

Kalpataru Projects International

Estimate changes

TP change

Rating change



Bloomberg	KPIL IN
Equity Shares (m)	171
M.Cap.(INRb)/(USDb)	187.8 / 2.1
52-Week Range (INR)	1336 / 770
1, 6, 12 Rel. Per (%)	-6/-7/-2
12M Avg Val (INR M)	378

Financials Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Net Sales	228.8	269.4	304.7
EBITDA	19.2	23.4	27.4
PAT	9.0	11.6	14.2
EPS (INR)	52.7	67.8	82.8
GR. (%)	33.9	28.6	22.3
BV/Sh (INR)	465.5	526.6	602.8

Ratios

ROE (%)	11.9	13.7	14.7
RoCE (%)	10.8	12.3	13.3

Valuations

P/E (X)	21.0	16.4	13.4
P/BV (X)	2.4	2.1	1.8
EV/EBITDA (X)	10.6	8.8	7.4
Div Yield (%)	0.6	0.6	0.6

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	33.6	33.6	33.5
DII	43.9	44.1	45.6
FII	11.7	12.0	12.7
Others	10.8	10.4	8.2

FII Includes depository receipts

CMP: INR1,100

TP: INR1,500 (+36%)

Buy

Execution remains strong

Kalpataru Projects' (KPIL) 3QFY26 performance was strong, driven by T&D, building and factories, and oil & gas segment. We continue to expect KPIL to benefit from strong pipeline + order book of INR633b, execution ramp-up and diversified mix of projects. The company has strengthened its balance sheet by repaying debt from monetization proceeds. We will keep a watch on commodity prices, though the company has so far hedged most of its exposure to key commodities, except steel. We cut our estimates by 8%/3% for FY27/28 to bake in slightly lower margins. The stock is currently trading at attractive valuations of 16.4x/13.4x P/E on FY27/28E earnings. Reiterate BUY with an unchanged SoTP-based TP of INR1,500, valued at 18x P/E on Mar'28 estimates for the core business.

In-line revenue/EBITDA, beat on PAT

KPIL's 3QFY26 revenue grew 20% YoY to INR58b, driven by strong execution in T&D, B&F, Oil & Gas and Urban Infra. Absolute EBITDA increased 20% YoY to INR5b, though EBITDA margin at 8.3% was marginally below our estimate of 8.5% due to the impact of delays in water projects on standalone basis. A lower-than-expected tax rate drove a strong 48% YoY growth in adj PAT to INR2.3b vs. our estimate of INR2.2b. YTD order inflows stood at INR195b, taking the order book to INR633b (+3% YoY). NWC days improved to 97 (vs. 112 in 3QFY25) and net debt remained flat YoY at INR18b. The company recognized a one-time impact of INR295m related to the new labor code as an exceptional item. For 9MFY26, revenue/EBITDA/PAT stood at INR162b/INR14b/INR6b, up 28%/28%/56% YoY, with margins flat at 8.4%.

T&D remains the key growth driver

T&D business remains the key growth driver, with 3QFY26 revenue rising 14% YoY to INR31b, supported by strong execution in domestic and international markets. The segment's YTD order inflows stood at INR78b, with an additional INR58b in L1, taking the order book to INR258b (+12% YoY). Domestic demand remains strong due to grid expansion and renewable energy integration, supported by PGCIL's annual pipeline of INR900b over the next four years. Internationally, T&D momentum remains healthy across Sweden, CIS, LATAM and other markets. Going ahead, the company expects 15-20% YoY growth in inflows for T&D segment from both domestic and international markets.

Among non-T&D, B&F and oil & gas were growth drivers

Among non-T&D businesses, execution was strong in B&F and oil & gas. B&F reported revenue of INR18b (+17% YoY) in 3QFY26, supported by steady progress across residential, industrial, hospitals and data center projects. The O&G business recorded revenue of INR7b (+56% YoY) on the back of strong execution of a Saudi Aramco project, with the remaining portion to be completed over FY27/28. Opportunity pipeline remains strong in Saudi Arabia, Abu Dhabi and Qatar, where KPI is now qualified to bid. We expect B&F and oil & gas to remain key growth drivers going ahead too.

Water and railways remain weak

The water segment remained weak due to a delay in the release of funds from clients mainly in Uttar Pradesh and Jharkhand. Revenue declined 26% YoY to INR4b, although collections have started improving, with ~INR13b received YTD, including ~INR3b in Jan'26. The company expects further receivables to come through in 4QFY26. The railways business delivered revenue of INR3b (+31% YoY) and has an order book of INR2.7b. KPIL remains selective in both segments.

