

Karamtara Engineering Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
9 September 2026	11 September 2026	₹241-254	Neutral

Investment Summary

Karamtara Engineering Limited is an integrated manufacturer of structural components for the renewable energy and power transmission sectors, offering solar module mounting structures, tracker piles, transmission line towers, and wind turbine towers. It caters to global IPPs, OEMs, and EPC contractors, with exports to over 50 countries contributing 40.52% of FY26 revenue. The business model combines structural manufacturing with robust backward integration across 13 facilities and India's largest in-house solar galvanizing capacity. Revenue from operations increased from ₹2,425.15 Cr in FY24 to ₹4,311.98 Cr in FY26, while EBITDA and PAT reached ₹498.11 Cr and ₹228.75 Cr, respectively. The IPO comprises a **Fresh Issue of 2,65,74,803 shares** aggregating to **₹675 Cr** and an **OFS of 78,74,014 shares** aggregating to **₹200 Cr** at the upper price band. Fresh proceeds will primarily fund ₹600.00 Cr of debt repayment, significantly deleveraging the balance sheet. While the company benefits from global clean energy transition themes, the issue is richly priced at a FY26 P/E of 35.72x compared to the peer average of 24.49x, providing limited margin of safety. Given the demanding valuations, high customer concentration, and heavy dependence on the cyclical solar industry, we assign a **Neutral rating** on the issue.

Company Overview

Karamtara Engineering Limited, incorporated in 1996, is a leading integrated manufacturer of power infrastructure and renewable energy components in India. The company specializes in manufacturing solar mounting structures, solar tracker components, transmission line lattice towers, and wind turbine towers, serving utility, EPC, and industrial customers globally. With 13 manufacturing facilities - including 12 in India (primarily in Maharashtra and Gujarat) and one in Italy - Karamtara operates as a one-stop shop for structural solutions, supported by the largest in-house galvanizing capacity in India's solar sector at 2,58,000 MTPA. The company caters to a diverse domestic and international client base, exporting to over 50 countries across North America, Europe, Asia, and Latin America, which accounted for 40.52% of its FY 2026 revenue. Karamtara has demonstrated exceptional financial scale, reporting Revenue from Operations of ₹4,311.98 Crores, an EBITDA of ₹498.11 Crores, and a Profit After Tax of ₹228.75 Crores in FY 2026. Promoted by Tanveer Singh, Rajiv Singh, Inderjeet Singh, and respective family trusts, the company aims to utilize its ₹675.00 Crores fresh issue IPO proceeds primarily to repay existing borrowings, reducing its debt burden and supporting future expansion.

Business Model

Karamtara Engineering Limited operates a highly integrated, manufacturing-led business model focused on structural components for the renewable energy and power transmission sectors. The company designs, manufactures, and supplies application-specific products, including solar module mounting structures (MMS), solar tracker piles, wind tubular and angular towers, transmission line towers, and fasteners. In FY 2026, the solar energy segment dominated its product mix, contributing ₹3,406.15 Crores (78.99%) to the total Revenue from Operations, followed by transmission and wind towers. Revenue is generated through a mix of domestic sales and extensive export operations, driven by global transitions toward renewable energy and grid expansion. The company leverages robust backward integration - including in-house rolling mill furnaces and galvanizing units - to ensure supply chain resilience, cost efficiency, and strict quality control. This integrated model is further supported by a wide geographical manufacturing footprint across Maharashtra, Gujarat, and Italy, enabling it to efficiently serve major independent power producers (IPPs), original equipment manufacturers (OEMs), and EPC contractors worldwide.

Investment Rationale

Comprehensive Product Portfolio for the Renewable Ecosystem: Karamtara operates as a one-stop shop for critical structural components, offering solar module mounting structures, solar tracker piles, transmission line lattice towers, and wind turbine towers. This diversified portfolio allows the company to capture multiple growth avenues within the global clean energy transition.

Unmatched Integrated Manufacturing Capabilities: With 13 global manufacturing facilities, including the largest in-house galvanizing capacity in India's solar sector (2,58,000 MTPA), the company enjoys significant competitive advantages. Its backward integration ensures tight control over the supply chain, cost efficiencies, and rapid turnaround times.

Strong Export Presence and Global Diversification: Karamtara caters to a broad international customer base, exporting to over 50 countries across North America, Europe, and Latin America. Exports contributed 40.52% of its FY 2026 revenue (₹1,747.49 Crores), reducing geographical concentration risk and providing a natural hedge against domestic cyclicalities.

