Newcastle University Investment Fund

KPI Green Energy Ltd – (NSE: KPIGREEN)

Long: Target Price $10.89 – (80.3% Upside)

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KPI Green Energy Limited

(Formerly known as K.P.I. Global Infrastructure Limited)

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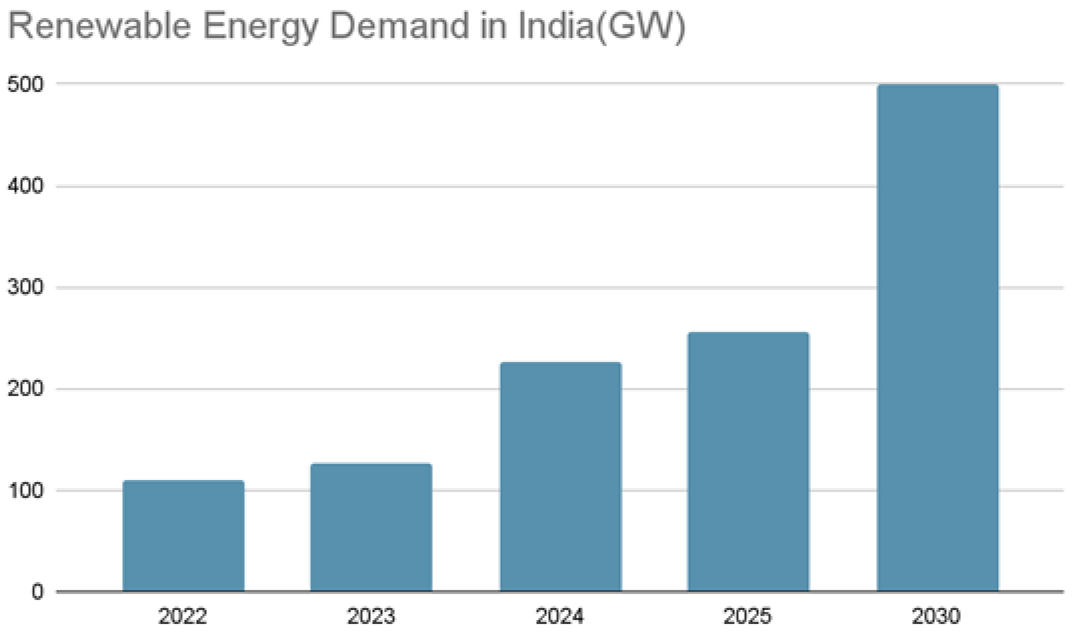
Executive Summary

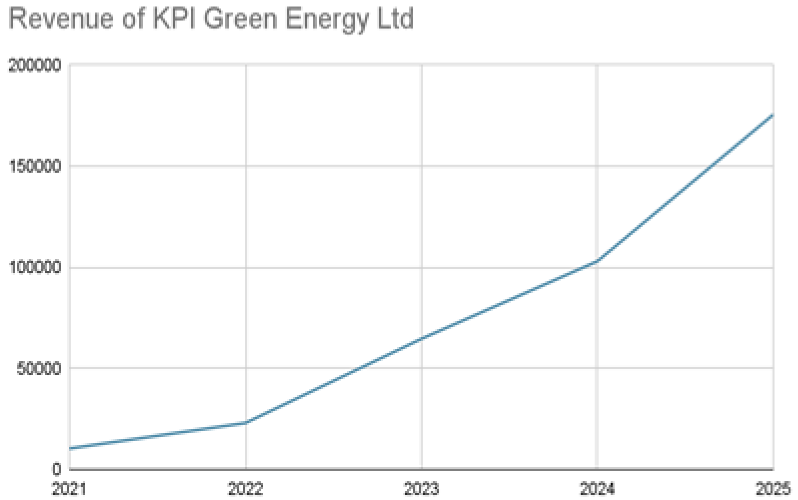
A Fast Growing Customer Base



- Dominant position in the captive industrial segment (CPP) fastest-paying and stickiest renewable buyer class.
- Installed capacity scaled from <10 MW (FY21) → ~488 MW (FY25) with visible contracted pipeline into FY26–27.

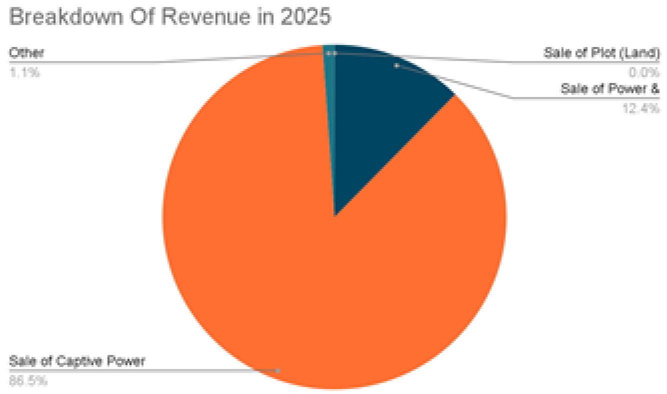
Rigid Fundamentals and Consistent Revenue Growth

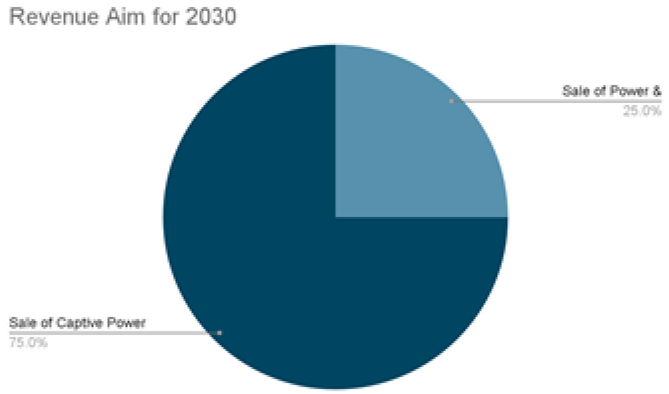
- Recurring revenue already at 49% of FY24 revenues (IPP + services).
- control of land + evacuation infrastructure → faster commissioning & lower capex/MW.



Clearly Committed Growth Plan

- SBI sanctioned $ 364.16 million to execute >1 GW solar + hybrid projects.
- CPP order wins locked through FY27 → line of sight to ~700–800 MW by FY27.





