IPO Note

CLN Energy Limited

Recommendation: **NEUTRAL!**

Company Background –

- **Incorporation:** Incorporated in 2019, Company's registered office is located in Dadri, Uttar Pradesh India.
- **Business Activity:** CLN Energy Limited manufactures customized lithium-ion batteries and motors, and it deals in powertrain components for electric vehicles, including controllers, throttles, DC-DC converters, displays, and differentials.
- **Revenue Stream:**
- **Product-wise distribution:** In FY 23-245, **57.33%** came from **E-Mobility** (Rs 3,452.32 lakhs), **23.72%** from **Stationary Applications** (Rs 1,227.65 lakhs), and **14.91%** from **Powertrain and Other Components** (Rs 898.17 lakhs).
- **Business Vertical wise distribution:** From a FY **23-24**, the breakdown is as follows: **75.02%** (Rs 5,601.00 lakhs) from **Manufacturing**, **5.64%** (Rs 421.01 lakhs) from **Trading**, and **15.33%** (Rs 5,753.24 lakhs) from **Service Income**.
- **Human Resource:** As of September 30, 2024, the company had 155 permanent employees and 286 employees on a contract basis.

Objects of the Issue -

- Purchase of machinery and equipment
- Funding Working Capital requirements
- General Corporate Purposes

Promoters Name –

CLN Energy PTE. Limited and Rajiv Seth

Rationale for recommendation –

- ✓ Lack of relevant operational history.
- ✓ Slightly overvalued for SME category.
- ✓ Underutilization of capacity.
- ✓ The company's supplier and customers are concentrated.
- ✓ The industry is highly competitive however growing at a fast rate with significant support from government.
- ✓ Recommended to wait for post-listing performance.

IPO Details

Opening Date	Jan 23, 2025
Closing Date	Jan 27, 2025
Allotment Date	Jan 28, 2025
Listing Date	Jan 30, 2025
Stock Exchange	BSE SME
Lot Size	600 Shares
Issue Price Per Share	₹235 to ₹250
Issue Size	72.30 Cr.
Fresh Issue	72.30 Cr.
Offer for Sale	-
Application Amt	₹ 1,50,000 (600 shares)

INDUSTRY - EV Component Supply

Avg. P/E ratio as per RHP – 36.35

KPIs **(In Lakhs)**

KPI's	FY 22	FY 23	FY 24	Sep-24
Revenue	12,168.96	12,881.94	13,270.86	7,482.78
EBITDA	634.57	661.24	1,851.78	960.06
Net Profit	364.12	72.87	978.83	463.64
RoCE	27.65%	2.36%	30.18%	13.46%*
ROE	127.48%	20.33%	73.19%	9.77%*
P/E	51.87	263.16	19.56	28.45*

*Annualised

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
100.00%	72.60%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	12.78	8.79
BVPS	39.28	89.97
P/E	19.56	28.45
P/BV	6.37	2.78
Mkt Cap (In Cr)	191.53	263.83

*Annualized

Lead Managers –

Aryaman Financial Services Limited

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Registrar –

Bigshare Services Private Limited

IPO Note – CLN Energy Limited

Recommendation: **NEUTRAL!**

TIARE
Enabling Your Path to Success

Business Overview -

CLN Energy Limited, incorporated on October 1, 2019, operates with a vision to reduce carbon emissions and promote sustainability. The company specializes in manufacturing customized lithium-ion batteries, motors, and powertrain components for electric vehicles. It caters to both mobility applications, such as electric two-wheelers, three-wheelers, and four-wheelers, as well as stationary applications like solar energy storage systems (ESS) and telecommunications. The company also offers tailored solutions for various applications involving lithium-ion battery packs.

Product Portfolio -

End User - Electric Vehicle Industry

Manufactured Products

- **2KWh, 3KWh, 4KWh**
  - AIS 156, Phase – 2 Amendment – III Certified
  - Real-Time Data Monitoring
  - Water, Vibration & Fire Resistant
  - Automotive Grade Components
- **5KWh, 6KWh**
  - AIS 156, Phase – 2 Amendment – III Certified
  - Equipped with Communication-Based SOC Indicator
  - Water, Vibration & Fire Resistant
- **10KWh, 12KWh**
  - AIS 156, Phase – 2 Amendment – III Certified
  - Smart BMS with Panasonic Platform for High Accuracy
  - Passively Cooled for Improved Thermal Performance
- **19KWh, 33KWh**
  - Supports Bharat Standard Public Charging
  - Cloud Monitoring & OTA Updates
  - Fire and Waterproof Certified
- **24KWh**
  - BTMS for Enhanced Thermal Performance
  - Cloud Monitoring & OTA Updates
  - IP67 Rated Safe Battery
- **48V/60V/72V Motors**
  - AIS 041 Revision -1 Certified Motors
  - IP67 Rated, Highly Energy Efficient, and Regenerative Braking
  - Dashboard Interface and Hill Stop Function
- **Controllers (48V/60V/72V)**
  - AIS 041 Revision -1 Certified
  - Available in 50A/60A/80A Variants
  - Equipped with Dynamic Low-Speed Feedback Technology

IPO Note – CLN Energy Limited

Recommendation: **NEUTRAL!**

Material Handling Equipment Industry

- **5KWh, 19KWh & 32KWh**
  - Charging & Discharging Protection
  - CAN Protocol Enabled
  - Suitable for Forklifts, BOPT, Cleaning Machines, and Reach Trucks.

