

CMP: ₹1284

Target: ₹1560 (22%) Target Period: 6-12 months

BUY

November 3, 2025

Execution momentum continues...

About the stock: Kalpataru projects (KPIL) is amongst the leading EPC players in infrastructure sectors such as Power T&D, Buildings & Factories, Oil & Gas, Urban Infra, Water and Railways.

- With a diversified portfolio, presence over 73 countries, delivering world class engineering solutions to its clients with experienced team to successfully deliver complex one-of-a-kind projects.
- Its revenue grew 12.5% CAGR (FY22-25) whereas, EBITDA & PAT grew by 16.5% CAGR & 13.9% CAGR respectively over the same period

Q2FY26 performance: Consol. revenue grew 32% to ₹6529 crore, EBITDA at ₹562 crore up 28% YoY and PAT at ₹237 crore up 89% YoY. EBITDA and PAT margins at 8.6% and 3.6% which expanded -29 bps and +109 bps YoY. EBITDA margins were impacted by delay of water projects and extended monsoon. The company bagged orders worth ₹5,052 / ₹14,951 crore during Q2FY26/ H1FY26, growth of +26% YoY led by Buildings and Factories (54%) and T&D (46%). The order book stood at ₹64682 crore as of 30 Sep 25 which is 2.9x of FY25 Revenue. The net working capital came in at 90 days vs 98 days last year.

Investment Rationale:

- Strong visibility in domestic market across T&D and B&F segment: The company has set a target of ₹25000 crore of order inflows in FY26E, which would be mainly led by T&D and B&F segment. KPIL has secured Orders of ₹14951 crore in H1FY26. The inflows were led by B&F (54%) and T&D (46%) The company commands strong order backlog of ₹64682 crore, up 26% YoY which will ensure strong double digit revenue growth. On the international front, KPIL's robust international T&D order pipeline provides conviction toward the company delivering ~30-40% YoY topline growth in Lindjemontage while Fasttel is seeing completion of legacy orders and is witnessing growth in order backlog. On the margins front, the company is winning orders at double digit margin which will positively impact the margins. KPIL has maintained its margin guidance of 8.5% at the EBITDA level and 4.5-5% at PBT level.
- Non-Core Divestment on Track which will lead to improvement in return ratios: KPIL is well on track to divest Vidhyanchal Expressway (VEPL). The management has been approached by a large global investor regarding VEPL, which has the largest exposure among road assets. The company is likely to receive cash flow worth ₹5.5bn in Q3FY26E. This along with strong operating performance and control/improvement in working capital will help the company to increase RoE's from 13% in FY25 to 16%/18.7% in FY26E/FY27E, respectively.

Rating and Target Price

- With strong revenue and PAT CAGR of 21.3% and 47.2% over FY25-FY27E coupled with strong improvement in colour of balance sheet (divestment of non-core assets) and return ratios will likely rerate the stock. Hence, we rate the stock as Buy and assign a Target of ₹1560 (25x FY27E EPS).

**KALPA-TARU®**

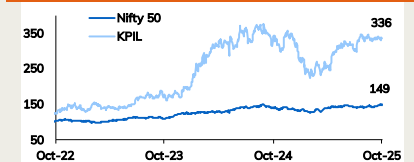
KALPATARU PROJECTS INTERNATIONAL LIMITED
(Formerly Kalpataru Power Transmission Limited)

Market data

Particular	Rs. (in crore)
Market Capitalisation	21461
Total Debt (H1FY26)	4635
Cash and Inv (H1FY26)	918
Enterprise Value	25178
52 week H/L (Rs.)	1351/770
Equity capital	34.2
Face value (Rs.)	2

Shareholding pattern

%	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	33.52	33.52	33.52	33.57
FII	12.68	11.6	11.83	11.97
DII	45.6	45.02	44.81	44.1
Others	8.19	9.86	9.85	10.35

Price chart**Key risks**

- (i) lower than expected order inflows;
- (ii) Delay in monetisation of non-core investments

Research Analyst

Chirag J Shah
shah.chirag@icicisecurities.com

Samarth Khandelwal
samarth.khandelwal@icicisecurities.com

Gourav Aggarwal
gourav.aggarwal@icicisecurities.com

Key Financial Summary

Particulars (Rs. in crore)	FY23	FY24	FY25	3-Year CAGR (FY22-FY25)	FY26E	FY27E	2-Year CAGR (FY25-FY27E)
Net Sales	16,361.4	19,626.4	22,315.8	12.5%	27,893.1	32,851.6	21.3%
EBITDA	1,369.5	1,628.6	1,834.1	16.5%	2,370.9	2,890.9	25.5%
EBITDA Margin (%)	8.4	8.3	8.2		8.5	8.8	
Adj. Net Profit	440.7	509.6	491.1	13.9%	823.2	1,063.8	47.2%
EPS (Rs.)	27.2	31.4	34.3		48.2	62.3	
P/ E (x)	46.2	40.0	36.6		26.0	20.2	
RoNW (%)	8.0	9.9	9.0		11.4	13.1	
RoCE (%)	11.9	13.3	13.0		16.3	18.7	