Asset monetization proceeds utilized for debt reduction

KPIL completed the sale of VEPL in Jan'26 at an enterprise value of ~INR8b, resulting in cash inflows of ~INR6b and the transfer of ~INR2b of associated debt, thereby freeing up both equity and leverage. In addition, the Indore real estate project had ~INR1b outstanding as of Dec'25, of which ~INR0.4b has already been collected in Jan'26, with the balance expected by Mar'26; all proceeds will be utilized for further debt reduction. Net debt declined 16% QoQ to INR19b in 3QFY26, with further improvement expected in 4QFY26. The balance sheet remains comfortable, and net working capital improved to 97 days in 3QFY26 from 102 days in 2QFY26. KPIL maintained its guidance to sustain net working capital at around ~100 days going forward.

EBITDA margin impacted by water projects

EBITDA margin at 8.3% came in slightly lower than our estimates due to the impact of water projects on standalone basis. Management highlighted that commodity risks are well controlled, with ~80-95% hedging in place for aluminum, copper and zinc, and steel cost increases factored into tender pricing. The water segment continues to be the key drag, while at a consolidated level, margins were further impacted by legacy losses in Fasttel (Brazil) and lower revenue from road assets following the termination of the Wainganga Expressway. We bake in slightly lower margins to factor in higher commodity prices.

Financial outlook

We cut our estimates by 8%/3% for FY27/28 to factor in slightly lower margins. We expect KPIL to report a CAGR of 17%/20%/28% in revenue/EBITDA/PAT over FY25-28. Driven by improvement in margins and moderation in working capital, we expect KPIL's RoE/RoCE to improve to 15%/13% in FY28.

Valuation and view

KPIL is currently trading at 16.4x/13.4x P/E on FY27/28 earnings. Maintain BUY with an unchanged SoTP-based TP of INR1,500, based on 18x Mar'28E EPS for the core business.

Key risks and concerns

Slowdown in execution, lower-than-expected order inflows, sharp rise in commodity prices, and increase in promoter pledge are some of the key concerns that can weigh on financials and valuations of the company.

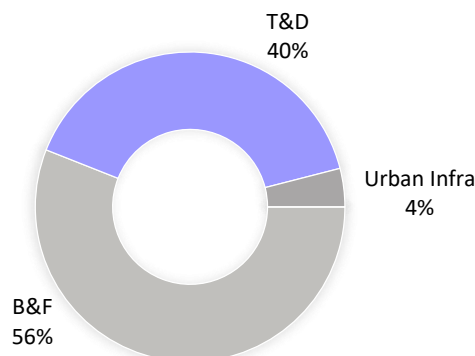
Standalone - Quarterly earnings model

(InR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26 3QE	Est Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	37,219	41,361	48,257	62,042	50,397	54,188	57,876	66,381	1,88,879	2,28,842	56,461	3
YoY Change (%)	2.8	7.6	16.4	20.5	35.4	31.0	19.9	7.0	12.7	21.2	17.0	
Total Expenditure	34,085	37,877	44,239	56,810	46,114	49,716	53,063	60,749	1,73,009	2,09,642	51,662	
EBITDA	3,135	3,485	4,019	5,232	4,284	4,472	4,813	5,632	15,870	19,200	4,799	0
YoY Change (%)	-0.2	13.1	16.8	30.8	36.7	28.3	19.8	7.6	16.2	21.0	19.4	
Margins (%)	8.4	8.4	8.3	8.4	8.5	8.3	8.3	8.5	8.4	8.4	8.5	
Depreciation	929	914	956	949	936	966	1,005	1,012	3,749	3,920	1,029	-2
Interest	861	998	1,071	877	840	1,025	926	996	3,807	3,786	1,043	-11
Other Income	295	264	185	235	234	242	255	342	979	1,073	288	-11
PBT before EO expense	1,640	1,836	2,177	3,641	2,742	2,723	3,138	3,966	9,294	12,568	3,015	4
Extra-Ord expense	-	-	-	330	-	-	295	-	330	295	-	
PBT	1,640	1,836	2,177	3,311	2,742	2,723	2,843	3,966	8,964	12,273	3,015	-6
Tax	474	513	604	894	734	724	730	1,298	2,485	3,486	836	
Rate (%)	28.9	27.9	27.7	27.0	26.8	26.6	25.7	32.7	27.7	28.4	27.7	
Reported PAT	1,166	1,323	1,574	2,416	2,008	1,999	2,112	2,668	6,479	8,787	2,179	-3
Adj PAT	1,166	1,323	1,574	2,657	2,008	1,999	2,331	2,660	6,718	8,998	2,179	7
YoY Change (%)	-7.4	17.1	9.3	51.8	72.1	51.1	48.2	0.1	20.3	33.9	38.5	
Margins (%)	3.1	3.2	3.3	4.3	4.0	3.7	4.0	4.0	3.6	3.9	3.9	