Consistent Financial Performance and Profitability Scaling: The company has demonstrated robust growth, with Revenue from Operations expanding from ₹2,425.15 Crores in FY24 to ₹4,311.98 Crores in FY26. Additionally, operating leverage has driven EBITDA margins from 10.84% to 11.55%, resulting in a strong PAT of ₹228.75 Crores in FY 2026.

Well-Positioned for Industry Tailwinds and Capacity Expansion: Increasing global investments in solar capacity, wind energy, and grid modernization provide a structural growth opportunity. Furthermore, the company is expanding its footprint by setting up new facilities for prefabricated engineered building (PEB) structures and planning expansions in Saudi Arabia, which should drive sustained revenue growth.

Key Risk Factors

High Customer Concentration Risk: The company's top 10 customers accounted for a significant 48.63% (₹2,096.73 Crores) of its FY26 revenue from operations, up from 40.40% in FY25. The loss of key clients or a reduction in capital expenditure from these major IPPs, OEMs, and EPC players could materially compress revenue growth and operating leverage.

Significant Dependence on the Solar Industry: A substantial 78.99% of FY26 revenue (₹3,406.15 Crores) was generated from solar energy products, making the company's performance highly sensitive to capital expenditure cycles, regulatory shifts, and demand trends within the solar sector. Any slowdown in global or domestic solar installations could adversely affect order inflows and growth.

Geographical Concentration of Manufacturing Facilities: The majority of the company's manufacturing footprint is concentrated in Maharashtra, India, which accounted for an overwhelming 90.84% of total revenue from operations in FY26. Any local disruptions, labor unrest, natural disasters, or regulatory changes in this region could severely impede production capabilities and supply chains.

Raw Material Price Volatility and Supplier Risk: Cost of materials consumed formed a massive 75.90% of total expenses in FY26, with primary exposure to steel billets, HR coils, zinc, and wire rods. The top 10 suppliers accounted for 89.65% of raw material purchases in FY26 without long-term supply agreements, exposing margins to unhedged commodity price spikes and supply constraints.

High Working-Capital Intensity and Indebtedness: The company operates a working capital-intensive business, with net working capital standing at ₹503.06 Crores in FY26 and trade receivables rising to ₹1,316.10 Crores (95.30 debtor days). Furthermore, total borrowings reached ₹1,030.13 Crores as of FY26; sustained high working-capital needs or credit rating downgrades could constrain operational flexibility.

Financial Snapshot

Metric	FY24	FY25	In Cr FY26
Revenue from Operations	2,425.15	3,158.45	4,311.98
EBITDA	262.93	346.83	498.11
EBITDA Margin	10.84%	10.98%	11.55%
Profit After Tax (PAT)	102.65	139.33	228.75
PAT Margin	4.23%	4.41%	5.30%
Basic EPS (₹)	3.48	4.72	7.75

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Karamtara Engineering Limited
IPO Issue Size	3,44,48,817 shares (agg. up to ₹875 Cr) Fresh Issue 2,65,74,803 shares (agg. up to ₹675 Cr) Offer for Sale 78,74,014 shares (agg. up to ₹200 Cr)
Price Band	₹241 – ₹254 per share
Face Value	₹10 per share
IPO Opening Date	9 September 2026
IPO Closing Date	11 September 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: 94.79% → Post-IPO: ~83.64%
Book Running Lead Managers	JM Financial Limited, ICICI Securities Limited, IIFL Capital Services Limited
Use of Proceeds	₹600.00 Cr towards funding prepayment, repayment and/or payment obligations to lenders towards borrowings and Acceptances, in part or full

Valuation and Outlook

At the upper price band of **₹254**, Karamtara Engineering Limited is valued at a FY26 P/E of **35.72x**, based on a post-issue market capitalization of **₹8,174 Cr**. The RHP-listed peers Inox Wind Limited, Waaree Energies Limited, Suzlon Energy Limited, and Premier Energies Limited trade at FY26 P/E multiples of 27.08x, 20.48x, 20.25x, and 30.15x, respectively, with an average peer P/E multiple of 24.49x. At the offered price, the valuation appears rich compared to its listed peer group, leaving limited margin of safety despite the company's integrated manufacturing capabilities, strong renewable energy tailwinds, and sizable export footprint. Furthermore, the business remains exposed to high customer concentration (top 10 accounting for 48.63% of FY26 revenue), cyclical dependence on the solar sector (78.99% of revenue), and working-capital intensity. While the proposed ₹600.00 Cr debt repayment will deleverage the balance sheet and lower interest costs, the premium pricing leaves limited room for immediate upside. Hence, we assign a **Neutral rating** to the IPO, and suggest investors wait for better entry points post-listing while tracking working-capital cycles, client retention, and capacity utilisation.

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