

CMP: ₹1260

Target: ₹1600 (27%)

Target Period: 12 months

BUY

May 15, 2026

Strong order visibility driving margin-led growth...

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.
- Revenue Mix FY26: T&D (~47%), B&F (~26%), Oil & Gas (~10%), Others (~17%).

Q4FY26 performance: Kalpataru Projects International Limited reported strong Q4FY26 performance with consolidated revenue rising 11% YoY to ₹7,778 crore, driven by healthy execution across T&D, Buildings & Factories, Oil & Gas and Urban Infra businesses. EBITDA grew 19% YoY to ₹640 crore, with EBITDA margin improving to 8.2% (+60 bps YoY, while consolidated PAT stood at ₹431 crore, supported by strong execution and stable cost structures. For FY26, consolidated revenue increased 22% YoY to ₹27,143 crore, while EBITDA rose 22% YoY to ₹2,240 crore with EBITDA margin at 8.3% and PAT surged 81.7% YoY to ₹1,031 crore. The company's order book stood at a robust ₹65,457 crore, while FY26 order inflows came at ₹26,400 crore, led mainly by T&D and Buildings & Factories businesses.

Investment Rationale:

- **Strong Revenue Visibility Supported by multiyear Order Book:** Kalpataru Projects International Ltd ended FY26 with a record order book of ₹65,457 crore, providing strong multi-year execution visibility. Management expects FY27 order inflows to exceed ₹30,000 crore, implying sustained order momentum despite an already elevated base. Key growth drivers include T&D inflows of ₹13,000–15,000 crore and continued strength in B&F and Oil & Gas segments, all expected to grow at 20%+ in FY27. Additionally, B&F order inflows increased 40% YoY to ₹11,460 crore in FY26, highlighting strong demand across residential, industrial, airports, and data center projects. This robust order pipeline supports management's guidance of 15%+ revenue growth for FY27 and strengthens long-term earnings visibility.
- **Structural Margin Expansion Driving Earnings Compounding:** KPIL is witnessing a meaningful improvement in profitability driven by better business mix, operating leverage and lower leverage costs. Consolidated PBT margin expanded by 120 bps to 4.9% in FY26, ahead of the guided 4.5–4.75% range, while standalone PBT margin reached 5.9%. Management has guided for another 75–100 bps PBT margin expansion in FY27, supported by higher contribution from double-digit EBITDA margin businesses such as T&D, B&F and Oil & Gas. Company has planned Capex of ₹800+ crore in FY27, which will be allocated towards B&F, T&D, international projects and plant modernization, funded largely through internal cash flows. Combined with improving balance sheet metrics, reduction in subsidiary debt and monetization of non-core assets, KPIL appears positioned for strong earnings compounding and return ratio improvement over the medium term.

Rating and Target Price

- We expect Revenue and PAT to grow at 14.8% and 17.6% CAGR over FY26-FY28E.
- We maintained our **BUY** rating with a price target of **₹1600 (19x FY28E EPS)**.

Key Financial Summary

Particulars (Rs. in crore)	FY23	FY24	FY25	FY26	3-Year CAGR (FY23-FY26)	FY27E	FY28E	2-Year CAGR (FY26-FY28E)
Net Sales	16,361	19,626	22,316	27,143	18.4%	31,145	35,793	14.8%
EBITDA	1,370	1,629	1,834	2,240	17.8%	2,741	3,329	21.9%
EBITDA Margin (%)	8.4	8.3	8.2	8.3		8.8	9.3	
Adj. Net Profit	441	510	491	1,040	33.1%	1,133	1,438	17.6%
EPS (Rs.)	27.2	31.4	34.3	60.9		66.4	84.2	
P/E (x)	46.3	40.2	36.7	20.7		19.0	15.0	
RoNW (%)	8.0	9.9	9.0	13.0		13.6	14.9	
RoCE (%)	11.9	13.3	13.0	16.3		18.6	20.6	

Source: Company, ICICI Direct Research



KALPATARU PROJECTS INTERNATIONAL LIMITED
(Formerly Kalpataru Power Transmission Limited)

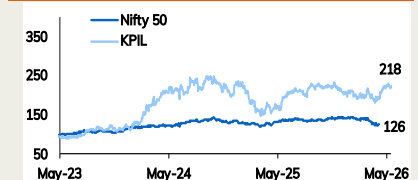
Market data

Particular	Rs. (in crore)
Market Capitalisation	21567
Total Debt (FY26)	3542
Cash and Inv (FY26)	1842
Enterprise Value	23267
52 week H/L (Rs.)	1336/1007
Equity capital	34.2
Face value (Rs.)	2

Shareholding pattern

%	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	33.52	33.57	33.57	33.58
FII	11.83	11.97	11.73	10.92
DII	44.81	44.1	43.9	45.12
Others	9.85	10.35	10.8	10.38

Price chart



Key risks

- lower than expected order inflows;
- Delay in monetisation of non-core investments

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Key result and call highlights

