

CMP: ₹1100

Target: ₹1375 (25%)

Target Period: 12 months

BUY

February 5, 2026

**Strong execution and deleveraging to drive growth...**

**About the stock:** Kalpataru projects (KPL) 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

**Q3FY26 performance:** KPL reported a strong consolidated performance in Q3FY26, with revenue rising 16% YoY to ₹6,665 crore, driven by robust execution across T&D, Buildings & Factories, Oil & Gas and Urban Infrastructure. EBITDA increased 7% YoY to ₹513 crore, with EBITDA margin at 7.7% down by 66 bps YoY to 4.2%. PAT stood at ₹149 crore, up 6.7% YoY. The order book remained healthy at ₹63,287 crore, with YTD FY26 order inflows of ₹19,456 crore and L1/favourably placed projects of ~₹7,000 crore. Consolidated net debt declined 29% QoQ to ₹2,240 crore, reflecting improved financial discipline.

**Investment Rationale:**

- Strong order book with high-margin business mix to drive sustainable earnings growth:** Kalpataru has transformed its portfolio composition with ~70% of the current ₹63,287 crore order book now comprising high-margin businesses. The T&D segment (₹25,752 crore, up 12% YoY) and B&F segment (₹18,596 crore, up 40% YoY) together account for 70% of backlog, both operating at double-digit EBITDA margins. Going ahead, the management has already exceeded its margin guidance with consolidated PBT margins expanding 110 bps to 4.6% in 9MFY26 (vs. 100 bps guidance) and expects further improvement in FY27 as legacy orders (~₹1,000 crore remaining out of ₹63,000+ crore order backlog) get completed. The company secured ₹19,456 crore in YTD order inflows with additional ₹7,000+ crore in L1 positions (predominantly T&D at ₹5,800+ crore), positioning it well to achieve the annual target of ₹26,000 crore. With PGCIL announcing ₹90,000 crore annual pipeline for the next 4 years and strong traction in B&F (data centers, industrial projects, residential), the order pipeline remains robust across segments.
- Improving balance sheet strength to drive future growth:** KPL has reduced net debt to ₹2,240 crore (down 29% QoQ), improved working capital to 79 days vs 100-day target and unlocked ~₹800 crore deleveraging impact via asset monetization (₹600+ crore cash inflow plus debt transfer). With ₹700-750 crore annual capex largely funded through internal accruals, lower interest burden and improving cash cycles, KPL is well positioned to bid for larger global projects, expand capacity and drive 20%+ growth with rising ROCE and earnings quality over the next 2-3 years.

**Rating and Target Price**

- We expect Revenue and PAT to grow at 16% and 36% CAGR over FY25-FY28E.
- We maintained our BUY rating with a price target of ₹1375 (19x FY28E EPS).

**Key Financial Summary**

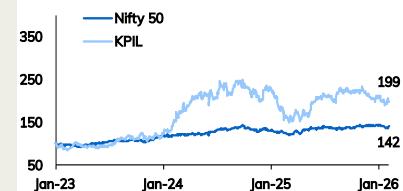
Particulars (Rs. in crore)	FY23	FY24	FY25	2-Year CAGR (FY23-FY25)	FY26E	FY27E	FY28E	3-Year CAGR (FY25-FY28E)
Net Sales	16,361	19,626	22,316	16.8%	27,636	31,640	34,918	16.1%
EBITDA	1,370	1,629	1,834	15.7%	2,349	2,784	3,247	21.0%
EBITDA Margin (%)	8.4	8.3	8.2		8.5	8.8	9.3	
Adj. Net Profit	441	510	491	5.6%	812	1,011	1,234	36.0%
EPS (Rs.)	27.2	31.4	34.3		47.6	59.2	72.3	
P/E (x)	40.4	35.1	32.1		23.1	18.6	15.2	
RoNW (%)	8.0	9.9	9.0		11.3	12.5	13.5	
RoCE (%)	11.9	13.3	13.0		16.1	18.0	19.4	

**Market data**

Particular	Rs. (in crore)
Market Capitalisation	19039
Total Debt (H1FY26)	4635
Cash and Inv (H1FY26)	918
Enterprise Value	22756
52 week H/L (Rs.)	1336/770
Equity capital	34.2
Face value (Rs.)	2

**Shareholding pattern**

%	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	33.52	33.52	33.57	33.57
FII	11.6	11.83	11.97	11.73
DII	45.02	44.81	44.1	43.9
Others	9.86	9.85	10.35	10.8