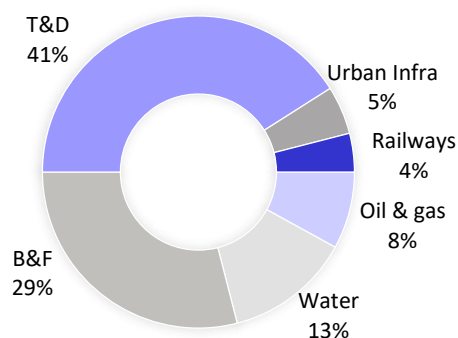
Key Exhibits

Exhibit 1: 9MFY26 order inflow stood at INR195b



Source: Company, MOFSL

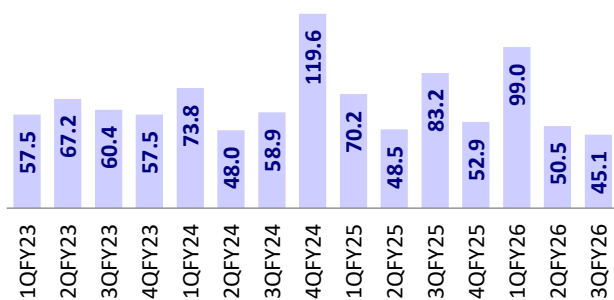
Exhibit 2: Order book of INR633b is fairly diversified



Source: Company, MOFSL

Exhibit 3: Order inflow declined 46% YoY (INR b)

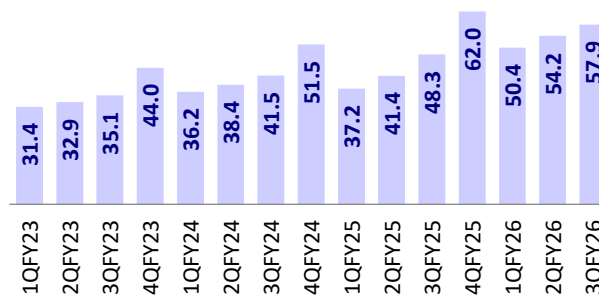
Order inflow (INR b)



Source: Company, MOFSL

Exhibit 4: Execution grew by 20% YoY in 3QFY26 (INR b)

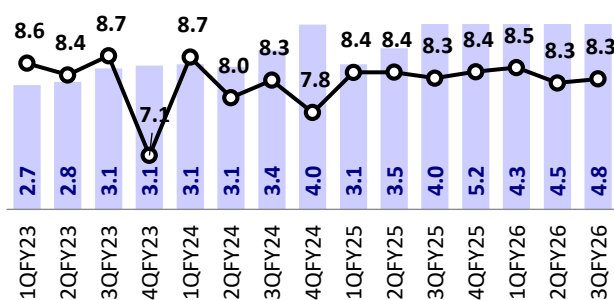
Revenue (INR b)



Source: Company, MOFSL

Exhibit 5: EBITDA margin flat YoY (%)

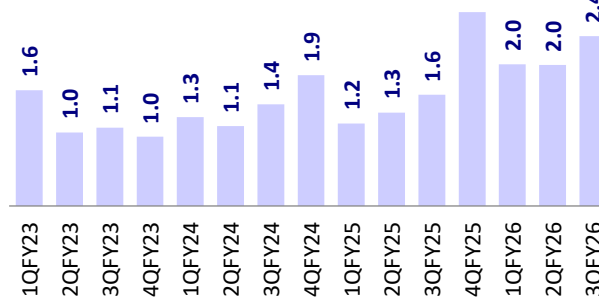
EBITDA (INR b) — EBITDA margin (%)



Source: Company, MOFSL

Exhibit 6: PAT grew 53% YoY (INR b)

PAT (INR b)



Source: Company, MOFSL

Exhibit 7: We cut our estimates by 8%/3% for FY27/28 to factor in slightly lower margins

