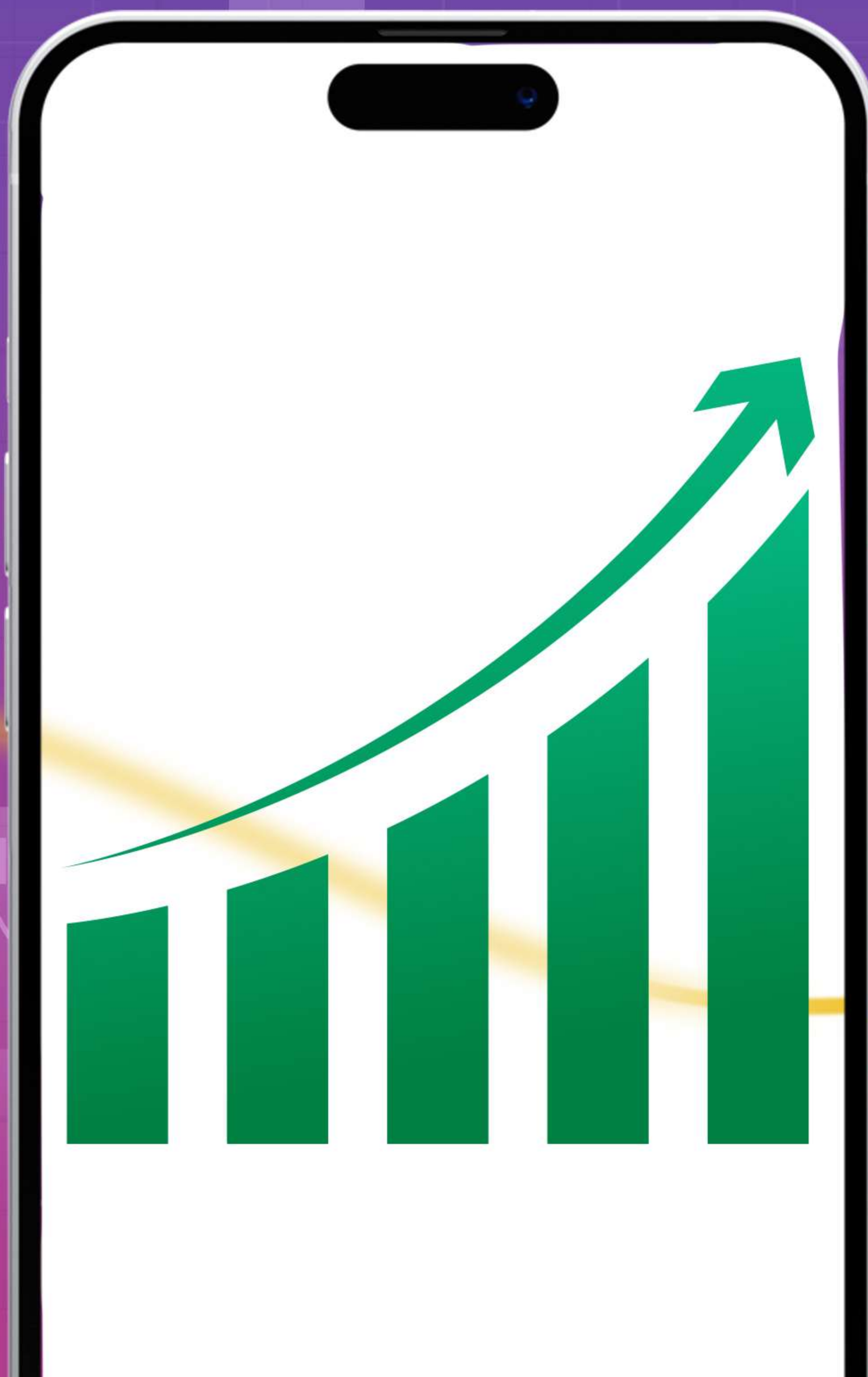




# Invest Smart

Long-term Fundamental Pick

**KPI Green Energy**





## Company Name: KPI Green Energy

BSE CODE: 542323

NSE CODE: KPIGREEN

Sector: Power

Industry: Power generation & distribution

CMP (Rs): 745 | Buy Range: 735-745 | Target Price: 900 | Potential Upside: 20%

Duration of Recommendation: 9-12 Months

BUY

Company Data	
Market Cap (Rs. Cr)	9755
Enterprise value (Rs. Cr)	9915
52-week high / Low	1118/374
EPS (TTM) (Rs)	18.6
P/E (x) TTM	42.3
Industry P/E (x) TTM	41.5
EV/EBITDA (x) TTM	21.1
P/BV (x) TTM	4.96

