

FINANCIAL MODEL

PLANT VISIT

Rising Stars

2024

IMPORT
SUBSTITUTION

ORGANISED
V/S
UNORGANISED

MANAGEMENT MEET

EXPORT
OPPORTUNITY

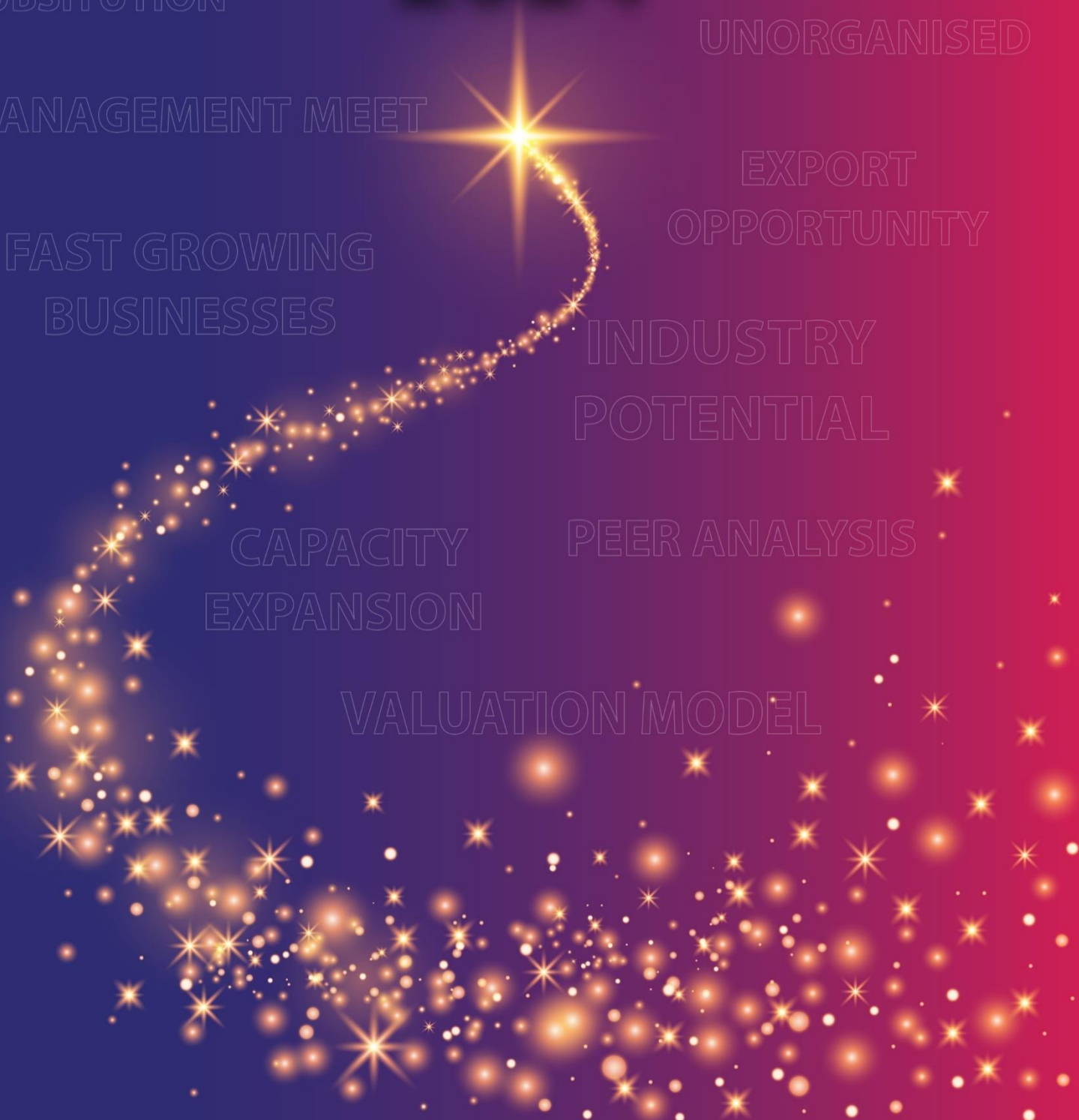
FAST GROWING
BUSINESSES

INDUSTRY
POTENTIAL

CAPACITY
EXPANSION

PEER ANALYSIS

VALUATION MODEL



KPI Green Energy Ltd.