Scale Captive Power (CPP)
- Acquire industrial clients
- Build & transfer projects
- Fast cash conversion

Build IPP Portfolio (OWN)
- Reinvest CPP proceeds
- Increase recurring EBITDA
- Target mix shift: >50%

Utility-scale Expansion
->1 GW by FY27
- Multi-GW order pipeline

Wind–Solar Hybrid Projects
- Access to grid/land bank|
- Higher PLF (35–40%)
- SBI ₹3,200 cr financing

BESS & Green Infra Assets
- Storage + hybrid plants
- Improves tariff stability

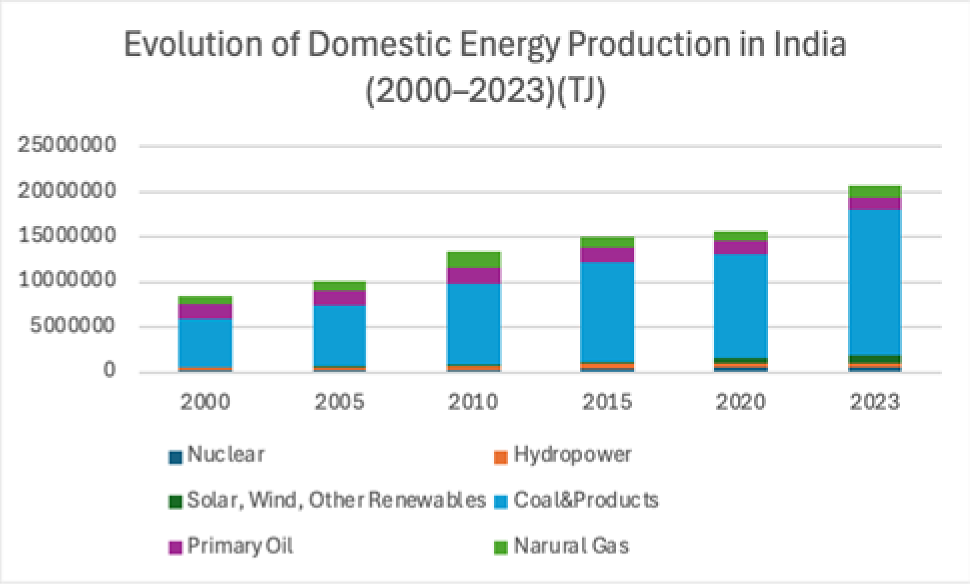
2030 TARGET
10 GW+

Industry Overview

KPI Green Energy Ltd operates in the renewable energy industry

Major Positive Trends & Tailwinds in the renewables industry

- Renewables capacity is expanding rapidly - on track to double by 2030 , with nearly 60% of growth coming from China.
- Solar and wind are the two dominant technologies - combined amounted to 15% of global electricity generation in 2024
- Changing centres of growth - historically led by Europe the global balance of power in renewables is shifting towards Asia led by China and India.
- Disruptions to Oil and Natural Gas - Trump's recent sanctions on Russian Oil operations has led people to worry about the reliance on oil and other fossil fuels and are looking towards renewables as the answer particularly solar.

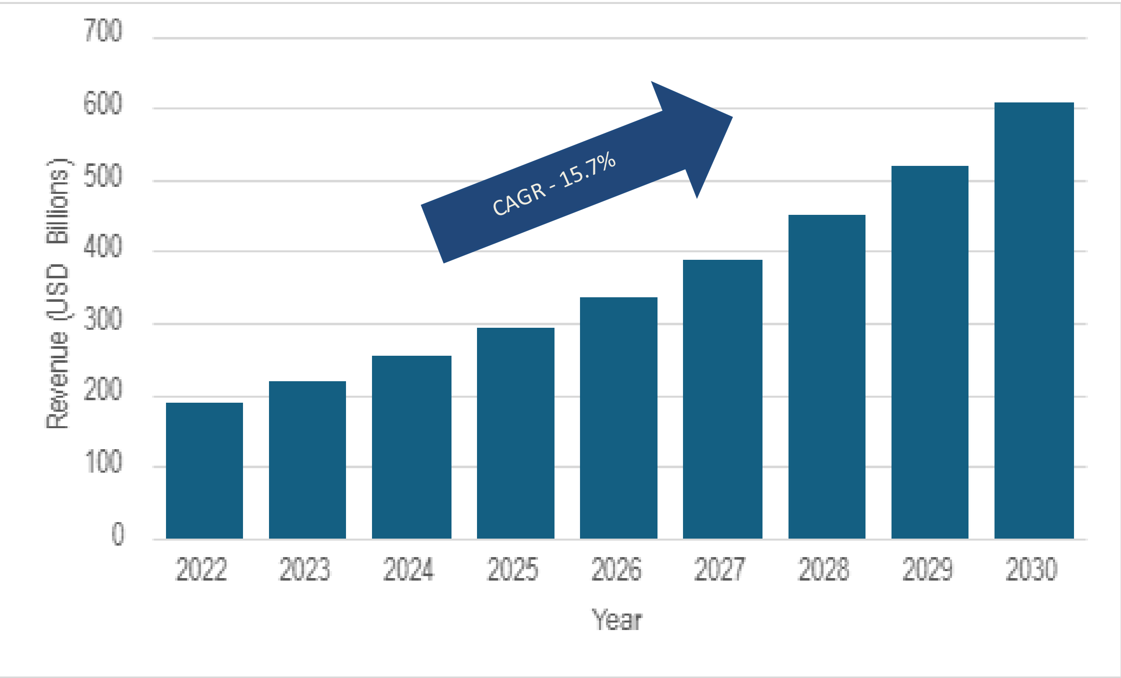


Since 2000 energy production in India has exponentially risen as the infrastructure to utilise it and store it has developed. With still a high reliance on coal and other fossil fuels there is significant room for growth in the renewables sector in India

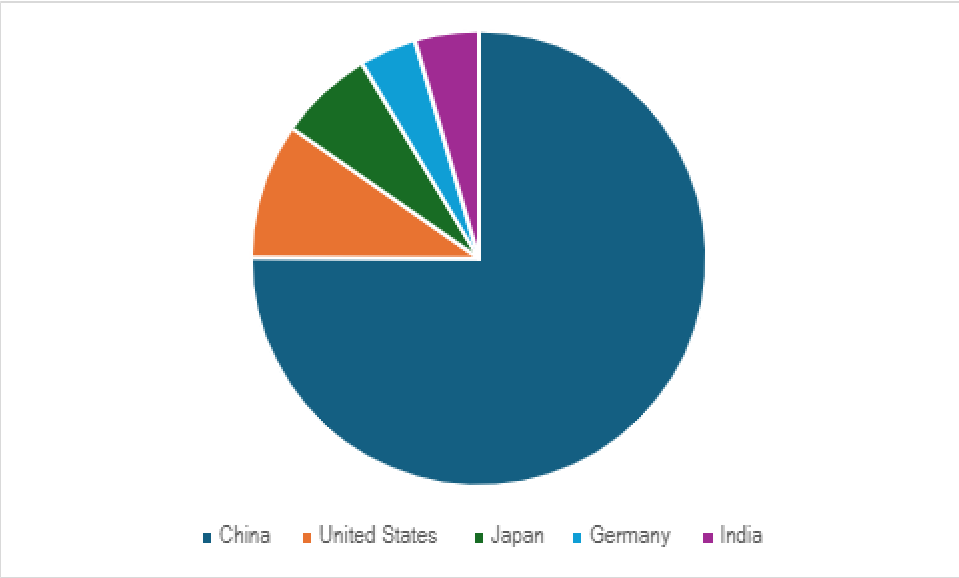
Major headwinds in the renewables industry