- Kalpataru Projects International Limited reported strong Q4FY26 performance with consolidated revenue rising 11% YoY to ₹7,778 crore, driven by healthy execution across T&D, Buildings & Factories, Oil & Gas and Urban Infra businesses. EBITDA grew 19% YoY to ₹640 crore, with EBITDA margin improving to 8.2% (+60 bps YoY, while consolidated PAT stood at ₹431 crore, supported by strong execution and stable cost structures.
- For FY26, consolidated revenue increased 22% YoY to ₹27,143 crore, while EBITDA rose 22% YoY to ₹2,240 crore with EBITDA margin at 8.3% and PAT surged 81.7% YoY to ₹1,031 crore.
- Company ended FY26 with a record order book of ₹65,457 crore, providing strong multi-year revenue visibility. Nearly half of the order book consists of large-ticket projects, supporting execution scale and margin improvement.
- Transmission & Distribution (T&D): The T&D business continues to remain the key growth engine for KPIL, driven by strong international demand and large-scale project opportunities. FY26 T&D order inflows stood at ~₹13,000 crore, with international markets contributing 65% of inflows. Management expects FY27 international T&D inflows at ₹8,000–8,500 crore and domestic inflows at ₹6,000–7,000 crore. Margins in the segment remain healthy at 10–11%+, supported by focus on complex EPC projects with limited competition. However, geopolitical disruptions and supply chain issues in the Middle East impacted Q4 execution, leading to a revenue loss of ₹200–250 crore. Despite near-term execution challenges, demand visibility across global power infrastructure markets remains robust.
- Buildings & Factories (B&F): The B&F segment delivered strong momentum with FY26 order inflows rising 40% YoY to ₹11,460 crore, led by residential, design-build, commercial, airports, industrial and data center projects. Management reiterated its strategy of targeting large and complex projects with superior profitability rather than volume-led growth. Significant investments over the last five years in shuttering systems, equipment modernization and engineering capabilities have strengthened KPIL's competitive positioning in high-barrier projects. The company expects B&F to grow at over 20% in FY27 while maintaining double-digit EBITDA margins.
- Oil & Gas: Management highlighted strong traction in the Oil & Gas business, especially in the Middle East market, where the company continues to see healthy bidding opportunities. The segment remains part of the company's high-margin verticals with EBITDA margins above 10%. Recent breakthroughs in international Oil & Gas EPC projects further strengthen KPIL's positioning in large-scale infrastructure execution. Management expects the segment to register 20%+ growth in FY27 supported by strong order pipeline and execution visibility.
- Urban Infra, Water & Railways: Urban Infra continues to witness healthy demand, though margins remain in single digits compared to core EPC segments. Management indicated that Water and Railways businesses are unlikely to witness meaningful growth in FY27, suggesting a more calibrated execution approach. The company remains selective in project bidding with emphasis on profitability and cash flow discipline rather than aggressive order accumulation.
- Renewable Energy: KPIL is increasingly focusing on international renewable EPC opportunities, particularly large solar projects in the Middle East. The company is currently L1 in projects worth ~₹3,200 crore, including one major international solar project valued at ~₹2,000 crore expected to conclude in May/June. Management clarified that domestic renewable EPC remains a relatively low priority currently, while international solar projects are expected to contribute meaningfully to future T&D inflows and margin expansion.

- NWC: Net working capital improved to 75 days (consolidated), performing better than the 100-day year-end target. Net debt declined 53% YoY to ₹915 crore.
- Capex: Company invested nearly ₹900 crore in FY26 to support execution capabilities and 22% top-line growth. Over the last five years, the company has invested around ₹3,000 crore towards modernization of equipment, aluminium shuttering systems, engineering capabilities and plant expansion to strengthen execution efficiency and improve project turnaround. For FY27, management has guided for Capex of ₹800+ crore, which will be allocated towards B&F, T&D, international projects and plant modernization, funded largely through internal cash flows. The company also indicated further plant expansion announcements by end-Q2 FY27, highlighting confidence in long-term demand visibility.
- Guidance: Management guided for FY27 order inflows of over ₹30,000 crore, supported by strong opportunities across T&D, Buildings & Factories (B&F), Oil & Gas and Urban Infra. Revenue growth guidance stands at 15%+ with consolidated PBT margin expected to improve by another 75 bps, aided by better business mix, operating leverage and lower debt costs. T&D order inflows are expected at ₹13,000–15,000 crore, with international markets contributing ~60–65% of inflows. Management highlighted strong visibility across domestic and international EPC markets, reinforcing confidence in sustained growth momentum.

