

# K.P. Energy Ltd

## Strong Winds Ahead

### Maintain BUY

**CMP** : ₹473

**Target Price** : ₹910

**Potential Return** : 92%

#### Stock data (as on May 20, 2025)

Bloomberg Ticker	: KPEL IN
NSE Code	: KPEL
52 Week H/L (₹)	: 675/336
Market Cap (₹bn /USD mn)	: 32/371
Outstanding Shares (mn)	: 67
Free Float (%)	: 55
ADTV – 3M (USD mn)	: 1.97
Div Yield (%)	: 0.1

#### Price Performance

	1M	6M	1Y
Absolute (%)	16.5%	-15.2%	-10.8%

#### Shareholding Pattern (%)

Promoter	Sept-24	Dec-24	Mar-25
Promoter	45.0	45.0	45.0
FII	0.5	0.6	0.8
DII	0.1	0.9	0.9
Others	54.4	53.5	53.3

#### Financial Summary

(₹ mn)	FY25	FY26E	FY27E
Revenues	9,388	16,457	18,762
YoY growth (%)	98.5	75.3	14.0
EBITDA	1,764.0	2,540.8	2,871.3
Margin(%)	18.8	15.4	15.3
PAT	1,160	2,136	2,428
PAT growth(%)	95	84	14
EPS	17	32	36
P/E (x)	27.4	14.8	13.0
EV/EBITDA (x)	19.1	11.6	9.6
Debt/Equity (x)	0.8	0.1	0.0
RoE (%)	46.2	50.9	37.5
RoCE (%)	30.5	36.2	34.0



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K P Energy Ltd (KPEL) delivered strong performance in 4QFY25, with net profit surging 84% YoY, in line with our expectations.

We remain upbeat about the stock, driven by the company's focus on developing wind-solar hybrid power projects to maximise infrastructure utilisation, backed by a robust 2.26GW order book. This order size gives us comfort and confidence in the company's ability to handle such a sizeable task and seize significant growth opportunities.

Given the strong order book momentum and an execution cycle of 15-18 months, K P Energy is leveraging technology to enhance efficiency in their operations.

We remain confident that the company would be able to deliver strong earnings momentum in FY26 and FY27 given that the stock is trading at a PE of 13x FY27E. We maintain BUY with a target price ₹910, valuing the company at 25x its estimated FY27E earnings.

### Highlights

**Exceptional 4QFY25 performance, 94% YoY rise:** The company reported exceptional performance in 4QFY25 with revenue of ₹4bn, 94% YoY increase. EBITDA and PAT grew by 130% and 84%, respectively. It has executed over 898MW of projects, mainly in Gujarat and it is the first BOP solution provider for wind-solar hybrid projects. Additionally, it holds O&M contracts for over 520MW to be executed in the next 3 to 5 years. As an Independent Power Producer (IPP), the company owns 50MW of wind assets, with 30MW currently under construction. It has signed MOUs in Madhya Pradesh, Rajasthan, and Odisha for resource buildup; exploring large-scale land and grid infrastructure.

**Strong executional capabilities:** Three critical factors for wind power projects are adequate power evacuation capacity, land availability, and engineering expertise. Additionally, KPEL has already acquired land parcels suitable for wind projects. This synergy enables KPEL to execute all projects smoothly. Land parcel – ₹7bn. O&M business covers 546MW generating ₹45mn in revenue and the company targets ₹60-65mn in FY26

**Robust order book:** The company plans to bid for projects totaling another 2GW, solidifying its market position. Current order book stands at 2.26GW and the company targets a portfolio of 10GW. Consolidated IPP portfolio stands at 48.5MW (wind + solar).

**Strong financial outlook:** Given the strong 2.26GW order book and an execution cycle of 15-18 months we maintain our EBITDA margin at 15.3%. Further, we forecast earnings of ₹2.4bn in FY27E, considering lower interest costs and improved other income.

