Kalpataru Projects International Ltd. (KALPOW)

CMP: ₹1440 | Target ₹ 1725 (20%) | Target Period: 12 months | **BUY**

August 12, 2026

Core growth remains resilient amid middle east disruptions ...

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%).

Q1FY27 performance: Kalpataru Projects International (KPIL) reported Q1FY27 consolidated revenue of ₹6,408 crore, up 4% YoY, Core revenue, excluding Road SPVs and Brazil, grew 9% YoY. EBITDA increased 7% YoY to ₹562 crore, with EBITDA margin improving 26bps YoY to 8.8%, while PAT grew 46% YoY to ₹312 crore, with PAT margin expanding to 4.9% from 3.5%. Order inflows stood at ₹7,668 crore YTD FY27, with another ₹7,300 crore of favourably placed/L1 orders, taking the order book to an all-time high of ₹66,607 crore.

Investment Rationale:

- **Resilient core execution despite Middle East disruptions:** KPIL's core revenue, excluding Road SPVs and Brazil, grew 9% YoY to ₹6,396 crore in Q1FY27, despite labour shortages and supply-chain disruptions in international markets. Growth was broad-based across key EPC verticals, led by T&D (+10% YoY), B&F (+15%) and Oil & Gas (+18%), while Urban Infra also grew 15%. EBITDA increased 7% YoY to ₹562 crore, with margin improving to 8.8% from 8.5%. Management has retained FY27 guidance of ≥15% revenue growth and >75 bps improvement in PBT margin, with normalization in execution and higher contribution from T&D, B&F and Oil & Gas expected to support the recovery.
- **Strong order visibility backed by structural T&D opportunity:** KPIL's order book reached an all-time high of ₹66,607 crore, with ₹7,668 crore YTD FY27 order inflows and another ~₹7,300 crore of favorably placed/L1 orders. T&D and B&F contributed 91% of YTD inflows, while management targets ₹30,000 crore FY27 order inflows, supported by a domestic T&D opportunity of ₹1–1.25 lakh crore annually over the next five years. Meanwhile, net working capital improved to 80 days from 91 days YoY, while net debt declined to ₹917 crore, with net debt/equity at only 0.1x, providing flexibility for the planned ~₹800 crore FY27 capex and continued growth.

Rating and Target Price: We expect revenues and PAT to grow at CAGR of 14.8% and 18.9% over FY26-FY28E. We recommend **BUY** on **KPIL** with a target price of **₹1725 per share (based on 20x FY28E EPS).**

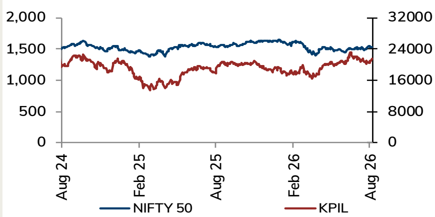
KALPATARU PROJECTS INTERNATIONAL LIMITED
(Formerly Kalpataru Power Transmission Limited)

Particulars	Rs. (in crore)
Market Capitalisation	23015
Total Debt (FY26)	3542
Cash and Inv. (FY26)	1842
Enterprise Value	24715
52-week H/L (Rs.)	1500/1007
Equity capital	34.2
Face value (Rs.)	2

Shareholding pattern

%	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	33.6	33.6	33.6	33.6
FII	12.0	11.7	10.9	10.8
DII	44.1	43.9	45.1	44.8
Public	10.4	10.8	10.4	10.8

Price Chart



Key risks

(i) lower than expected order inflows;

(ii)) Delay in monetisation of non-core investments.

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Particulars (Rs. in crore)	FY24	FY25	FY26	2-Year CAGR (FY24-FY26)	FY27E	FY28E	2-Year CAGR (FY26-FY28E)
Net Sales	19,626	22,316	27,143	17.6%	31,145	35,793	14.8%
EBITDA	1,629	1,834	2,240	17.3%	2,647	3,186	19.3%
EBITDA Margin (%)	8.3	8.2	8.3		8.5	8.9	
Adj. Net Profit	510	491	1,040	42.9%	1,195	1,470	18.9%
EPS (Rs.)	31.4	34.3	60.9		70.0	86.1	
P/ E (x)	45.9	42.0	23.6		20.6	16.7	
RoNW (%)	9.9	9.0	13.0		14.2	15.1	
RoCE (%)	13.3	13.0	16.3		17.7	19.2	

