

# Equity Research Report

## KPI Green Energy Ltd

### About the Company

Incorporated in 2008, KPI Green Energy Ltd is in the business of solar power generation. The company provides solar power, both as an independent power producer (IPP) and Engineering, Procurement, and Construction (EPC) services to Captive Power producers (CPP) customers. The company runs its entire business from its Bharuch plant in Gujarat.

#### Independent Power Producer (IPP):

The company provides solar energy under a third-party sale business in Gujarat. It develops and maintains grid-connected IPP solar power projects under the 'Solarism' brand. The company supplies power, generated from solar power plants to business houses through Power Purchase Agreements (PPA).

#### Captive Power Producer (CPP):

In the CPP model, the company develops, transfers, operates, maintains and sells grid-connected solar power projects to customers by providing them with power evacuation infrastructure along with grid-connected land to generate solar power. The company also offers Operation & Maintenance Services (O&M) through a separate O&M agreement to customers.

#### Industrial Plot Sale:

The company sells land parcels to third parties which are taken back on lease for 25 years for developing solar power plants. The company pays a fixed lease rental to land owners as per the lease agreement.

### Brief Overview

- The company commissioned its first hybrid IPP project comprising 16.1 MW wind plus 10 MW solar in March '23. Together with this hybrid IPP project, the company up to March '23 has energized a cumulative capacity of 137 plus MW, and that under CPP 175-plus MW, thereby totalling 312 plus MW.
- The company made history by commissioning a Seventh Turbine under the hybrid policy in South Gujarat, which has resulted in the opening of new markets for wind energy in South Gujarat.
- The consolidated CPP Sales of H1 of FY23-24, grew 35% from INR 245.54 crores to INR 330.87 crores (H1 FY23-24), while that under the Independent Power Producer (IPP) grew by 99% from INR 36.47 crores to INR 72.38 crores.

### Key Highlights

- The company has bagged the single largest order of Hybrid CPP of 145.20 MW and have also won a 240 MW DC bid from GUVNL under the IPP Segment. With these, the total order book on hand at gross level stands at 541+ MW inching the Company closer to its ambitious target of 1000 MW by 2025.
- The consolidated net profit for the current half year is reported at INR 68.01 crores (H1-FY23-24) as against that of INR 43.39 crores in H1-FY22-23 which shows an increase of 57%.
- The Company has recorded a quarterly EPS of INR 18.82 in H1FY23-24 compared to that of H1FY22-23 at INR 12.01.
- The external rating of the Company has been reaffirmed at [ICRA]A- (Stable) for the long term at an enhanced rated amount.
- There is a three-digit increase in their profit after tax (PAT) for FY23, reaching Rs. 10,962.79 lakh, a remarkable 154% rise compared to FY22.
- In the financial year 2022-23, our total revenue on a standalone basis soared to Rs. 49,075.79 lakh, reflecting a noteworthy increase of 123% compared to the previous year. Similarly, our EBITDA on a standalone basis reached Rs. 15,695.31 lakh, representing a significant 45% growth.
- Year-on-year consolidated PBT grew by 139% from 59.76 crores to INR141.87 crores and subsequently PAT also grew from INR43.25 crores to INR109.63 crores.

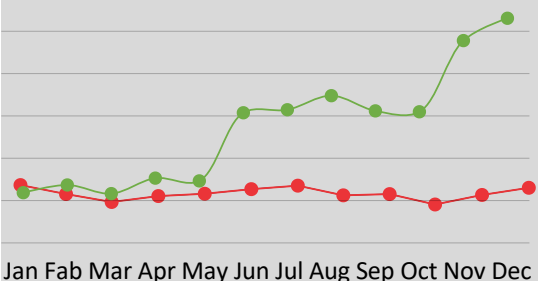


**Recommendation** : XXX  
**CMP** : INR 1261.9  
**Target Price** : XXX

### Stock data (As on 11 Dec 2023)

**Nifty** : 20987.7  
**52 Weeks H/L** : 1261.9 /1155.05  
**Market Cap (INR Crs.)** : 4558 cr.  
**O/s Shares (Crs)** : 3.61cr  
**Dividend Yield (%)** : 0.13%  
**NSE Code** : KPIGREEN

### Relative Stock Performance - 1Y



KPI Green — Nifty 50 —

### Absolute Return (as on Dec 23)

**1 Year** : 178.73%  
**3 Years** : 4617.38%  
**5 Years** : 3257.9%

### Shareholding Pattern (as on Sept 23)

**Promoter** : 54.83%  
**FII** : 4.24%  
**DII** : 0  
**Public** : 40.91%

### Financial Summary

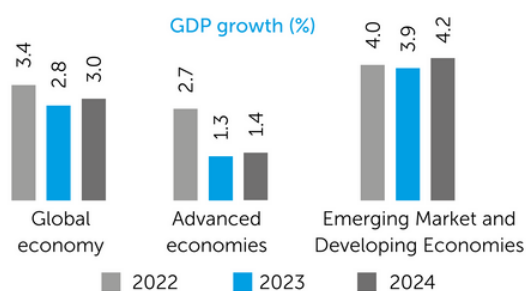
In INR Crs.	FY-23A	FY-24E	FY-25E
<b>Net Revenue</b>	647.04	1000.00	1500.00
<b>YOY Growth (%)</b>	179%	54.55%	50%
<b>EBITDA</b>	211.26	461.75	686.28
<b>EBITDA (%)</b>	33%	46.18%	45.75%
<b>PAT</b>	109.64	284.63	437.68
<b>YOY Growth (%)</b>	154%	159.6%	53.77%
<b>ROE</b>	42.5%	63.9%	50.4%
<b>EPS (In INR)</b>	30.37	78.85	121.24
<b>EV/EBITDA</b>	3.64	2.54	3.21

## Global Economy

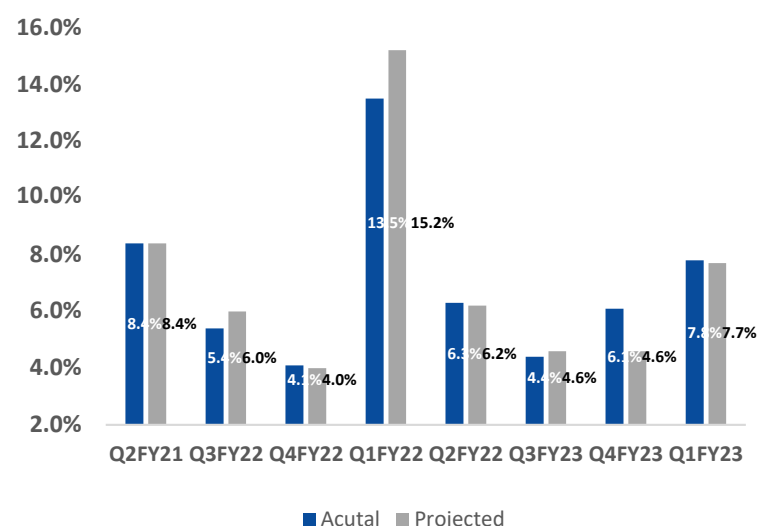
During the fiscal year 2022-23, the global economy faced several challenges primarily due to mounting inflationary pressures, geopolitical tensions in Europe and supply chain disruptions. The spike in global energy and food prices in 2022 triggered a cost-of-living crisis in many countries, especially low-income economies, a majority of which are still grappling with food insecurity. Governments acted swiftly to offer assistance to households and businesses, which helped cushion the impact on growth. Additionally, the implementation of monetary policies by central banks is expected to yield positive results, leading to a decline in inflation. It is predicted that the global inflation will decelerate from 8.7% in CY 2022 to 7.0% in CY 2023, followed by a further drop to 4.9% in CY2024.<sup>1</sup> Another bright spot is the fact that Emerging markets and developing economies, including India, are also witnessing growth across multiple sectors, fuelled by government investments in infrastructure and manufacturing sectors. The EMDEs' growth rates are expected to average 3.9% in 2023 and rise to 4.2% in 2024.<sup>2</sup>

There are promising signs that indicate a sustained recovery from the negative impact of the pandemic and supply chain disruptions. Developing economies and emerging markets (EMDEs) are well-positioned to play a vital role in driving the revival of the economy in the upcoming years.

