

FINANCIAL MODEL

PLANT VISIT

Rising Stars

2024

IMPORT
SUBSTITUTION

ORGANISED
V/S
UNORGANISED

MANAGEMENT MEET

EXPORT
OPPORTUNITY

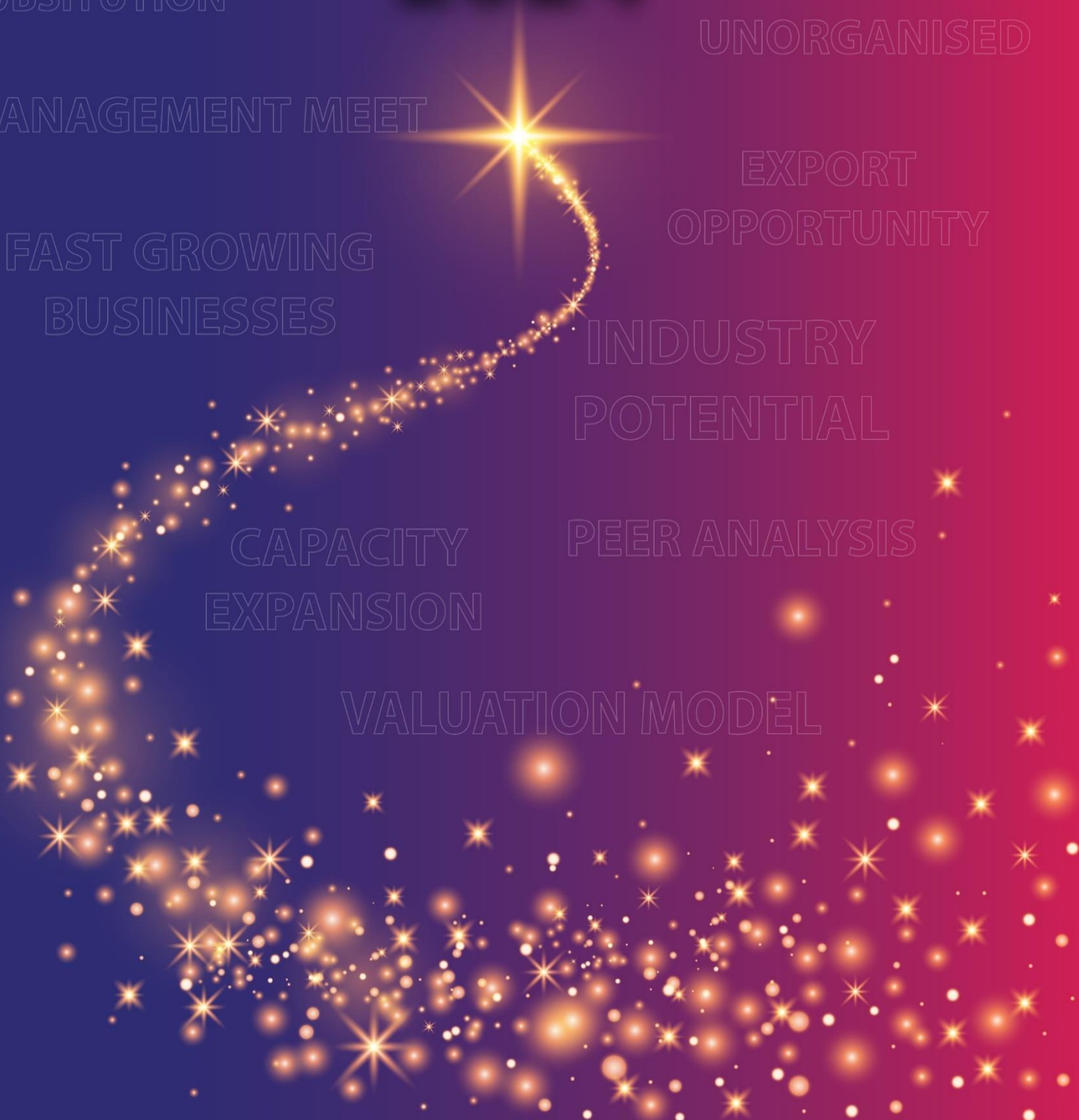
FAST GROWING
BUSINESSES

INDUSTRY
POTENTIAL

CAPACITY
EXPANSION

PEER ANALYSIS

VALUATION MODEL



KPI Green Energy Ltd.