Current Price*	Rs. 1,000.0
Target Price	Rs. 1,246.0
Upside	24.6%

*Current Price is live as of as on 14 Aug 2024

STOCK DATA

Industry Segment	Power
BSE Code	542323
NSE Code	KPIGREEN
Bloomberg Code	KPIG IN
52 Week High / Low (Rs.)	1,118/255.3
Face Value (Rs.)	5.
Diluted Number of Shares (Crore.)	13.1
Market Cap. (Rs Crore.)	12,586
Avg. Yearly NSE Volume	4,15,000

Share Holding Patterns (%)

Particulars	Sep-23	Dec-23	Mar-24	Jun-24
Promoters	54.8	53.1	53.1	53.1
FII	1.9	3.8	5.6	3.9
Other Institution	2.4	4.2	0.6	2.5
Public & Others	40.9	38.9	40.7	40.5
Total	100.0	100.0	100.0	100.0

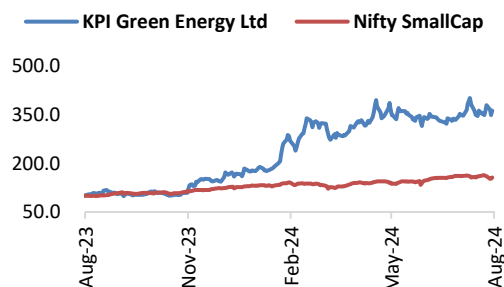
Return Statistics (%)

Particulars	1M	3M	6M	12M
KPI Green Energy Ltd	12.7	16.6	63.6	276.1
Nifty Small Cap	(2.4)	15.4	18.3	57.5

Valuation and return ratio

Y/E March	2022A	2023A	2024A	2025E	2026E
PE (x)	83.9	65.9	74.6	47.2	29.5
P/BV (x)	23.5	28.0	14.4	6.4	5.5
EV/EBITDA (x)	36.1	36.9	37.8	25.1	17.6
EV/Sales (x)	17.1	12.0	12.4	8.1	6.0
Mcap/Sales (x)	15.7	11.2	11.8	8.2	5.6
ROE (%)	32.4	53.3	29.6	19.3	20.0
ROCE (%)	22.9	29.7	24.8	20.5	20.6

Price Chart (1-year)



Key highlights of the 1QFY25 Result

Execution led growth

The company during the quarter has reported 83.8%/90.8%/98.8% YoY growth in Sales/EBITDA/PAT to Rs 348.0 cr/Rs 132.1 cr/ Rs 66.1 cr respectively. The growth is led by execution of both CPP and IPP orders to the tune of 15 MW and 13 MW respectively during the quarter. IPP energy production jumped 29% YoY to 6.2 cr units. We expect ~32 cr units of power to be produced under IPP segment for FY25. The EBITDA margin during the quarter registered 590 bps/140 bps QoQ/YoY improvement to 38% due to subdued raw material prices and favourable revenue mix.

Very strong order book; Ambitious vision to execute 10 GW of power by 2030:

The current book of the company as of 7th Aug 2024 stands at 2,327 MW comprising of 1,260 MW IPP and 1,067 MW CPP. The company, during first 5 months of FY25 has received, 1,117 MW comprising of 916 MW IPP and 201 MW of CPP orders. The CPP orders to be executed over next 12-15 months while new IPP orders to be full executed by FY27. At full capacity, IPP segment can generate Rs 700-800 cr additional revenue per annum in the longer time frame given long term PPAs. Within IPP, ~140 MW is wind while rest is solar. The management has set an ambitious target of executing cumulative 10,000 MW of power by 2030 v/s 445 MW executed till date.

Raising Rs 1,000 cr through QIP:

The company is raising Rs 1,000 cr through QIP. The floor price is set at Rs 983 and assuming 5% maximum discount, we have assumed issue price of Rs 934 per share (equity dilution of ~8.9%). The fund raise will help the company to keep its D/E ratio ~1x as the execution of IPP projects would need ~Rs 3,500-4,000 cr for capex over next 2-3 years based on current order backlog.

Valuation still attractive; Maintain buy rating- Target Rs 1,246/-

At the current price, the stock is trading at 47.2x/29.5x of its FY25E/FY26E earnings respectively. We maintain our buy rating on the stock with an upgraded price target of Rs 1,246/- thus providing an upside potential of 24.6%.

