

FINANCIAL MODEL

PLANT VISIT

Rising Stars

2024

IMPORT
SUBSTITUTION

ORGANISED
V/S
UNORGANISED

MANAGEMENT MEET

EXPORT
OPPORTUNITY

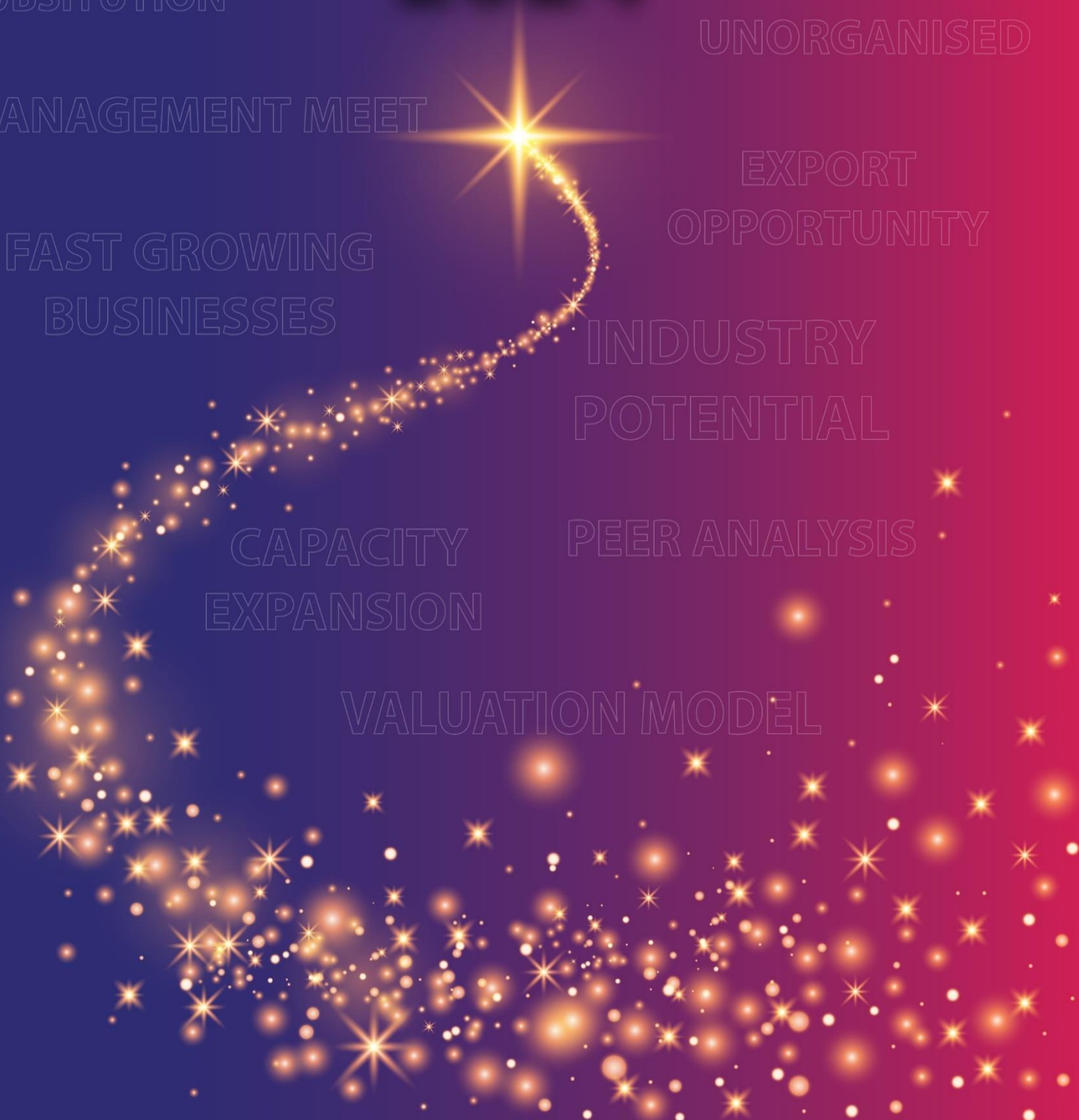
FAST GROWING
BUSINESSES

INDUSTRY
POTENTIAL

CAPACITY
EXPANSION

PEER ANALYSIS

VALUATION MODEL



KPI Green Energy Ltd.