Current Price*	Rs.1,475.6
Target Price	Rs.1,868.5
Upside	26.7%

*Current Price is live as of as on 16th Feb 2024

STOCK DATA

Industry Segment	Power
BSE Code	542323
NSE Code	KPIGREEN
Bloomberg Code	KPIG IN
52 Week High / Low (Rs.)	2,417.8/390.0
Face Value (Rs.)	10.0
Diluted Number of Shares (Crore.)	5.4
Market Cap. (Rs Crore.)	8,895.0
Avg. Yearly NSE Volume	2,86,174

Share Holding Patterns (%)

Particulars	Mar-23	Jun-23	Sep-23	Dec-23
Promoters	54.8	54.8	54.8	53.1
FII	0.2	1.1	1.9	3.8
Other Institution	2.4	2.4	2.4	4.2
Public & Others	42.6	41.7	40.9	38.9
Total	100.0	100.0	100.0	100.0

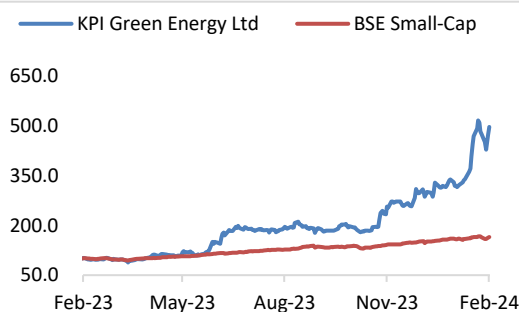
Return Statistics (%)

Particulars	1M	3M	6M	12M
KPI Green Energy Ltd	27.1	82.7	128.5	301.7
BSE Small Cap	(0.5)	14.1	26.1	56.7

Valuation and return ratio

Y/E March	2022A	2023A	2024E	2025E	2026E
PE (x)	61.8	48.6	43.9	30.4	20.0
P/BV (x)	17.3	20.7	9.1	7.0	5.2
EV/EBITDA (x)	27.4	27.8	25.5	18.7	12.8
EV/Sales (x)	13.0	9.0	8.2	5.8	4.5
Mcap/Sales (x)	11.6	8.3	7.8	5.2	3.6
ROE (%)	32.4	53.3	32.0	26.1	29.8
ROCE (%)	22.9	29.7	26.0	23.7	23.8

Price Chart (1-year)



Key highlights of the 3QFY24 Result

Strong performance; In-line with our expectations

The company during the quarter has reported 84.2%/73.7%/46.9% YoY growth in Sales/EBITDA/PAT to Rs 330.1 cr/Rs 103.6 cr/ Rs 50.6 cr respectively. The EBITDA margin during the quarter dropped 190 bps YoY to 31.4%. The company has crossed full year FY23 Sales and Net profit as 9MFY24 Sales/EBITDA/PAT were up by 59.2%/58.2%/52.4% YoY to Rs 734.5 cr/ Rs 244.0 cr/ Rs 118.6 cr respectively. 9MFY24 EBITDA margin remained steady at 33.2% v/s 33.4% same period previous year. The overall performance is in-line with our expectations.

The order book provides healthy revenue visibility for next 2-3 years: The current order book as of Feb'24 is 750 MW including 300 MW under IPP and 450 MW under CPP. The management is confident of growing the earnings by 45-50% over next 2-3 years. The current order book in rupee terms is estimated to be at Rs 2,600-3,000 cr which is ~3x of its 9MFY24 annualised sales thus offering healthy revenue visibility in medium terms.

Post fund raising, D/E is now below 1x: The company during the quarter has raised Rs 422 cr through mix of both preferential issue and QIP. The fund inflow has helped to improve the overall balance sheet with current D/E ratio of 0.8x. The company's overall debt though is unlikely to reduce given the capex plan under progress. We expect D/E ratio to reach 1.4x by 2026 as more IPP projects get executed.

