

Kalpataru Power Transmission (KPTL) - BUY

February Month Pick

Current Market Price (CMP)

Rs.323

Target Price

Rs.475

Our fair value of Rs 475 implies an upside of 47% from current market price.

Rationale:

- Improvement in performance was seen across all segments.
- Management's clarification on reduction of share pledges was comforting.
- Expect earnings to grow by 56.8% in FY22E and 11.7% in FY23E.
- Stock is trading at P/E of 8.3x/7.4x FY22E/FY23E forward earnings.

Q3FY21 Earnings Update:

👍 Positives:

- In Q2FY21, KPTL reported better than expected Revenue and profits.
- Company expects order finalization to improve in 2HFY21.
- Improved cash flow and transmission asset sale to help debt reduction.

👎 Negatives:

- Standalone gross debt has moved up qoq.
- Order intake and Order backlog are down 72%/19% yoy respectively.
- Working Capital has moved up due to higher receivables.

[Click here](#)

For detailed report dated 5th November 2021. Note: CMP & valuation may differ due to difference in dates



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Holding Period: 12 months / Disclaimer: <http://bit.ly/2n5AxIE>