Current Price*	Rs. 1,830.0
Target Price	Rs. 2,219.0
Upside	21.0%

*Current Price is live as of as on 2nd May 2024

STOCK DATA

Industry Segment	Power
BSE Code	542323
NSE Code	KPIGREEN
Bloomberg Code	KPIG IN
52 Week High / Low (Rs.)	2109.1/312.7
Face Value (Rs.)	10.0
Diluted Number of Shares (Crore.)	6.0
Market Cap. (Rs Crore.)	11,446
Avg. Yearly NSE Volume	3,40,810

Share Holding Patterns (%)

Particulars	Jun-23	Sep-23	Dec-23	Mar-24
Promoters	54.8	54.8	53.1	53.1
FII	1.1	1.9	3.8	5.6
Other Institution	2.4	2.4	4.2	0.6
Public & Others	41.7	40.9	38.9	40.7
Total	100.0	100.0	100.0	100.0

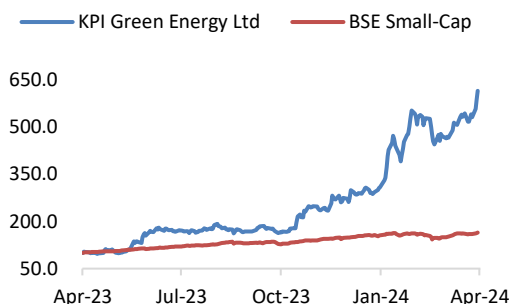
Return Statistics (%)

Particulars	1M	3M	6M	12M
KPI Green Energy Ltd	32.3	98.9	271.0	513.5
BSE Small Cap	10.6	6.5	18.7	65.8

Valuation and return ratio

Y/E March	2022A	2023A	2024A	2025E	2026E
PE (x)	76.7	60.3	68.2	43.4	27.2
P/BV (x)	21.5	25.6	13.2	10.8	8.4
EV/EBITDA (x)	33.3	34.0	34.7	24.0	16.0
EV/Sales (x)	15.7	11.0	11.4	7.7	5.6
Mcap/Sales (x)	14.4	10.3	10.8	7.3	5.0
ROE (%)	32.4	53.3	29.6	27.4	34.7
ROCE (%)	22.9	29.7	24.8	25.7	31.1

Price Chart (1-year)



Key highlights of the 4QFY24 Result

Strong performance; In-line with our expectations

The company during the quarter has reported 58.6%/71.2%/35.5% YoY growth in Sales/EBITDA/PAT to Rs 289.4 cr/Rs 92.9 cr/ Rs 43.0 cr respectively. The full year FY24 Sales/EBITDA/PAT were up 59.0%/61.6%/47.5% YoY to Rs 1,023.9 cr/ Rs 336.8 cr/ Rs 161.7 cr respectively. The EBITDA margin for FY24 remained stable at 32.9% up 51 bps YoY. The overall full year performance in terms of revenue and EBITDA were higher than our expectations, however profit marginally missed our expectation on account of higher interest costs.

The order book provides healthy revenue visibility for next 2-3 years: The current order book as of Mar'24 is 1,234 MW including 366+ MW under IPP and 866 MW under CPP. The management is confident of growing the earnings by 45-50% CAGR over next 2-3 years. The current order book in rupee terms is estimated to be at Rs 3,500-3,700 cr which is ~3.5x of its FY24 sales thus offering healthy revenue visibility in medium terms.

Post fund raising, D/E is now at 1x: The company during the year 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 1x as compared to 2x in FY23. The company's overall debt will remain stable for FY25 while FY26 will see an uptick as the execution of IPP orders picks-up.