Key result highlights

- The company reported a healthy Q2FY26 performance. The Q2FY26 order inflows (OI) stood at ₹5052 crore and ₹14951 in H1FY26, led by B&F and T&D which formed 54% and 46% of total OI. Order backlog stood at ₹64,682 crore, T&D/ B&F comprises 40%/29% of total orderbook. The company is L1 in projects worth ₹5,000 crore, mainly in international T&D. The company maintains OI guidance of more than ₹25,000 crore in FY26E.
- Revenue grew 32% YoY in Q2FY26 to ₹6529 crore. On a segmental basis, revenue of T&D (46% of revenue mix) grew 51% YoY to ₹3031 crore, B&F (26%) grew 20% YoY to ₹1698 crore, oil and gas (9%) grew 21% YoY to ₹559 crore, urban infra (4%) grew 65% to ₹283 crore and railways (3%) and others business (4%) grew 9% and 82% respectively. The water business (8%) declined 5% YoY due to sluggish cashflows.
- On the back of healthy orderbook and strong execution, EBITDA and PAT grew 28% and 89% YoY to ₹562 crore and ₹237 crore. As a consequence of extended monsoons and sluggish water business EBITDA Margins contracted 29 bps to 8.6% in Q2FY26, However, PAT Margins expanded 109 bps to 3.62% in Q2FY26 largely due to lower interest cost despite YoY growth in business.

Key concall highlights

- KPIL has order bid pipeline of ₹1.5 lakh crore over 12-18 months, up from ₹1.2 lakh crore last quarter. Domestic opportunities include ₹50,000-55,000 crore in TBCB projects (including two large HVDC lines in Gujarat and Southern India). B&F being driven mainly from South Indian cities (65%) mainly from Bangalore, Hyderabad, Chennai and Vizag and rest 35% from west and north India. And oil and gas opportunities from middle east and Africa. International traction has improved significantly in Middle East (Abu Dhabi, Saudi, Kuwait), Latin America (Guyana and neighbouring countries), and Africa.
- Total Middle East order book stands at ₹6,500-7,000 crore comprising oil & gas (₹5,000 crore) and T&D (₹1,500-2,000 crore across Saudi, Abu Dhabi, Iran, Kuwait). The company is focused on three areas in Saudi: oil & gas (large ongoing project), T&D, and solar EPC (one large opportunity included in L1 pipeline).
- Lindjemontage (LMG) reported 89%/50% topline growth YoY in Q2/H1FY26 to ₹720/₹1500 crore. EBITDA margin 7.5%+. OI of ₹1,100 crore in Y2DFY26, backlog at ₹3,600 crore. KPIL is consulting for fundraising, clarity expected by FY27E. has reported 72% YoY topline growth and it has won ₹850 crore order in FY26 till date, taking the order book to ₹3500 crore. KPIL is evaluating various strategic options related to IPO of LMG.
- Water receivables increased by ₹125 crore to ₹1,551 crore despite collecting ₹420 crore in Q2. Largely from UP, Odisha and Jharkhand with outstanding of ₹737, ₹330 and ₹246 crore. Industry-wide JJM outstanding is ₹18,000 crore in UP and ₹4,000 crore in Jharkhand. Company is under discussion to recover dues reliably.
- KPIL has hedged more than 90% of aluminium exposure, including on orders it is L1 in. It has very low copper exposure and is hedged on that also thus impact on margins to be very minimal and steel prices have been relatively stable over the recent months.
- KPIL expects to outperform its revenue guidance of 25% YoY growth, order inflow of ₹25,000+ crore on consolidated basis and PBT margin improvement of 50 bps for FY26E.

Financial Summary

Exhibit 1: Profit and loss statement ₹ crore				
(Year-end March)	FY24	FY25	FY26E	FY27E
Total operating Income	19,626.4	22,315.8	27,893.1	32,851.6
Growth (%)		13.7	25.0	17.8
Raw Material Expenses	8,187.4	8,584.5	10,738.8	12,647.9
Employee Expenses	1,717.6	2,113.5	2,594.1	3,022.3
Sub Contracting Charges	6,595.4	8,357.7	10,404.1	12,253.6
Other Operating Expenses	1,497.4	1,426.0	1,785.2	2,036.8
Other expenses	0.0	0.0	0.0	0.0
Total Operating Expenditure	17,997.9	20,481.7	25,522.2	29,960.6
EBITDA	1,628.6	1,834.1	2,370.9	2,890.9
Growth (%)		12.6	29.3	21.9
Depreciation	473.3	497.3	547.0	601.7
Interest	518.1	576.5	712.9	839.5
Other Income	64.0	62.5	65.0	70.0
PBT	701.2	822.8	1,176.0	1,519.7
Others	0.0	0.0	0.0	0.0
Total Tax	185.3	255.5	352.8	455.9
PAT	509.6	585.7	823.2	1,063.8
Growth (%)		15.6	14.9	40.5
EPS (Rs.)	31.4	34.3	48.2	62.3