- Grid integration issues - with renewables production scaling integrating them into the power grid becomes more challenging, old grids need upgrading and expanding to cope with the new influx of renewable energy
- Supply Chain and Infrastructure - Global events such as COVID-19 and U.S.–China trade tensions exposed vulnerabilities in the renewable energy supply chain, highlighting over reliance on specific producers and trade routes for key components like turbines and transformers.
- Regulation and Policy issues - conflicting policies such as President Trump's attack on clean-energy projects can slow down development and lower investor confidence due to uncertainty about returns and a lack of standardization with policies.

Global Solar Energy Market Size



The global market for solar energy systems is expected to continue expanding rapidly with an expected CAGR of 15.7% from 2022 - 2030 (Grand View Research)



China remains the dominant producer of solar energy globally. However, nations such as India are rapidly increasing their output, driven by ambitious net-zero targets, large-scale government initiatives, and significant inflows of foreign direct investment into renewable energy.

Company Overview

Founded: 2008   HQ: Surat, Gujarat   Listed: NSE/BSE (2019)   Subsidiary: KPI Green Hybrid Energy Ltd

Key Metrics (FY25):

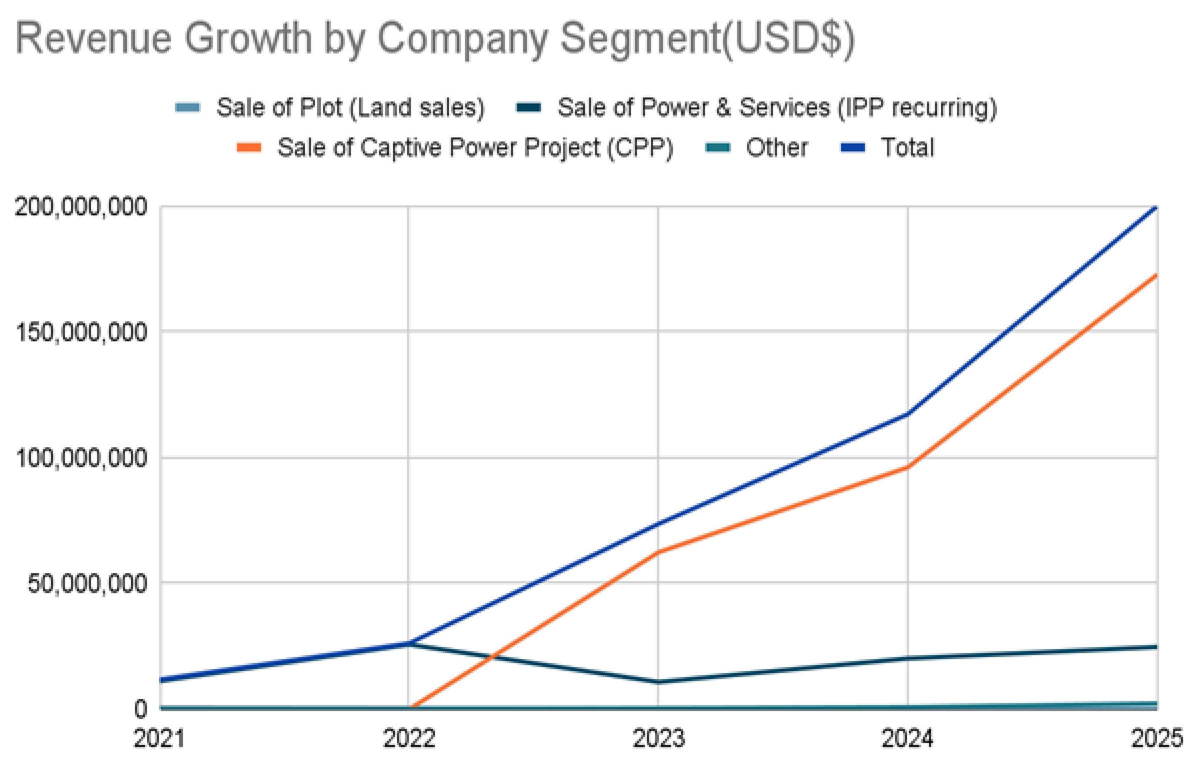
Revenue:$197.5 million(+140% YoY)   EBITDA Margin:25 %

ROE: 28%   ROCE: 16.8%   Net Debt/Equity: ~ 0.36

Order Book: $142.25 million   Commissioned Capacity: 4000 MW (CPP 2300 MW + IPP 1700 MW)(Including Orderbook)