Valuation still attractive; Maintain buy rating- Target Rs 2,219/-

At the current price, the stock is trading at 43.4x/27.2x of its FY25E/FY26E earnings respectively. We maintain our buy rating on the stock with an upgraded price target of Rs 2,219/- thus providing an upside potential of 21%.

Financial Summary (Rs cr)

Particulars	2022A	2023A	2024A	2025E	2026E
Net Sales (Rs Cr)	229.8	643.8	1,023.9	1,501.1	2,205.7
<i>Growth (%)</i>	<i>122.0</i>	<i>180.2</i>	<i>59.0</i>	<i>46.6</i>	<i>46.9</i>
EBITDA (Rs Cr)	108.7	208.5	336.8	482.7	765.2
<i>Growth (%)</i>	<i>70.7</i>	<i>91.7</i>	<i>61.6</i>	<i>43.3</i>	<i>58.5</i>
Net Profit (Rs Cr)	43.1	109.6	161.7	254.3	404.9
<i>Growth (%)</i>	<i>200.3</i>	<i>154.4</i>	<i>47.5</i>	<i>57.3</i>	<i>59.2</i>
EPS (Rs)	23.9	30.3	26.8	42.2	67.2
<i>Growth (%)</i>	<i>200.3</i>	<i>27.2</i>	<i>(11.6)</i>	<i>57.3</i>	<i>59.2</i>
DPS (Rs)	1.0	2.9	7.0	10.0	15.0
Dividend Yield (%)	0.1	0.1	0.4	0.5	0.8

Source: Company, SSL Research

4QFY24 Result

Figures in Rs. Cr.

Quarter Ended	4QFY24	3QFY24	Q-O-Q % Change	4QFY23	Y-o-Y % Change	Comments
Net Sales	289.4	330.1	(12.3)	182.4	58.6	Strong execution of orders
Other Income	3.6	1.2	-	2.0	79.4	
Total Income	293.0	331.3	(11.6)	184.4	58.9	
Total Operating Expenditure	196.5	226.5	(13.3)	128.2	53.3	
Material Cost	143.5	179.0	(19.8)	109.4	31.1	
As % of Sales	49.6	54.2		60.0		
Other Exp.	53.0	47.6		18.7		
As % of Sales	18.3	14.4		10.3		
EBDITA (Excl OI)	92.9	103.6	(10.3)	54.2	71.2	
EBDITA (Incl OI)	96.5	104.8	(7.9)	56.2	71.5	Lower material costs
Interest & Finance Cost	24.8	23.1	7.7	13.1	89.7	
PBDT	71.6	81.7	(12.3)	43.2	66.0	
Depreciation.	11.3	10.0	13.4	5.9	90.6	
PBT	60.4	71.8	(15.9)	37.2	62.1	
Exceptional Items	0.3	-		0.5		
Tax	17.0	21.2	(19.6)	5.0	242.2	
Net Profit	43.0	50.6	(14.9)	31.8	35.5	Overall growth in business
Operating Margins (%)	32.1	31.4		29.7		
Net Profit Margins (%)	14.9	15.3		17.4		
Tax Rate (%)	28.2	29.5		13.4		
Equity (Rs Cr)	60.3	40.2		36.1		
FV (Rs)	10.0	10.0		10.0		
EPS (Rs)	7.1	12.6		8.8		
Cash EPS (Rs)	9.0	15.1		10.4		

Estimate Revision

Particulars (Rs. Crore)	Net Estimates		Old Estimates		% Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	1,501.1	2,205.7	1,503.80	2,202.60	(0.2)	0.1
EBITDA	482.7	765.2	466.2	774.1	3.5	(1.1)
EBITDA Margin (%)	32.2	34.7	31	35.1	1.2	(0.4)
PAT	253.7	406.4	259.3	393.2	(2.2)	3.4
EPS (Rs. Per share)	42.1	67.4	48.5	73.6	(13.2)	(8.4)

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

Source: SSL Research

Financial Statements

Income Statement

Figures in Cr.