**Maintain BUY with a target price of ₹910:** KPEL is strategically poised to capitalize on India's accelerating renewable energy transition, with a sharp focus on wind and hybrid models. Backed by a robust order book, an expanding base of IPPs, and a track record of consistent financial execution, the company is targeting an impressive 60–70% revenue CAGR over the next 2–3 years. Its proactive efforts in offshore wind and multi-state expansion further enhances the long-term growth visibility. By maintaining healthy margins, strong cash flows, and improving return ratios, the company is laying the foundation for sustained value creation. Trading at an attractive 13x FY27E earnings, we maintain our **BUY** rating with a target price of ₹910, valuing the company at 25x its estimated FY27 EPS.

### Income Statement (Consolidated)

Y/e 31 Mar (₹ mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	4,378	4,729	9,388	16,457	18,762
% Change YoY	74.9	8.0	98.5	75.3	14.0
<b>Operating profit</b>	<b>710</b>	<b>859</b>	<b>1,764</b>	<b>2,541</b>	<b>2,871</b>
EBITDA margins	16.2	18.2	18.8	15.4	15.3
% Change YoY	109.1	20.9	105.4	44.0	13.0
Depreciation	52	85	127	24	49
EBIT	658	774	1,637	2,516	2,822
EBIT margins	15.0	16.4	17.4	15.3	15.0
Interest expense	54	126	287	60	33
Other income	46	126	197	411	469
<b>Profit before tax</b>	<b>650</b>	<b>774</b>	<b>1,547</b>	<b>2,868</b>	<b>3,259</b>
Taxes	199	180	387	731	831
Effective tax rate (%)	30.7	23.3	25.0	25.5	25.5
<b>Net profit</b>	<b>450</b>	<b>594</b>	<b>1,160</b>	<b>2,136</b>	<b>2,428</b>
% Change YoY	146.6	31.8	95.5	84.1	13.6
<b>EPS (₹)</b>	<b>6.6</b>	<b>8.7</b>	<b>17.3</b>	<b>32.0</b>	<b>36.4</b>

Source: Company, Share India Research

### Cash Flow Statement (Consolidated)

Y/e 31 Mar (₹ mn)	FY23	FY24	FY25	FY26E	FY27E
Profit before Tax	638	763	1,540	2,868	3,259
Non-cash items	61	181	433	84	82
(Inc)/Dec in WC	(217)	(514)	(166)	(972)	128
Direct Taxes Paid	(199)	(98)	(189)	(731)	(831)
<b>CF from Oper. Activity</b>	<b>283</b>	<b>331</b>	<b>1,618</b>	<b>1,249</b>	<b>2,637</b>
(Inc)/Dec in FA	(16)	(384)	(2,578)	3,600	(600)
Free Cash Flow	267	(53)	(959)	4,849	2,037
(Pur)/Sale of Invest.	(191)	(318)	169	(641)	(104)
<b>CF from Inv. Activity</b>	<b>(207)</b>	<b>(703)</b>	<b>(2,408)</b>	<b>2,959</b>	<b>(704)</b>
Change in Net worth	-	-	71	-	-
Inc/(Dec) in Debt	120	602	1,271	(1,967)	(250)
Misc. Inv.	(275)	(129)	(335)	(60)	(33)
<b>CF from Fin. Activity</b>	<b>(154)</b>	<b>474</b>	<b>1,007</b>	<b>(2,027)</b>	<b>(283)</b>
Inc/(Dec) in Cash	(79)	102	217	2,181	1,651
<b>Opening Cash Balance</b>	<b>212</b>	<b>133</b>	<b>236</b>	<b>882</b>	<b>3,063</b>
Closing Cash Balance	133	235	452	3,063	4,713

