



IPO Note

Sahaj Solar Limited

Growing Industry, Good Ongoing Projects

Recommendation: **APPLY!**

Company Background -

- Originally formed and incorporated at Gujrat as 'Sahaj Solar Private Limited' on Feb 26, 2010, under companies act, 1956.
- The company deals with renewable energy solution provider engaged majorly into three businesses being manufacturing of PV modules, providing solar water pumping systems and providing EPC services to PAN India customers.
- The company has 62 employees as of March 31, 2024.

Objects of the Issue -

- Working Capital Requirements of the company
- General Corporate Expenses.

Promoters Name -

Pramit Bharkat Kumar Brahmbhatt, Varna Prमित Brahmbhatt and Manan Bharkat Kumar Brahmbhatt.

Rationale for recommendation -

- ✓ The company has seen an increasing trend in the top line and bottom line of its financials.
- ✓ The company has good on-going projects which will help in the growth of the company.
- ✓ The company has a P/E of 14.79 times on Post IPO basis is considered undervalued to the Industry P/E being 45.76 times.
- ✓

IPO Details

Opening Date	July 11, 2024
Closing Date	July 15, 2024
Allotment Date	July 16, 2024
Listing Date	July 19, 2024
Stock Exchange	NSE SME
Lot Size	800 Shares
Issue Price Per Share	₹171 to ₹180
Issue Size	52.56 Cr.
Fresh Issue	52.56 Cr.
Offer for Sale	-
Application Amt	₹ 1,44,000 (800 shares)

KPI's	KPIs (In Lakhs)		
	FY 22	FY 23	FY 24
Revenue	6,677.00	18,536.15	20,117.41
EBITDA	389.27	1,133.00	2,438.14
Net Profit	102.51	648.39	1,337.29
RoCE	15.43%	48.24%	61.43%
ROE	10.23%	39.48%	40.48%
P/E	138.46	22.19	10.78

Promoter Share Holding Pattern

Pre-Issue	Post Issue
97.08%	71.28%

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	16.70	12.17
BVPS	40.95	77.91
P/E	10.78	14.79
P/BV	4.40	2.31
Mkt Cap (In Cr)	145.19	197.75

Lead Managers -

Kunvarji Finstock Private Limited

Registrar -

KFin Technologies Limited

Business Overview -

Sahaj Solar Limited was originally formed and incorporated at Gujrat as 'Sahaj Solar Private Limited' on Feb 26, 2010, under the Companies Act, 1956, and was converted into a public limited company and on April 01, 2023. They are a manufacturing as well as a service provider. As of September 30, 2023, they had 62 employees.

The company deals with renewable energy solution provider engaged majorly into three businesses being manufacturing of PV modules, providing solar water pumping systems and providing EPC services to PAN India customers. The company owns 1 factory and has leased 4 godowns. The capacity utilization remained at 74.68%, 73.65%, 50.62% and 78.21% for FY 2024, 2023, 2022 and 2021 respectively.

Business Operations -

Manufacture of PV Modules –

The company has a PV module manufacturing plant having a capacity of 100 MWs at plant in Bavla, Ahmedabad, Gujarat, India. Automated production facility offers mono & poly crystalline PV Modules for various solar projects across India and abroad. They sell PV modules under the brand name of 'SAHAJ'.

Providing Solar water pumping systems –

The company designs and customizes solar mobile trolleys for usage in rural and remote areas as and when required to produce electricity for solar water pumping, for off grid power and to run other utilities by producing electricity on the move.

Engineering, Procurement and Construction (EPC) Services –

The EPC services include design, supply, installation, testing, commissioning and maintenance of all sizes of projects ranging from simple domestic solar installation to setting up a large-scale Solar Power Plant.