Valuation still attractive; Maintain buy rating- Target Rs 1,868.5/-

At the current price, the company is trading at 43.9x/30.4x/20.0x of its FY24E/FY25E/FY26E earnings respectively. We maintain our buy rating on the stock with an upgraded price target of Rs 1,868.5/- thus providing an upside potential of 26.7%.

Financial Summary (Rs cr)

Particulars	2022A	2023A	2024E	2025E	2026E
Net Sales (Rs Cr)	229.8	643.8	1,007.9	1,503.8	2,202.6
<i>Growth (%)</i>	<i>122.0</i>	<i>180.2</i>	<i>56.6</i>	<i>49.2</i>	<i>46.5</i>
EBITDA (Rs Cr)	108.7	208.5	323.8	466.2	774.1
<i>Growth (%)</i>	<i>70.7</i>	<i>91.7</i>	<i>55.3</i>	<i>44.0</i>	<i>66.0</i>
Net Profit (Rs Cr)	43.1	109.6	179.5	259.3	393.2
<i>Growth (%)</i>	<i>200.3</i>	<i>154.4</i>	<i>63.7</i>	<i>44.5</i>	<i>51.6</i>
EPS (Rs)	23.9	30.3	33.6	48.5	73.6
<i>Growth (%)</i>	<i>200.3</i>	<i>27.2</i>	<i>10.7</i>	<i>44.5</i>	<i>51.6</i>
DPS (Rs)	1.0	2.9	4.0	5.0	6.0
Dividend Yield (%)	0.1	0.2	0.3	0.3	0.4

Source: Company, SSL Research

3QFY24 Result

Figures in Rs. Cr.

Quarter Ended	3QFY24	2QFY24	Q-O-Q % Change	3QFY23	Y-o-Y % Change	Comments
Net Sales	330.1	215.1	53.5	179.2	84.2	Strong execution of orders
Other Income	1.2	0.9	-	0.5	166.3	
Total Income	331.3	216.0	53.4	179.7	84.4	
Total Operating Expenditure	226.5	143.9	57.4	119.6	89.4	
Material Cost	179.0	119.1	50.3	105.3	70.0	
As % of Sales	54.2	55.4		58.8		
Other Exp.	47.6	24.8		14.3		
As % of Sales	14.4	11.5		8.0		
EBDITA (Excl OI)	103.6	71.2	45.5	59.6	73.7	Lower material costs
EBDITA (Incl OI)	104.8	72.0	45.4	60.1	74.4	
Interest & Finance Cost	23.1	18.5	24.9	11.7	96.7	
PBDT	81.7	53.6	52.5	48.3	69.0	
Depreciation.	10.0	9.7	2.7	5.8	71.6	
PBT	71.8	43.9	63.5	42.5	68.7	
Exceptional Items	-	-		-		
Tax	21.2	9.1	131.5	8.1	161.6	
Net Profit	50.6	34.7	45.7	34.5	46.9	Overall growth in business
Operating Margins (%)	31.4	33.1		33.3		
Net Profit Margins (%)	15.3	16.2		19.2		
Tax Rate (%)	29.5	20.8		19.0		
Equity (Rs Cr)	40.2	36.1		18.1		
FV (Rs)	10.0	10.0		10.0		
EPS (Rs)	12.6	9.6		19.1		
Cash EPS (Rs)	15.1	12.3		22.3		

Estimate Revision

Particulars (Rs. Crore)	New Estimate			Old Estimate			% Change		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	1,007.9	1,503.8	2,202.6	919.7	1,382.30	1,948.90	9.6	8.8	13.0
EBITDA	323.8	466.2	774.1	317.8	503.8	719.3	1.9	(7.5)	7.6
EBITDA Margin (%)	32.1	31.0	35.1	34.6	36.4	36.9	(2.5)	(5.4)	(1.8)
PAT	179.5	259.3	393.2	175.1	267.1	378.5	2.5	(2.9)	3.9
EPS (Rs. Per share)**	33.6	48.5	73.6	48.5	73.9	104.7	(30.8)	(34.4)	(29.7)

** The drop in EPS is on account of QIP dilution and Bonus issuance

Source: SSL Research

Financial Statements

Income Statement

Figures in Cr.