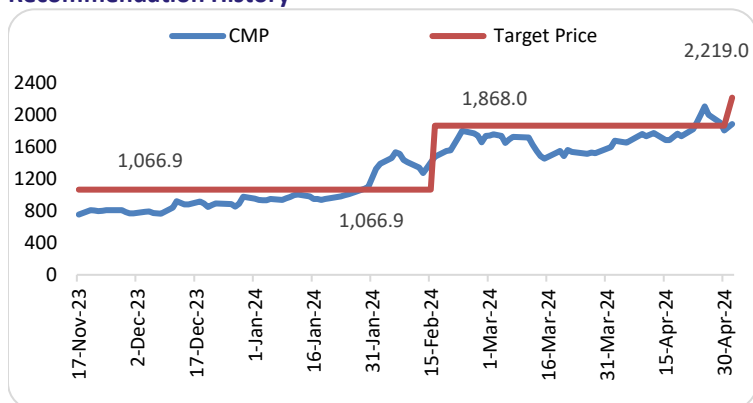
Particulars	2022A	2023A	2024A	2025E	2026E
Net Sales	229.8	643.8	1,023.9	1,501.1	2,205.7
Other Income	1.6	3.2	6.9	15.0	22.1
Total Income	231.4	647.0	1,030.8	1,516.1	2,227.8
Total Expenditure	121.0	435.3	687.1	1,018.4	1,440.5
Raw Material Consumed	94.1	382.0	536.1	818.8	1,147.1
<i>As % of Sales</i>	<i>41.0%</i>	<i>59.3%</i>	<i>52.4%</i>	<i>54.5%</i>	<i>52.0%</i>
Other Operating Cost	26.9	53.3	151.0	199.6	293.4
<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	482.7	765.2
EBITDA (Incl. OI)	110.3	211.7	343.8	497.7	787.3
Interest	36.9	46.8	86.1	96.4	119.9
PBDT	73.4	165.0	257.7	401.2	667.4
Depreciation	14.1	22.6	40.4	62.1	116.5
Exceptional Items	0.1	0.5	0.3	-	-
PBT	59.2	141.9	217.0	339.1	550.9
Tax	16.1	32.2	55.4	84.8	146.0
Net Profit	43.1	109.6	161.7	254.3	404.9

Cash Flow Statement

Figures in Cr.

Particulars	2022A	2023A	2024A	2025E	2026E
PBT	59.2	141.9	217.0	339.1	550.9
Depreciation	14.1	22.6	40.4	62.1	116.5
Interest (Net)	36.9	46.8	86.1	96.4	119.9
Other Income	(1.6)	(3.2)	(6.9)	(15.0)	(22.1)
Change in WC	(6.9)	(33.1)	(549.4)	(24.4)	(211.5)
Direct Taxes Paid	(16.1)	(32.2)	(55.4)	(84.8)	(146.0)
Net operating Cash Flow	85.6	142.7	(268.3)	373.4	407.8
(Incr.) / Decr. in Fixed Assets	(190.6)	(310.6)	(320.1)	(337.3)	(924.0)
Free Cash Flow	(105.0)	(168.0)	(588.4)	36.2	(516.2)
(Incr.) / Decr. in Invest.	-	(1.5)	1.5	0.0	-
Other Income	1.6	3.2	6.9	15.0	22.1
CF from invest. activities	(189.1)	(308.9)	(311.7)	(322.3)	(901.9)
Issue of Shares	-	-	426.1	-	-
Change in Debt	99.2	184.3	310.6	(133.9)	589.6
Interest Paid	(36.9)	(46.8)	(86.1)	(96.4)	(119.9)
Dividend	(1.8)	(10.3)	(42.2)	(60.3)	(90.4)
CF from fin. activities	60.5	127.2	608.4	(290.6)	379.3
Other Adjustment (Net)	46.9	65.8	89.2	191.9	48.1
Net Change in cash	3.9	26.8	117.6	(47.5)	(66.8)
Opening Balance	21.7	25.6	52.4	170.0	122.5
Closing Balance	25.6	52.4	170.0	122.5	55.7

Recommendation History



Balance Sheet:

Figures in Cr.