Golf Cart Industry

- **2KWh, 10KWh (24V-72V)**
  - Trouble-Free Performance with Long Life
  - Fast Charging, Ultra-Safe, and Zero Maintenance
  - Bluetooth Application for Real-Time Monitoring

Solar Industry

12.8V (12Ah, 30Ah, 54Ah)

- Efficient for Charge/Discharge Operations
- Overcharge, Discharge, and Temperature Protection
- BIS Approved

Telecom Industry

- **48V-50Ah to 1600Ah**
  - Integrated with Major Inverter/UPS Manufacturers
  - CAN/RS485/232 Communication Options
  - Supports Multi-Unit Parallel Connection
  - SOC Indicators and Failure Warning Display LED

Thermal Power Industry, Chemical and Industrial Application

96 to 1000V – 20 to 500KWh

- Long-Lasting and Safe Design
- Effortless Installation and Versatile Operation Modes
- Swift and Adaptable Charging

Manufacturing Facilities

CLN Energy Limited operates two state-of-the-art manufacturing facilities: a 42,000 sq. ft. facility in **Noida, Uttar Pradesh**, and a 21,000 sq. ft. facility in **Pune, Maharashtra**. The combined manufacturing capacities for **two-wheeler batteries** include **168 MWH per annum** for cell grading, **358 MWH per annum** for cell sorting, **130 MWH per annum** for manufacturing, and **72 MWH per annum** for battery testing. For **other batteries**, the capacities are **41 MWH per annum** for cell grading, **110 MWH per annum** for cell sorting, **115 MWH per annum** for manufacturing, and **41 MWH per annum** for battery testing. Additionally, the Noida facility boasts an annual production capacity of **60,000 motors**.

Capacity Utilization

Two-Wheeler Battery - Noida

Particular	Installed Capacity (Sep 30, 2024)	Utilised Capacity	Installed Capacity (F.Y. 23-24)	Utilised Capacity	Installed Capacity (F.Y. 22-23)	Utilised Capacity	Installed Capacity (F.Y. 21-22)	Utilised Capacity
Cell Grading Capacity (a)	136	10%	136	12%	124	15%	41	45%
Cell Sorting Capacity (b)	328	4%	328	5%	301	6%	39	47%
Manufacturing Capacity (c)	100	14%	100	16%	91	21%	36	51%
Battery Testing Capacity (d)	22	63%	22	72%	22	87%	22	83%
Production Capacity (Min of a, b, c, or d)	**22**	**63%**	**22**	**72%**	**22**	**87%**	**22**	**83%**

Other than two-wheeler Battery

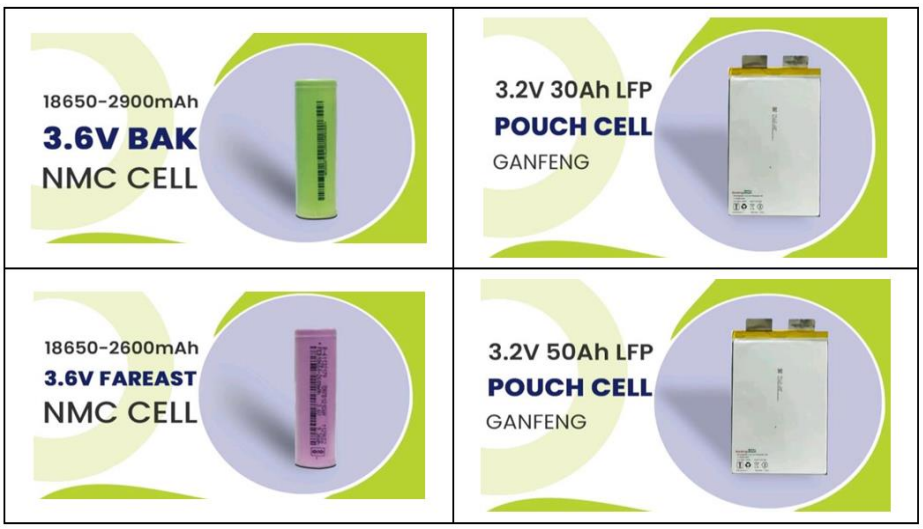
Particular	Installed Capacity (Sep 30, 2024)	Utilised Capacity	Installed Capacity (F.Y. 23-24)	Utilised Capacity	Installed Capacity (F.Y. 22-23)	Utilised Capacity	Installed Capacity (F.Y. 21-22)	Utilised Capacity
Cell Grading Capacity (a)	41	77%	41	72%	38	40%	10	30%
Cell Sorting Capacity (b)	110	29%	110	27%	100	15%	16	19%
Manufacturing Capacity (c)	115	27%	115	26%	105	15%	16	19%
Battery Testing Capacity (d)	41	77%	41	72%	77	20%	6	50%
Production Capacity (Min of a, b, c, or d)	**41**	**77%**	**41**	**72%**	**38**	**40%**	**6**	**50%**
Total Capacity of Noida Unit	**63**	**-**	**63**	**-**	**50**	**-**	**28**	**-**