Revenue Bifurcation Based on Business Vertical:

Amt in Lakhs

Particular	2023-24		2022-23		2021-22		2020-21	
	Amt	%	Amt	%	Amt	%	Amt	%
Solar Pumping System	14,179.95	70.49	13,213.74	71.29	2075.05	31.08	322.33	5.2
PV Module Segment	5,454.28	27.11	4,056.29	21.88	4,388.02	65.72	5,646.51	91.17
EPC Services	426.02	2.12	815.97	4.4	208.47	3.12	214.97	3.47
AMC, Consultancy, Customer Support	50.75	0.25	30.77	0.17	-	-	-	-

Note: EPC Services include Solar Rooftop/ Ground mount segment and Solar streetlight/ home light/ off-grid systems

Subsidiaries of the company:

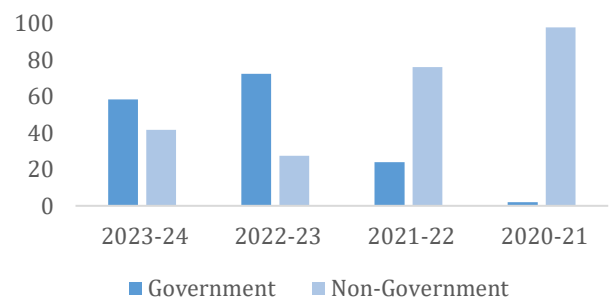
Veracity Energy and Infrastructure Private Limited (VEIPL), Veracity Powertronics Private Limited (VPPL) and Sustainable Plant Green Energies Private Limited (SPGEPL).

Key Domestic Customers:

Government customers: MGVCL, DGVCL, PGVCL, GEDA, HAREDA, MEDA, Maharashtra State Electricity Distribution Co. Ltd.

Private Customers: Mahindra Susten Private Limited, Mahindra Solarize Private Limited, Secured Meters etc.

Revenue Bifurcation based on Customers



On-Going Projects –

The company has 7 On-Going projects out of which 5 are solar water pump segment, 1 drinking water supply segment and 1 solar power plant segment.

Export Obligations -

Currently the company has an obligation of Rs. 108.39 lakhs against Export Promotion Capital Goods (EPCG) license.

Conclusion:

The company has almost one decade of experience in majorly renewable power generation. The net proceeds of the issue will be utilized for working capital requirements amounting to Rs. 3,942 lakhs.

Competition -

The Renewable Energy Industry is extremely competitive where the key factors of competition primarily comprise quality, customization, and constant innovation.

The company faces competition not only from organized sectors but also from both small and big regional and national players.

The company has slightly lower barriers to entry.

The bargaining power is lower with the suppliers.

The bargaining power is slightly higher with customers.

Business Strategies -

Focus on Development of new and innovative products and services: The company started designing solar trolleys and is currently developing agriculture related machines like De-husking machines, de-stoning machine etc.

Focus on increasing market share into untapped and underdevelopment countries: The company is already exporting solar PV modules to few African underdeveloped countries and working towards increasing customer base in untapped potential markets.

Technology development and global partnerships for vertical integration: The company is exploring global partnerships for technological advancement with players from developed countries in the field of batter storage and PEM based electrolyzers.

Enhance commitment to society and sustainable business development: The company is pursuing environmental, social and governance initiatives as part of the business operations.

Risk Factors -

There are 2 outstanding cases against the company for tax liability amounting to Rs. 44.41 lakhs.

The company derives majority of its revenue from top 10 clients which accounted for 67.42%, 89.72% and 81.93% for the FY ended 2024,2023 and 2022 respectively.

The company generated 70.94% and 71.29% of the total revenue from solar pumping systems for the FY ended 2024 and 2023 respectively.

The company has contingent liabilities amounting to Rs. 2,072.23 lakhs.

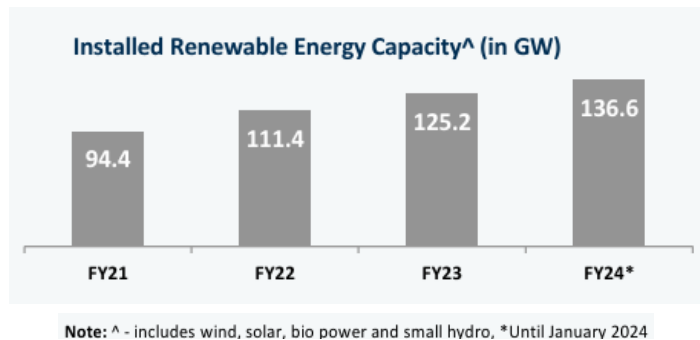
The company has had negative operating cash flows for the FY ended 2024 and ended 2022.