**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

Dilip Pandey  
dilip.pandey@icicisecurities.com

Gourav Aggarwal  
gourav.aggarwal@icicisecurities.com

## Key result and call highlights

- Consolidated revenue for Q3FY26 stood at ₹ 6,665 crore, registering 16% YoY growth, demonstrating consistent execution momentum across T&D, Buildings & Factories, Oil & Gas and Urban Infrastructure. EBITDA increased 7% YoY to ₹513 crore, with EBITDA margin at 7.7% down by 66 bps YoY to 4.2%. PAT stood at ₹149 crore, up 6.7% YoY
- Q3FY26 consolidated EBITDA growth lagged revenue growth due to three factors: (i) Fasttel Brazil reported EBITDA loss of ₹ 63 crore in Q3 (₹ 186 crore for 9MFY26); (ii) lower water business EBITDA due to collection delays; and (iii) absence of road asset contribution versus prior year comparison.
- Order book stands at ₹63,287 crore as of Q3FY26. YTD order inflows reached ₹19,456 crore with an additional ₹7,000+ crore in L1 positions, positioning the company well to achieve the annual target of ₹26,000 crore.
- T&D order book grew 12% YoY to ₹25,752 crore with YTD orders of ₹ 7,826 crore and L1 positions exceeding ₹ 5,800 crore. Revenue grew 37% YoY for 9MFY26 to ₹ 8,992 crore, driven by strong execution in India, Sweden, and international markets, operating at double-digit EBITDA margins.
- Buildings & Factories secured orders worth ₹10,911 crore YTD with L1 of ₹1,100 crore. Order book grew 40% YoY to ₹18,596 crore, while revenue increased 17% YoY for 9MFY26, with prestigious wins in data center, residential projects, hospitals, and industrial works.
- Water business revenue declined in Q3FY26 and 9MFY26 due to collection delays impacting execution speed. However, collections started improving significantly from January 2026 with YTD collections exceeding ₹1,250 crore and January 2026 alone contributing ~₹250 crore (₹220 crore from UP JJM project). Improvements seen across UP, MP, Orissa and Punjab; only Jharkhand remains challenging.
- Company successfully completed divestment of 100% stake in Vindhyaachal Road Asset in January 2026 for enterprise value of ~₹799 crore, generating net cash inflow exceeding ₹600 crore plus ₹190 crore consolidated debt reduction.
- NWC: Net working capital improved to 79 days (consolidated) and 97 days (standalone), performing better than the 100-day year-end target. Net debt declined 29% QoQ at consolidated level to ₹2,240 crore and 16% QoQ at standalone level to ₹1,849 crore as of Q3FY26.
- Capex: Company incurred over ₹500 crore of capex in first 9 months of FY26, with full-year capex outflow projected at ₹700 crore. Capex planned at similar levels (~₹700-750 crore) for FY27 driven by strong business traction and healthy cash flows from asset monetization and operations.
- Guidance: Management expects growth momentum to continue with ~25% revenue growth for FY26, consolidated EPS exceeding ₹50/share, and margin improvement continuing into FY27, with strong pipeline across T&D, B&F, Oil & Gas (international opportunities in Saudi, UAE, Qatar), and Metro Rail segments.

## Financial Summary

### Exhibit 1: Profit and loss statement

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Total operating Income	19,626	22,316	27,636	31,640	34,918
Growth (%)		13.7	23.8	14.5	10.4
Raw Material Expenses	8,187	8,585	10,640	12,181	13,444
Employee Expenses	1,718	2,113	2,570	2,911	3,143
Sub Contracting Charges	6,595	8,358	10,308	11,802	12,920
Other Operating Expenses	1,497	1,426	1,769	1,962	2,165
Other expenses	0.0	0.0	0.0	0.0	0.0
Total Operating Expenditure	17,998	20,482	25,287	28,856	31,671
<b>EBITDA</b>	<b>1629</b>	<b>1834</b>	<b>2349</b>	<b>2784</b>	<b>3247</b>
Growth (%)		12.6	28.1	18.5	16.6
Depreciation	473	497	547	602	662
Interest	518	577	706	809	892
Other Income	64	62	65	70	70
PBT	701	823	1,161	1,444	1,763
Others	0	0	0	0	0
Total Tax	185	256	348	433	529
<b>PAT</b>	<b>510</b>	<b>586</b>	<b>812</b>	<b>1011</b>	<b>1234</b>
Growth (%)	15.6	14.9	38.7	24.4	22.1
EPS (Rs.)	31.4	34.3	47.6	59.2	72.3