Conductive monetary and fiscal regulations will help mitigate the aftermath of the global unrest by restoring price stability and easing pressures on living costs. The effectiveness of the fiscal and monetary policies aimed at curbing sticky inflation and supporting economic growth will shape the economic outlook. Fiscal policies will be instrumental in extending support to businesses and individuals adversely affected by the pandemic.

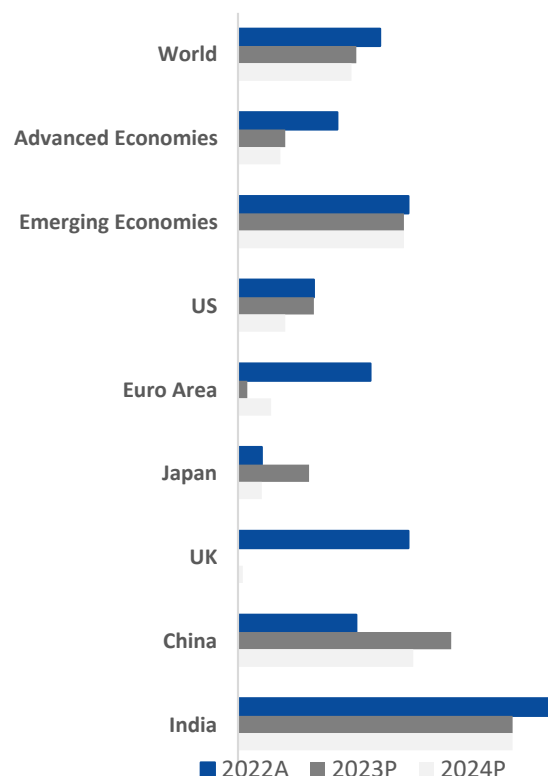


### Indian GDP Quaterly Growth -Actual vs Projected(%)



## Global GDP Projections (%)

0.50% 2.50% 4.50% 6.50% 8.50%



## Indian Economy

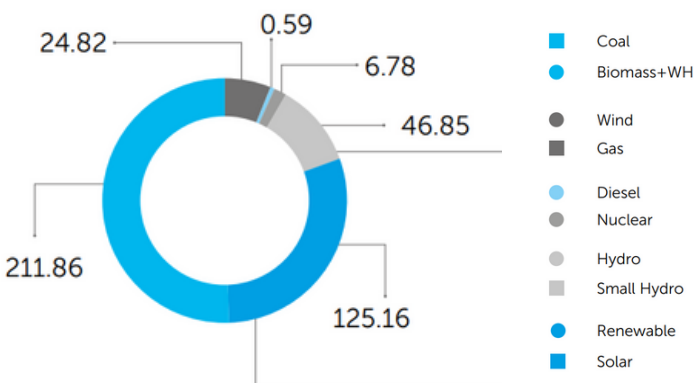
Despite headwinds in the first half of FY2022-23, mostly on account of broadening inflationary pressures worldwide, the Indian economy demonstrated sheer resilience. According to the second advance estimates of the NSO, the Indian Economy is on track to clock a growth rate of 7% in FY23. Sectoral analysis further reveals that the domestic economy's growth is primarily fuelled by robust domestic demand and higher infrastructure investments from both central and state governments, which has paved the way for a large-scale employment opportunities. Building on the gains of the first half of the year, the second half has continued to witness a gradual upswing in demand and economic activity. According to the Reserve Bank of India (RBI), the retail inflation rate in India declined below 6% in March 2023, leading to a certain extent of stability in commodity prices.<sup>3</sup> Although in the initial stages of recovery, early indicators suggest that private investment may rise in the post-pandemic period due to a favourable investment cycle in the manufacturing and services sectors. Stronger prospects for manufacturing, services, agriculture and related industries, coupled with improved business and consumer confidence, are anticipated to boost domestic consumption. Various high-frequency indicators, including GST collections, growth in railway and air traffic, electronic toll collections and E-Way bill volumes, signify a strong rebound from the pandemic induced shocks. India's sustained growth momentum has created a favourable environment for crowding in substantial investments.

# KPI Green Energy Ltd

## Industry Overview

India's renewable energy sector: India's sheer size and its enormous growth potential suggest that its energy demand is likely to grow at a faster pace than any other country in the years ahead. Prime Minister Narendra Modi has announced ambitious targets for 2030, which include reducing India's emissions intensity by 45% and lowering a billion metric tonnes of CO<sub>2</sub>. This has placed the nation on a pathway to net zero emissions by 2070 and it is anticipated that the substantial growth in energy demand this decade will have to be met with green energy sources. The gradual depletion of conventional electricity generation methods such as thermal power plants, has also resulted in a surge in demand for renewable energy. The renewable energy market is rapidly expanding, supported by effective collaboration between the Government and private sectors. In India, solar and wind are the prevalent sources of renewable energy. India's combined capacity of installed renewable energy, not including large hydro sources, amounted to 125.16 GW during FY23. By FY27, it is predicted to increase to 287.34 GW, growing at a Compound Annual Growth Rate (CAGR) of 21.60%. The Indian government aims to achieve

### All India Installed Capacity (416.06 GW) As On 31.03.2023 (RE 125.16GW)



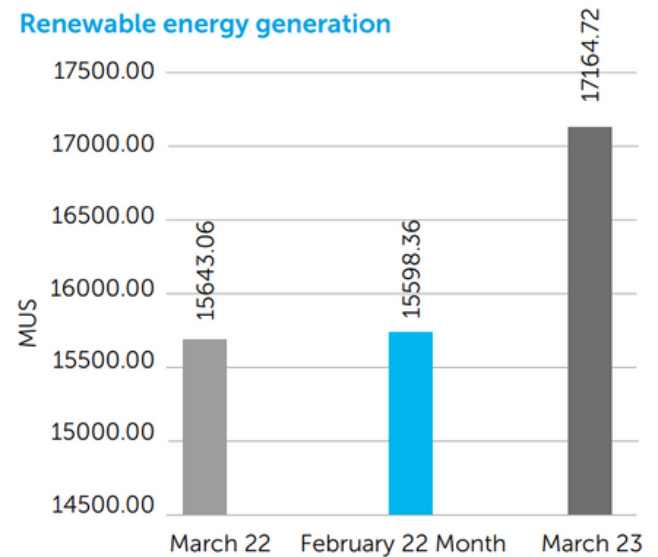
Installed Capacity of different energy sources (as of March 2023) (in GW)

(Source: Centre Electricity Authority (CEA))

450 GW of installed renewable energy capacity by FY30, with solar power contributing 280 GW (over 60%). By FY27, renewable energy is expected to account for almost 50% of the installed power capacity. Another factor contributing to the expansion of the renewable energy sector in India is the confluence of affordable financing and anticipated declines in solar and wind module costs which are leading to the decline in solar prices in the country.

- Union Budget's allocation towards the green energy transition : 35,000 cr.
- The Government has set a target to achieve a 20% ethanol blend in automotive fuel across the nation by the financial year 2025-26.
- The UJALA LED bulb initiative is substantially transforming the energy landscape and contributing to a remarkable reduction of 40 million metric tonnes in carbon emissions on an annual basis.

## Renewable energy generation



### Growth of 9.73% when compared to March 2022

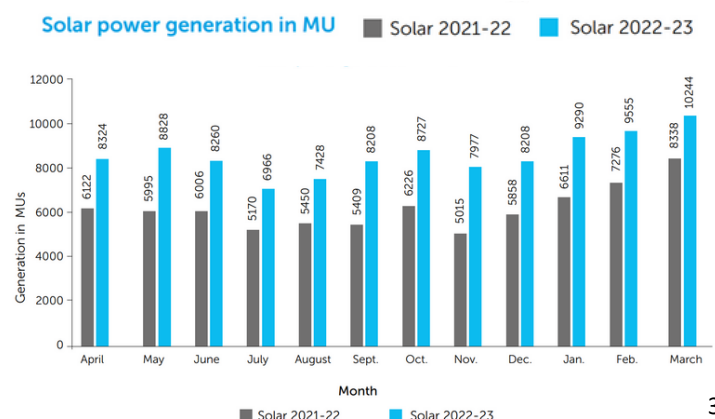
(Source: Centre Electricity Authority (CEA))

The adoption of a reverse auction system for wind tariffs reflects the trend towards lower tariffs, facilitated by an extended high wind resource potential trajectory. The persistent reduction in renewable energy costs is also instrumental in developing a sustainable, domestically oriented energy system. The increasing usage of electric vehicles (EVs), along with the rapid industrialisation and expansion of residential sectors, are expected to amplify the country's electricity demand. In this context, renewable energy sources will play a pivotal role in fulfilling this heightened energy demand.

