

Date : 05/07/24

Techno Funda : Buy Kalpataru Projects International Limited.

Buy Range : @ 1210-1230
Target : 1st 1285 @ , 2nd @ 1460
Stock Info

Mkt Cap (cr)	19980.9
52-Weeks High/Low	₹ 1,370 / 538
Avg Volume	471,860
No. of eq shares (cr)	16.24
Face Values	2.00
Bse Code	522287
Nse Code	KPIL
Free Float (cr)	11870.64

Source : NSE/BSE

KPIL: Kalpataru Projects International Ltd, an Indian construction company, operates in power transmission and infrastructure sectors. It has two main units: Engineering, Procurement, and Construction (EPC) and Developmental Projects. The EPC unit handles projects like power transmission, civil construction, and oil and gas pipelines, generating most of the company's revenue. The Developmental Projects unit focuses on developing, operating, and maintaining infrastructure projects.

Key Highlights:

The company announced that it has signed three contracts with Aramco for the third expansion phase of the Master Gas System Network (MGS-3) in Saudi Arabia. These contracts have a total value of SAR 3.4 billion, which is currently equivalent to approximately Rs 7,550 crore.

KPIL revealed that it was selected for engineering, procurement, and construction (EPC) contracts by Aramco for the MGS-3 project. The EPC scope includes laying over 800 kilometers of lateral gas pipeline. The exact contract value of the three packages will be confirmed upon execution. The MGS-3 project aims to expand the existing gas network to provide gas supply to various industrial consumers in the region.

Particulars

	2023	2024
P/E	18.41	33.98
P/B	1.84	3.38
EV/EBITDA	7.80	12.00
Quick Ratio	1.19	1.20
Current Ratio	1.30	1.64
ROCE	14.50%	16.90%
ROIC	6.10%	7.49%
Interest Coverage	2.60	2.80
ROE	9.70%	10.50%
DSO	110.00	104.00
DPO	134.00	133.00
DIO	34.00	31.00
Debt-to-Equity	0.80	0.78

Source : Company, Fin2Research

For FY25F, the management has provided consolidated revenue growth guidance of 20 percent, driven by a strong order book. The management has also maintained its guidance of a 4.5-5 percent profit before tax (PBT) margin on a standalone basis. Despite achieving record revenue growth and capital expenditure of Rs 400 crore in FY24, this guidance remains in place.

Kalpataru Projects International Ltd (KPIL) has secured new orders worth INR 2,333 crore (\$279.54 million). These include orders in the transmission & distribution (T&D) business both in India and internationally, an EPC order for an industrial plant in the metal industry, and a residential building order in India.

The T&D business orders include KPIL's largest order in Sweden, secured through its subsidiary, LMG. According to Manish Mohnot, managing director and CEO of KPIL, these orders enhance the company's order book and growth visibility, particularly in the T&D and buildings & factories (B&F) sectors.

KPIL is a leading EPC company specializing in power transmission & distribution, buildings & factories, water supply & irrigation, railways, oil & gas pipelines, urban mobility, highways, and airports. The company is currently executing projects in over 30 countries and has a global presence in more than 70 countries.

Particulars

	2023	2024
Revenue op. Growth	10.72%	19.96%
EBITDA Growth	15.06%	21.74%
EBIT Grwoth	-7.76%	9.19%
PAT Growth	-18.69%	18.62%
EPS	27.13	31.37

Source : Company

Quarterly Performance (Q4 FY24 vs Q4 FY23):

1. EBITDA increased by 36% year-over-year to ₹452 crore.
2. PBT rose by 103% year-over-year to ₹211 crore in Q4 FY24.
3. PAT increased by 21% year-over-year to ₹169 crore in Q4 FY24.

Yearly Performance (FY24 vs FY23):

1. Revenue for FY24 stands at ₹19,626 crore, up 20% year-over-year.
2. EBITDA for FY24 increased by 19% to ₹1,628 crore, with an EBITDA margin of 8.3%.
3. PBT for FY24 rose by 27% to ₹701 crore.
4. PAT grew by 19% year-over-year to ₹516 crore in FY24.
5. Net debt stood at ₹2,591 crore as of March 31, 2024.

Key Risk :

- ☐ The delay in the materialization of plans for BOT special purpose vehicles (SPVs) has necessitated more support than initially envisaged, leading to a deterioration in the debt coverage indicators of KPIL. Additionally, delays in the rationalization of aging receivables and unbilled revenue have lowered operating cash flow efficiency..
- ☐ An increase in receivables and working capital, along with intense competition in the industry, could lead to lower profitability and margins for the company.

Particulars

	% of Total Shares
Promoters	40.59%
Mutual Funds/AIF	40.76%
Insurance co. & others	1.84%
Other DIIs	1.04%
FII	8.17%
Retails and Others	7.60%
Total	100.00%

Buy Range : @ 1222

Target : 1st @ 1285 , 2nd @ 1460



Moving Averages: The stock is currently trading above its 10-day and 21-day moving averages, which is another bullish sign. This indicates that the short-term and long-term trends are both headed upwards.

RSI: The RSI is currently at 56.07, which is considered to be a neutral level. However, it is important to note that the RSI has been trending upwards recently, which suggests that buying pressure is increasing.

MACD: The MACD is currently above zero, which is a bullish sign. However, the MACD line is starting to curve downwards, which could be a sign that the uptrend is losing momentum.

Bollinger Bands: The Bollinger Bands are currently widening, which suggests that volatility is increasing. This could be a sign of an upcoming breakout

GUIDELINES FOR THE REPORT

- It is recommended to enter in a staggered manner within the prescribed range provided in the report.
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on a closing basis • The suggestion is valid for 3-5 months; if we want to carry subsequent positions, we will contact you via mail or other modes of communications.
- Once target1 is achieved, use a trailing stop loss of the recommended average price.

Portfolio Allocation:

- It is not recommended to allocate the entire corpus to a single stock or product without first understanding the risk and return associated with that stock or product.
- It is recommended to diversify the corpus in a proportionate manner among various tech-funda research reports and other reports as stated.



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