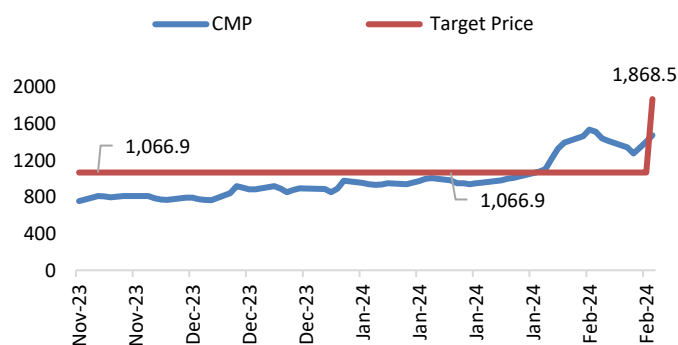
Particulars	2022A	2023A	2024E	2025E	2026E
Net Sales	229.8	643.8	1,007.9	1,503.8	2,202.6
Other Income	1.6	3.2	10.1	15.0	22.0
Total Income	231.4	647.0	1,018.0	1,518.8	2,224.6
Total Expenditure	121.0	435.3	684.1	1,037.6	1,428.5
Raw Material Consumed	94.1	382.0	550.0	837.6	1,135.6
<i>As % of Sales</i>	<i>41.0%</i>	<i>59.3%</i>	<i>54.6%</i>	<i>55.7%</i>	<i>51.6%</i>
Other Operating Cost	26.9	53.3	134.1	200.0	292.9
<i>As % of Sales</i>	<i>11.7%</i>	<i>8.3%</i>	<i>13.3%</i>	<i>13.3%</i>	<i>13.3%</i>
EBITDA (Excl OI)	108.7	208.5	323.8	466.2	774.1
EBITDA (Incl. OI)	110.3	211.7	333.9	481.3	796.1
Interest	36.9	46.8	64.5	90.4	170.8
PBDT	73.4	165.0	269.4	390.9	625.4
Depreciation	14.1	22.6	36.3	49.7	108.0
Exceptional Items	0.1	0.5	-	-	-
PBT	59.2	141.9	233.1	341.2	517.4
Tax	16.1	32.2	53.6	81.9	124.2
Net Profit	43.1	109.6	179.5	259.3	393.2

Cash Flow Statement

Figures in Cr.

Particulars	2022A	2023A	2024E	2025E	2026E
PBT	59.2	141.9	233.1	341.2	517.4
Depreciation	14.1	22.6	36.3	49.7	108.0
Interest (Net)	36.9	46.8	64.5	90.4	170.8
Other Income	(1.6)	(3.2)	(10.1)	(15.0)	(22.0)
Change in WC	(6.9)	(33.1)	(360.6)	55.5	(294.6)
Direct Taxes Paid	(16.1)	(32.2)	(53.6)	(81.9)	(124.2)
Net operating Cash Flow	85.6	142.7	(90.4)	439.8	355.3
(Incr.) / Decr. in Fixed Assets	(190.6)	(310.6)	(279.6)	(1,026.0)	(1,500.0)
Free Cash Flow	(105.0)	(168.0)	(370.0)	(586.2)	(1,144.7)
(Incr.) / Decr. in Invest.	-	(1.5)	1.5	-	-
Other Income	1.6	3.2	10.1	15.0	22.0
CF from invest. activities	(189.1)	(308.9)	(268.0)	(1,011.0)	(1,478.0)
Issue of Shares	-	-	426.1	-	-
Change in Debt	99.2	184.3	129.6	357.2	1,117.2
Interest Paid	(36.9)	(46.8)	(64.5)	(90.4)	(170.8)
Dividend	(1.8)	(10.3)	(21.4)	(26.7)	(32.1)
CF from fin. activities	60.5	127.2	469.8	240.1	914.4
Other Adjustment (Net)	46.9	65.8	106.6	246.7	116.9
Net Change in cash	3.9	26.8	218.0	(84.3)	(91.4)
Opening Balance	21.7	25.6	52.4	270.4	186.1
Closing Balance	25.6	52.4	270.4	186.1	94.7

Recommendation History



Balance Sheet:

Figures in Cr.