## India's Solar Energy sector

The solar industry is exhibiting faster growth compared to other renewable energy sectors, with projections indicating a sustained growth trajectory. India has made significant strides in augmenting its installed solar capacity, with the country possessing 66.78 GW of solar power capacity as of March 2023. Additionally, India generated 10,244.34 MU of solar energy in FY23. India's success in solar energy is attributable to a combination of favourable market conditions, legislative advancements and the country's optimal climate, characterised by 300 sunny days annually, which is ideal for solar power generation. Consequently, India has emerged as one of the most cost-effective solar energy markets, attracting significant private investment. In an attempt to promote indigenous production in the energy space, the Government has imposed a high import duty on solar PVs.

### Solar power generation in MU



# KPI Green Energy Ltd



## Business Segments

**Independent Power Producer (IPP):** In Gujarat, it is among the market leaders for solar energy by way of third-party sales. Under the 'Solarism' brand, it develops and manages grid-connected IPP solar power plants. It has initiated hybrid renewable energy projects and is adding them to the power-generating asset portfolio. During FY 2023, it commissioned our first 26.10 MW hybrid IPP project, comprising 16.10 MW of wind and 10 MW of solar energy. Additionally, it expanded the cumulative capacity by more than 137 MW, bringing it to over 312 MW.

## 42+ MW

Order in hand

## 26.10 MW

Hybrid IPP Successfully Energised

## A-

Rated a renewable energy company by ICRA

## 137+ MW

Consolidated capacity energised, including 26+ MW Hybrid till FY FY23

**Captive Power Producer (CPP):** For CPP clients, it creates, transfers, operates and manages grid-connected solar power projects. Through the CPP model, it generates revenue by offering solar power projects to clients that address their needs. Companies reduce their electricity costs through captive solar plants, whose cost per unit is less than that of DISCOM. It also provides clients with Operation and Maintenance Services (O&M) under a separate O&M arrangement. This generates a long-term annuity source of income.

## 111+ MW

Consolidated cumulative capacity energised, including 3+ MW in Hybrid during FY 23 O&M and lease income in FY 23

## 25 years

Annuity revenue from O&M

## 175+ MW

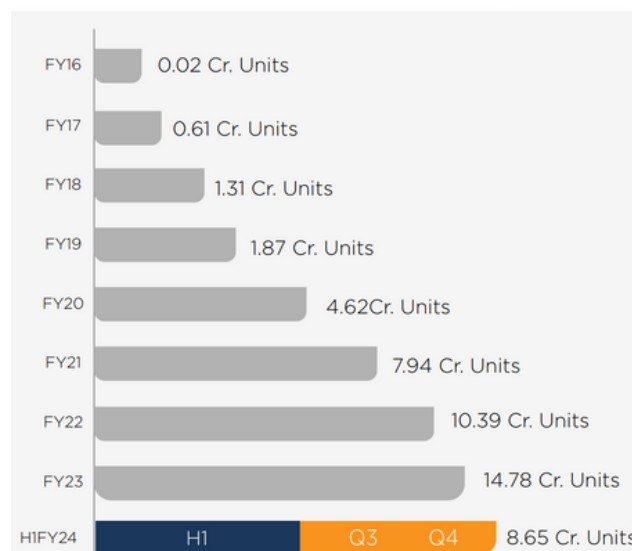
Cumulative capacity energised till FY23

## 74+ MW

Order in hand including 17+ MW under Hybrid CPP

## Unit generation growth under IPP

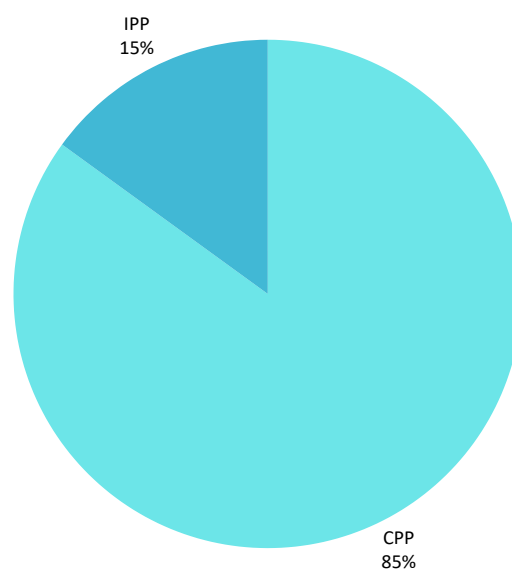
(Units = kWh)



**Industrial Plot Sale:** It offers land tracts to third parties, who subsequently lease these back for 25 years to build solar power facilities. Following the terms of the lease agreement with the landowner, it pays a fixed lease rental.

## 1374+ acres

Consolidated land bank (Owned + Leased)



Revenue Breakup

# KPI Green Energy Ltd

## Shareholding Pattern

The Company has majority of its shareholding with the Promoter to the total of 54.83%. Promoters have increased their stake by 3.73% points over the last 5 years.

DIIs have offloaded their shares but FIIs have entered and now have a stake of 4.24%. Public holds a significant stake of 40.91%.

## Category wise Shareholding Pattern as on March 31, 2023:

No. of shares	No. of shares held		Total No. of Shares	% of Holding
	Physical	Electronic		
Promoter and Promoter Group		1,98,05,602	1,98,05,602	54.81
Relatives of Promoters (Non-Promoter)		8,784	8,784	0.02
Directors And their relatives		9,67,868	9,67,868	2.68
(Non- Promoter)				
Key Managerial Personnel		3,178	3,178	0.01
Public	22	1,25,13,047	1,25,13,069	34.64
Non-resident Indian		3,02,331	3,02,331	0.84
Foreign Portfolio Investor		32,992	32,992	0.09
(corporate)- Category i				
Foreign portfolio Investor		27,000	27,000	0.07
(corporate) - Category ii				
Foreign Inst. Investor		8,60,400	8,60,400	2.38
Clearing member		2,14,593	2,14,593	0.59
Corporate bodies		13,98,183	13,98,183	3.87
<b>TOTAL</b>	<b>22</b>	<b>36133978</b>	<b>36134000</b>	<b>100.00</b>

## Yearly & Quarterly Shareholding Pattern of The Company is as under:

	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Sep-23
Promoters	51.10%	51.47%	52.69%	54.52%	54.81%	54.83%
Flis	0.00%	0.00%	0.00%	2.77%	2.54%	4.24%
Diis	3.25%	0.00%	0.00%	0.00%	0.00%	0.00%
Public	45.65%	48.53%	47.31%	42.71%	42.64%	40.91%
No. of Shareholders	691	699	703	9,575	42,512	59,420

	Sep-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
Promoters	52.18%	52.69%	52.70%	54.32%	54.45%	54.52%	54.68%	54.70%	54.81%	54.81%	54.81%	54.83%
Flis	0.00%	0.00%	0.00%	0.00%	0.00%	2.77%	3.26%	2.42%	2.50%	2.54%	3.48%	4.24%
Diis	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	0.00%
Public	47.82%	47.31%	47.30%	45.68%	45.55%	42.71%	42.05%	42.88%	42.69%	42.64%	41.66%	40.91%
No. of Shareholder	712	703	760	3,720	6,454	9,575	17,566	28,485	34,516	42,512	47,863	59,420