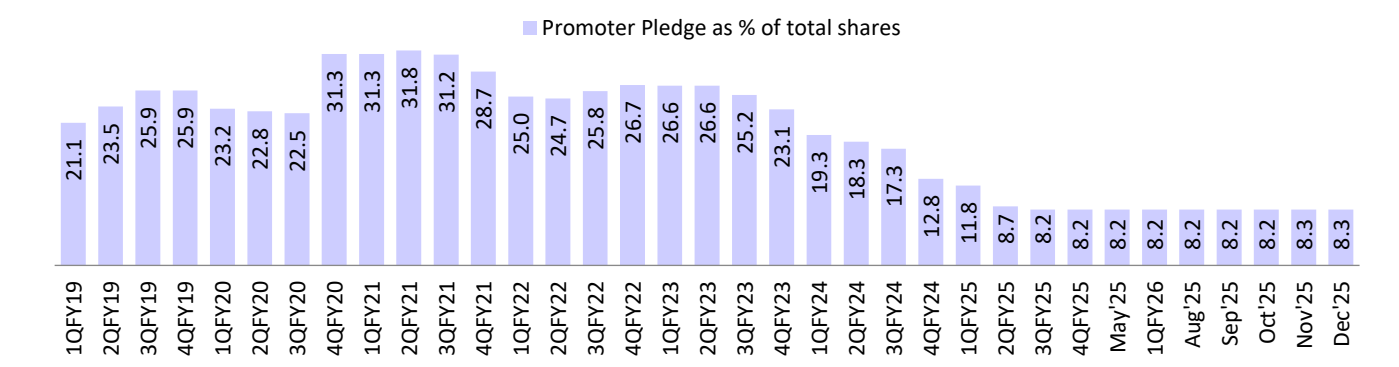
(INR M)	FY26E			FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	New	Old	Chg (%)
Net Sales	2,28,842	2,28,842	-	2,69,362	2,69,362	-	3,04,742	3,04,742	-
EBITDA	19,200	19,430	(1.2)	23,435	24,756	(5.3)	27,427	28,007	(2.1)
EBITDA (%)	8.4	8.5	-10 bps	8.7	9.2	-49 bps	9.0	9.2	-19 bps
Adj. PAT	8,998	8,993	0.1	11,575	12,554	(7.8)	14,151	14,614	(3.2)
EPS (INR)	52.7	52.7	0.1	67.8	73.5	(7.8)	82.8	85.6	(3.2)

Source: MOFSL

Exhibit 8: We expect the standalone revenue to post a CAGR of 17% over FY25-28E

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Transmission & distribution							
Order inflows	70,893	1,01,790	1,11,540	1,44,610	1,59,071	1,74,978	1,92,476
yoy growth (%)	14.0	43.6	9.6	29.6	10.0	10.0	10.0
Revenues	64,460	60,160	78,270	1,00,260	1,27,850	1,46,169	1,64,642
yoy growth (%)	28.9	(6.7)	30.1	28.1	27.5	14.3	12.6
Order backlog	1,11,387	1,65,305	2,06,780	2,66,710	2,97,931	3,26,741	3,54,574
Bill to book ratio (%)	54.1	37.1	35.4	35.9	36.9	37.9	38.9
Buildings and Factories (B&F)							
Order inflows	43,658	37,550	65,280	82,250	94,588	1,08,776	1,25,092
yoy growth (%)	(8.0)	(14.0)	73.8	26.0	15.0	15.0	15.0
Revenues	33,130	41,360	47,900	58,540	70,935	82,521	98,023
yoy growth (%)		24.8	15.8	22.2	21.2	16.3	18.8
Order backlog	78,626	87,244	1,10,210	1,40,950	1,64,603	1,90,857	2,17,927
Bill to book ratio (%)	31.4	42.5	40.0	38.7	37.7	37.7	38.7
Water and urban infra							
Order inflows	58,211	90,240	33,540	21,940	19,746	20,733	21,770
yoy growth (%)	87.3	55.0	(62.8)	(34.6)	(10.0)	5.0	5.0
Revenues	20,320	30,250	42,150	30,620	28,632	26,870	25,690
yoy growth (%)		48.9	39.3	(27.4)	(6.5)	(6.2)	(4.4)
Order backlog	91,731	1,51,530	1,37,000	1,26,470	1,17,584	1,11,448	1,07,528
Bill to book ratio (%)	24.7	22.1	25.0	20.7	21.0	21.0	21.0
Railways and Oil and gas							
Revenues	25,040	26,370	22,470	27,770	38,679	54,052	54,052
yoy growth (%)		5.3	(14.8)	23.6	39.3	39.7	-
Order backlog	45,865	55,102	1,30,160	1,10,820	78,686	37,724	9,851
Bill to book ratio (%)	41.5	46.0	22.5	20.9	20.9	20.9	20.9
Total Order inflows	1,81,843	2,52,410	3,00,220	2,54,750	2,79,950	3,17,577	3,65,518
yoy growth (%)	12.3	38.8	18.9	(15.1)	9.9	13.4	15.1
Total Revenues	1,24,071	1,43,370	1,67,600	1,88,879	2,28,842	2,69,362	3,04,742
yoy growth (%)		15.6	16.9	12.7	21.2	17.7	13.1
Order backlog	3,27,610	4,59,180	5,84,150	6,44,950	6,58,804	6,66,769	6,89,880
Bill to book ratio (%)	33.8	31.6	27.5	26.5	29.2	32.9	35.9