Shareholding %	Mar 2024	Jun 2024	Sep 2024
Promoters	53.08	53.09	48.77
FII's	5.60	6.05	9.95
DII's	0.63	0.33	1.50
Public	40.69	40.51	39.80
Govt	0.00	0.00	0.00
Other	0.00	0.00	0.00

Financial Performance (Consolidated)				
INR(Cr)	FY23	FY24	FY25E	FY26E
Revenue	643.8	1,023.9	1,485	2,153
Growth%	180.0%	59.0%	45.0%	45.0%
EBITDA	208.5	336.8	553.8	731.9
Growth	91.5%	61.6%	64.4%	32.2%
Margin	32.4%	32.9%	37.3%	34.0%
Net Profit	109.6	161.7	282	387
Growth	153.4%	47.5%	74.5%	37.4%
Margin	17.0%	15.8%	19.0%	18.0%
EPS	10.1	13.4	23.4	32.1
BVPS	23.8	69.3	92.2	123.7
P/E (x)	13.8	56.8	31.7	23.1
P/BV (x)	5.8	11.0	8	6
EV/EBITDA	9.5	29.2	17.5	13.2
ROE	53.3%	29.6%	29.0%	29.8%
ROCE	19.9%	15.8%	31.3%	32.8%

### 1-YEAR PRICE PERFORMANCE



**Our Recommendation:** KPI Green Energy presents a good investment opportunity due to its robust growth in the rapidly expanding Indian renewable energy market. Current order book exceeding 2.4 GW, comprising 1.26 GW of IPP projects and 1.14 GW of CPP projects, worth 2500-3000 crore provides revenue visibility for near term. Stock is currently trading at 23x its FY26E earnings. We value the stock at 28x its FY26E earnings. **We recommend BUY in price range of 735-745 with target price of 900 (valuing stock at 28x its FY26E EPS) with potential upside 20%.**

**About Company:** KPI Green Energy specializes in developing, owning, operating, and maintaining solar and hybrid power plants under the brand name "Solarism." Operating as both an Independent Power Producer (IPP) & a service provider to Captive Power Producers (CPP), the company supplies renewable energy to various industrial and commercial clients across India. KPI Green offers operation & maintenance services and engages in land parcel sales for solar project development.

### INVESTMENT RATIONALE

**Dominant Market Position and Competitive Advantages:** KPI Green distinguishes itself with a unique blend of expertise in both wind and solar energy, setting it apart from competitors who often specialize in only one. The company leverages its deep experience, spanning over a decade, to ensure timely project execution and cost management, giving it a significant competitive edge.

**Favorable Industry Tailwinds and Government Support:** Indian government has set ambitious targets for increasing RE capacity as part of its commitment to sustainable energy & reducing carbon emissions. India aims to achieve 500 GW of RE by 2031. These targets, along with policy initiatives to accelerate the adoption of RE, create a favorable environment for companies like KPI Green.

**Gigawatt-Scale Ambition:** KPI Green Energy has set an ambitious target of achieving a 10 GW installed capacity by 2030, driven by the company's focus on both IPP & CPP projects along with geographical expansion beyond Gujarat. Company's substantial existing order book, including 1.26 GW of IPP capacity and 1.15 GW of CPP capacity demonstrates their progress towards this goal.

**Robust Order Book Ensuring Future Revenue:** KPI Green boasts a considerable order book, currently standing at 2.41 GW, translating to an estimated value of Rs. 2,500-3,000 crores. This substantial backlog, with approximately 70-80% secured in the current financial year, provides investors with clear visibility into future revenue streams.

**Robust Financial Performance Q2FY25:** KPI Green Energy had strong revenue growth in Q2 FY25 with sales reaching Rs. 360 crores, a 67.2% increase YoY. This impressive growth led to substantial improvements in profitability with EBITDA increasing by 87.8% to Rs. 134 crores, and net profit doubling to Rs. 70 crores, driven by its strategic focus on captive power projects and effective cost management.

**Key Risks:** Dependence on Govt. policies & incentives for RE, fluctuations in module prices & availability, & potential regulatory changes in the renewable energy sector.



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