Source: Company, Share India Research

### Balance Sheet (Consolidated)

Y/e 31 Mar (₹ mn)	FY23	FY24	FY25	FY26E	FY27E
<b>Sources of Funds</b>					
Equity capital	111	333	333	333	333
Reserves	1,174	1,522	2,798	4,935	7,362
<b>Net worth</b>	<b>1,285</b>	<b>1,856</b>	<b>3,132</b>	<b>5,268</b>	<b>7,696</b>
Minority Interest	(11)	(11)	(11)	(11)	(11)
Debt	487	1,158	2,517	550	300
Deferred tax liab (net)	192	29	307	307	307
<b>Total liabilities</b>	<b>1,953</b>	<b>3,031</b>	<b>5,944</b>	<b>6,113</b>	<b>8,291</b>
<b>Application of Funds</b>					
<b>Fixed Asset</b>	<b>1,450</b>	<b>1,749</b>	<b>4,200</b>	<b>576</b>	<b>1,127</b>
Investments	232	221	100	741	844
<b>Net Working Capital</b>	<b>271</b>	<b>1,061</b>	<b>1,644</b>	<b>4,797</b>	<b>6,320</b>
Current assets	1,641	4,052	6,934	9,895	11,280
Cash & equivalents	134	236	451	2,632	4,283
Current liabilities	1,503	3,227	5,741	7,729	9,243
<b>Total Assets</b>	<b>1,953</b>	<b>3,031</b>	<b>5,944</b>	<b>6,113</b>	<b>8,291</b>

Source: Company, Share India Research

### Ratio Analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
<b>Basic (₹)</b>					
EPS	6.6	8.7	17.3	32.0	36.4
Book value per share	19.3	27.8	47.0	79.0	115.4
<b>Valuation ratios (x)</b>					
P/E	71.8	54.1	27.4	14.8	13.0
P/B	24.5	17.0	10.1	6.0	4.1
EV/EBIDTA	44.9	37.8	19.1	11.6	9.6
<b>Profitability Ratio</b>					
RoIC	23.9	19.9	21.3	30.7	25.4
RoE	40.5	36.9	46.2	50.9	37.5
RoCE	27.5	27.2	30.5	36.2	34.0
<b>Liquidity ratios</b>					
Debtor (days)	48.3	194.9	125.6	110.0	110.0
Inventory (days)	72.0	92.5	88.7	85.0	85.0
Creditor (days)	78.4	136.0	127.1	90.0	90.0
Net working Capital (days)	22.2	81.0	63.1	48.0	39.6
Asset Turnover (x)	2.2	1.6	1.6	2.7	2.3

Source: Company, Share India Research

## Price Chart – 1Y



### Recommendation history

No.	Date	Rating	TP (₹)	Share price
1	18-09-2024	BUY	677	420
2	21-10-2024	BUY	887	589
3	07-11-2024	BUY	950	620
4	10-02-2025	BUY	900	422

### Change in estimates

(₹ mn)	Old estimates			New estimates			% Var		
	FY25E	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Total Income	10,528	16,429	18,732	9,388	16,457	18,762	(11)	0.2	0.2
EBITDA	1,602	2,606	2,950	1,764	2,540.8	2,871.3	10	(3)	(3)
EBITDA margin %	15.2	15.9	15.7	18.8	15.4	15.3	3.6	-0.5	-0.4
PAT	1,161	2,106	2,408	1,160	2,136	2,428	(0)	1	1
EPS	17.4	31.6	36.1	17.3	32.0	36.4	(1)	1	1

### Quarterly performance

(₹ mn)	Q2FY25	Q3FY25	Q4FY25	FY25
Revenues	1,986	2,118	4012.0	9387.7
QoQ growth (%)	56%	7%	89%	
YoY growth (%)	183%	157%	94%	98%
EBITDA	403	432	704.3	1764.0
EBITDA %	20.3	20.4	17.6	18.8
PAT	249	264	457.9	1153.3
PAT %	13	12	11.4	12.3
EPS (basic)	3.7	4.0	6.9	17.3

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#### Investment Rating of follow up coverage

Investment Rating	Expected return (over 12-month)
BUY	> 15% return potential
HOLD	0% to 15% return potential
SELL	<0% return potential

We continue to maintain our earlier rating structure (below) for all the initiating coverage reports

#### Investment Rating of Initiating coverage

Investment Rating	Expected return (over 12-month)
BUY/SELL	Market cap ₹ 200bn+ > 20%
	Market cap ₹ 100-200bn > 25%
	Market cap ₹ 50-100bn > 30%
	Market cap ₹ 0-50bn > 40%

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