Source: Company, MOFSL

Exhibit 9: Promoter pledging has remained low since past few quarters (%)


Source: Company, MOFSL

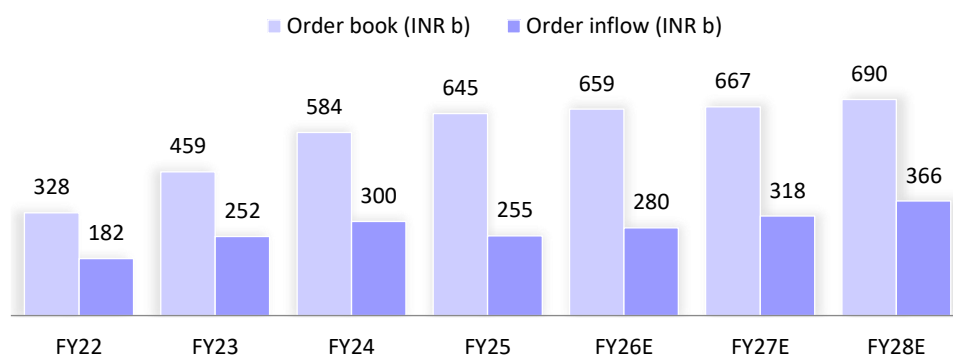
Exhibit 10: We largely maintain our SoTP based TP of INR1500 on KPIL

	Earnings/ book	Valn multiple	Value	KPIL share	Value for KPIL share	Per share value	Valuation basis
	INR m	(X)	INR m	(%)	INR m	INR	
Kalpataru valuation							
Core construction business	13,480	18	2,42,639	100.0	2,42,639	1,421	18x two-year fwd EPS
Investments in subsidiaries			10,483		10,483	61	At P/BV
Road projects plus VEPL realisation			3,532		3,532	21	At FCFE
Total value			2,56,655		2,56,655	1,503	