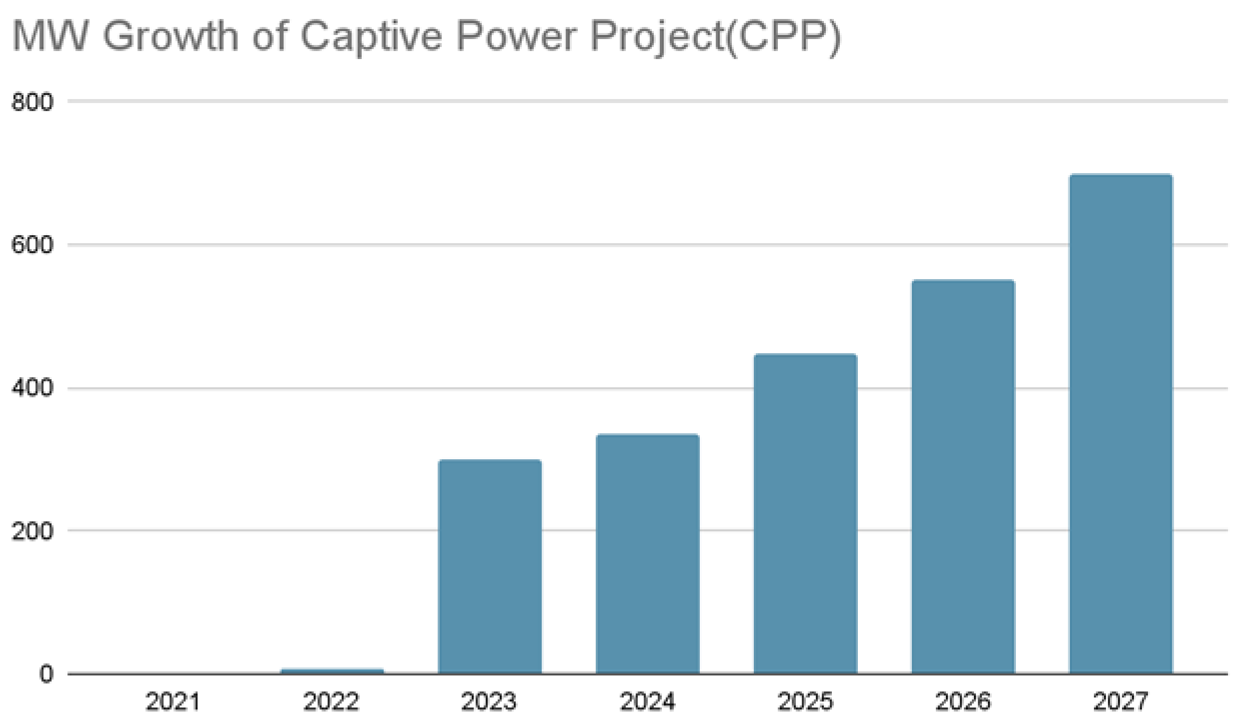
Business Segments:

- **CPP (Captive Power Producer)** – Builds and transfers solar plants to industrial clients; one-time EPC margin + O&M income
- **IPP (Independent Power Producer)** – Owns and operates solar/wind assets; earns long-term tariff income via PPAs
- **Hybrid (Solar + Wind)** – Emerging segment leveraging Gujarat Hybrid Policy; provides 24×7 green power to industrial consumers

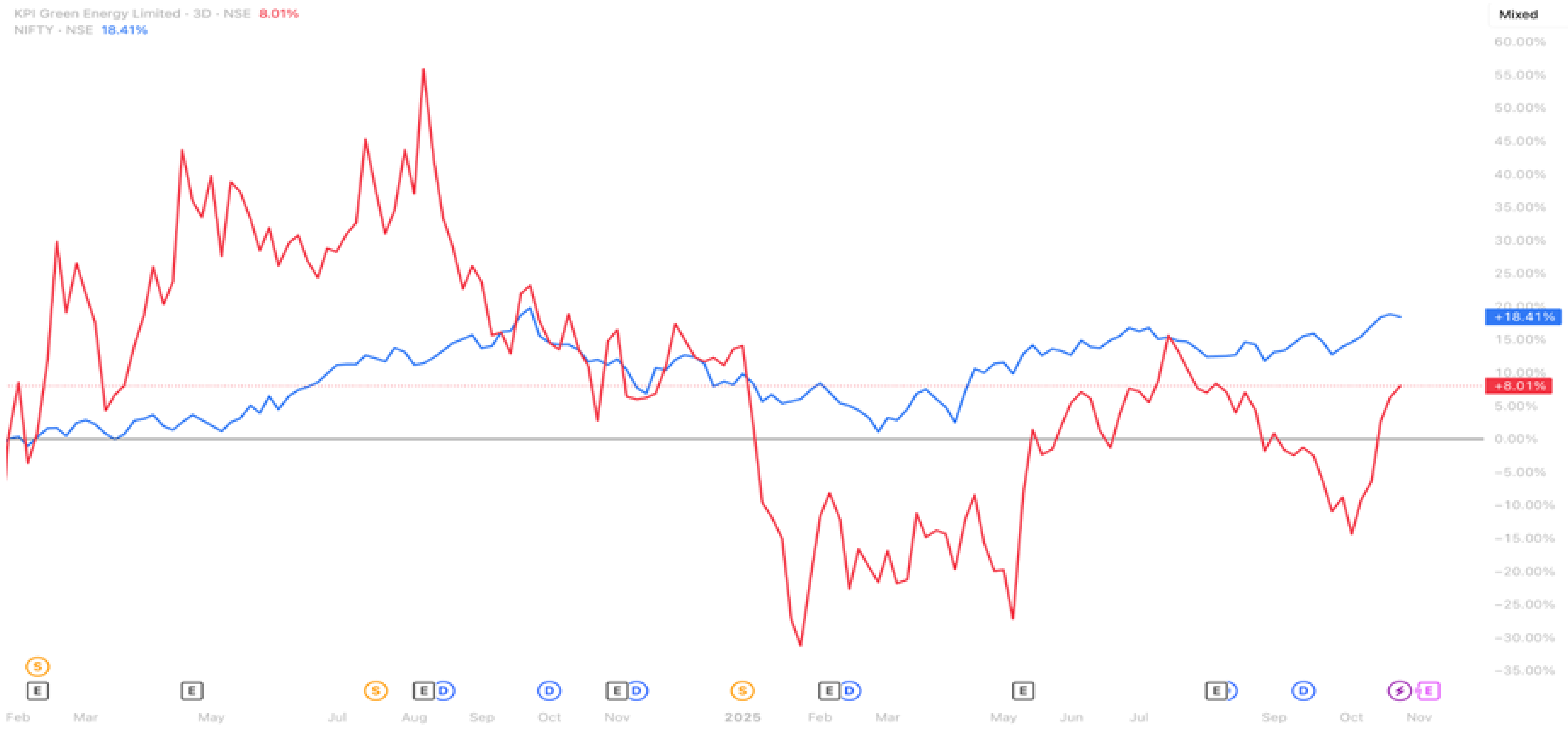


Management

- Founder-led with high skin-in-the-game (~49% ownership) → long-term decision-making, not quarter-to-quarter optics.
- Execution proven at scale → capacity grew from <10 MW (2021) to ~488 MW (2025).
- Operational edge → control of land + evacuation rights enables faster, cheaper commissioning.
- Strong capital access →$364.16 million SBI financing validates credibility and pipeline.