Financial Summary (Rs cr)

Particulars	2022A	2023A	2024A	2025E	2026E
Net Sales (Rs Cr)	229.8	643.8	1,023.9	1,601.5	2,346.5
Growth (%)	122.0	180.2	59.0	56.4	46.5
EBITDA (Rs Cr)	108.7	208.5	336.8	519.7	801.7
Growth (%)	70.7	91.7	61.6	54.3	54.3
Net Profit (Rs Cr)	43.1	109.6	161.7	278.2	445.7
Growth (%)	200.3	154.4	47.5	72.1	60.2
EPS (Rs)	11.9	15.2	13.4	21.2	34.0
Growth (%)	200.3	27.2	(11.6)	58.1	60.2
DPS (Rs)	0.5	1.4	3.5	5.0	7.5
Dividend Yield (%)	0.1	0.1	0.4	0.5	0.8

Source: Company, SSL Research

1QFY25 Result

Figures in Rs. Cr.

Quarter Ended	1QFY25	4QFY24	Q-O-Q % Change	1QFY24	Y-o-Y % Change	Comments
Net Sales	348.0	289.4	20.3	189.4	83.8	Strong execution of orders
Other Income	1.8	3.6	-	1.2	52.5	
Total Income	349.9	293.0	19.4	190.6	83.6	
Total Operating Expenditure	215.9	196.5	9.9	120.1	79.8	
Material Cost	168.5	143.5	17.4	94.4	78.4	
As % of Sales	48.4	49.6		49.9		
Other Exp.	47.4	53.0		25.7		
As % of Sales	13.6	18.3		13.6		
EBDITA (Excl OI)	132.1	92.9	42.3	69.3	90.8	
EBDITA (Incl OI)	134.0	96.5	38.8	70.5	90.1	Lower material costs and high share on IPP
Interest & Finance Cost	27.5	24.8	10.8	19.7	39.4	
PBDT	106.5	71.6	48.6	50.7	109.8	
Depreciation.	14.3	11.3	26.3	9.4	51.1	
PBT	92.2	60.4	52.7	41.3	123.2	
Exceptional Items	1.5	0.3		-		
Tax	24.6	17.0	44.5	8.0	205.7	
Net Profit	66.1	43.0	53.6	33.3	98.8	Overall growth in business
Operating Margins (%)	38.0	32.1		36.6		
Net Profit Margins (%)	19.0	14.9		17.6		
Tax Rate (%)	26.7	28.2		19.5		
Equity (Rs Cr)	60.3	60.3		36.1		
FV (Rs)	10.0	10.0		10.0		
EPS (Rs)	11.0	7.1		9.2		
Cash EPS (Rs)	13.3	9.0		11.8		

Estimate Revision

Particulars (Rs. Crore)	Net Estimates		Old Estimates		% Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	1,601.5	2,346.5	1,501.10	2,205.70	6.7	6.4
EBITDA	519.7	801.7	482.7	765.2	7.7	4.8
EBITDA Margin (%)	32.5	34.2	32.2	34.7	0.3	(0.5)
PAT	278.2	445.7	253.7	406.4	9.7	9.7
EPS (Rs. Per share)**	21.2	34.0	42.1	67.4	(49.7)	(49.6)

** The drop in EPS is on account of QIP dilution assumed for FY25.

Source: SSL Research

Financial Statements

Income Statement

Figures in Cr.