Source: MOFSL

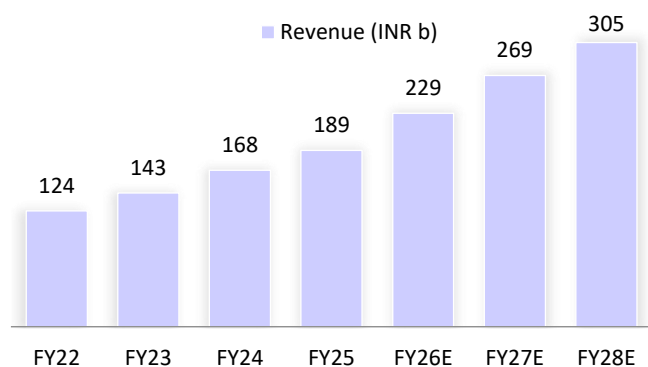
Financial Outlook

Exhibit 11: Order inflow and order book trends



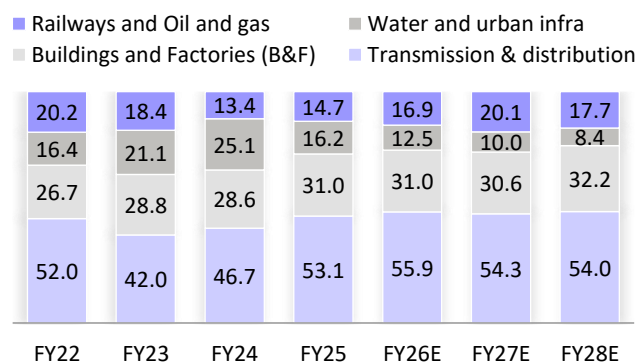
Source: Company, MOFSL

Exhibit 12: We expect revenue to post 17% CAGR over FY25-28



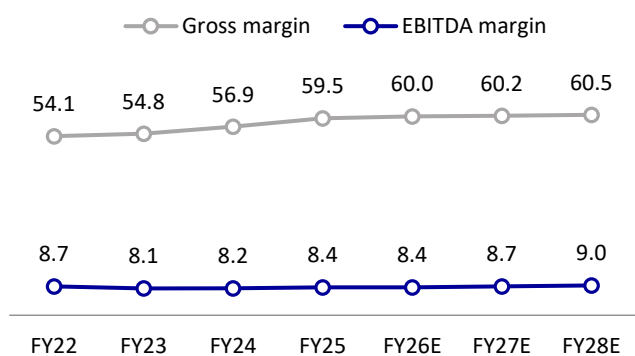
Source: Company, MOFSL

Exhibit 13: Revenue mix is diversified across segments with T&D and non-T&D mix at 54:46 (%)



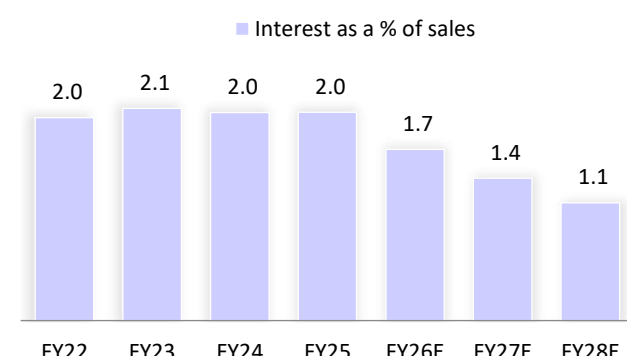
Source: Company, MOFSL

Exhibit 14: We expect EBITDA margin to improve beyond FY25



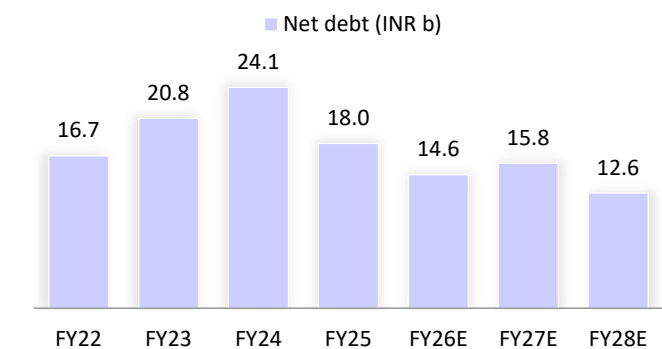
Source: Company, MOFSL

Exhibit 15: We expect interest as % of sales to further decrease



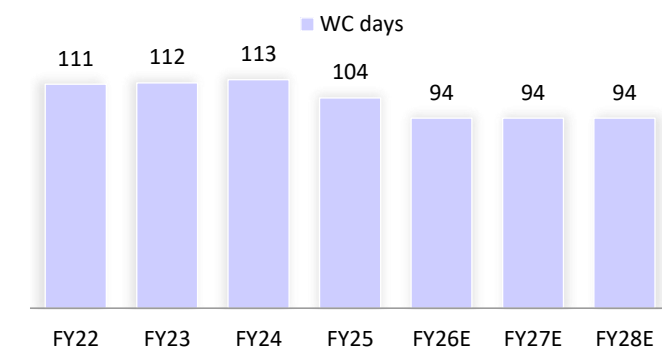
Source: Company, MOFSL

Exhibit 16: We expect net debt to remain at comfortable levels



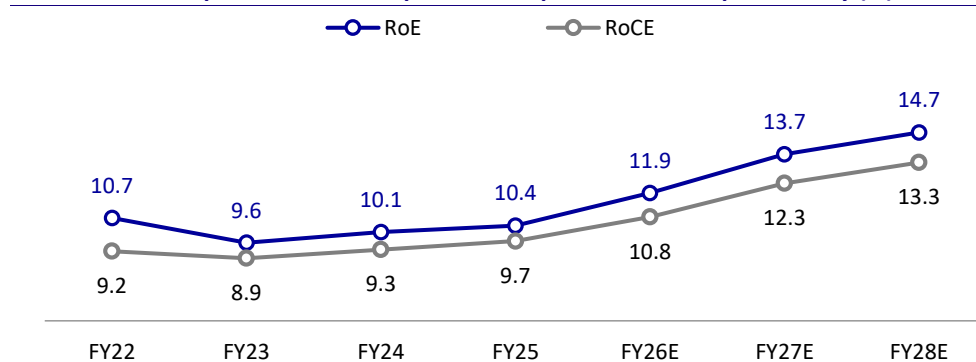
Source: Company, MOFSL

Exhibit 17: We expect net working capital to remain below 100 days



Source: Company, MOFSL

Exhibit 18: We expect return ratios poised to improve on better profitability (%)



