

CMP: INR 469

Outlook : Positive

Stock Info

BSE	542323
NSE	KPIGREEN
Bloomberg	KPIG.BO
Reuters	KPIG.IN
Sector	Electric Utilities
Face Value (INR)	10
Equity Capital (INR)	180
Mkt Cap (Rs Mn)	8471
52w H/L (Rs)	583/ 44
Avg. Yearly Vol (in 000’)	449

Shareholding Pattern %

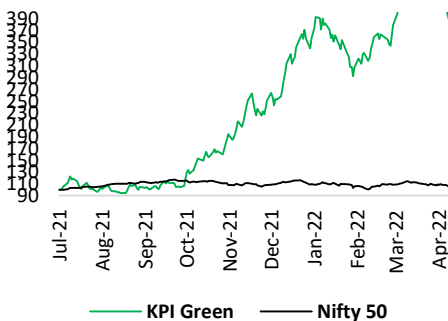
(As on March 2022)

Promoters	54.45
Public & Others	45.55

Stock Performance (%)

	1m	3m	12m
KPI Green	-13.4	-3.19	--
Nifty	-7.1	-4.7	14.1

KPI Green Vs Nifty



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KPI Green Energy Limited (KPI) is a multi-dimensional solar energy player with interest in power generation both as Independent Power Producer (IPP) and as Captive power producer under brand solarism.

Business Segment

IPP : Under IPP Segment, KPI develops and maintains grid connected solar power projects as IPP and generates revenue by selling power units generated from our solar plants through Power Purchase Agreements ('PPA') with reputed business houses. company has commissioned 69 MW commissioned and 27 MW is in advanced stage of execution which will be executed by 31st March 2022 25% of company revenue come from IPP

CPP : Under CPP Business Segment, KPI develops, transfers, operates and maintains grid connected solar power projects for CPP customers and generates revenue by selling these projects to CPP customers for their captive use requirement at present 73% of company revenue comes from CPP

Investment Rationale

Synergies with KP group KP Buidcon private Limited is involved in EPC activity has acquired manufacturing expertise of steel structures and has provided the company and has provided the company with required manufacturing expertise of steel structure thereby optimizing the cost maintaining excellent quality and enhancing the speed execution

Higher per unit realization and assurance through PPA:KPI's net realization has been INR 650 per unit priced at 7% discount to prevailing discom rates creating a win win situation for the company and its customer that can source power at a discount and reduce energy expenses. he company sells solar energy through bilateral PPAs under the open-access policy, thus creating an assured source of revenue from power generation

Geographical location: Factors such as desired solar radiation, shadow free clear site area with good sunrays well connected with highways are the merits of solarism site Easy availability of soft water availability od skilled workforce surrounding fertile area of black cotton soil that reduce dust leading to minimizing the cost.

Outlook At a CMP of INR 469, stock is trading at a P/E of 19.6(x) to its FY22 EPS of INR 23.9. We continue to maintain positive outlook backed by its strong order book, healthy financials. Although some margin pressure will be there in near term due to rising interest cost, however company policy of hedging the cost of solar panel will help to reduce the cost and expand margin in the longer run. Company strong client base and land bank coupled with visionary management are also key positive triggers for the company

Key Management Meet Highlights

Company's Vision is Power India by Power of nature.

Total land bank available is around 725 acre Company has an additional Power evacuation approval available of 279+ MW which will be used for next financial year roll out.

KPI falls under IPP in which company has 69 MW commissioned and 27 MW is in advanced stage of execution which will be executed by 31st March so by March more than 100 MW will be commissioned by March 2022.

In CPP company acts as total solution provider and ownership to Investors and for next 25 years company does operational management for client.

In IPP it is annuity income for entire 25 years In CPP there are two parts one is profit on sale of ownership of land and another is lease land revenue & Operational and management of plant.

At present 73% revenue comes from CPP and 25% from IPP.

In IPP company signed a PPA with Investment grade companies Company like L&T, UPL cadila Healthcare and many more are major bulk purchasers.

Company aims to complete 1000MW by FY25.

Company is generating a realization of Rs 5.2 per unit and 1MW = 16 lakh units.

BY FY27 Company is targeting to generate 500 MW in IPP and 1970 MW in CPP.

In Gujarat Company is largest company in third party private cell.

Out of 725-acre land 450 acre is company owned and other is taken on lease of 27 year company 50,000 per acre annually as lease.

In CPP Company charges 5 lakh rs for 1 MW and for producing 1MW 3 acre land is required and 5 lakh company charges for operation and management.

Biggest risk in this business is of buying solar panel at right time with proper hedging Company has already booked 128 MW solar panel for 1 year starting from January 2022. Company is sourcing solar panel from Wari & MVK.

Q4 FY22 - Quarterly Performance (Consolidated)

(in Rs Mn)

Rs Mn (consolidated)	Q4FY22	Q4FY21	Q3FY22	YOY	QoQ
Net Revenue	749	480	622	56.0%	20.4%
Material Cost	310	120	260	158.3%	19.2%
Employee cost	17	7	11	142.9%	54.5%
Other Expenses	65	50	62	30.0%	4.8%
EBITDA	357	303	289	17.8%	23.5%
<i>EBITDA margin %</i>	<i>47.7%</i>	<i>63.1%</i>	<i>46.5%</i>	<i>-1546bps</i>	<i>120bps</i>
Other Income	8	3	2	166.7%	300.0%
Depreciation	45	47	34	-4.3%	32.4%
EBIT	312	256	255	21.9%	22.4%
Finance cost	136	76	88	78.9%	54.5%
Exceptional Item	-1	-1	-	-	-
PBT	183	182	169	0.5%	8.3%
Tax Expense	84	9	38	833.3%	121.1%
Effective tax rate %	45.9%	4.9%	22.5%	4096bps	2342bps
PAT	99	173	131	-42.8%	-24.4%
<i>PAT margin %</i>	<i>15.6%</i>	<i>13.2%</i>	<i>12.3%</i>	<i>239bps</i>	<i>325bps</i>
EPS (Rs)	5.46	1.93	7.27	182.9%	-24.9%

Revenue from operation grew by 56% YoY and 20.4% QoQ to INR 749 mn led by healthy revenue growth from sales power and solar power plant

EBIDTA grew by 17.8% YoY and 23.5% QoQ to INR 357 Mn EBIDTA margin contracted by 1546 bps and grew by 120 bps QOQ to 47.7%. YoY contraction in margin was mainly due to rise in operating cost and Employee cost. Operating cost grew by 158% YoY and 19.2% QoQ . Employee cost grew by 142% YoY and 54% QoQ to INR 17 Mn

PAT declined by 42% YoY and 24% QoQ mainly due to higher finance cost and higher tax expense. Finance cost grew by 78% YoY and 54% QoQ to INR 136 Mn. Tax expense grew by 833% YoY and 121% QoQ to INR 84 mn.

in Mn	FY19	FY20	FY21	FY22
Revenue	340	590	1020	2300
EBITDA	150	270	580	1090
EBITDAM (%)	45%	46	57	47
PAT	90	60	220	430
PATM (%)	26	10.1	21.5	18.6
EPS	4.9	3.6	12.1	23.9
P/E	95	130	39	19.6

Source: Arianth Research, Company Filings, Ace Equity, Bloomberg

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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