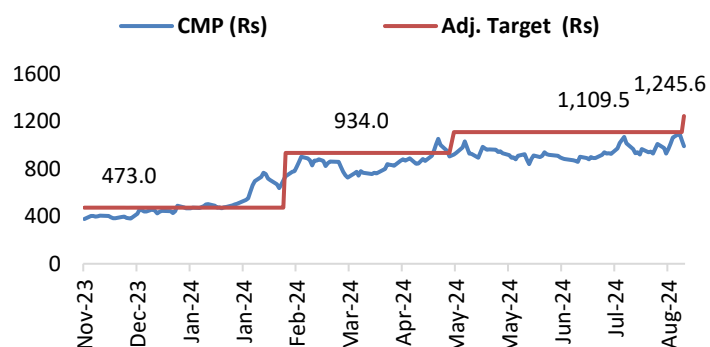
Particulars	2022A	2023A	2024A	2025E	2026E
Net Sales	229.8	643.8	1,023.9	1,601.5	2,346.5
Other Income	1.6	3.2	6.9	16.0	23.5
Total Income	231.4	647.0	1,030.8	1,617.5	2,369.9
Total Expenditure	121.0	435.3	687.1	1,081.7	1,544.8
Raw Material Consumed	94.1	382.0	536.1	868.7	1,232.7
<i>As % of Sales</i>	<i>41.0%</i>	<i>59.3%</i>	<i>52.4%</i>	<i>54.2%</i>	<i>52.5%</i>
Other Operating Cost	26.9	53.3	151.0	213.0	312.1
<i>As % of Sales</i>	<i>11.7%</i>	<i>8.3%</i>	<i>14.7%</i>	<i>13.3%</i>	<i>13.3%</i>
EBITDA (Excl OI)	108.7	208.5	336.8	519.7	801.7
EBITDA (Incl. OI)	110.3	211.7	343.8	535.7	825.2
Interest	36.9	46.8	86.1	108.6	137.6
PBDT	73.4	165.0	257.7	427.1	687.6
Depreciation	14.1	22.6	40.4	56.1	81.1
Exceptional Items	0.1	0.5	0.3	-	-
PBT	59.2	141.9	217.0	371.0	606.4
Tax	16.1	32.2	55.4	92.7	160.7
Net Profit	43.1	109.6	161.7	278.2	445.7

Cash Flow Statement

Figures in Cr.

Particulars	2022A	2023A	2024A	2025E	2026E
PBT	59.2	141.9	217.0	371.0	606.4
Depreciation	14.1	22.6	40.4	56.1	81.1
Interest (Net)	36.9	46.8	86.1	108.6	137.6
Other Income	(1.6)	(3.2)	(6.9)	(16.0)	(23.5)
Change in WC	(6.9)	(33.1)	(549.4)	37.9	(203.9)
Direct Taxes Paid	(16.1)	(32.2)	(55.4)	(92.7)	(160.7)
Net operating Cash Flow	85.6	142.7	(268.3)	464.9	437.1
(Incr.) / Decr. in Fixed Assets	(190.6)	(310.6)	(320.1)	(794.3)	(1,400.0)
Free Cash Flow	(105.0)	(168.0)	(588.4)	(329.4)	(962.9)
(Incr.) / Decr. in Invest.	-	(1.5)	1.5	0.0	-
Other Income	1.6	3.2	6.9	16.0	23.5
CF from invest. activities	(189.1)	(308.9)	(311.7)	(778.3)	(1,376.5)
Issue of Shares	-	-	426.1	1,000.0	-
Change in Debt	99.2	184.3	310.6	117.1	854.5
Interest Paid	(36.9)	(46.8)	(86.1)	(108.6)	(137.6)
Dividend	(1.8)	(10.3)	(42.2)	(65.6)	(98.5)
CF from fin. activities	60.5	127.2	608.4	942.9	618.4
Other Adjustment (Net)	46.9	65.8	89.2	240.7	68.9
Net Change in cash	3.9	26.8	117.6	870.2	(252.1)
Opening Balance	21.7	25.6	52.4	170.0	1,040.3
Closing Balance	25.6	52.4	170.0	1,040.3	788.1

Recommendation History



Balance Sheet:

Figures in Cr.

Equities & Liabilities	2022A	2023A	2024A	2025E	2026E
Share capital	18.1	36.1	60.3	65.6	65.6
Reserves and surplus	135.7	221.8	775.4	1,988.0	2,335.3
Total Shareholder's Fund	153.7	257.9	835.7	2,053.6	2,400.9
Non-current liabilities					
Long Term Borrowings	289.3	409.1	417.0	516.5	982.1
Other Non- Current Liabilities	151.4	217.9	288.2	513.5	587.6
Current liabilities	182.9	370.0	895.0	1,057.7	1,769.6
Total Liabilities	777.3	1,255.0	2,435.9	4,141.3	5,740.3
Assets					
Net Fixed Assets	512.9	800.9	1,080.7	1,818.7	3,137.6
Non-Current Assets	515.3	810.4	1,102.1	1,830.1	3,154.2
Current Assets					
Inventories	106.7	165.0	333.9	416.8	578.6
Trade receivables	36.8	146.7	427.1	482.6	675.0
Cash and bank balances	25.6	52.4	170.0	1,040.3	788.1
Other Financial Assets	1.3	1.6	0.3	1.6	2.3
Loans	0.2	0.5	0.3	1.6	2.3
Other Current Assets	91.5	78.3	402.3	368.3	539.7
Total Current Assets	262.0	444.5	1,333.9	2,311.3	2,586.1
Total Assets	777.3	1,255.0	2,435.9	4,141.3	5,740.3