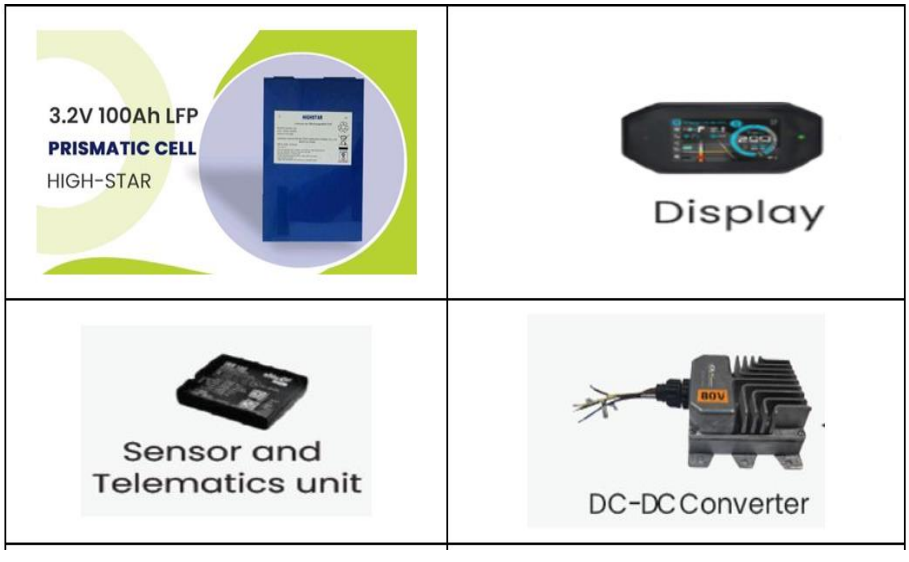
Two-wheeler Battery - Pune

Particular	Installed Capacity (Sep 30, 2024)	Utilised Capacity	Installed Capacity (F.Y. 23-24)	Utilised Capacity	Installed Capacity (F.Y. 22-23)	Utilised Capacity	Installed Capacity (F.Y. 21-22)	Utilised Capacity
Cell Grading Capacity (a)	32	16%	32	53%	30	20%	-	-
Cell Sorting Capacity (b)	30	17%	30	57%	27	23%	-	-
Manufacturing Capacity (c)	30	17%	30	57%	27	23%	-	-
Battery Testing Capacity (d)	50	10%	50	34%	46	13%	-	-
Production Capacity (Min of a, b, c, or d)	**30**	**17%**	**30**	**57%**	**27**	**23%**	**-**	**-**
Total Capacity of Pune Unit	**30**	**-**	**30**	**-**	**27**	**-**	**-**	**-**
Grand Total	**93**	**-**	**93**	**-**	**87**	**-**	**28**	**-**

*Unity of measurement is MWH per annum

Traded Goods





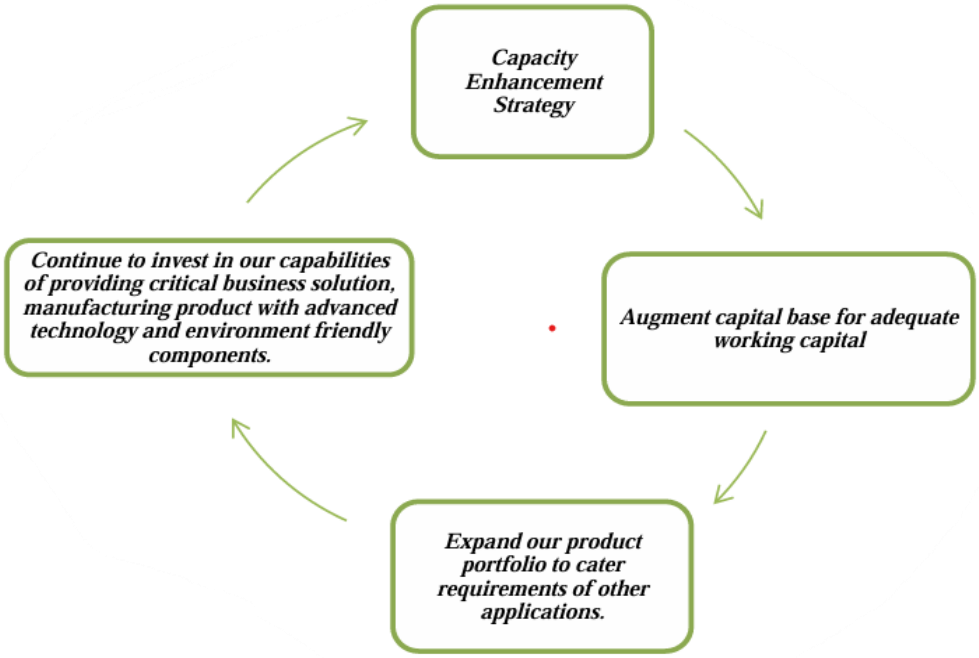
Services

CLN Energy Limited specializes in designing and developing prototypes tailored to customer requirements. The company offers end-to-end lithium-ion battery solutions, including BMS and algorithms. Its R&D ensures validated, cost-competitive, and compliant designs, enhancing product lifecycle and performance for stationery and mobility applications.