Market Expectations



- **July 24:** KPIGREEN share price was at an all time high of $8.87, followed by a correction because of a 1:2 stock split which was further accelerated by an industry-wide valuation reset following profit booking after sharp post-Covid rally.
- **January 25:** KPIGREEN experienced a sharp drop in the share price of 30%, given its 1:2 bonus issue and the subsequent price correction. No negative news surrounding the event.
- **May 25:** KPIGREEN's stock rose following stellar Q4FY2024-25 earnings and announcement of its subsidiary receiving transmission connectivity for a 642.6MW wind energy project, boosting market confidence in its growth trajectory.
- **July 25:** Concerns over high leverage, promoter share-pledging and sector-wide cooling in renewables amid tighter financing conditions.

Date	Event	Share Move (approx.)
July-24	Stock peak & split-driven correction	-25%
Jan-25	Bonus issuance & price adjustment	-30%
May-25	Strong Q4 + contract win	+50%
July-25	Leverage & sector concerns	-20%

Market narrative today (Oct-25)

- Concern on leverage & pledged promoter holding
- CapEx-heavy model → thin near-term cash flows
- Execution risk priced like a mid-cap EPC rather than a scaling IPP
- Stock below prior valuation peak → sentiment over fundamentals

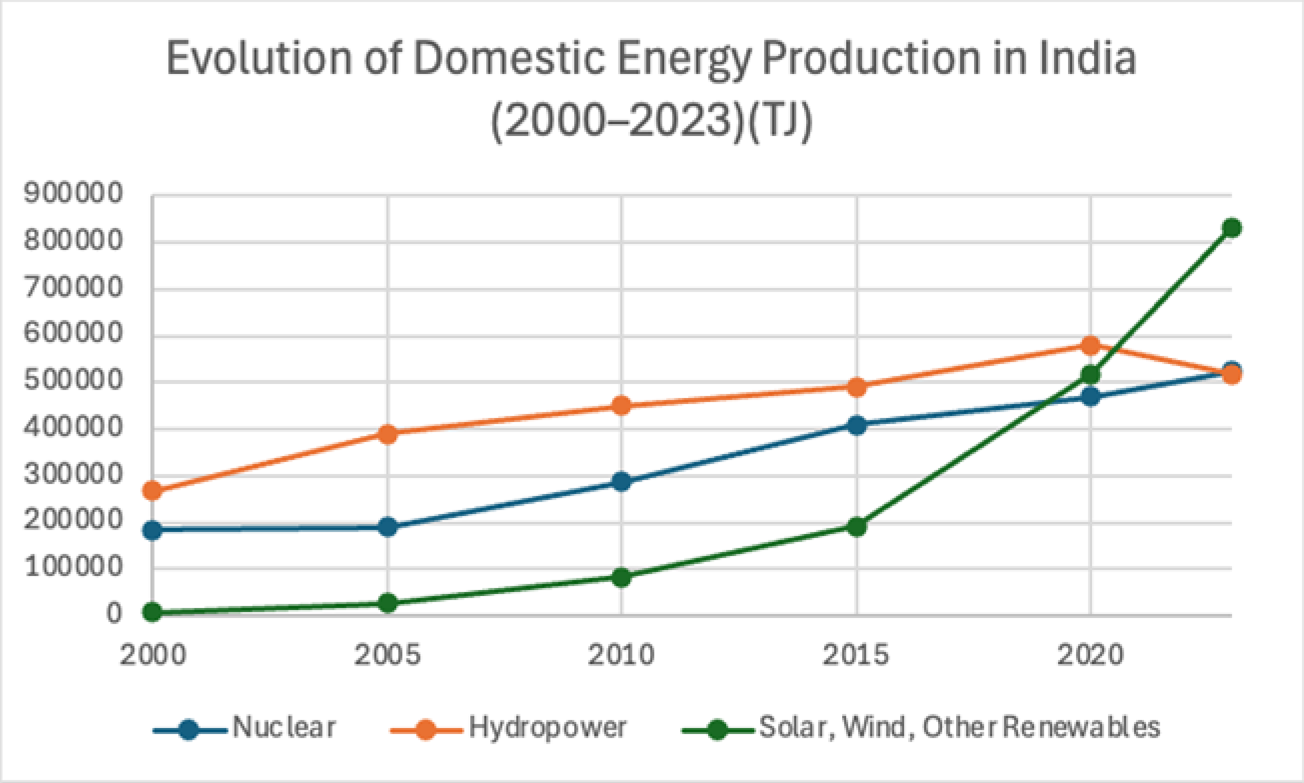
What the market misses:

- Market overstates debt risk. India's first credit-enhanced green bond → reduces cost of capital, unlocking future funding channels. Bond supported by CE structure & AA+(CE) rating signals institutional confidence. Better debt-to-equity ratio than its peers.
- Market treats short-term capex cycle as structural, misprices long-term recurring power monetisation and undervalues hybrid model and operating leverage (CPP + IPP + wind-solar hybrid scale advantage)
- 10GW by 2030 roadmap for KP group + expansion into BESS, offshore wind, floating solar, green hydrogen
- The negative sentiment is also amplified by post-COVID renewable derating, not company-specific fundamentals

Thesis – India's Solar Build-Out Is Still Early

Tiny Base + Gigantic Demand + Falling Financing/Operating Frictions → Multi-Year Volume Runway

- Population: ~ 1.43 Billion (1st in world)
- Solar supplied ~9.2% of India's electricity in H1 2025.
- Near all grid-connected consumers draw from the same mix, hundreds of millions (effectively, most of India's ~1.4 billion people) "use" some solar via the grid.



- Out of cleaner energies, Solar, Wind & Renewables has outpaced Nuclear & Hydropower in last 5 years and is accelerating.

Recurring domestic orders (growth visibility)
We're now seeing steady, MW-scale orders translate into backlog – e.g., a fresh 13.8MW plant alongside multiple client wins through 2024–25. This isn't just pipeline chatter; it's bookable megawatts that give 12–18 months of revenue visibility.