# KPI Green Energy Ltd



## Management Analysis

Name	Designation	Qualification	Comments
Dr. Faruk G Patel	Chairman and Managing Director	Dr. Faruk Gulam Patel did his primary schooling at Surat Municipal Corporation Schoolin Kanbiwad Bhandri Moholla. Later, he joined Manmade Textile Research Association in 1990 for experience and later started a business by joining Hafiz Brothers. In 2008, he founded KPI Green Energy, marking his entry into the solar power domain. Following that, in 2010, he further expanded his portfolio by establishing KP Energy, focusing on wind power projects. Over time, his vision expanded, and the group now possesses over 1500 acres of land; owns Gujarat's largest private solar park, and has 2+GW of green energy portfolio. The KP Group today has a business empire of Rs 2,500 crore across India.	Dr. Faruk G. Patel is qualified and has over two decades of experience in the renewable energy sector.
Mr. Shaheedul Hasan	Chief Operating Officer	Shaheedul Hasan has been working as a Chief Operating Officer at KPI green energy limited. In the past he was Chief Technology Officer & Vice President at Reliance Communications Ltd. He received an undergraduate degree from Aligarh Muslim University.	Mr. Shaheedul Hasan is qualified and experienced. He was the vice president at Reliance Communications.
Mrs. Bhadrabala Joshi	Non - Executive Director	Mrs. Joshi received her B. Pharm. from Gujarat University and her LLB from South Gujarat. University before joining the company. Until recently, Mrs. Joshi was listed as an Advocate on the Gujarat Bar Council's state roll of practitioners. She is currently a member of the Approved Advocates of Nationalized Banks panel in Surat, which includes representatives from IDBI, Dena Bank, Canara Bank. Central Bank of India, Syndicate Bank, and Punjab National Bank, among others. She has been a member of the company's board of directors since August 2015, when she was appointed to the position.	Mrs. Bhadrabala Joshi is well qualified and she is member for Approved Advocates of Nationalised Banks that gives her major and profound experience.
Mrs. Venu Birappa	Independent Director	Mrs. Venu Birappa is an Independent Director of our Company. She holds a Bachelor's Degree in Electrical Engineering from the Maharaja Sayajirao University Baroda and Diploma in Management from Indira Gandhi National Open University. She also holds Degree in Bachelor of Laws (General) from Saurashtra University. She also holds Certificate for completion of course and examination of Quality Management Systems Auditor/ Lead Auditor Training based on ISO 9001:2005. Mrs. Venu Birappa is having more than 37 years of rich and well versed work experience in all the facets of the Power Sector.	Mrs. Venu Birappa is law graduate. Has vast experience and holds different certifications which makes her highly qualified.
Mr. Moh. Sohil Dabhoya	Whole Time Director	Mr. Sohil Dabhoya has completed his MBA in marketing from Sikkim Manipal University. Later worked for KP Buildcon Private Ltd for 5 years as marketing executive and business development manager. And, he is working as a whole time director of KPI green energy ltd since 2012.	Mr. Moh. Sohil is proficient marketing person in the company. He has industry experience in marketing which is helping a lot for the growth of the company.
Mr. Sharadchandra Patil	Independent Director	Mr. Sharadchandra Babhutabhai Patil is an Independent Director of the Company. He has completed Bachelor of Technology from Mahatma Phule Krishi Vidyapeeth in 1982 and Master of Science from University of Manitoba, Canada in 1984. He in having experience of more than 38 years in Energy Sector.	Mr. Sharadchandra Patil is well qualified as an independent director with vast experience in his profession.
Mr. Shanker Baheria	Independent Director	Mr Shanker Baheria has completed by Chartered Accountant (CA) and Company Secretary(CS). And has work experience in different companies which involves Aircel, Vodafone, Ingram Micro India Ltd, etc, involved in taking impactful decision to make the company run. Currently, he working as an independent director in KPI green energy limited since 2015 having an experience of more than 8 years in this company.	Mr. Shanker Baheria is qualified with good experience in the company in which he has worked earlier.

# KPI Green Energy Ltd



## Board Efficiency

Sr. no.	Name of Director(s)	No. of Meetings		Attendance at last AGM
		Held during the tenure	Attended	
1	Dr. Faruk G. Patel	16	16	Yes
2	Mr. Moh. Sohil Y. Dabhoya	16	15	Yes
3	Mrs. Bhadrabala D. Joshi	16	14	Yes
4	Mr. Moh. Hanif Dalchawal	16	14	Yes
5	Mrs. Venu Birappa	16	13	Yes
6	Mr. Sharadchandra B. Patil	16	13	Yes
7	Mr. Shanker Baheria	5	4	NA

## Managerial Remuneration

Key Managerial Personnel	Designation	Salary
Dr. Farukbhai Gulambhai Patel	Chairman & Managing Director	446762
Mr. Mohmed Sohil Yusufbhai Dabhoya	Whole Time Director	446762
Ms. Rajvi Upadhyay	Company Secretary & Compliance Officer	196892
Mr. Salim Suleman Yahoo	Chief Financial Officer	196892

## Q2FY23 Financial Result Analysis

- During the H1-FY23-24, the Company has energized a total of 33.00+ MW resulting in the cumulative consolidated capacity energised at 346+ MW. Company during H1-FY23-24 have bagged the single largest order of Hybrid CPP of 145.20 MW and has also won a 240 MW DC bid from GUVNL under the IPP Segment. With these, the total order book on hand at gross level stands at 541+ MW inching the Company closer to its ambitious target of 1000 MW by 2025.
- The total units generated during the Q2 of FY23-24 under the IPP segment have declined by 32% to 2.92 Cr. as compared to that generated during Q1 of FY23-24 at 4.31 Cr. due to the seasonal effect and the prolonged monsoon season. This has resulted in a seasonal reduction in the IPP Sales from INR 42.10 Cr. in Q1-FY23-24 to INR 30.28 Cr. in Q2-FY23-24. In comparison H1 of FY22-23, the consolidated CPP Sales of H1 of FY23-24, grew 35% from INR 245.54 Cr. to INR 330.87 Cr. (H1 FY23-24).
- While that under the Independent Power Producer (IPP) grew by 99% from INR 36.47 Cr. to INR 72.38 Cr. The consolidated net profit for the current half year is reported at INR 68.01 Cr. (H1-FY23-24) as against that of INR 43.39 Cr. in H1-FY22-23 which shows an increase of 57%.
- As a result of growth in net profit, the Company has recorded a quarterly EPS of INR 18.82 in H1-FY23-24 with that of H1-FY22-23 at INR 12.01.
- The external rating of the Company has been reaffirmed at [ICRA]A- (Stable) for the long term at an enhanced rated amount.
- At consolidated level the increase in the balances of long-term borrowings of INR 27.45 Cr. from INR 409.12 Cr. as of 31st Mar-23 to INR 436.57 Cr. as of 30th Sep-23 was majorly toward the capex of the Hybrid plant, which is reflected in a corresponding increase of fixed assets of INR 61.26 Cr.

# KPI Green Energy Ltd

## Quarterly Income statement

	Sep '23	Jun '23	Mar '23	Dec '22	Sep '22
Net Sales/Income from operations	215.07	189.36	182.40	179.21	159.84
Other Operating Income					
Total Income From Operations	215.07	189.36	182.40	179.21	159.84
EXPENDITURE					
Consumption of Raw Materials	118.18	93.94	109.38	104.65	97.08
Purchase of Traded Goods	1.66	0.37	0.88	1.08	0.69
Increase/Decrease in Stocks	-0.71	0.14	-0.82	-0.42	-0.80
Power & Fuel	-	-	-	-	-
Employees Cost	2.28	3.06	2.94	2.01	1.39
Depreciation	9.70	9.44	5.92	5.80	5.64
Excise Duty	-	-	-	-	-
Adm in.And Selling Expenses	-	-	-	-	-
R & D Expenses	-	-	-	-	-
Provisions And Contingencies	-	-	-	-	-
Exp. Capitalised	-	-	-	-	-
Other Expenses	22.51	22.60	15.79	12.28	8.72
P/L Before Other Inc., Int.,Excpt. Items & Tax	61.46	59.82	48.31	53.82	47.13
Other Income	0.88	1.21	2.01	0.46	0.30
P/L Before Int.,Excpt. Items & Tax	62.35	61.03	50.32	54.27	47.43
Interest	18.46	19.72	13.09	11.72	11.08
P/L Before Exceptional Items & Tax	43.89	41.30	37.24	42.55	36.35
Exceptional Items	-	-	-0.49	-	-
P/L Before Tax	43.89	41.30	36.75	42.55	36.35
Tax	9.14	8.04	4.97	8.09	15.19
P/LAfter Tax from Ordinary Activities	34.75	33.26	31.78	34.46	21.16
Prior Year Adjustments	-	-	-	-	-
Extra Ordinary Items	-	-	-	-	-
Net Profit/(Loss) For the Period	34.75	33.26	31.78	34.46	21.16