Source: Company, MOFSL

Financials and valuations (Standalone)

Standalone - Income Statement							(INR M)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	1,24,071	1,43,370	1,67,600	1,88,879	2,28,842	2,69,362	3,04,742
Change (%)	-4.2	15.6	16.9	12.7	21.2	17.7	13.1
Raw Materials	57,001	64,750	72,190	76,515	91,559	1,07,206	1,20,373
Gross Profit	67,071	78,620	95,410	1,12,364	1,37,283	1,62,156	1,84,369
Employee Costs	9,169	10,340	11,940	13,955	18,307	20,202	22,856
Other Expenses	47,095	56,670	69,810	82,539	99,775	1,18,519	1,34,087
Total Expenditure	1,13,265	1,31,760	1,53,940	1,73,009	2,09,642	2,45,928	2,77,316
% of Sales	91.3	91.9	91.8	91.6	91.6	91.3	91.0
EBITDA	10,807	11,610	13,660	15,870	19,200	23,435	27,427
Margin (%)	8.7	8.1	8.2	8.4	8.4	8.7	9.0
Depreciation	2,720	2,950	3,680	3,749	3,920	4,746	5,376
EBIT	8,087	8,660	9,980	12,121	15,281	18,689	22,051
Int. and Finance Charges	2,436	2,940	3,370	3,807	3,786	3,711	3,471
Other Income	984	1,120	1,130	979	1,073	1,039	1,001
PBT bef. EO Exp.	6,635	6,840	7,740	9,294	12,568	16,017	19,581
EO Items	-1,632	540	-350	-330	-295	0	0
PBT after EO Exp.	5,003	7,380	7,390	8,964	12,273	16,017	19,581
Total Tax	1,491	2,070	2,060	2,485	3,486	4,442	5,431
Tax Rate (%)	29.8	28.0	27.9	27.7	28.4	27.7	27.7
Reported PAT	3,512	5,310	5,330	6,479	8,787	11,575	14,151
Adjusted PAT	4,657	4,921	5,582	6,718	8,998	11,575	14,151
Change (%)	-13.3	5.7	13.4	20.3	33.9	28.6	22.3
Margin (%)	3.8	3.4	3.3	3.6	3.9	4.3	4.6

Standalone - Balance Sheet							(INR M)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	298	325	325	342	342	342	342
Total Reserves	49,073	52,872	57,176	71,508	79,158	89,596	1,02,612
Net Worth	49,371	53,197	57,500	71,849	79,499	89,938	1,02,954
Total Loans	26,551	29,346	32,635	33,923	31,923	29,923	27,923
Deferred Tax Liabilities	-880	-1,338	-1,411	-1,953	-1,953	-1,953	-1,953
Capital Employed	75,042	81,206	88,724	1,03,820	1,09,470	1,17,909	1,28,924
Gross Block	23,789	27,708	29,881	36,196	42,196	48,196	54,196
Less: Accum. Deprn.	10,574	10,941	13,524	17,272	21,192	25,937	31,313
Net Fixed Assets	13,214	16,767	16,358	18,924	21,004	22,258	22,883
Goodwill on Consolidation	201	201	201	201	201	201	201
Capital WIP	203	484	320	265	265	265	265
Total Investments	8,929	8,741	8,593	11,630	11,630	11,630	11,630
Curr. Assets, Loans&Adv.	1,22,897	1,47,237	1,70,200	1,98,667	2,32,531	2,67,366	3,01,900
Inventory	9,193	10,874	12,397	13,708	16,608	19,549	22,117
Account Receivables	43,239	51,246	55,244	72,985	82,158	96,705	1,09,407
Cash and Bank Balance	9,886	8,581	8,488	15,885	17,345	14,078	15,343
Loans and Advances	8,163	8,608	10,885	9,767	11,834	13,929	15,758
Other Current Assets	52,416	67,928	83,187	86,322	1,04,586	1,23,105	1,39,274
Curr. Liability & Prov.	70,401	92,224	1,06,947	1,25,866	1,56,160	1,83,810	2,07,953
Other Current Liabilities	65,676	87,673	1,01,990	1,19,455	1,48,392	1,74,667	1,97,610
Provisions	4,725	4,551	4,957	6,411	7,768	9,143	10,344
Net Current Assets	52,496	55,012	63,253	72,801	76,371	83,555	93,946
Appl. of Funds	75,042	81,205	88,724	1,03,820	1,09,470	1,17,909	1,28,924

