrowings	488.68	981.42	2,852.62
Long-term provisions	1.91	3.16	3.47
<b>Total Non-current liabilities</b>	<b>490.59</b>	<b>984.58</b>	<b>2,856.09</b>
<b>3. Current liabilities</b>			
Short-term borrowings	1,758.38	1,757.47	2,517.55
Trade Payables			
Total outstanding dues of micro enterprises & small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises & small enterprises	1,794.04	1,873.00	2,779.20
Other Current Liabilities	2,084.18	416.67	353.23
Short-term provisions	0.97	231.42	640.41
<b>Total Current liabilities</b>	<b>5,637.57</b>	<b>4,278.56</b>	<b>6,290.39</b>
<b>Total Liabilities</b>	<b>6,128.16</b>	<b>5,263.14</b>	<b>9,146.48</b>
<b>Total Equity and Liabilities</b>	<b>8,835.50</b>	<b>8,786.05</b>	<b>15,029.82</b>
<b>ASSETS</b>			
<b>1. Non-current assets</b>			
Property, Plant and Equipment	161.53	180.56	1,968.00
Intangible Assets	0.17	0.25	0.76

Particulars	FY 22	FY 23	FY 24
Goodwill on Consolidation	-	-	112.58
Non-Current Investments	0.63	0.63	0.63
Deferred Tax Assets (Net)	10.54	15.28	25.84
Other Non Current Assets	877.09	790.48	1,110.60
<b>Total Non-Current assets</b>	<b>1,049.96</b>	<b>987.20</b>	<b>3,218.41</b>
<b>2. Current assets</b>			
Current Investments			
Inventories	702.57	1,511.88	3,965.51
Trade Receivables	2,332.99	1,996.42	4,036.57
Cash & Cash equivalents	52.38	44.83	61.59
Short term loans and advances	385.21	219.49	690.43
Other Current Assets	4,312.39	4,026.23	3,057.30
<b>Total Current assets</b>	<b>7,785.54</b>	<b>7,798.85</b>	<b>11,811.40</b>
<b>Total Assets</b>	<b>8,835.50</b>	<b>8,786.05</b>	<b>15,029.81</b>

**Cash Flow Statement**

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Net Cash Flow from Operating Activities	-845.65	-236.98	17.08
Net Cash Flow from Investing Activities	-167.66	-33.30	-965.55
Net Cash Flow from Financing Activities	1,037.48	262.72	960.65

**Key Ratios**

<u>Per Share Data</u>	FY 22	FY 23	FY 24	<u>Valuation Ratios (x)</u>	FY 22	FY 23	FY 24
Diluted EPS	2.86	4.48	10.92	EV/EBITDA	1.44	2.69	2.43
BV per share	14.87	19.35	31.45	Market Cap / Sales	4.46	5.22	2.77
<b><u>Operating Ratios</u></b>				P/E	66.43	42.41	17.40
EBITDA Margins	30.10%	24.86%	25.13%	Price to Book Value	12.78	9.82	6.04
PAT Margins	4.91%	9.00%	11.56%	<b><u>Solvency Ratios</u></b>			
Inventory days	24.30	61.18	85.06	Debt / Equity	0.83	0.78	0.94
Debtor days	80.69	80.79	86.58	Current Ratio	1.38	1.82	1.88
Creditor days	102.73	107.26	75.34	Quick Ratio	1.37	1.81	1.87
<b><u>Return Ratios</u></b>				Asset Turnover	1.19	1.03	1.13
RoCE	97.71%	48.06%	45.07%	Interest Coverage Ratio	13.64	8.47	7.33
RoE	19.23%	23.15%	34.72%				

## LEAD MANAGER TRACK RECORD -

The lead manager to the issue is Hem Securities Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

### Hem Securities Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Aimtron Electronics Limited	87.02	161.00	June 06, 2024	601.65
2.	Vilas Transcore Limited	95.26	147.00	June 03, 2024	519.35
3.	Premier Roadlines Limited	40.36	67.00	May 17, 2024	144.50
4.	Aztec Fluids & Machinery Limited	24.12	67.00	May 17, 2024	71.40
5.	Energy-Mission Machineries (India) Limited	41.15	138.00	May 16, 2024	372.30
6.	TGIF Agribusiness Limited	6.39	93.00	May 15, 2024	93.73
7.	Amkay Products Limited	12.61	55.00	May 08, 2024	71.60
8.	Blue Pebble Limited	18.14	168.00	April 03, 2024	281.50
9.	Aspire & Innovative Advertising Limited	21.97	54.00	April 03, 2024	115.85
10.	Enfuse Solutions Limited	22.44	96.00	March 22, 2024	162.85

The company has handled 45 mandates in the past three years (including the current year).

\*CMP for the above-mentioned companies is taken as of 3rd July 2024.

As per the offer document, from the above-mentioned mandates all have opened at premium on the listing day.



**Recommendation -**

The company has been in the industry since 2016 and has decent experience in the industry. The management overview of the company is not satisfactory due to shortfall in formal education.

The P/E on a post-IPO and annualised basis is around 23.70 times which makes it fairly priced by looking at the performance of the company and sector. The Sector P/E is 119.97 times.

The financial performance shows significant growth from FY 23 to FY 24, with revenue nearly doubling and net profit margin increasing from 9.00% to 11.56%. This sudden surge in revenue seems unsustainable. The company operates in a growing industry. The promoters will however be required to bring in their board, people with formal education and experience in the long run to grow the company sustainably. Thus, knowledgeable investors can **APPLY** to this IPO.

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