Distributors

Their experienced team and distributor network, spanning multiple states, aim to expand to 500 distributors, supported by automation and increased production capacity. The top three states with the highest number of distributors are **Uttar Pradesh (42)**, **Haryana (20)**, and **Punjab (9)**. Other states include Delhi (8), Bihar (8), Madhya Pradesh (7), Jharkhand (6), Uttarakhand (5), West Bengal (4), and Rajasthan (3), with a total of 126 distributors across all states.

Business Strategies –



The company plans to augment manufacturing at its Noida facility, increasing **two-wheeler battery testing capacity by 69.4%** (from 72 to 122 MWH). For other batteries, capacities will rise significantly: **cell grading by 348.8%** (41 to 184 MWH), **cell sorting by 49.1%** (110 to 164 MWH), **manufacturing by 43.5%** (115 to 165 MWH), and **battery testing by 243.9%** (41 to 141 MWH). This strategic investment enhances production, improves efficiency, and strengthens market competitiveness while supporting growing demand and operational scalability.

The company aims to expand its product portfolio to meet the rising demand for lithium-ion batteries and powertrain components in mobility and stationary applications, driven by the EV boom and the country's shift toward a green revolution.

For FY23-24 (till September 2024), batteries contributed **82.34% of revenue (₹4,958.27 crores)**, motors and controllers **10.67% (₹642.73 crores)**, chargers **2.53% (₹152.50 crores)**, and others **4.46% (₹268.52 crores)**. The company seeks to identify new use cases for batteries and capitalize on unutilized capacity to enhance its visibility in the domestic market, increase customer spending on lithium-ion batteries, and strengthen its position in power generation and storage segments.

Risk Factors –

The Company, its Group Companies, Promoters, and Directors are involved in legal proceedings, including 3 tax litigations, 2 material civil cases against the Company, 2 criminal cases against Directors, and 1 criminal case against Promoters, involving ₹746.12 lakhs.

The Company derives a significant portion of its revenue from the sale of batteries, cells, and motors/controllers. For the period ended September 30, 2024, and FY 2023-24, FY 2022-23, and FY 2021-22, these contributed ₹5,766.58 lakhs (95.76%), ₹10,806.33 lakhs (98.54%), ₹10,984.98 lakhs (98.51%), and ₹11,864.44 lakhs (97.82%), respectively. Any decline in demand or challenges in manufacturing these products could adversely impact the Company's business, financial condition, and results of operations.

Company has had negative Cashflow in period ended Sep 24.

The Company relies heavily on a few suppliers for raw materials. For the period ended September 30, 2024, the top five suppliers accounted for 77.50% of total purchases, highlighting significant dependency, with one supplier contributing 44.10%.

The Company is significantly dependent on a few customers for revenue. For the period ended September 30, 2024, the top one, five, and ten customers contributed 21.97%, 57.57%, and 71.45% of revenue, respectively, indicating substantial customer concentration risk.

Company has unsecured loans worth 200 lakhs and they can be recalled on demand.

The Company faces foreign exchange risks primarily due to imports and procurement operations. Import purchases accounted for 18.07% and 55.13% of total purchases as of September 30, 2024, and FY 2023-24, respectively, exposing the business to currency fluctuation impacts.

Peer Analysis –

Particulars	CLN Energy Limited			Eveready Industries India Limited			Panasonic Energy India Co. Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	2.99%	0.57%	7.38%	3.84%	2.07%	5.07%	3.83%	-4.05%	3.83%
EBITDA Margin	5.21%	5.13%	13.95%	10.23%	8.88%	10.87%	6.49%	-4.07%	6.39%
RoCE	27.65%	2.36%	30.18%	19.20%	16.48%	20.23%	11.49%	-14.51%	14.65%
ROE	127.48%	20.33%	73.19%	16.02%	8.65%	17.27%	8.64%	-11.58%	11.34%
EPS (INR)	4.82	0.95	12.78	6.39	3.80	9.19	12.52	-14.17	15.53
P/E	51.87	263.16	19.56	53.04	76.88	36.37	22.94	-15.29	26.28

Particulars	High Energy Batteries (India) Limited			Indo National Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	22.5%	21.9%	21.0%	1.35%	-0.98%	1.48%
EBITDA Margin	37.2%	34.0%	31.9%	7.62%	3.48%	7.81%
RoCE	47.0%	39.7%	27.4%	9.20%	1.00%	9.08%
ROE	32.2%	27.9%	19.6%	3.31%	-2.45%	25.80%
EPS (INR)	4.00	7.62	19.14	10.60	-7.57	12.83
P/E	79.59	42.22	31.41	38.14	-38.87	42.99

Competition Analysis –

Technological Influences: Advancements in lithium-ion battery technology are key drivers in the EV component supply market, with the global EV battery market valued at $132.6 billion in 2023, expected to reach $508.8 billion by 2033, growing at a CAGR of 14.4%. Companies investing in R&D for enhanced battery life, charging speed, and driving range will maintain a competitive edge.