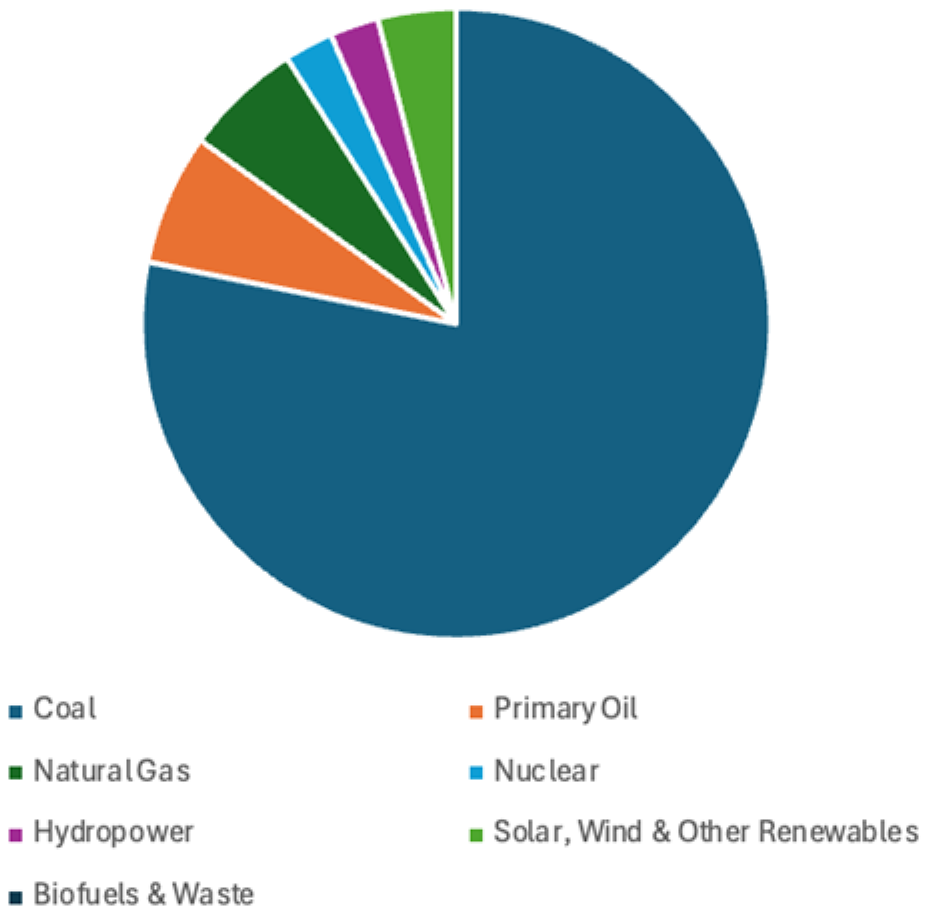
International win (export validation & TAM expansion)
Landing a ~$119m renewable project from a UAE client shows Indian developers can compete beyond domestic tenders. It broadens the addressable market and diversifies cash flows while reinforcing our execution/cost edge.

Bond market access (lower financing friction)
The plan to issue ~INR 6.7–6.75bn in ~7-year paper at single-digit yields signals lenders are comfortable funding solar build-outs. Cheaper, longer-tenor debt lowers WACC and helps more projects clear IRR hurdles faster.

Digital O&M (better unit economics)
Rolling out IBM Maximo Renewables is about uptime and predictability: quicker fault resolution, higher plant load factors, and lower OPEX per MW. That flows straight into stronger project IRRs and more resilient margins.

Earnings traction (delivery showing up in P&L)
Recent prints highlight EBITDA/profit stepping up, with the stock reacting on higher volume. Orders are converting to generation and cash, not just announcements—supporting a sustained growth narrative.

Domestic Energy Production, India, 2023



- As of 2023: Solar + Other Renewables Production still tiny fraction of total (2.80%) – Huge room for growth.

Valuation

Even with conservative assumptions, our DCF supports attractive upside

Scenario Analysis

Bull

- **Financing & growth:** WACC drifts toward **~10–11%** with deeper domestic bond access; terminal growth **~5.5%**.
- **Execution:** Faster order conversion and commissioning; export wins repeat (e.g., GCC mandates); PLF improves with digital O&M.
- **Economics:** Better uptime + scale push EBITDA and FCF above plan; working-capital turns improve as collections tighten.

Base

- **Financing & growth: WACC ~12%**, terminal growth **~4.5%** in line with policy-supported demand.
- **Execution:** Orders convert broadly on schedule; IBM-style O&M tools lift availability; moderate margin expansion as scale builds.
- **Economics:** Capex/NWC track plan; FCF ramps steadily—no step-change assumptions.

Bear

- **Financing & growth: WACC ~14%**, terminal growth **~3.5%** on tighter credit and slower macro.
- **Execution:** Land/interconnect delays and module/BOS noise push slippage; slower commissioning cadence.
- **Economics:** Higher capex intensity and stickier receivables weigh on FCF; margins flat to slightly down despite O&M efforts.

Model Drivers

Driver	Bull	Base	Bear
WACC (FY25–FY29 & terminal discounting)	11.0%	12.0%	13.0%
Terminal growth, g (post-FY29 only)	5.5%	4.5%	3.5%
Avg revenue growth (FY27–FY29)	~56%		
EBITDA margin (by FY29)	~ 71.7%		
Capex intensity (% of sales, FY29)	~ 45.4%		

Conservatively Weighted DCF Shows Strong Upside Potential

	Target Price	Upside	Weight	Weighted TP	Weighted Upside
Bull	$180.2	180.2%	15%		
Base	$11.18	85.1%	50%	**$10.89**	**~ 80.3%**
Bear	$7.89	30.6%	35%		

Sensitivity Analysis Shows Wide Margin of Safety in Assumptions

		Terminal Growth Rate				
		3.5%	*4.0%*	***4.5%***	*5.0%*	*5.5%*
WACC	*10.0%*	139.2%	163.2%	**191.5%**	225.5%	267%
	11.0%	92.8%	110.0%	**129.8%**	152.9%	180.2%
	12.0%	**57.8%**	**70.6%**	**85.1%**	**101.7%**	**120.8%**
	13.0%	30.6%	40.4%	**51.4%**	63.8%	77.7%
	14.0%	9.0%	16.7%	**25.2%**	34.7%	45.3%