Financial Summary

Exhibit 1: Profit and loss statement					
	₹ crore				
(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Total operating Income	19,626	22,316	27,143	31,145	35,793
Growth (%)		13.7	21.6	14.7	14.9
Raw Material Expenses	8,187	8,585	9,340	11,991	13,780
Employee Expenses	1,718	2,113	2,650	2,865	3,221
Sub Contracting Charges	6,595	8,358	10,973	11,617	13,243
Other Operating Expenses	1,497	1,426	1,940	1,931	2,219
Other expenses	0.0	0.0	0.0	0.0	0.0
Total Operating Expenditure	17,998	20,482	24,903	28,404	32,464
EBITDA	1629	1834	2240	2741	3329
Growth (%)		12.6	22.1	22.4	21.5
Depreciation	473	497	510	599	663
Interest	518	577	501	593	681
Other Income	64	62	105	70	70
PBT	701	823	1,371	1,618	2,054
Others	0	0	0	0	0
Total Tax	185	256	340	485	616
PAT	510	586	1040	1133	1438
Growth (%)	15.6	14.9	77.6	8.9	26.9
EPS (Rs.)	31.4	34.3	60.9	66.4	84.2

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement					
	₹ crore				
(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Profit after Tax	510	586	1,040	1,133	1,438
Add: Depreciation	473	497	510	599	663
(Inc)/dec in Current Assets	-2,556	-2,504	-1,661	-3,316	-4,105
Inc/(dec) in CL and Provisions	2,189	1,893	1,659	2,557	4,085
Others	0	0	0	0	0
CF from operating activities	616	471	1,548	973	2,081
(Inc)/dec in Investments	2	0	-2	-50	-50
(Inc)/dec in Fixed Assets	-402	-671	-494	-867	-982
Others	0	0	0	0	0
CF from investing activities	-774	-839	-918	-377	-1,702
Issue/(Buy back) of Equity	0	2	0	0	0
Inc/(dec) in loan funds	222	305	-771	50	50
Dividend paid	-114	-130	-188	-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	-548	-506	-104
Net Cash flow	-28	727	83	90	276
Opening Cash	1,060	1,032	1,759	1,842	1,932
Closing Cash	1,032	1,759	1,842	1,932	2,207

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet					
	₹ crore				
(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Liabilities					
Equity Capital	32.5	34.2	34.2	34.2	34.2
Reserve and Surplus	5,105	6,479	7,743	8,319	9,603
Total Shareholders funds	5,138	6,513	7,777	8,353	9,638
Total Debt	4,008	4,314	3,543	3,593	3,643
Deferred Tax Liability	23.3	11.3	11.1	11.1	11.1
Minority Interest / Others	0.0	0.0	0.0	0.0	0.0
Total Liabilities	9,765	11,419	11,889	12,525	13,933
Assets					
Gross Block	1,378	1,513	1,650	1,873	2,073
Less: Acc Depreciation	852	1,009	1,181	1,372	1,587
Net Block	527	504	469	501	486
Capital WIP	33	29	64	41	41
Total Fixed Assets	2,133	2,372	2,964	3,231	3,550
Investments	0	0	2	52	102
Inventory	1,353	1,429	1,776	1,978	2,925
Debtors	5,805	7,817	8,405	9,813	11,571
Loans and Advances	0.0	0.0	0.0	0.0	0.0
Other Current Assets	8,845	9,221	10,708	10,782	13,414
Cash	1,032	1,759	1,842	1,932	2,207
Total Current Assets	18,279	21,510	23,254	26,660	31,041
Creditors	5,855	6,588	7,071	9,557	10,983
Provisions	471	617	739	956	1,098
Total Current Liabilities	12,273	14,165	15,824	18,382	22,467
Net Current Assets	6,006	7,345	7,429	8,278	8,574
Others Assets	0.0	0.0	0.0	0.0	0.0
Application of Funds	9,765	11,419	11,889	12,525	13,933

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios					
(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Per share data (Rs.)					
EPS	31.4	34.3	60.9	66.4	84.2
Cash EPS	60.5	63.4	90.8	101.5	123.1
BV	316.4	381.6	455.6	489.4	564.6
DPS	7.0	7.6	11.0	8.5	9.0
Cash Per Share	63.5	103.0	107.9	113.2	129.3
Operating Ratios (%)					
EBITDA Margin	8.3	8.2	8.3	8.8	9.3
PBT / Total Operating income	3.6	3.7	5.0	5.2	5.7
PAT Margin	2.6	2.6	3.8	3.6	4.0
Inventory days	25.2	23.4	23.9	23.2	29.8
Debtor days	108.0	127.9	113.0	115.0	118.0
Creditor days	108.9	107.8	95.1	112.0	112.0
Return Ratios (%)					
RoE	9.9	9.0	13.0	13.6	14.9
RoCE	13.3	13.0	16.3	18.6	20.6
RoIC	27.1	27.8	31.2	45.1	44.2
Valuation Ratios (x)					
P/E	40.2	36.7	20.7	19.0	15.0
EV / EBITDA	13.8	12.0	9.5	7.7	6.3
EV / Net Sales	1.1	1.0	0.8	0.7	0.6
Market Cap / Sales	1.0	0.9	0.7	0.6	0.5
Price to Book Value	4.0	3.3	2.8	2.6	2.2
Solvency Ratios					
Debt/EBITDA	2.5	2.4	1.6	1.3	1.1
Debt / Equity	0.8	0.7	0.5	0.4	0.4
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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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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