Financials and valuations (Standalone)

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)							
EPS	27.3	28.8	32.7	39.3	52.7	67.8	82.8
Cash EPS	43.2	46.1	54.2	61.3	75.6	95.6	114.3
BV/Share	289.1	311.5	336.7	420.7	465.5	526.6	602.8
DPS	6.8	7.0	7.0	7.6	6.7	6.7	6.7
Payout (%)	31.6	21.4	21.3	20.1	12.9	9.8	8.0
Valuation (x)							
P/E	40.6	38.5	33.9	28.2	21.0	16.4	13.4
Cash P/E	25.7	24.0	20.4	18.1	14.7	11.6	9.7
P/BV	3.8	3.6	3.3	2.6	2.4	2.1	1.8
EV/Sales	1.6	1.4	1.2	1.1	0.9	0.8	0.7
EV/EBITDA	18.2	17.3	14.9	13.1	10.6	8.8	7.4
Dividend Yield (%)	0.6	0.6	0.6	0.7	0.6	0.6	0.6
FCF per share	9.7	-8.7	24.9	16.9	33.1	21.0	46.1
Return Ratios (%)							
RoE	10.7	9.6	10.1	10.4	11.9	13.7	14.7
RoCE	9.2	8.9	9.3	9.7	10.8	12.3	13.3
RoIC	10.1	10.4	10.7	11.9	14.0	15.7	16.5
Working Capital Ratios							
Fixed Asset Turnover (x)	5.2	5.2	5.6	5.2	5.4	5.6	5.6
Asset Turnover (x)	1.7	1.8	1.9	1.8	2.1	2.3	2.4
Inventory (Days)	27	28	27	26	26	26	26
Debtor (Days)	127	130	120	141	131	131	131
Leverage Ratio (x)							
Current Ratio	1.7	1.6	1.6	1.6	1.5	1.5	1.5
Interest Cover Ratio	3.3	2.9	3.0	3.2	4.0	5.0	6.4
Net Debt/Equity	0.2	0.2	0.3	0.1	0.0	0.0	0.0

Standalone - Cashflow Statement

(INR M)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	3,504	5,320	5,330	6,480	12,568	16,017	19,581
Depreciation	2,720	2,948	3,679	3,749	3,920	4,746	5,376
Interest & Finance Charges	2,436	2,939	3,370	3,807	3,786	3,711	3,471
Direct Taxes Paid	-2,067	-2,534	-2,033	-2,356	-3,486	-4,442	-5,431
(Inc)/Dec in WC	-5,355	-4,512	-5,796	-5,189	-5,133	-10,452	-9,126
CF from Operations	1,236	4,160	4,550	6,489	11,655	9,580	13,871
Others	2,529	1,434	2,587	1,882	0	0	0
CF from Operating incl EO	3,765	5,594	7,136	8,371	11,655	9,580	13,871
(Inc)/Dec in FA	-2,113	-7,078	-2,889	-5,493	-6,000	-6,000	-6,000
Free Cash Flow	1,653	-1,485	4,247	2,878	5,655	3,580	7,871
(Pur)/Sale of Investments	-712	-269	-208	-2,520	0	0	0
Others	-37	2,880	-1,568	272	0	0	0
CF from Investments	-2,862	-4,467	-4,665	-7,740	-6,000	-6,000	-6,000
Issue of Shares	0	0	0	9,822	0	0	0
Inc/(Dec) in Debt	4,908	2,460	-800	1,770	-2,000	-2,000	-2,000
Interest Paid	-2,517	-3,120	-3,163	-3,570	-3,786	-3,711	-3,471
Dividend Paid	-261	-1,022	-1,137	-1,300	-1,137	-1,137	-1,137
Others	859	-549	3,311	-1,297	-295	0	0
CF from Fin. Activity	2,989	-2,231	-1,789	5,426	-7,218	-6,848	-6,608
Inc/Dec of Cash	3,892	-1,104	682	6,056	-1,563	-3,268	1,263
Opening Balance	4,787	9,887	8,581	8,488	15,885	17,345	14,078
Other adjustments	1,208	-202	-775	1,341	3,024	1	2
Closing Balance	9,887	8,581	8,488	15,885	17,345	14,078	15,343

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