# KPI Green Energy Ltd



## Income statement

In Crore Rupees							
	2019A	2020A	2021A	2022A	2023A	2024E	2025E
<b>Sales</b>	43.84	59.55	103.94	231.52	647.04	1000	1500
<b>Growth</b>		35.83%	74.54%	122.74%	179.47%	54.55%	50.00%
<b>COGS</b>	10.4	15.35	22.82	91.75	380.44	339.7612978	540.4024528
<b>% of Sales</b>	23.72%	25.78%	21.95%	39.63%	58.80%	33.98%	36.03%
<b>Gross Profit</b>	33.44	44.2	81.12	139.77	266.6	660.2387022	959.5975472
<b>% of Sales</b>	76.28%	74.22%	78.05%	60.37%	41.20%	66.02%	63.97%
<b>Employee Cost</b>	0.86	1.62	1.77	4.26	8.07	18.9444386	28.21495298
<b>% of Sales</b>	1.96%	2.72%	1.70%	1.84%	1.25%	1.89%	1.88%
<b>Sales and Administrative Cost</b>	5.48	8.23	10.14	7.81	12.58	82.78708872	111.5167597
<b>% of Sales</b>	12.50%	13.82%	9.76%	3.37%	1.94%	8.28%	7.43%
<b>Operating and other expenses</b>	5.93	7.1	10.47	17.35	34.69	96.75524748	133.5800659
<b>% of Sales</b>	13.53%	11.92%	10.07%	7.49%	5.36%	9.68%	8.91%
<b>EBITDA</b>	21.17	27.25	58.74	110.35	211.26	461.7519274	686.2857687
<b>% of Sales</b>	48.29%	45.76%	56.51%	47.66%	32.65%	46.18%	45.75%
<b>Depreciation and amortization</b>	4.47	7.48	12.52	14.06	22.62	23.44105697	24.2577563
<b>% of Sales</b>	10.20%	12.56%	12.05%	6.07%	3.50%	2.34%	1.62%
<b>EBIT</b>	16.7	19.77	46.22	96.29	188.64	438.3108705	662.0280124
<b>% of Sales</b>	38.09%	33.20%	44.47%	41.59%	29.15%	43.83%	44.14%
<b>Interest</b>	3.87	7.84	16.16	36.93	46.76	121.4365092	192.1030523
<b>% of Sales</b>	8.83%	13.17%	15.55%	15.95%	7.23%	12.14%	12.81%
<b>EBT</b>	12.83	11.93	30.06	59.36	141.88	316.8743613	469.92496
<b>% of Sales</b>	29.27%	20.03%	28.92%	25.64%	21.93%	31.69%	31.33%
<b>Taxes</b>	3.92	5.48	8.13	16.12	32.24	32.24	32.24
<b>% of EBT</b>	30.55%	45.93%	27.05%	27.16%	22.72%	10.17%	6.86%
<b>Net Profit</b>	8.91	6.45	21.93	43.24	109.64	284.6343613	437.68496
<b>Net Margins</b>	20.32%	10.83%	21.10%	18.68%	16.94%	28.46%	29.18%
<b>No. of Equity Shares</b>	14.45	14.45	14.45	7.23	3.61	3.61	3.61
<b>EPS</b>	0.62	0.45	1.52	5.98	30.37	78.85	121.24
<b>Growth</b>		-28%	240%	294%	408%	160%	54%
<b>DPS</b>	0	0	0	0.25	2.85	2.14	3.95
<b>Growth</b>					1040%	-25%	85%
<b>Dividend</b>	0	0	0	1.8075	10.2885	7.721589417	14.24827364
<b>Dividend Payout Ratio</b>	0	0	0	0.04180157	0.093838927	0.0271281	0.03255372

# KPI Green Energy Ltd

## Balance Sheet

	2019A	2020A	2021A	2022A	2023A	2024E	2025E
<b>Asset</b>							
<b>Current Asset</b>							
Cash and short term investment	1.99	10.37	21.68	25.64	52.4	39.79	-466.96
Total Receivables	13.48	28.38	49.87	36.78	146.73	272.8621	398.9072
Total inventory	15.4	34.73	40.27	106.66	164.98	401.9159	607.0715
Other current assets	25.92	8.92	30.38	92.95	80.44	80.44	80.44
<b>Total current assets</b>	<b>56.79</b>	<b>82.4</b>	<b>142.2</b>	<b>262.03</b>	<b>444.55</b>	<b>795</b>	<b>619.46</b>
<b>Non current Assets</b>							
Net PPE	102.56	213.85	264.85	512.91	800.91	1349.509	2440.361
Goodwill and intangibles	0	0	0	0	0	0	0
Long term Investment	0	0	0	0	1.5	1.5	1.5
Other asset	1.9	2.12	2.26	2.39	8.02	8.02	8.02
Deffered tax asset	0	0	0	0	0	0	0
<b>Total non current asset</b>	<b>104.46</b>	<b>215.97</b>	<b>267.11</b>	<b>515.3</b>	<b>810.43</b>	<b>1359.029</b>	<b>2449.881</b>
<b>Total asset</b>	<b>161.25</b>	<b>298.37</b>	<b>409.31</b>	<b>777.33</b>	<b>1254.98</b>	<b>2154.03</b>	<b>3069.34</b>
<b>Liabilities and share holders equity</b>							
<b>Current liabilities</b>							
Accounts payable	6.59	41.7	21.81	46.84	227.38	294.415	493.4473
Other current liabilities	11.77	34.22	33.82	136.11	142.66	142.66	142.66
<b>Total current liabilities</b>	<b>18.36</b>	<b>75.92</b>	<b>55.63</b>	<b>182.95</b>	<b>370.04</b>	<b>437.075</b>	<b>636.1073</b>
<b>Non current liabilities</b>							
Total long term debt	32.61	106.7	208.38	398.87	563.47	770.6	864.4
Deffered tax liabilities	11.08	16.55	24.69	40.79	62.68	62.68	62.68
Other liabilities	0.16	1.2	0.69	0.98	0.88	0.88	0.88
<b>Total non current liabilities</b>	<b>43.85</b>	<b>124.45</b>	<b>233.76</b>	<b>440.64</b>	<b>627.03</b>	<b>627.03</b>	<b>627.03</b>
<b>Total liabilities</b>	<b>62.21</b>	<b>200.37</b>	<b>289.39</b>	<b>623.59</b>	<b>997.07</b>	<b>1271.23</b>	<b>1564.07</b>
<b>Share holding equity</b>							
Equity capital	18.07	18.07	18.07	18.07	36.13	36.13	36.13
Reserves and surplus	29.58	28.54	50.46	84.28	188.45	376.2643	799.701
Additional paid in capital	51.39	51.39	51.39	51.39	33.33	33.33	33.33
Non controlling interest	0	0	0	0	0	0	0
Other equity	0	0	0	0	0	0	0
<b>Total equity capital</b>	<b>99.04</b>	<b>98</b>	<b>119.92</b>	<b>153.74</b>	<b>257.91</b>	<b>445.7243</b>	<b>869.161</b>
<b>Total shareholder equity and liabilities</b>	<b>161.25</b>	<b>298.37</b>	<b>409.31</b>	<b>777.33</b>	<b>1254.98</b>	<b>2154.03</b>	<b>3069.34</b>