Source: Company, ICICI Direct Research

### Exhibit 2: Cash flow statement

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Profit after Tax	510	586	812	1,011	1,234
Add: Depreciation	473	497	547	602	662
(Inc)/dec in Current Assets	-2,556	-2,504	-3,915	-2,493	-3,075
Inc/(dec) in CL and Provisions	2,189	1,893	2,959	1,539	2,547
Others	0	0	0	0	0
CF from operating activities	616	471	403	658	1,368
(Inc)/dec in Investments	2	0	-50	-50	-50
(Inc)/dec in Fixed Assets	-402	-671	-559	-602	-662
Others	0	0	0	0	0
CF from investing activities	-774	-839	-787	-646	-784
Issue/(Buy back) of Equity	0	2	0	0	0
Inc/(dec) in loan funds	222	305	100	50	50
Dividend paid	-114	-130	-137	-145	-154
Inc/(dec) in Sec. premium	0	985	0	0	0
Others	0	8	0	0	0
CF from financing activities	130	1,095	-37	-95	-104
Net Cash flow	-28	727	-421	-83	480
<b>Opening Cash</b>	<b>1,060</b>	<b>1,032</b>	<b>1,759</b>	<b>1,338</b>	<b>1,255</b>
<b>Closing Cash</b>	<b>1,032</b>	<b>1,759</b>	<b>1,338</b>	<b>1,255</b>	<b>1,736</b>

Source: Company, ICICI Direct Research

### Exhibit 3: Balance Sheet

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
<b>Liabilities</b>					
Equity Capital	32.5	34.2	34.2	34.2	34.2
Reserve and Surplus	5,105	6,479	7,155	8,021	9,102
Total Shareholders funds	5,138	6,513	7,189	8,055	9,136
Total Debt	4,008	4,314	4,414	4,464	4,514
Deferred Tax Liability	23.3	11.3	11.3	11.3	11.3
Minority Interest / Others	0.0	0.0	0.0	0.0	0.0
<b>Total Liabilities</b>	<b>9,765</b>	<b>11,419</b>	<b>12,215</b>	<b>13,150</b>	<b>14,346</b>
<b>Assets</b>					
Gross Block	1,378	1,513	1,650	1,800	1,950
Less: Acc Depreciation	852	1,009	1,181	1,368	1,572
Net Block	527	504	469	432	378
Capital WIP	33	29	41	41	41
Total Fixed Assets	2,133	2,372	2,384	2,384	2,384
Investments	0	0	50	100	150
Inventory	1,353	1,429	2,054	2,107	2,485
Debtors	5,805	7,817	9,843	11,269	12,437
Loans and Advances	0.0	0.0	0.0	0.0	0.0
Other Current Assets	8,845	9,221	10,400	11,431	12,662
Cash	1,032	1,759	1,338	1,255	1,736
Total Current Assets	18,279	21,510	25,004	27,415	30,971
Creditors	5,855	6,588	8,329	9,535	10,523
Provisions	471	617	833	954	1,052
Total Current Liabilities	12,273	14,165	17,124	18,663	21,210
Net Current Assets	6,006	7,345	7,880	8,752	9,761
Others Assets	0.0	0.0	0.0	0.0	0.0
<b>Application of Funds</b>	<b>9,765</b>	<b>11,419</b>	<b>12,215</b>	<b>13,150</b>	<b>14,346</b>

Source: Company, ICICI Direct Research

### Exhibit 4: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
<b>Per share data (Rs.)</b>					
EPS	31.4	34.3	47.6	59.2	72.3
Cash EPS	60.5	63.4	79.6	94.5	111.1
BV	316.4	381.6	421.2	471.9	535.2
DPS	7.0	7.6	8.0	8.5	9.0
Cash Per Share	63.5	103.0	78.4	73.5	101.7
<b>Operating Ratios (%)</b>					
EBITDA Margin	8.3	8.2	8.5	8.8	9.3
PBT / Total Operating income	3.6	3.7	4.2	4.6	5.0
PAT Margin	2.6	2.6	2.9	3.2	3.5
Inventory days	25.2	23.4	27.1	24.3	26.0
Debtor days	108.0	127.9	130.0	130.0	130.0
Creditor days	108.9	107.8	110.0	110.0	110.0
<b>Return Ratios (%)</b>					
RoE	9.9	9.0	11.3	12.5	13.5
RoCE	13.3	13.0	16.1	18.0	19.4
RoIC	27.1	27.8	31.7	32.7	37.5
<b>Valuation Ratios (x)</b>					
P/E	35.1	32.1	23.1	18.6	15.2
EV / EBITDA	12.3	10.7	8.6	7.3	6.1
EV / Net Sales	1.0	0.9	0.7	0.6	0.6
Market Cap / Sales	0.9	0.8	0.6	0.5	0.5
Price to Book Value	3.5	2.9	2.6	2.3	2.1
<b>Solvency Ratios</b>					
Debt/EBITDA	2.5	2.4	1.9	1.6	1.4
Debt / Equity	0.8	0.7	0.6	0.6	0.5
Current Ratio	1.5	1.4	1.5	1.5	1.6
Quick Ratio	1.3	1.3	1.3	1.3	1.5

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey

Head – Research

[pankaj.pandey@icicisecurities.com](mailto: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](mailto: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](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Jeetu Jawrani Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

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