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore				
(Year-end March)	FY24	FY25	FY26E	FY27E
Profit after Tax	509.6	585.7	823.2	1,063.8
Add: Depreciation	473.3	497.3	547.0	601.7
(Inc)/dec in Current Assets	-2,556.2	-2,504.2	-4,246.3	-3,453.3
Inc/(dec) in CL and Provisions	2,189.2	1,892.7	3,182.7	2,195.3
Others	0.0	0.0	0.0	0.0
CF from operating activities	615.9	471.5	306.6	407.6
(Inc)/dec in Investments	1.6	0.0	-50.0	-50.0
(Inc)/dec in Fixed Assets	-402.3	-670.7	-559.4	-601.7
Others	0.0	0.0	0.0	0.0
CF from investing activities	-774.3	-839.2	-798.7	-678.4
Issue/(Buy back) of Equity	0.0	1.7	0.0	0.0
Inc/(dec) in loan funds	222.1	305.3	100.0	100.0
Dividend paid	-113.7	-129.9	-136.6	-136.6
Inc/(dec) in Sec. premium	0.0	985.0	0.0	0.0
Others	0.0	7.6	0.0	0.0
CF from financing activities	130.1	1,095.0	-36.6	-36.6
Net Cash flow	-28.3	727.3	-528.6	-307.4
Opening Cash	1,059.9	1,031.6	1,759.0	1,230.3
Closing Cash	1,031.6	1,759.0	1,230.3	922.9

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet ₹ crore				
(Year-end March)	FY24	FY25	FY26E	FY27E
Liabilities				
Equity Capital	32.5	34.2	34.2	34.2
Reserve and Surplus	5,105.1	6,479.2	7,165.9	8,093.1
Total Shareholders funds	5,137.5	6,513.3	7,200.0	8,127.3
Total Debt	4,008.2	4,313.5	4,413.5	4,513.5
Deferred Tax Liability	23.3	11.3	11.3	11.3
Minority Interest / Others	0.0	0.0	0.0	0.0
Total Liabilities	9,764.5	11,418.7	12,225.4	13,272.6
Assets				
Gross Block	1,378.4	1,512.5	1,650.1	1,800.1
Less: Acc Depreciation	851.5	1,008.7	1,180.7	1,368.3
Net Block	526.9	503.8	469.4	431.8
Capital WIP	33.3	28.6	41.0	41.0
Total Fixed Assets	2,132.6	2,371.7	2,384.1	2,384.1
Investments	0.0	0.0	50.0	100.0
Inventory	1,353.4	1,428.8	2,086.5	2,233.7
Debtors	5,805.3	7,816.9	9,934.5	11,700.6
Loans and Advances	0.0	0.0	0.0	0.0
Other Current Assets	8,845.4	9,221.1	10,583.0	12,084.6
Cash	1,031.6	1,759.0	1,230.3	922.9
Total Current Assets	18,278.6	21,510.1	25,227.7	28,373.6
Creditors	5,855.5	6,587.9	8,406.1	9,900.5
Provisions	470.5	616.6	840.6	990.0
Total Current Liabilities	12,272.7	14,165.4	17,348.1	19,543.5
Net Current Assets	6,005.8	7,344.7	7,879.6	8,830.1
Others Assets	0.0	0.0	0.0	0.0
Application of Funds	9,764.5	11,418.7	12,225.4	13,272.6

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios				
(Year-end March)	FY24	FY25	FY26E	FY27E
Per share data (Rs.)				
EPS	31.4	34.3	48.2	62.3
Cash EPS	60.5	63.4	80.3	97.6
BV	316.4	381.6	421.8	476.1
DPS	7.0	7.6	8.0	8.0
Cash Per Share	63.5	103.0	72.1	54.1
Operating Ratios (%)				
EBITDA Margin	8.3	8.2	8.5	8.8
PBT / Total Operating income	3.6	3.7	4.2	4.6
PAT Margin	2.6	2.6	3.0	3.2
Inventory days	25.2	23.4	27.3	24.8
Debtor days	108.0	127.9	130.0	130.0
Creditor days	108.9	107.8	110.0	110.0
Return Ratios (%)				
RoE	9.9	9.0	11.4	13.1
RoCE	13.3	13.0	16.3	18.7
RoIC	27.1	27.8	31.6	32.7
Valuation Ratios (x)				
P/E	40.0	36.6	26.0	20.2
EV / EBITDA	13.8	12.0	9.5	8.0
EV / Net Sales	1.1	1.0	0.8	0.7
Market Cap / Sales	1.0	0.9	0.7	0.6
Price to Book Value	4.0	3.3	3.0	2.6
Solvency Ratios				
Debt/EBITDA	2.5	2.4	1.9	1.6
Debt / Equity	0.8	0.7	0.6	0.6
Current Ratio	1.5	1.4	1.5	1.5
Quick Ratio	1.3	1.3	1.3	1.3

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headsquality@icicidirect.com Contact Number: 18601231122

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