Key Ratios

Particulars	2022A	2023A	2024A	2025E	2026E
(A) Growth (%)					
Net Sales	122.0	180.2	59.0	56.4	46.5
EBITDA	70.7	91.7	61.6	54.3	54.3
PBT	163.1	139.6	53.0	70.9	63.5
Net Profit	200.3	154.4	47.5	72.1	60.2
Cash Profit	85.4	131.4	52.8	65.5	57.6
(B) Measures of Performance					
Gross Profit Margin (%)	59.0	40.7	47.6	45.8	47.5
Operating Profit Margin (%)	47.3	32.4	32.9	32.5	34.2
Total Tax Rate (%)	27.2	22.7	25.5	25.0	26.5
Net Profit Margin (%)	18.8	17.0	15.8	17.4	19.0
(C) Measures of Financial Status					
Debt / Equity (x)	2.2	2.0	1.0	0.5	0.8
Net Debt / Equity (x)	2.0	1.8	0.8	(0.0)	0.4
Debtors Period (days)	69	52	102	104	90
Creditors Period (days)	55	78	115	110	108
Inventory Period (days)	117	77	89	86	77
Cash Conversion Cycle (Days)	131	51	76	79	60
(D) Measures of Investment					
EPS (Rs)	11.9	15.2	13.4	21.2	34.0
Dividend Per Share (RS)	0.5	1.4	3.5	5.0	7.5
Dividend Yield (%)	0.0	0.1	0.3	0.5	0.7
Earning Yield (%)	1.1	1.5	1.3	2.0	3.3
ROA (%)	6.9	10.8	8.8	8.5	9.0
Return on Net Worth (%)	32.4	53.3	29.6	19.3	20.0
Return on Cap. Employed (%)	22.9	29.7	24.8	20.5	20.6
Interest Coverage (x)	2.6	4.0	3.5	4.4	5.4
(E) Measures of Valuation					
P/E (x)	83.9	65.9	74.6	47.2	29.5
M. Cap to Sales (x)	15.7	11.2	11.8	8.2	5.6
EV/Sales (x)	17.1	12.0	12.4	8.1	6.0
EV/EBDITA (x)	36.1	36.9	37.8	25.1	17.6

Source: Company, SSL Research

Our recent rising star recommendations and price performances

Sr.No.	Company Name	NSE Symbol	Initiated Date	Initiated Price	CMP	Return (%) since initiated date	Latest rec. Date	Latest Target
1	APL Apollo Tubes Ltd.	APLAPOLLO	25-Apr-23	1,219.0	1,411.3	15.8	16-May-24	1,795.0
2	Stylam Industries Ltd.	STYLAMIND	27-Apr-23	1,150.0	1,888.7	64.2	13-Feb-24	1,886.0
3	Star Cement Ltd.	STARCEMENT	05-May-23	123.2	209.6	70.1	07-Jun-24	240.0
4	JK Lakshmi Cement Ltd.	JKLAKSHMI	24-May-23	705.0	817.6	16.0	07-Aug-24	963.0
5	Dhanuka Agritech Ltd.	DHANUKA	29-May-23	711.0	1,801.7	153.4	05-Aug-24	2,223.0
6	Zen Technologies Ltd.	ZENTEC	12-Jul-23	520.0	1,651.8	217.6	30-Jul-24	2,041.0
7	SJS Enterprises Ltd.	SJS	05-Oct-23	680.0	978.7	43.9	09-Aug-24	1,269.0
8	KPI Green Energy Ltd.	KPIGREEN	17-Nov-23	389.3	1,043.9	168.1	02-May-24	1,109.5
9	Syrma SGS Technology Ltd.	SYRMA	06-Dec-23	590.0	402.1	-31.8	08-Aug-24	505.0
10	Senco Gold Ltd.	SENCO	11-Dec-23	721.6	1,081.5	49.9	27-May-24	1,025.0
11	Satin Creditcare Network Ltd.	SATIN	10-Jan-24	259.0	209.9	-18.9	02-May-24	324.0
12	Hi-Tech Pipes Ltd.	HITECH	31-Jul-24	149.0	163.2	9.5	31-Jul-24	190.0

CMP is based on closing price as of 13th Aug 2024

SBICAP Securities Limited

(CIN): U65999MH2005PLC155485

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