## Dupont Analysis

Return on Equity					
	2019	2020	2021	2022	2023
Net Profit	8.91	6.45	21.93	43.24	109.64
Average Shareholders Equity	14.45	14.45	14.45	11.09	5.67
Return on Equity	61.66%	44.64%	151.76%	389.90%	1933.69%
ROE - Dupont Equation					
	2019	2020	2021	2022	2023
Net Profit	8.91	6.45	21.93	43.24	109.64
Revenue	43.84	59.55	103.94	231.52	647.04
Net Profit Margin (A)	20.32%	10.83%	21.10%	18.68%	16.94%
Revenue	43.84	59.55	103.94	231.52	647.04
Average Total Asset	161.25	229.81	353.84	593.32	1016.155
Asset Turnover Ratio (B)	0.27	0.26	0.29	0.39	0.64
Average Total Asset	161.25	229.81	353.84	593.32	1016.155
Average Shareholder Equity	14.45	14.45	14.45	11.09	5.67
Equity Multiplier (C)	11.16	15.90	24.49	53.50	179.22
Return on Equity (A*B*C)	61.66%	44.64%	151.76%	389.90%	1933.69%
Return on Asset					
	2019	2020	2021	2022	2023
Net Profit	8.91	6.45	21.93	43.24	109.64
Average Total Asset	161.25	229.81	353.84	593.32	1016.16
Return on Asset	5.53%	2.81%	6.20%	7.29%	10.79%
ROA - Dupont Equation					
	2019	2020	2021	2022	2023
Net Profit	8.91	6.45	21.93	43.24	109.64
Revenue	43.84	59.55	103.94	231.52	647.04
Net Profit Margin (A)	20.32%	10.83%	21.10%	18.68%	16.94%
Revenue	43.84	59.55	103.94	231.52	647.04
Average Total Asset	161.25	229.81	353.84	593.32	1016.155
Asset Turnover Ratio (B)	0.27	0.26	0.29	0.39	0.64
Return on Asset (A*B)	5.53%	2.81%	6.20%	7.29%	10.79%

## Commentary on Income Statement

- Used the following data from the latest conference call and dissected it to forecast the sales and profit for FY24 and FY25:
- At the moment the company has a 967.85MW order book in hand. Out of which 500MW has already been completed by H1FY24.
- Dr Faruk Patel Chairman and MD of the company assured that the ambitious project of 1000MW will be completed by 31st March 2025 i.e. by the end of FY24.
- He also told with confidence that the company will achieve a 3-digit sales figure by the end of FY24 and there will be a minimum 50% increase in it by the end of FY25. Looking at the order book of the company and new potential orders which could come shortly assure us that the internal targets of the company are achievable.
- Then we forecasted COGS that came out to 339.7cr for FY24 and 540.4cr for FY25. The company's major cost comes from materials consumed. There was a percentage reduction in the cost of materials consumed for FY24, due to already having the material from the previous year. The company is working on technological advancement and is also connecting with suppliers who can provide material at lower rates. By looking at the company's previous years' COGS as a % of sales and the peers, we came to a growth rate of 36.03% for the COGS. Then we forecasted other costs based on the average.

## Commentary on Balance Sheet

- The first part of the balance sheet under current asset 'the cash and cash equivalent', we have forecasted that by creating a cash flow statement due to which we got an estimate about the cash left in hand after expenditure.
- The receivables, payables and inventory turnover were under schedules. We took an average of the days of debtors, days of creditors and inventory. Then used it to find the turnover ratio and finally the actual value of receivables, payables and inventory (by carrying out backward calculation).
- Then we calculated long-term debt. The calculation of the debt is nearly impossible however after reading con calls and watching the interviews of the promoter we got an estimation of the amount of capital he will be financing through debt. The increase in the growth of the business as compared to the previous year and also we got an estimation of how much funds the business will require to purchase raw materials and mostly they are doing it by debt financing, we came up to the estimated figure.
- Many figures in the balance sheet and income statement cannot be forecasted because of the nature of the business, therefore we keep it the same as the previous year. Specifically, it is not possible to forecast until and unless shared by management in concalls, in an interview or their annual report such as outstanding equity shareholder, additional paid-in capital, other liabilities and asset, deferred tax liabilities and asset, and, many such accounts.

## Commentary: Dupont Analysis

- Return on Equity (ROE) was decreased to 6.58% during covid -19. It started increasing from the next year. It has gone from 18.29% in 2021 to 42.51% in 2023.
- The ROE has significantly increased after 2020 from 6.58% to 42.51% as there was a drastic increase in net profit. Therefore, showing a positive relation.
- The Asset Turnover of the company is growing after FY20 constantly, suggesting efficient use of asset to generate sales.
- The Equity Multiplier has an upward trend. The asset of the company has increased more as compared to the increase in the Shareholders Equity.
- In Return on Assets (ROA), we can see that, there is almost 50% decline due to covid in FY20. However, post covid the company is having a significant increase in ROA. It grew from 2.81% in FY20 to 10.79% in FY23.
- Net Profit Margin is decreasing since FY2021, due to high cost of material consumed by the company. However, due to increase in Asset Turnover, ROA is having an upward trend.

## Commentary on Valuation

- In the pursuit of gauging the intrinsic value of KPI Green Energy Limited, we employed the Company Comparable Analysis (CCA) method, carefully selecting three peer companies that closely align with KPI's business model. Despite the challenge posed by KPI's rapid growth, our chosen peers share comparable market characteristics. KPI exhibits a lower market capitalization relative to its peers, presenting a potential valuation upside. Through an examination of financial metrics and valuation ratios, we calculated the implied enterprise value (EV), factoring in growth rates and profitability margins. Net debt adjustments were applied, considering total debt and cash reserves, leading to a refined implied share price.



**Dr. Faruk Patel,**  
**Chairman and MD**  
**KPI Green Energy Ltd.**

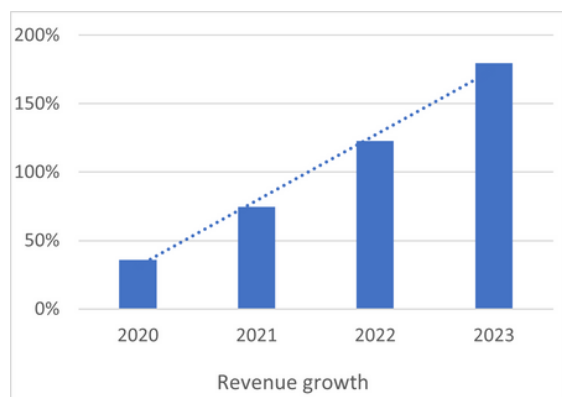
# KPI Green Energy Ltd



## Commentary

**Revenue:** The revenue has increased consistently and impressively for the last five years. It has increased from 122.74% in FY2021-22 to 179.47% in FY2022-23. It's because they have increased CPP from 70% to 85% as CPP generates more revenue and they wanted to increase their topline.

The company has intentionally shifted its focus to increase the CPP segment's contribution to the top line, which led to a higher percentage of CPP (85%) and a lower percentage of IPP (15%) compared to the previous ratio of 75:15.

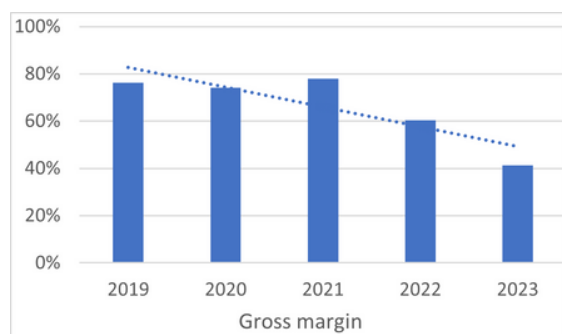


**Gross margin:** In 2019, the Gross Margin Ratio was 76.28%, indicating that the company retained 76.28% of its revenue after covering the cost of goods sold. In 2022, there was a significant drop in the ratio to 60.37% and the most recent data for 2023 shows a further decline to 41.20%.

The change in the revenue mix between CPP (Captative Power Plant) and IPP (Independent Power Producer) has impacted the overall margin. The revenue mix shifted from 75:25 in FY22 to 85:15 in FY23. This change essentially means that a larger proportion of revenue is now coming from CPP compared to IPP.

CPP provides a lower but steady stream of revenue. It offers a higher top line but relatively lower margins.

IPP, on the other hand, involves selling energy generated, providing higher margins but requiring significant capital expenditure (CAPEX) upfront.

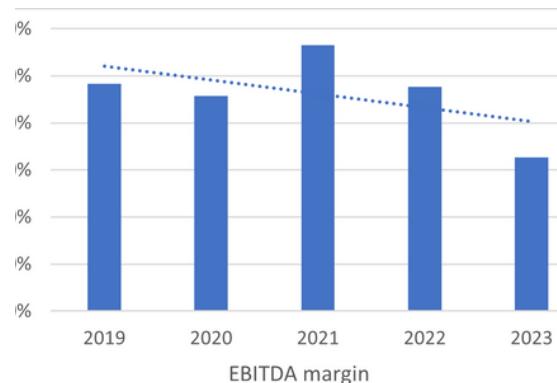


**Net profit growth:** The consolidated net profit for the current half year is reported at INR 68.01 Cr (H1-FY23-24) as against that of INR 43.39 Cr in H1-FY22-23 which shows an increase of 57%. The net profit margin has reduced from 18.68% to 16.94% due to a change in the CPP and IPP mix.