Social Influences: Environmental awareness is pushing the adoption of EVs, with demand for EV batteries surpassing 750 GWh in 2023, a 40% increase from 2022. Electric vehicles accounted for 95% of this growth, indicating a strong demand for sustainable battery solutions.

Macroeconomic Influences: Raw material costs, such as lithium and cobalt, significantly impact production costs. For example, CATL's 2024 revenue decline was attributed to falling lithium carbonate prices.

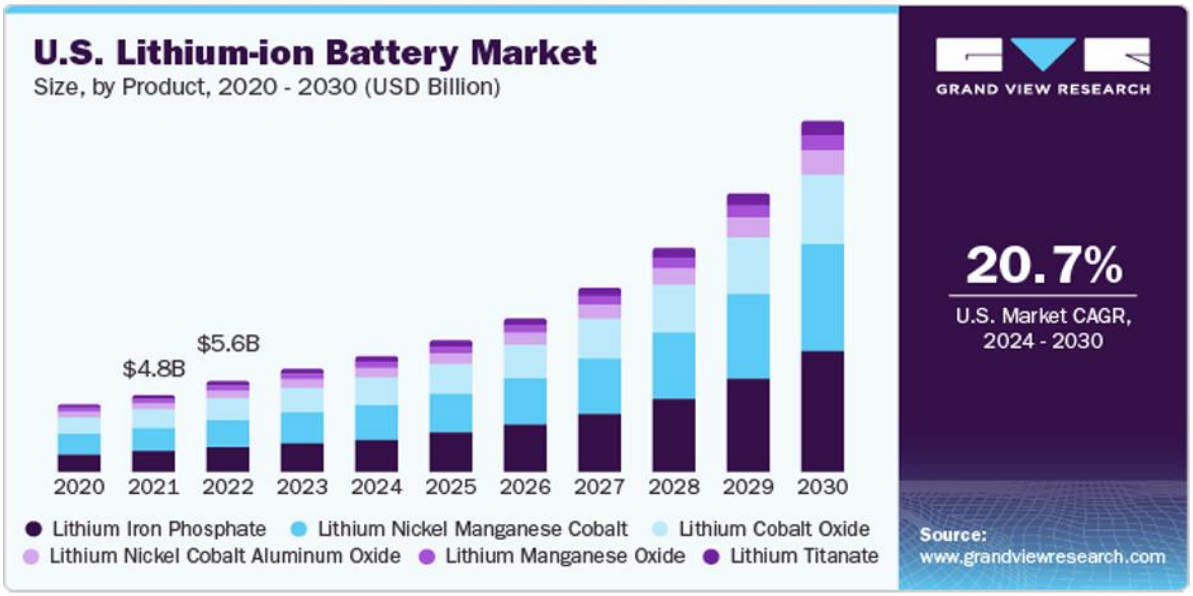
Porter's Five Forces: High capital investment and technology barriers reduce the threat of new entrants. Supplier power is high due to concentrated raw material sources. Customer bargaining power is driven by large automotive manufacturers. The threat of substitutes requires ongoing innovation. Intense competition among players like CATL, BYD, and LG Energy Solution adds to industry rivalry.

The industry is in a growth phase, with cost reductions through the experience curve as production scales.

Industry Overview

Lithium-Ion Battery Market

- **Market Size & Growth:** The global market was valued at **USD 54.4 billion** in 2023 and is expected to grow at a **CAGR of 20.3%** from 2024 to 2030.
- **Automotive Sector:** Significant growth driven by low-cost lithium-ion batteries and increasing **EV registrations**.
- **Regional Insights:** The U.S. was the largest market in 2023, supported by federal policies like tax credits and CAFE standards.
- **Consumer Electronics:** The largest revenue share (31%) in 2023, with applications in mobile phones, laptops, and wearables.
- **Market Trends:** Growing EV demand due to carbon emission awareness and regulatory shifts from lead-acid to lithium-ion batteries.
- **Global Expansion:** Mexico, the fourth-largest automotive exporter, is a key market for growth in lithium-ion demand.
- **COVID-19 Impact:** Market growth slowed due to operational disruptions and supply chain issues but has since recovered.



Regional Insights

- **Asia Pacific** held over **47%** market share in 2023, with **India** and **China** driving demand for Li-ion batteries due to rapid EV adoption.
- **Germany** is a leading market for energy storage and renewable energy, with growing demand for Li-ion batteries in EVs and consumer electronics.

Market Dynamics:

- The surge in **EV adoption** globally is a key driver, with Li-ion batteries playing a crucial role in powering sustainable transportation.
- **Substitute demand** (e.g., sodium nickel chloride, lithium-air batteries) may restrain Li-ion market growth.