Equities & Liabilities	2022A	2023A	2024A	2025E	2026E
Share capital	18.1	36.1	60.3	60.3	60.3
Reserves and surplus	135.7	221.8	775.4	957.4	1,253.8
Total Shareholder's Fund	153.7	257.9	835.7	1,017.7	1,314.1
Non-current liabilities					
Long Term Borrowings	289.3	409.1	417.0	397.7	736.1
Other Non- Current Liabilities	151.4	217.9	288.2	481.4	552.4
Current liabilities	182.9	370.0	876.1	768.5	1,300.0
Total Liabilities	777.3	1,255.0	2,417.0	2,665.2	3,902.5
Assets					
Net Fixed Assets	512.9	800.9	1,080.7	1,355.7	2,163.2
Non-Current Assets	515.3	810.4	1,102.1	1,366.4	2,178.8
Current Assets					
Inventories	106.7	165.0	333.9	390.7	543.9
Trade receivables	36.8	146.7	427.1	452.4	634.5
Cash and bank balances	25.6	52.4	170.0	122.5	55.7
Other Financial Assets	1.3	1.6	0.3	1.5	2.2
Loans	0.2	0.5	0.3	1.5	2.2
Other Current Assets	91.5	78.3	402.3	345.3	507.3
Total Current Assets	262.0	444.5	1,333.9	1,313.9	1,745.8
Total Assets	777.3	1,255.0	2,435.9	2,680.3	3,924.6

Key Ratios

Particulars	2022A	2023A	2024A	2025E	2026E
(A) Growth (%)					
Net Sales	122.0	180.2	59.0	46.6	46.9
EBITDA	70.7	91.7	61.6	43.3	58.5
PBT	163.1	139.6	53.0	56.3	62.4
Net Profit	200.3	154.4	47.5	57.3	59.2
Cash Profit	85.4	131.4	52.8	56.6	64.8
(B) Measures of Performance					
Gross Profit Margin (%)	59.0	40.7	47.6	45.5	48.0
Operating Profit Margin (%)	47.3	32.4	32.9	32.2	34.7
Total Tax Rate (%)	27.2	22.7	25.5	25.0	26.5
Net Profit Margin (%)	18.8	17.0	15.8	16.9	18.4
(C) Measures of Financial Status					
Debt / Equity (x)	2.2	2.0	1.0	0.7	1.0
Net Debt / Equity (x)	2.0	1.8	0.8	0.6	0.9
Debtors Period (days)	69	52	102	107	90
Creditors Period (days)	55	78	115	101	89
Inventory Period (days)	117	77	89	88	77
Cash Conversion Cycle (Days)	131	51	76	94	78
(D) Measures of Investment					
EPS (Rs)	23.9	30.3	26.8	42.2	67.2
Dividend Per Share (RS)	1.0	2.9	7.0	10.0	15.0
Dividend Yield (%)	0.1	0.1	0.4	0.5	0.8
Earning Yield (%)	1.3	1.6	1.4	2.2	3.5
ROA (%)	6.9	10.8	8.8	9.9	12.3
Return on Net Worth (%)	32.4	53.3	29.6	27.4	34.7
Return on Cap. Employed (%)	22.9	29.7	24.8	25.7	31.1
Interest Coverage (x)	2.6	4.0	3.5	4.5	5.6
(E) Measures of Valuation					
P/E (x)	76.7	60.3	68.2	43.4	27.2
M. Cap to Sales (x)	14.4	10.3	10.8	7.3	5.0
EV/Sales (x)	15.7	11.0	11.4	7.7	5.6
EV/EBBITDA (x)	33.3	34.0	34.7	24.0	16.0

Source: Company, SSL Research

SBICAP Securities Limited

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