KPI Green Energy Limited · 3D · NSE O6.02 H6.07 L5.95 C6.04 −0.00 (−0.02%)
USD
4.85 (80.30%)
6.04
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11.00
10.50
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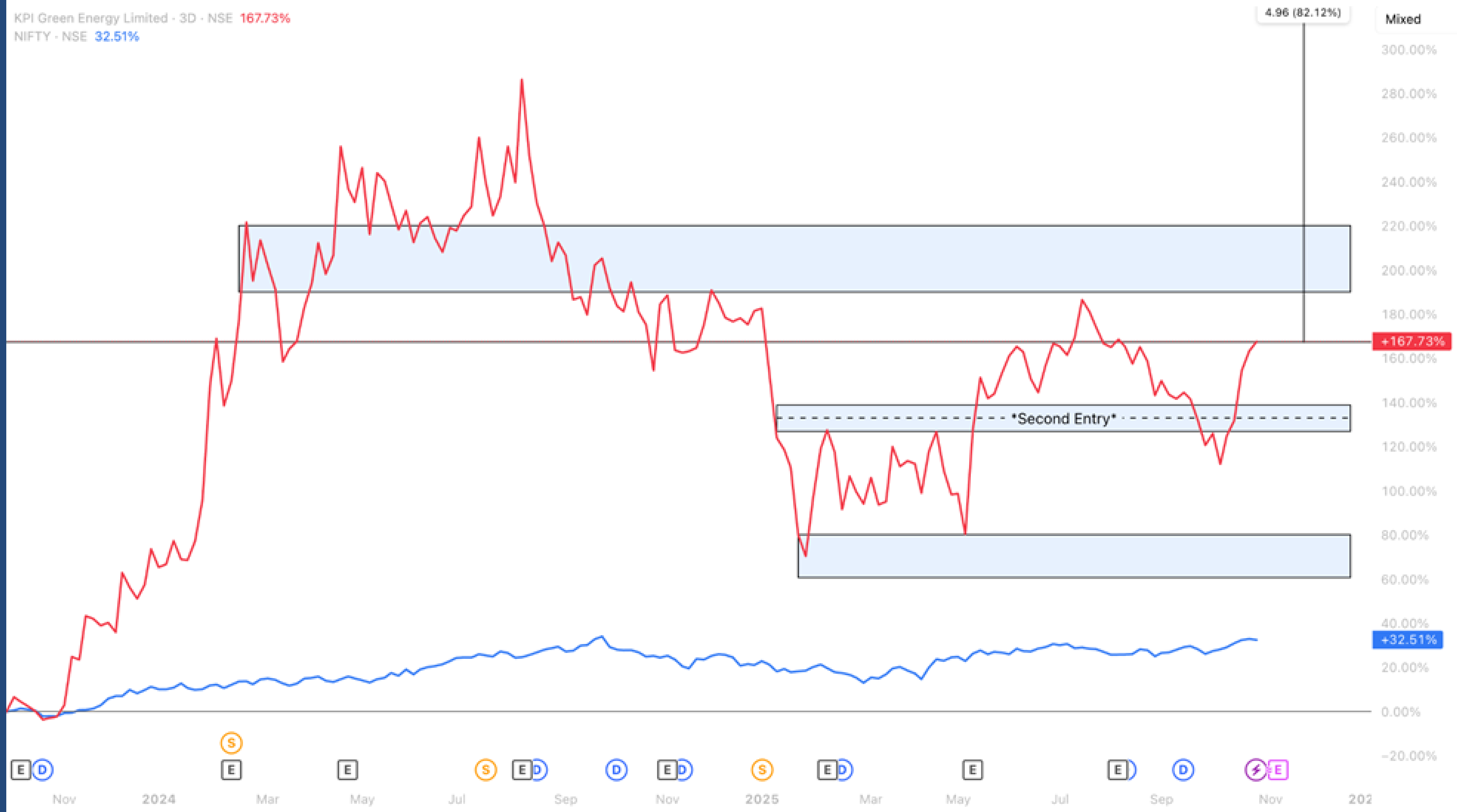
Sep
Nov
2024
Mar
May
Jul
Sep
Nov
2025
Mar
May
Jul
Sep
Nov
2026

Performance since October 2023:

KPIGREEN: ~ +174%

NIFTY: ~ +32%

- Outperformed



Performance since January 2025:

KPIGREEN: ~ –3.27%

NIFTY: ~ +8.97%

- Underperformed


+117.04% (> 1000%ann.)
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10.00
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KPIG IN Equity (KPI Green Energy Ltd) Weekly 01JAN2018-31DEC2025
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Catalysts

Explosive solar demand: India's rapid industrialisation and electrification are driving the need for large-scale clean power generation. The government's target of achieving 500 GW of renewable energy capacity by 2030 has further accelerated demand, with a primary focus on solar power.

Government alignment: Clear policy roadmap and financial incentives for renewable projects. For example, the Production Linked Incentive (PLI) Scheme rewards companies for using domestic suppliers and labour. This is particularly relevant to KPiGREEN, as most of its suppliers are based in India.

Financial momentum: Strong revenue and earnings growth, coupled with improving liquidity. (Share price increased by 19.71% in the last month)

Scalability: Rapid asset accumulation without excessive leverage. receives strong cash generation from its (IPP) and (CPP) business models providing them with steady revenue.

First-mover advantage: Early foothold in India's fast growing solar segment. allowed them to secure prime land areas for projects and to build up a good relationship with the relevant government bodies and regulators compared to newer entrants allowing them to capture market share and benefit from economies of scale as the solar energy sector expands in India

Risks and Mitigation

Category	Detail	Mitigation
Political and Regulatory Risks	Acquiring land for new projects and securing grid access requires government approval. Delays in these processes can extend project timelines, postpone revenue generation, and compress margins due to higher carrying costs and delayed cash flows.	Secure land for future projects in advance to minimize approval delays, and allocate resources to liaise with government bodies to build relationships and speed up regulatory processes. KPIGREEN has a land bank of 2217 acres ready for future projects.
Supply Chain Issues	Reliance on a few domestic suppliers may limit production capacity compared with international manufacturers, and potential efficiency gaps compared to top Chinese or European panels could slightly reduce revenue if the modules generate less energy.	Using domestic suppliers is faster and more reliable than importing from overseas, and may also make them eligible for government incentives by supporting local manufacturers.
Commodity Price Volatility	KPIGREEN's suppliers rely on a wide range of commodities to produce the solar panels used in its projects. Many of these materials, such as silicon and aluminium, are imported from China, which dominates global production in these markets. This reliance leaves KPIGREEN vulnerable to price fluctuations driven by trade wars and tariffs imposed on China, potentially leading to higher input costs.	KPIGREEN Green adopts new technologies in their solar farms, such as solar tracking systems, to improve operating efficiency and reduce the impact of rising input costs.
Grid Integration	As KPIGREEN expands its operations across different regions of India, it faces growing challenges in securing grid access particularly in rural and remote areas. India's main energy grid infrastructure is more developed in urban and industrial regions, while grid connectivity in less developed areas remains limited or unreliable. This uneven distribution of grid infrastructure can slow down project execution, as KPIGREEN must invest additional time and resources in coordinating with local utilities or developing new connections to integrate its solar farms into the national grid.	KPIGREEN has secured grid-infrastructure access in Gujarat, a state where many of India's major substations and energy-storage systems are located. Meanwhile, the India government is working to expand the national grid network across the country in order to connect more regions and improve power access.