Equities & Liabilities	2022A	2023A	2024E	2025E	2026E
Share capital	18.1	36.1	53.5	53.5	53.5
Reserves and surplus	135.7	221.8	809.9	1,069.2	1,462.5
Total Shareholder's Fund	153.7	257.9	863.4	1,122.7	1,515.9
Non-current liabilities					
Long Term Borrowings	289.3	409.1	529.8	827.6	1,838.9
Other Non- Current Liabilities	151.4	217.9	303.4	527.3	617.7
Current liabilities	182.9	370.0	380.2	567.2	852.8
Total Liabilities	777.3	1,255.0	2,076.8	3,044.8	4,825.3
Assets					
Net Fixed Assets	512.9	800.9	1,044.1	2,020.4	3,412.5
Non-Current Assets	515.3	810.4	1,051.4	2,031.2	3,428.1
Current Assets					
Inventories	106.7	165.0	331.4	350.2	512.9
Trade receivables	36.8	146.7	198.8	247.2	452.6
Cash and bank balances	25.6	52.4	270.4	186.1	94.7
Other Financial Assets	1.3	1.6	2.0	3.0	4.4
Loans	0.2	0.5	1.0	1.5	2.2
Other Current Assets	91.5	78.3	221.7	225.6	330.4
Total Current Assets	262.0	444.5	1,025.4	1,013.6	1,397.3
Total Assets	777.3	1,255.0	2,076.8	3,044.8	4,825.3

Key Ratios

Particulars	2022A	2023A	2024E	2025E	2026E
(A) Growth (%)					
Net Sales	122.0	180.2	56.6	49.2	46.5
EBITDA	70.7	91.7	55.3	44.0	66.0
PBT	163.1	139.6	64.3	46.4	51.6
Net Profit	200.3	154.4	63.7	44.5	51.6
Cash Profit	85.4	131.4	63.2	43.2	62.2
(B) Measures of Performance					
Gross Profit Margin (%)	59.0	40.7	45.4	44.3	48.4
Operating Profit Margin (%)	47.3	32.4	32.1	31.0	35.1
Total Tax Rate (%)	27.2	22.7	23.0	24.0	24.0
Net Profit Margin (%)	18.8	17.0	17.8	17.2	17.9
(C) Measures of Financial Status					
Debt / Equity (x)	2.2	2.0	0.8	0.9	1.4
Net Debt / Equity (x)	2.0	1.8	0.4	0.7	1.3
Debtors Period (days)	69	52	63	54	58
Creditors Period (days)	55	78	81	67	67
Inventory Period (days)	117	77	90	83	72
Cash Conversion Cycle (Days)	131	51	71	70	62
(D) Measures of Investment					
EPS (Rs)	23.9	30.3	33.6	48.5	73.6
Dividend Per Share (RS)	1.0	2.9	4.0	5.0	6.0
Dividend Yield (%)	0.1	0.2	0.3	0.4	0.4
Earning Yield (%)	1.7	2.2	2.4	3.5	5.2
ROA (%)	6.9	10.8	10.8	10.1	10.0
Return on Net Worth (%)	32.4	53.3	32.0	26.1	29.8
Return on Cap. Employed (%)	22.9	29.7	26.0	23.7	23.8
Interest Coverage (x)	2.6	4.0	4.6	4.8	4.0
(E) Measures of Valuation					
P/E (x)	61.8	48.6	43.9	30.4	20.0
M. Cap to Sales (x)	11.6	8.3	7.8	5.2	3.6
EV/Sales (x)	13.0	9.0	8.2	5.8	4.5
EV/EBBITDA (x)	27.4	27.8	25.5	18.7	12.8

Source: Company, SSL Research

SBICAP Securities Limited

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