PEER ANALYSIS

Particulars	Sahaj Solar Limited			Shakti Pumps (India) Limited			Zodiac Energy Limited			Solex 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	1.5%	3.5%	6.6%	5.5%	2.5%	10.3%	3.8%	2.3%	5.0%	1.4%	1.7%	2.4%
EBITDA Margin	6%	6%	12%	10%	7%	17%	7%	6%	9%	3.1%	8.7%	8.3%
RoCE	15%	48%	61%	51%	12%	27%	22%	16%	34%	3.7%	16.3%	36.5%
ROE	10%	39%	40%	16%	6%	19%	17%	9%	23%	2.8%	7.2%	18.9%
EPS (INR)	1.30	8.11	16.70	35.26	13.12	76.91	3.74	2.19	7.50	1.53	3.40	10.92
P/E	138.46	22.19	10.78	14.06	30.82	17.34	23.42	40.30	51.62	73.20	126.32	74.18

Indian Renewable Energy Industry -

India was ranked fourth in renewable energy installed capacity, as of 2023. Installed renewable power generation capacity has increased posting a CAGR of 15.4% between FY16 and FY23. India has 125.15 GW of renewable energy capacity in FY23. By 2026, new capacity additions are expected to double. All India RE generation during March 2024 has increased by 5.46 % as compared to March 2023.



Indian Solar Energy Market -

India's solar market is estimated to be at 79.07 GW by the end of this year and is projected to reach 195.11 GW after five years, registering a CAGR of 19.8% during the forecast period. The installed solar energy capacity has increased by 26 times in the last 9 years and stands at 73.32 GW as of December 2023.

Indian Solar Water Pump System Market -

The market size for solar water pumping systems in India was valued at around USD 120 million in 2022 and is expected to witness a CAGR of approximately 20% from 2022 to 2026.

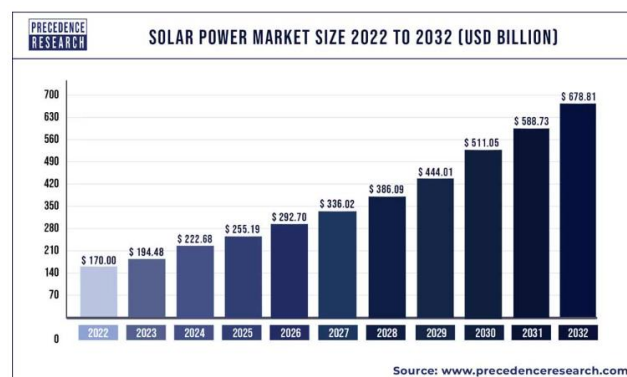
Indian Solar Photovoltaic Market -

The Indian solar photovoltaic (PV) market is expected to grow at a CAGR of 9.8% between 2024 and 2032, reaching 43.23 GW by 2032. Some of the major players includes Tata Power Solar, Adani Group, Azure Power Global Limited, EMMVEE SOLAR, Mahindra Susten Pvt. Ltd.

Indian Power EPC Market -

The India power EPC (Engineering, Procurement, and Construction) market size was valued at USD 13.30 Billion in 2022 and is likely to reach USD 83.84 Billion by 2031, expanding at a CAGR of 22.7% during 2023–2031.

Global Renewable Energy and Solar Market-



Overall renewable energy capacity additions rose by almost 13% to nearly 340 GW in 2022. Expansions in China and the European Union alone accounted for over 85% of the growth in annual PV capacity additions. Global renewable capacity additions are set to soar by 107 gigawatts (GW), the largest absolute increase ever, to more than 440 GW in 2023. Solar PV remains the main source of global renewable capacity expansion in 2023, accounting for 65% of growth. Annual solar PV market growth is expected to continue, reaching almost 310 GW in 2024, an increase of over 7% from 2023.