Product Insights:

- **Lithium Cobalt Oxide (LCO)** led the market in 2023, holding over **30%** revenue share, driven by demand in electronics.
- **Lithium Iron Phosphate (LFP)** and **Lithium Nickel Cobalt Aluminium Oxide (NCA)** are expected to see increased demand due to their safety, lifespan, and efficiency in EVs and industrial applications.

Manufacturing Sector in India:

- **GDP Contribution**: The sector contributes **16-17%** of India's GDP pre-pandemic, with a projected growth trajectory to reach **25%** by 2025.
- **Sector Growth**: The manufacturing industry registered **6.03% growth** in exports, totalling **US$ 447.46 billion** in FY23, surpassing the previous year's record of **US$ 422 billion**.
- **Technology Adoption**: Digital transformation and automation are key to improving efficiency and competitiveness in the sector, with Industry 4.0 initiatives driving this shift.
- **Workforce**: The sector employed **over 27.3 million** workers, with growth in **mobile manufacturing**, creating **150,000-250,000 jobs** in the next 12-16 months.
- **Market Potential**: By 2030, India is expected to add **US$ 500 billion** annually to the global economy, with a growing middle class poised to account for **17%** of global consumption.
- **GVA**: Manufacturing GVA was **US$ 110.48 billion** in Q1 FY24.

Lithium-Ion Battery (LIB) Manufacturing Industry in India

- **Decarbonization Goals**: The lithium-ion battery market is crucial for India's decarbonization efforts, particularly in the electricity and transport sectors, which contribute to 49% of the country's greenhouse gas emissions.
- **Market Growth**: The LIB market in India is predicted to grow at a **CAGR of 50%**, reaching **220 GWh by 2030** from **20 GWh in 2022**. The recycling market for these batteries is expected to reach **22-23 GWh by 2030**.
- **Domestic Production**: India is focusing on localizing supply chains, with the discovery of significant lithium reserves in Jammu & Kashmir and Rajasthan expected to meet **80%** of domestic demand.
- **Critical Mineral Supply**: India is strengthening mineral supply chains, joining the **US-led Mineral Security Partnership** and securing critical minerals through **government-to-government negotiations** and overseas acquisitions via KABIL.
- **Battery Chemistry**: LIBs are categorized into various types, such as **Lithium Cobalt Oxide (LCO)** for consumer electronics, **Lithium Iron Phosphate (LFP)** for stationary applications, and **Lithium Nickel Cobalt Aluminium Oxide (NCA)** for electric vehicles (EVs) and powertrains.
- **Key Applications**: LIBs are used in a variety of sectors, including **consumer electronics**, **electric vehicles**, **medical devices**, and **aerospace**.

Government Initiatives in Lithium-Ion Battery Manufacturing

- **FAME-II Scheme**: Launched in 2019 with a budget of **Rs. 10,000 crore** (US$ 1.20 billion), the scheme promotes the adoption of electric vehicles (EVs) by offering demand incentives for **eBuses, e-3 Wheelers, e-4 Wheelers**, and **e-2 Wheelers**. It also supports **charging infrastructure** development.

- **Production Linked Incentives (PLIs) for Advanced Chemistry Cells (ACC)**: With an investment of **US$ 2.5 billion**, the government aims to establish local manufacturing capacity for **50 GWh of ACC** and **5 GWh of niche ACC capacity**. Agreements with **Reliance New Energy Solar, Ola Electric,** and **Rajesh Exports** have been made under the program.

- **Union Budget 2023**:
  - **Customs duty exemption** for machinery used in lithium-ion battery manufacturing.
  - **Reduction of customs duty on lithium-ion batteries** from **21% to 13%**.
  - **Incentives for electric vehicles** and hybrid batteries.
  - Additional funding allocated for **vehicle recycling**.

- **Battery Waste Management Rules**: Introduced in 2022 to promote **environmentally responsible disposal and recycling** of used batteries. New firms and technologies are encouraged to develop in the recycling and refurbishment sector.
- **Battery Swapping Policy (Draft)**: Proposed to incentivize **EVs with swappable batteries**, offering the same incentives as vehicles with fixed batteries, with the incentive size determined by battery capacity.
- **Road Ahead**: India's **lithium-ion battery industry** will need substantial raw materials like **lithium, nickel, cobalt, manganese**, and others by 2030. To meet this demand, India must enhance **supply chain infrastructure** and focus on **R&D, process optimization,** and **recycling**. Strategic foreign policies and mineral access will be crucial for **global competitiveness** in the lithium-ion battery market.

Key Management -

Key Management Persons Name -	**Sunil Gandhi**
Age	50
Designation and No. of years of experience	Whole-Time Director and CEO, 20+ years of experience in Software Technology and Telecommunication Industry
Qualification	Diploma course in Electrical Engineering with Specialization in Electronics and Television Technology and Post Diploma Graduation in Business Administration
Other Directorships	JLNPhenix Powers Private Limited, Winst Management Private Limited and Advisory Hub Private Limited

Key Management Persons Name -	**Manish Shah**
Age	37
Designation and No. of years of experience	Whole-Time Director and COO, 20+ years of experience in electrical & telecommunication industry
Qualification	Bachelor's degree in Engineering
Other Directorships	-

Key Management Persons Name -	**Rajiv Seth**
Age	54
Designation and No. of years of experience	Promoter, Chairman & Non-Executive Director, 20+ years of experience in overall managing and promoting companies
Qualification	Bachelor's degree in Electronics & Communication Engineering
Other Ventures	Cosmique Poly Products Private Limited, Aim Sky Limited, Great Mega Holdings Limited etc.