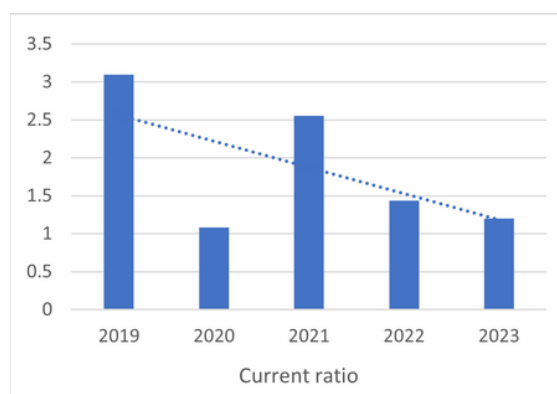


**EBITDA margin :** The EBITDA margins have come down because of the change in the mix between CPP and IPP. They were doing 30% to 35% IPP and the rest of CPP. Since they wanted to increase the topline, the company changed the mix to 85% of the CPP and 15% of the IPP. So, naturally, the EBITDA will be diluted by CPP.

The shift towards a higher proportion of CPP has diluted the EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) margins due to the lower-margin nature of CPP compared to IPP. IPP generally yields higher EBITDA margins (around 70-75%) compared to CPP (around 22-25%).



**Current ratio:** Starting at a robust 3.09 in 2019, indicating a healthy ability to meet short-term obligations, there was a significant decline by 2020 to 1.09, signaling a potential strain in covering short-term liabilities with available assets. The ratio improved in 2021 to 2.56, reflecting a better capacity to handle immediate financial obligations. However, by 2022, it dropped again to 1.43, suggesting a renewed challenge in meeting short-term debts. The most recent data for 2023 shows a further decline to 1.20 because of an increase in accounts payable from 46.84 crores in FY2022-23 to 227.38 crores in 2023-24.

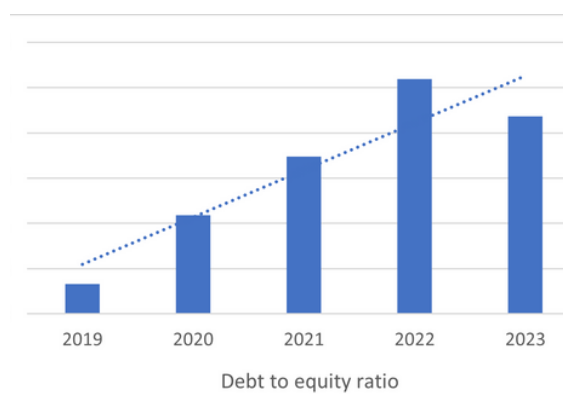




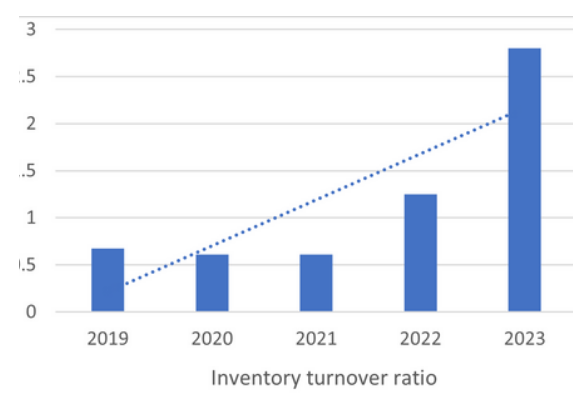
# KPI Green Energy Ltd

## Commentary

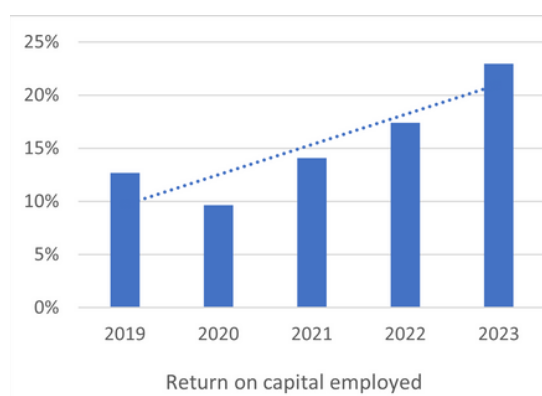
**Debt to Equity:** The debt-to-equity ratio is 2.59 for the year FY2022-23 compared to 2.18 for the year FY2023-24. The company has incurred CAPEX amounting to 266.27 crores during FY22-23, CAPEX was funded through a combination of debt and internal accruals with a debt of 159.75 crores and internal accruals of 106 crores. The CAPEX has been delicately balanced to maintain an overall healthy ratio.



**Inventory Turnover Ratio:** Inventory Turnover Ratio has increased from 1.62 in FY2022 to 2.80 in FY2023. There is a 77.5% increase due to the purchase of inventory at the end of the current financial year which will be consumed in the next financial year.



**Return on capital employed:** The trend reveals an upward trajectory, starting at 12.69% in 2019, it experienced a slight decline to 9.66% in 2020, followed by a notable surge to 14.08% in 2021. Subsequently, there was a significant increase to 17.42% in 2022, indicating improved capital efficiency and profitability. The most recent data for 2023 indicates a further advancement, reaching 22.97%, showcasing an impressive enhancement in the company's ability to generate profits from its capital investments.



## Risk

### Environmental and Social Risks

The KPI Group generates power through renewable energy (mainly solar), which produces clean power and reduces greenhouse gases compared to other conventional modes of power generation. All its operational units are compliant with all the environmental regulations and various statutory approvals/permits granted by the authorities. Thus, the Group exhibits low environment risks. Notwithstanding this, given the large land requirement for RE projects, social risks manifest when there are disagreements on compensation between the developers and landowners. The KPI Group has put in place a safety organization structure and conducts various certification programmes, safety audits and assessments to ensure enhanced safety requirements at its sites.

### PPA termination risk

The cash flows from the IPP segment are susceptible to PPA termination by the existing clients, given the weak exit clause of the agreements. The PPAs can be terminated by either party after giving a notice of six months/one year. Notwithstanding this, historically, the Group has not witnessed any major PPA termination from its key clients. Also, the Group has a practice of entering into additional PPAs over and above the installed IPP capacities, which provides a cushion in case of termination by any of the customers. The total PPAs entered into by the Group (including subsidiaries) stand at ~157MW against the total installed capacity (including the recently installed 26.1 MW hybrid capacity at KPIGEL) of ~128MW.

### PP Leveraged capital structure

The Group's capital structure is expected to remain leveraged with a projected TD/OPBDITA of ~3.3 times and TOL/TNW of ~3.5 times as on March 31, 2023, owing to the high debt availed to build the IPP capacities. Also, the debt levels have increased to support the working capital requirements arising from the fast - growing CPP/EPC order book.

### Geographical and Regulatory Risk

The IPP segment's cash flows are susceptible to tariff realization, which remains exposed to grid tariff rates and open access/transmission charges. Further, as the Group has the entire capacity (IPP+CPP) in Gujarat, the geographical concentration risk amplifies the regulatory risk arising from any adverse policy change in the state or increase in competition at a regional level, which may impact its margins. However, the Group has a competitive advantage owing to its land bank and established evacuation infrastructure, with a successful track record of operations.

### Climate Risk

The IPP segment's cash flows remain vulnerable to the PLF levels, given the one - part tariff structure under the PPA. Hence, any adverse variations in weather conditions and/or module/turbine performance may impact the PLF and consequently the cash flows. The geographic concentration of the assets amplifies the generation risk. KPIGEL's PLF level in FY2022 was decent at 18.62% in FY2022; however, the same declined from 19.25% in FY2021 owing to an extended monsoon. The PLF level in 9M FY2023 was 16.39% compared with 17.23% in 9M FY2022. Going forward, any sharp deterioration in the generation performance on a sustained basis will be a key credit monitorable.

