

## Kalpatru Power Transmission Ltd.

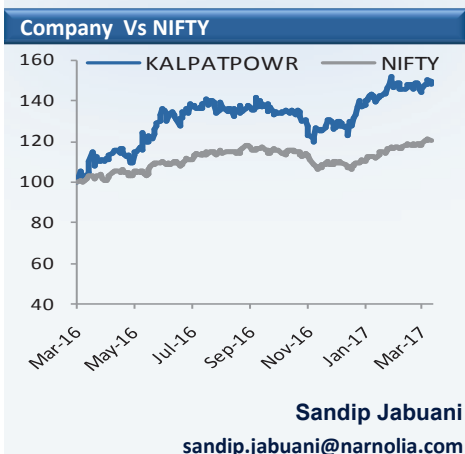
22-Mar-17

Result Update	
CMP	286
Target Price	320
Previous Target Price	
Upside	12%
Change from Previous	

Market Data	
BSE Code	522287
NSE Symbol	KALPATPOWER
52wk Range H/L	186/299
Mkt Capital (Rs Cr)	4,388
Av. Volume	4520
Nifty	9121

Stock Performance			
	1Month	3 Month	1Year
Absolute	1.6	21.4	48.8
Rel.to Nifty	-0.8	8.2	28.9

Share Holding Pattern-%			
	3QFY17	2QFY17	1QFY17
Promoters	59%	59%	59%
Public	41%	41%	41%
Others	0%	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



Kalpatru Power's standalone order book stands at Rs8300 Cr at the end of Q3FY17 with Rs3000 Cr plus orders in L1. Management expects to convert Rs1500-2000 Cr of L1 orders into firm order in Q4FY17. Out of the total order book, 55% comes from overseas orders and rests are from the domestic market. Kalpatru has received its 90% of the overseas order in last six months and a company is fully ready to execute it going forward which will drive revenue growth in Q4FY17 and FY18. Management has guided for 15-20% revenue growth in FY17, which implies more than 20% growth in Q4FY17. The company has witnessed delay in orders from PGCIL but healthy traction from SEBs, Africa, and CIS countries. Management expects to win at least 2500-3000 Cr of a new order in Q4FY17. Continuous focus on improvement in working capital resulted in lower interest, 2.3% of sales in 9MFY17 against 3.4% of sales in 9MFY16 and it will be around 2.5% of sales in Q4FY17

### Strong Opportunity in Infra Segment:-

Currently, Infra segment (Pipeline and Railway) contributes only 10% of the Order book but we see huge opportunity going forward especially in Railway segment. KALPATPOWER has strong order pipeline of 3000 Cr and 1500 Cr in Railway and Pipeline business respectively. Railway Ministry has set a target to award 2000 Km, 4000 Km and 6000 km of overhead electrification orders in FY17, FY18 and FY19 respectively which provides huge opportunity going forward. Shri Shubham logistics business remained muted in Q3FY17 due to demonization and we do not expect significant improvement in it in FY17

### Outlook & Valuation:-

Kalpatru's Standalone order book remains strong and advanced stage of an overseas project in transmission will help to register strong revenue growth of 20% in FY17. Increasing opportunity in Railway segment can be a potential growth driver going forward for the Company. Based on SOTP valuation method we have valued the standalone business at Rs. 260 per share and subsidiaries (JMC, SSL, Transmission BOT projects and Development projects) at Rs. 60 per share. **Hence, we recommend "BUY" on the stock with target price of Rs. 320.**

Financials	Q3FY17	Q2FY17	Q3FY16	YoY %	QoQ %
Sales	1158	1143	899	29%	1%
EBITDA	119	122	90	32%	-2%
Net Profit	47	58	28	68%	-19%
EBIDTA%	10.3%	10.7%	10.0%	30 bps	(40 bps)
PAT	4.1%	5.1%	3.1%	100 bps	(100 bps)