Government Initiatives-

- As of January 2, 2024, the Government of India is implementing the Production Linked Incentive (PLI) Scheme for the National Programme on High Efficiency Solar PV Modules, aimed at achieving gigawatt-scale manufacturing capacity.
- The Ministry of New and Renewable Energy (MNRE) has proposed the establishment of a 13,000 MW renewable energy (RE) capacity along with a 12,000 MWh Battery Energy Storage System (BESS) in Ladakh.

Key Management -

Key Management Persons Name -	Pramit Bharatkumar Brahmhatt
Age	44
Designation and No. of years of experience	Promoter, Chairman and Managing Director, 9 Years of experience
Qualification	ACCA, MBA (Finance)
Roles and Responsibility	Responsible for overseeing and managing all the business functions of the company.
Other Ventures	Founded Veracity Energy and Infrastructure Pvt. Ltd., Veracity Financial Services Pvt. Ltd., Veracity Broking Services Pvt. Ltd. and Veracity Powertronics Pvt. Ltd.

Key Management Persons Name -	Kanaksinh Agarsinh Gohil
Age	41
Designation and No. of years of experience	Executive Director, 8 years of experience
Qualification	Higher Secondary Certificate
Roles and Responsibility	Contributes with innovative ideas and solutions for the company
Other Directorships	Veracity Clean Power Pvt. Ltd., Veracity Financial Services Pvt. Ltd., Veracity Energy and Infrastructure Pvt. Ltd.

Key Management Persons Name -	Sureshchandra Naharsinh Rao
Age	65
Designation and No. of years of experience	Non-Executive Director, 34 years of experience
Qualification	M. Sc. (Statistics)
Roles and Responsibility	Responsible for the development and implementation of ERP, HR and Project Management in the company.
Other Directorships	-

Key Management Persons Name -	Dilip Balshanker Joshi
Age	66
Designation and No. of years of experience	Independent Director, 33 years of experience
Qualification	M.E. (Industrial Engineering), MBA (Finance)
Roles and Responsibility	-
Previous Associations	Power Generation, Transmission, Distribution and State Load Dispatch Centre

Key Management Persons Name -	Amita Jatin Parikh
Age	58
Designation and No. of years of experience	Independent Director, 35 years of experience
Qualification	B.E. (Electrical)
Roles and Responsibility	-
Previous Associations	Madhya Gujarat Vij Company Limited.

FINANCIAL SNAPSHOT**Statement of Profit and Loss**

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Revenue from Operations	6,677.00	18,536.15	20,117.41
Other Income	51.96	44.33	54.14
Total Income	6728.96	18,580.48	20,171.55
Expenses			
Cost of Materials and components consumed	5,598.57	16,175.39	14,961.06
Purchase if stock-in-trade	-	-	974.46
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	-68.51	350.20	-673.73
Employee Benefit Expenses	283.87	254.62	416.08
Finance Cost	166.95	197.12	417.18
Depreciation and Amortisation	132.74	124.32	116.44
Other expenses	473.80	622.94	2,001.40
Total Expenses	6,587.42	17,724.59	18,212.89
EBITDA	389.27	1,133.00	2,438.14
EBITDA Margin	5.83%	6.11%	12.12%
Profit/(Loss) before tax	141.54	855.89	1,958.66
Tax Expense			
Current tax	44.55	212.60	673.67
Previous year's Income Tax	0.46	0.66	-0.78
Excess/Short Provision Written back/off	-	-	5.19
Deferred Tax Expenses/(credit)	-5.98	-5.76	-56.71
Total Tax	39.03	207.50	621.37
Profit/(Loss) for the year	102.51	648.39	1,337.29
Net Profit Margin	1.54%	3.50%	6.65%

Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share Capital	522.05	783.08	806.60
Reserves and surplus	479.99	859.22	2,496.78
Total Shareholder's Fund	1,002.04	1,642.30	3,303.38
2. Minority Interest	-	32.29	58.89
Total Equity	1,002.04	1,674.59	3,362.27
3. Non-current liabilities			
Long-term borrowings	645.29	368.32	250.77
Long-term provisions	15.55	47.85	166.52
Total Non-current liabilities	660.84	416.17	417.29
4. Current liabilities			
Short-term borrowings	1,060.58	990.96	5,428.28
Trade Payables			
Total outstanding dues of micro enterprises & small enterprises	10.11	12.13	9.48
Total outstanding dues of creditors other than micro enterprises & small enterprises	3,174.48	5,612.76	4,281.63
Other Current Liabilities	145.98	130.39	726.42
Short-term provisions	49.34	244.47	711.04
Total Current liabilities	4,440.49	6,990.71	11,156.85
Total Liabilities	5,101.33	7,406.88	11,574.14
Total Equity and Liabilities	6,103.37	9,081.47	14,936.41

Particulars	FY 22	FY 23	FY 24
ASSETS			
1. Non-current assets			
Property, Plant & Equipment	775.82	760.50	697.40
Intangible Assets	4.83	5.18	7.48
Deferred Tax Assets (Net)	10.83	17.01	75.99
Other Non-Current Assets	50.28	170.83	261.01
Total Non-Current assets	841.76	953.52	1,041.88
2. Current assets			
Inventories	1,112.72	1,184.22	1,504.58
Trade Receivables	3,726.26	5,364.96	8,856.38
Cash & Cash equivalents	106.77	251.14	1,183.14
Short term loans and advances	275.71	651.56	1,058.49
Other Current Assets	40.16	676.08	1,291.93
Total Current assets	5,261.62	8,127.96	13,894.52
Total Assets	6,103.38	9,081.48	14,936.40

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	1.30	8.11	16.70	EV/EBITDA	6.68	2.43	3.20
BV per share	12.42	20.36	40.95	Market Cap / Sales	2.96	1.07	0.98
<u>Operating Ratios</u>				P/E	138.46	22.19	10.78
EBITDA Margins	5.83%	6.11%	12.12%	Price to Book Value	14.49	8.84	4.40
PAT Margins	1.54%	3.50%	6.65%	<u>Solvency Ratios</u>			
Inventory days	60.83	23.32	27.30	Debt / Equity	1.70	0.83	1.72
Debtor days	203.70	105.64	160.69	Current Ratio	1.18	1.16	1.25
Creditor days	200.60	125.16	100.52	Quick Ratio	0.93	0.99	1.11
<u>Return Ratios</u>				Asset Turnover	1.09	2.04	1.35
RoCE	15.43%	48.24%	61.43%	Interest Coverage Ratio	1.54	5.12	5.57
RoE	10.23%	39.48%	40.48%				

LEAD MANAGER TRACK RECORD -

The lead manager to the issue is Kunvarji Finstock Private 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 –

Kunvarji Finstock Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Falcon Technoprojects India Limited	13.69	92.00	June 26, 2024	77.80

The company has handled 1 mandate in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 8th July 2024.

As per the offer document, from the above-mentioned mandate has opened at discount on the listing day.

Recommendation -

The company has been in the industry since 2010 and has good experience in the industry. The management overview of the company is satisfactory with directors having good experience in the industry.

The P/E on a post-IPO and annualised basis is around 14.79 times which makes it fairly priced by looking at the performance of the company and sector. The Sector P/E is 45.76 times.

The company has seen an increase in the top line and bottom line of its financials, had seen a sudden jump during FY 2023 but looking at its top line for FY 2024 it looks to be sustainable going forward, adding to the current ongoing projects which will help in the growth of the company. The company operates in the renewable energy sector which has seen a huge increase in demand over the years. The company has performed at par with the industry standards. By raising its net proceeds for working capital requirement the company is planning to enhance its efficiency which will help in the future outlook of the company. Thus, one can **APPLY** to this IPO keeping in mind that it is for a long-term investment.

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