Key Management Persons Name -	**Bhawna Hundlani**
Age	26
Designation and No. of years of experience	Non-Executive Independent Director, Experience in Compliance, Secretarial and Legal matters
Qualification	Qualified CS, Bachelor's degree in Commerce as well as Law
Other Directorships	NAPS Global India Limited

Key Management Persons Name -	**Rakesh Kakkar**
Age	54
Designation and No. of years of experience	Non-Executive Independent Director, 25+ years of experience in IT, Telecom & Software/ Software Services, Proven Track Record, Personal Leadership, Professional Excellence
Qualification	Bachelor's degree in Electronics & Communication Engineering
Other Directorships	Fortune Endeavour Infrastructure Private Limited, Enormous Electrotech Private Limited, Kayran Developers & Builders Private Limited etc.

- The overall management of the company is decent.
- The promoter and management have vast experience in the industry.
- Ashish Kumar (CFO), aged 32 years, is a qualified CA and holds a bachelor's degree in commerce.

FINANCIAL SNAPSHOT

Statement of Profit and Loss — Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
Revenue from Operations	12,168.96	12,881.94	13,270.86	7,482.78
Other Income	1.04	6.45	15.07	101.35
Total Income	**12,170.00**	**12,888.39**	**13,285.93**	**7,584.13**
Expenses				
Raw Material Consumed	8,336.36	5,177.92	1,816.76	387.76
Purchases of stock-in-trade	2,682.74	4,276.50	7,483.10	5,255.50
Change in Inventories of Stock In Trade	-373.40	-173.26	-335.27	-249.39
Employee Benefit Expenses	401.92	916.42	1,289.13	565.60
Finance Cost	-	-	-	19.01
Depreciation and Amortization Expense	134.45	577.32	642.58	320.91
Other expenses	486.77	1,353.51	1,165.36	563.25
Total Expenses	**11,668.84**	**12,128.41**	**12,061.66**	**6,862.64**
EBITDA	**634.57**	**661.24**	**1,851.78**	**960.06**
EBITDA Margin	**5.21%**	**5.13%**	**13.95%**	**12.83%**
Profit/(Loss) before tax	**501.16**	**759.98**	**1224.27**	**721.49**
Exceptional Items	**-**	**669.61**	**-**	**-**
Tax Expense				
Current tax	34.87	113.23	389.56	235.26
Deferred Tax	102.17	-95.73	-144.12	22.59
Total Tax	**137.04**	**17.50**	**245.44**	**257.85**
Profit/(Loss) for the year	**364.12**	**72.87**	**978.83**	**463.64**
Net Profit Margin	**2.99%**	**0.57%**	**7.38%**	**6.20%**

Statement of Assets and Liabilities — Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	1.00	1.00	573.68	573.68
Reserves and surplus	102.33	179.19	1,203.81	1,481.31
Total Equity	**103.33**	**180.19**	**1,777.49**	**2,054.99**
NON-CURRENT LIABILITIES				
Other Long-term Liabilities	58.90	91.53	110.41	463.00
Long-Term Provisions	-	-	1.32	2.43
Total Non-current liabilities	**58.90**	**94.65**	**111.73**	**465.43**
CURRENT LIABILITIES				
Short-term Borrowings	-	-	-	678.45
Trade Payables				
(i) Total outstanding dues of MSME	34.03	40.76	76.45	139.34
(ii) Total outstanding dues of creditors other than MSME	3,126.26	5,724.07	5,552.84	3,687.06
Other Current Liabilities	1,109.57	1,378.94	1,054.50	2,342.06
Short-term provisions	126.43	269.75	636.31	632.27
Total Current liabilities	**4,396.29**	**7,413.52**	**7,320.10**	**7,479.18**
Total Liabilities	**5,919.22**	**10,603.91**	**9,990.04**	**10,171.98**
Total Equity and Liabilities	**6,204.84**	**10,962.40**	**11,327.38**	**11,972.97**
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	452.55	1,374.82	1,600.81	1,356.33

IPO Note – CLN Energy Limited

Recommendation: **NEUTRAL!**

Particulars	FY 22	FY 23	FY 24	Sep-24
Intangible Assets	0.20	236.74	153.68	103.38
Capital Work in Progress	600.38	296.88	-	-
Long-Term Loans and Advances	94.18	130.51	-	-
Deferred tax assets (net)	92.68	349.01	103.65	417.10
Other Non- current Assets	28.97	124.69	268.81	246.22
Total Non-Current assets	**1,268.96**	**2,512.65**	**2,126.95**	**2,123.03**
CURRENT ASSETS				
Inventories	3,710.76	3,192.72	3,548.56	4,792.48
Trade Receivables	762.18	2,520.70	2,477.82	3,214.03
Cash & Cash equivalents	99.09	175.40	378.96	162.31
Short term loans and advances	324.80	701.70	938.59	1,426.82
Other Current Assets	39.07	1,859.24	1,856.51	254.29
Total Current assets	**4,935.90**	**8,449.76**	**9,200.44**	**9,849.93**
Total Assets	**6,204.86**	**10,962.41**	**11,327.39**	**11,972.96**