KPI Green Energy Ltd



Comparison with Industry Leaders

S.No.	Name	CMP Rs.	Mar Cap Rs.Cr.	Current ratio	Debt / Eq	ROCE %	P/E	Prom. Hold. %	Pledged %	EPS 12M Rs.	Sales growth %	Profit growth %
1	NTPC	287.4	278438.34	0.89	1.45	9.83	14.6	51.1	0	19.72	12.16	12.9
2	Adani Green	1530	242246.63	0.5	7.23	7.81	166	56.26	3.35	8.24	47.25	167.36
3	Power Grid Corpn	231	214844.43	0.86	1.38	13.09	14	51.34	0	16.5	6.14	4.77
4	Adani Power	526.2	202894.83	1.12	0.8	15.8	9.85	70.02	16.24	53.42	14.37	99.29
5	Adani Energy Sol	1129	126022.68	1.19	3.03	10.22	95.8	73.22	3.34	11.79	16.12	53
6	KPI Green Energy	1261	4559.71	1.38	2.58	24.66	33.9	54.83	49.01	37.16	82.71	102.63
	Median of the industry			1.19	1.01	7.39	20.9			4.94	9.17	7.66

Comparable Companies Analysis - Relative Valuation

(All figures INR crores)	Market Data			Financials			Valuation		
Company	Share Price	Market Capitalisation	Enterprise Value	Revenue	EBITDA	EPS	P/E	EV/Revenue	EV/EBITDA
KPI Green Energy	₹ 1,387.55	₹ 5,013.74	₹ 5,764.32	₹ 766.04	₹ 258.82	₹ 37.16	37x	8x	22x
NTPC	₹ 283.55	₹ 2,74,949.96	₹ 4,89,662.36	₹ 1,76,913.20	₹ 53,701.83	₹ 19.72	14x	3x	9x
Adani energy sol.	₹ 1,093.10	₹ 1,21,934.50	₹ 1,55,341.66	₹ 14,247.14	₹ 6,233.81	₹ 11.79	92.71x	11x	25x
Torrent Power	₹ 933	₹ 44,842	₹ 55,068	₹ 26,769	₹ 5,314	₹ 45.29	20.60x	2x	10x
Mean	₹ 924.30	₹ 1,11,684.94	₹ 1,76,458.97	₹ 54,673.90	₹ 16,377.03	₹ 28.49	41x	6x	17x
Median	₹ 1,013.05	₹ 83,388.03	₹ 1,05,204.59	₹ 20,508.17	₹ 5,773.73	₹ 28.44	28.97x	5x	16x
High	₹ 1,387.55	₹ 2,74,949.96	₹ 4,89,662.36	₹ 1,76,913.20	₹ 53,701.83	₹ 45.29	93x	11x	25x
Low	₹ 283.55	₹ 5,013.74	₹ 5,764.32	₹ 766.04	₹ 258.82	₹ 11.79	14x	2x	9x
Target Comapany Valuation - HUL							P/E	EV/Revenue	EV/EBITDA
Implied Enterprise Value							₹ 3,687	₹ 1,05,542	₹ 94,213
Net Debt							₹ 511	₹ 511	₹ 511
Implied Market Value							₹ 3,176.296	₹ 1,05,031	₹ 93,702
Shares Outstanding							3.61	3.61	3.61
Implied Value Per Share							₹ 879.86	₹ 29,094.33	₹ 25,956.13

# KPI Green Energy Ltd



## Commentary

We can see that KPI Green has a better current ratio than the industry leaders and industry median indicating better short term liquidity.

D/E is high for KPI Green than the industry median. The reason for this is that this industry requires high capital investment. Plus the company is small and in growth stage, so it is using a healthy balance between equity and debt to finance their operations and expansions.

ROCE of KPI Green is significantly higher than the industry median and its leaders which shows efficient use of the capital employed.

As per P/E, KPI is trading at a higher valuation compared to the industry median. So currently it is overvalued.

EPS of KPI Green shows a positive sign when compared with the industry leaders indicating stronger profitability.

KPI Green has shown tremendous growth in Sales and Profit over the last year as compared to industry leaders and median of the industry suggesting it is a fast growing company.

KPI Green has 49.01% shares pledged which signals risk. But they have been efficiently using this debt to make investments which shows in their revenue growth.

## ESG Performance

**36+ lakhs KP Human focuses on the betterment of the people** in the society, hence on the same lines projects for development of healthcare facilities at hospitals and assistance for treatment were provided.

**3.41 lakhs Amount spent for Tree Plantation.** The Foundation has supported various projects, including a blood donation camp, health diagnosis camp, daily food distribution, and other social, educational, and health-related events. For protection of environment we have provided assistance for plantation of Mangrove trees.

**21 lakhs Spent on development of Computer lab.** An 85-year-old school comprising of seven schools under one campus is currently running under the supervision of KP Human Development Foundation. Have also renovated a private school, in Surat, and provided better and clean infrastructure to students and staff.

**4.15 lakhs Donated for Old Age Homes.** KP Human helped to make the lives of the senior citizens at the old age home further better, by sponsoring the development and renovation of the old age homes

**12+ lakhs in order to create a cleaner and greener tomorrow.** KP Human promotes and assists various organizations to transition from conventional energy sources to renewable energy.

**1350+ Beneficiary student.** We adopted two Government school located in the slum area / backward areas of Surat, with about 700+ students. Now we are developing new pedagogies of raising the bar of education at the school. We have also adopted a 125 years old Surat's most reputed private trust primary school with approx. 400 students and a divyang's BCA College with 250 students.

**17 lakhs Spent on development of Hi-Tech Library.** Education has always been of primary importance for the KP Human Development Foundation. The Foundation has established a high-tech library to support the orphans who are UPSC aspirants. The library is air-conditioned and houses modern furnishings and scientific seating configurations. In addition, 30+ tablets have been put in the library to help students consult UPSC digital guide books.

## Why did we select KPI Green?

**Strong performance in the past** - The company has shown consistent growth in revenue over the past five fiscals. Also, the Group's profitability is healthy as can be seen in the past income statements. Absolute stock return in the last 5 years has been 3257.9%.

**Experience of the key promoter in the renewable energy sector** - The key promoter, Mr Faruk G. Patel, who is the founding member of the Group, has over two decades of experience in the renewable energy sector and allied construction activities. He is also the founder of K.P. Energy Ltd. (involved in wind energy-related projects) and KP Buildcon Private Limited (involved in the fabrication and solar projects).

**Long-term PPAs with reputed counterparties** - KPIGEL has entered into long-term PPAs of 15-20 years for its IPP capacities with reputed counterparties such as Meghmani Organics Ltd., L&T, UPL, Cadila Pharmaceuticals Ltd. and Colourtex Industries Pvt. Ltd. among others with a track record of timely payment of bills from them. This provides revenue visibility for the company's IPP business along with low counterparty credit risk.

**It is a small-cap company.** So, it has a lot of growth potential.

**Indian Government is heavily investing in the energy sector.** India's rapidly evolving renewable energy sector is projected to witness an influx of over \$250 billion in investments. The solar projects in the country could amass around US\$15.5 billion. The world is moving towards being energy efficient. And solar is one of the best ways to be energy efficient. More and more institutes and corporations are installing solar panels. This will increase the company's CPP segment revenue. And provide them income stream from the maintenance of these projects. Union Budget's allocation towards the green energy transition: 35,000 cr. Prime Minister Narendra Modi has announced ambitious targets for 2030, which include reducing India's emissions intensity by 45% and lowering a billion metric tonnes of CO2. This has placed the nation on a pathway to net zero emissions by 2070 and it is anticipated that the substantial growth in energy demand this decade will have to be met with green energy sources.

# KPI Green Energy Ltd



The gradual depletion of conventional electricity generation methods such as thermal power plants, has also resulted in a surge in demand for renewable energy. The renewable energy market is rapidly expanding, supported by effective collaboration between the Government and private sector players like KPI Green. The Indian government aims to achieve 450 GW of installed renewable energy capacity by FY30, with solar power contributing 280 GW (over 60%).

**Its order book is increasing at a good pace.** And the company is completing the orders rapidly.

ICRA has recently upgraded the company rating to **[ICRA]A- (Stable)**.

It also has a **huge land bank** for potential expansion.

## Disclaimer

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