KPI Green Energy Ltd DCF

Income Statement

All numbers in $ thousands except per share data

	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Revenue Growth	122.2%	180.0%	59.0%	69.5%	40.0%	50.0%	55.0%	65.0%
COGS Margin	41.1%	59.4%	52.4%	52.7%	52.0%	44.0%	37.0%	30.0%
Revenue	30,900	80,200	123,700	205,300	287,000	430,500	667,275	1,101,003
COGS	12,700	47,600	64,800	108,200	149,460	190,650	250,000	330,000
Gross Profit	18,200	32,600	58,900	97,100	137,540	239,850	417,275	771,003
SG&A	3,600	6,600	37,700	68,200	84,790	105,910	124,680	139,370
EBITDA	16,500	28,800	26,100	36,100	63,670	147,690	308,915	789,413
Depreciation & Amortisation	1,900	2,800	4,900	7,200	10,920	13,750	16,320	18,410
Operating Profit	14,600	26,000	21,200	28,900	52,750	133,940	292,595	771,003
EBIT Tax Rate	28%	23%	26%	26%	26%	26%	26%	26%
EBIT Tax	1,041	15,502	10,974	17,964	17,795	17,972	18,149	18,325

Appendix 2: KPI Green Energy Ltd Unlevered Free Cash Flow Schedule

Unlevered Free Cash Flow Schedule

All numbers in $ thousands except per share data

	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
EBITDA Growth		74.5%	(9.4%)	38.3%	76.4%	132.0%	109.2%	155.5%
EBITDA	16,500	28,800	26,100	36,100	63,670	147,690	308,915	789,413
Tax Depreciation	1,900	2,800	4,900	7,200	10,920	13,750	16,320	18,410
Operating Profit	14,600	26,000	21,200	28,900	52,750	133,940	292,595	771,003
Tax Rate	(12%)	(14%)	(15%)	(15%)	(15%)	(15%)	(15%)	(15%)
Current Tax	1,041	15,502	10,974	17,964	17,795	17,972	18,149	18,325

UNLEVERED FREE CASH FLOW

	2025E	2026E	2027E	2028E	2029E
EBITDA	36,100	63,670	147,690	308,915	789,413
Current Taxes on EBIT	(17,964)	(17,795)	(17,972)	(18,149)	(18,325)
Capital Expenditure	(157,900)	(252,640)	(330,000)	(400,000)	(500,000)
Cash from Working Capital	(3,801)	13,000	20,000	35,000	55,000
Unlevered Free Cash Flow	(143,565)	(193,765)	(180,282)	(74,234)	326,088

Appendix 3: DCF Schedule:

All numbers in $ thousands except per share data

Valuation	Discrete Forecast				
(YY-MM-DD) 25/10/27	(YY-MM-DD) 25/12/31	(YY-MM-DD) 26/12/31	(YY-MM-DD) 27/12/31	(YY-MM-DD) 28/12/31	(YY-MM-DD) 29/12/31

UNLEVERED FREE CASH FLOW

(143,565)	(193,765)	(180,282)	(74,234)	326,088

CASH FLOW PROFILES

Period	1	2	3	4	5	TV
Forecast	(143,565)	(193,765)	(180,282)	(74,234)	326,088	4,543,489
PV	(128,183)	(154,469)	(128,321)	(47,177)	185,031	2,578,098

ASSUMPTIONS

ASSUMPTIONS	
First Year of Forecast	2025
Terminal Growth Rate	4.5%
WACC	12.0%

ENTERPRISE VALUE

PV of Discrete	(273,119)	(12%)
PV of Terminal	2,578,098	112%
Enterprise Value	2,304,978	100%

EQUITY VALUE PER SHARE

Equity Value		2,205,703
Shares Outstanding	(FD 000)	197,300
Equity Value	(USD/sh)	11.18

EQUITY VALUE

Enterprise Value	2,304,978
Less: Net Debt	(99,275)
Equity Value	2,205,703

PREMIUM (DISCOUNT)

Equity Value	(USD/sh)	11.18
Current Price	(USD/sh)	6.04
Premium (Discount)		85.1%

Appendix 4: Sensitivity Analysis

Sensitivity Analysis

All figures in USD thousands unless stated

Terminal Growth Rate	4.5%
WACC	12.0%
Enterprise Value	2,304,978
Net Debt	99,275

Shares Outstanding	(FD 000)	197,300
Current Price	($/sh)	6.04

ENTERPRISE VALUE

WACC \ Terminal Growth Rate	3.5%	4.0%	4.5%	5.0%	5.5%
10.0%	2,949,695	3,235,236	3,572,694	3,977,644	4,472,582
11.0%	2,396,731	2,601,306	2,837,355	3,112,745	3,438,205
12.0%	1,979,904	2,132,283	**2,304,978**	2,502,345	2,730,075
13.0%	1,655,949	1,772,905	1,903,621	2,050,677	2,217,340
14.0%	1,398,095	1,490,033	1,591,649	1,704,555	1,830,745

EQUITY VALUE PER SHARE

WACC \ Terminal Growth Rate	3.5%	4.0%	4.5%	5.0%	5.5%
10.0%	14.45	15.89	17.60	19.66	22.17
11.0%	11.64	12.68	13.88	15.27	16.92
12.0%	9.53	10.30	**11.18**	12.18	13.33
13.0%	7.89	8.48	9.15	9.89	10.74
14.0%	6.58	7.05	7.56	8.14	8.78

EQUITY VALUE

WACC \ Terminal Growth Rate	3.5%	4.0%	4.5%	5.0%	5.5%
10.0%	2,850,420	3,135,961	3,473,419	3,878,369	4,373,307
11.0%	2,297,456	2,502,031	2,738,080	3,013,470	3,338,930
12.0%	1,880,629	2,033,008	**2,205,703**	2,403,070	2,630,800
13.0%	1,556,674	1,673,630	1,804,346	1,951,402	2,118,065
14.0%	1,298,820	1,390,758	1,492,374	1,605,280	1,731,470

PREMIUM (DISCOUNT) TO CURRENT PRICE

WACC \ Terminal Growth Rate	3.5%	4.0%	4.5%	5.0%	5.5%
10.0%	139.2%	163.2%	191.5%	225.5%	267.0%
11.0%	92.8%	110.0%	129.8%	152.9%	180.2%
12.0%	57.8%	70.6%	**85.1%**	101.7%	120.8%
13.0%	30.6%	40.4%	51.4%	63.8%	77.7%
14.0%	9.0%	16.7%	25.2%	34.7%	45.3%

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