Cash Flow Statement **Amt in Lakhs.**

Particulars	FY 22	FY 23	FY 24	Sep-24
Net Cash Flow from Operating Activities	792.85	1,502.48	677.13	-860.22
Net Cash Flow from Investing Activities	-928.28	-1,426.16	-473.58	-15.87
Net Cash Flow from Financing Activities	202.50	-	-	659.44

Key Ratios

Per Share Data	FY 22	FY 23	FY 24	FY 25*
Diluted EPS	4.82	0.95	12.78	8.79
BV per share	25.16	31.59	39.28	89.97
Operating Ratios				
EBITDA Margins	5.21%	5.13%	13.95%	12.83%
PAT Margins	2.99%	0.57%	7.38%	6.20%
Inventory days	111.61	90.71	97.87	104.35
Debtor days	22.92	71.62	68.34	60.37
Creditor days	431.15	493.38	275.33	333.27
Return Ratios				
RoCE	27.65%	2.36%	30.18%	13.46%
RoE	127.48%	20.33%	73.19%	9.77%

Valuation Ratios (x)	FY 22	FY 23	FY 24	FY 25*
EV/EBITDA	0.29	0.28	0.52	0.29
Market Cap / Sales	0.23	0.220	0.64	1.76
P/E	51.87	263.16	19.56	28.45
Price to Book Value	9.93	7.92	6.37	2.78
Solvency Ratios				
Debt / Equity	-	-	-	0.07
Current Ratio	1.12	1.14	1.26	1.26
Quick Ratio	0.28	0.71	0.77	0.77
Asset Turnover	1.96	1.18	1.17	1.32
Interest Coverage Ratio	-	-	33.62	33.62

INTERPRETATION –

1. The top line has increased at a CAGR of 4.43% over the past three years. Revenue from operation has increased by 3.02% to ₹13,270.87 lakhs in Fiscal 2024 from ₹12,881.94 lakhs in Fiscal 2023. Such increase was primarily attributable to an increase in sale of their manufactured products.
2. Revenue from operations increased by 5.86% to ₹12881.94 lakhs in Fiscal 2023 from ₹12168.96lakhs in Fiscal 2022, predominantly due to an increase in the sale of their products due to partial relaxation of COVID-19 induced lockdown, resulting in the gradual opening of domestic markets.
3. According to the company the profit for FY 23 and FY 24 are not comparable because the Company had faced a major fire accident in its manufacturing unit at Noida and has booked an exceptional loss of 669.61 lakhs during the year 2022-23.
4. The company manufactures lithium-ion batteries and motors while also generating service income through R&D for design and prototypes. Due to reliance on imported raw materials from China and limited working capital, the company delays payments to creditors, missing out on discounts and better pricing.

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is Aryaman Financial Services 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 –

Aryaman Financial Services Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Indo Farm Equipment Limited	260.15	215.00	Jan 07, 2025	213.85
2.	Khyati Global Ventures Limited	18.30	99.00	Oct 11, 2024	64.01
3.	Vraj Iron and Steel Limited	171.00	207.00	Oct 10, 2023	203.25
4.	Shivam Chemicals Limited	20.18	44.00	Apr 30, 2024	48.00
5.	Arrowhead Separation Engineering Limited	13.00	233.00	Nov 28, 2023	137.80
6.	Mish Designs Limited	9.76	122.00	Nov 07, 2023	138.00
7.	Sunita Tools Limited	22.04	145.00	Oct 11, 2023	1,019.00
8.	Master Components Limited	15.43	140.00	Sep 29, 2023	310.15
9.	HMA Agro Industries Limited	480.00	585.00	July 04, 2023	38.50
10.	CFF Fluid Control Limited	85.80	165.00	June 12, 2023	659.50

The company has handled 3 mandate in the last three years (including current year).

*CMP for the above-mentioned companies is taken as of 22nd Jan 2025.
As per the offer document, the above-mentioned mandates all have opened at a premium on the listing day.

Recommendation -

The company has been in the industry since 2019 and is new to it. It has grown at a **CAGR of ~4.5%** over the past three years, with revenue increasing to **₹13,270.87 crores in FY24** (up **3.02% YoY**).

However, high dependency on batteries, cells, and motors for **95.76%-98.54%** of revenue, and negative cash flow in H1 FY24 raise concerns.

Additional risks include high supplier dependency (top 5 suppliers accounted for **77.50% of purchases**), customer concentration risk (top 10 customers contributed **71.45% of revenue**).

Operational challenges, such as delayed creditor payments due to limited working capital and reliance on Chinese imports, further compound concerns. However, the company is operating in a highly growing industry. Given these factors and the impact of a fire in FY23, we recommend waiting for post-listing performance before making investment decisions.

Thus, we have given a **Neutral** recommendation to this IPO.