Source: Company, ICICI Direct Research

Q1FY27 Earnings call highlights

- **Financial Performance**:
  - Kalpataru Projects International (KPIL) reported Q1FY27 consolidated revenue of ₹6,408 crore, up 4% YoY. comparable revenue excluding Road SPVs and Brazil grew 9% YoY to ₹6,396 crore, reflecting resilient execution across core EPC businesses.
  - EBITDA increased 7% YoY to ₹562 crore, with EBITDA margin improving 26bps YoY to 8.8%, while PAT grew 46% YoY to ₹312 crore, with PAT margin expanding to 4.9% from 3.5%.
  - Profitability improvement was supported by operating leverage, favourable business mix and disciplined working capital management despite labour shortages during the early part of the quarter and Middle East-related supply-chain disruptions.
- **Revenue Mix & Segment Performance:**
  - **T&D** remained the largest core business, with revenue increasing 10% YoY to ₹2,924 crore, accounting for ~46% of core revenue. Growth was supported by healthy execution and the company's expanding presence in HVDC and GIS substation projects.
  - **B&F** revenue increased 15% YoY to ₹1,588 crore, contributing ~25% of core revenue, driven by robust project progress and favourable project mix. Management continues to see opportunities in large design-build projects, industrial projects, data centres and airports.
  - **Oil & Gas** revenue grew 18% YoY to ₹693 crore (~11% of core revenue), supported by execution of the Saudi project. Management remains focused on the Middle East, where it expects sizeable opportunities from Saudi Arabia, UAE, Qatar and Kuwait.
  - **Water** revenue declined 7% YoY to ₹626 crore (~10% of core revenue), mainly due to slower execution amid lower collections in Jal Jeevan Mission projects. However, the company secured its maiden ₹344 crore water-treatment project in the Middle East, while collections improved to ~₹650 crore YTD including July.
  - **Urban Infra** revenue increased 15% YoY to ₹295 crore (~5% of core revenue), supported by execution of elevated and underground metro projects, with all TBMs remaining fully utilised.
  - **Railway** revenue declined 23% YoY to ₹195 crore (~3% of core revenue), with management focusing on project execution and closures while remaining selective in new bidding.
- **Order Inflow & Order Book:**
  - YTD FY27 order inflows stood at ₹7,668 crore, while another ~₹7,300 crore of projects were favourably placed/L1, providing additional near-term order conversion visibility. The consolidated order book reached an all-time high of ₹66,607 crore as of June 30, 2026.
  - The order book mix stood at 44% T&D, 29% B&F, 11% Water, 6% Oil & Gas, 6% Urban Infra and 4% Railways. Geographically, 69% of the order book is domestic and 31% international.
  - Management is targeting FY27 order inflows of ₹30,000 crore and indicated that the guidance could potentially be revised upwards by the end of Q2FY27, with ~₹15,000 crore already secured including L1/favourably placed orders.
- **Management Commentary:**

- T&D remains a key growth driver, with ₹4,163 crore of orders secured YTD FY27 and over ₹5,000 crore of L1/favourably placed projects. Management expects India's T&D addressable market to remain at ₹1.0–1.25 lakh crore annually for at least the next five years, supported by renewable-energy evacuation and rising electricity demand.
- B&F secured record orders exceeding ₹2,800 crore YTD FY27, along with an L1 position of ~₹2,200 crore. The segment's order book stood above ₹19,600 crore, with demand supported by residential, PSU/private industrial capex, commercial offices, data centres, airports and urban development.
- Water is being expanded into international markets, with the maiden ₹344 crore Middle East project marking an important entry into a market where management sees limited competition from similarly scaled players. Collections in the business are also improving.
- Company is selectively evaluating new opportunities in BESS, pumped storage, nuclear power and international roads/highways. A dedicated team has been formed for new-energy opportunities, although these initiatives remain at an early stage.
- Consolidated net working capital improved to 80 days in Q1FY27 from 91 days a year earlier, while consolidated net debt declined 67% YoY to ₹917 crore.

- **Guidance Outlook:**
    - Management maintained FY27 guidance of at least 15% revenue growth and over 75 bps improvement in PBT margin. The company remains on track for ₹30,000 crore order inflows and management indicated that the order inflow guidance could potentially be revised upwards by the end of Q2FY27.
    - Company plans to spend ~₹800 crore on capex in FY27, with scope to meet or slightly exceed the target. Q1 execution capex was already above ₹250 crore, including investments supporting growth and the Water business.
    - Management is targeting sub-100-day working capital for FY27 and expects interest cost as a percentage of sales to remain broadly around the current level, although absolute interest cost could increase if working capital rises with growth.

Financial summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Total operating Income	22,316	27,143	31,145	35,793
Growth (%)	13.7	21.6	14.7	14.9
Raw Material Expenses	8,585	9,340	10,278	11,847
Employee Expenses	2,113	2,650	3,270	3,579
Sub-Contracting Charges	8,358	10,973	12,769	14,675
Other Operating Expenses	1,426	1,940	2,180	2,506
Other expenses	0.0	0.0	0.0	0.0
Total Operating Expenditure	20,482	24,903	28,497	32,607
EBITDA	**1834**	**2240**	**2647**	**3186**
Growth (%)	12.6	22.1	18.2	20.3
Depreciation	497	510	604	689
Interest	577	501	406	466
Other Income	62	105	70	70
PBT	823	1,371	1,707	2,100
Others	0	0	0	0
Total Tax	256	340	512	630
PAT	**586**	**1040**	**1195**	**1470**
Growth (%)	14.9	77.6	14.9	23.0
EPS (Rs.)	34.3	60.9	70.0	86.1

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	586	1,040	1,195	1,470
Add: Depreciation	497	510	604	689
(Inc)/dec in Current Assets	-2,504	-1,661	-4,251	-3,096
Inc/(dec) in CL and Provisions	1,893	1,659	2,557	4,085
Others	0	0	0	0
CF from operating activities	471	1,548	106	3,149
(Inc)/dec in Investments	0	-2	-50	-50
(Inc)/dec in Fixed Assets	-671	-494	-893	-1,008
Others	0	0	0	0
CF from investing activities	-839	-918	-404	-1,727
Issue/(Buy back) of Equity	2	0	0	0
Inc/(dec) in loan funds	305	-771	50	50
Dividend paid	-130	-188	-145	-154
Inc/(dec) in Sec. premium	985	0	0	0
Others	8	0	0	0
CF from financing activities	1,095	-548	-506	-104
Net Cash flow	727	83	-804	1,318
Opening Cash	**1,032**	**1,759**	**1,842**	**1,038**
Closing Cash	**1,759**	**1,842**	**1,038**	**2,355**

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Liabilities				
Equity Capital	34.2	34.2	34.2	34.2
Reserve and Surplus	6,479	7,743	8,382	9,698
Total Shareholders' funds	6,513	7,777	8,416	9,732
Total Debt	4,314	3,543	3,593	3,643
Deferred Tax Liability	11.3	11.1	11.1	11.1
Minority Interest / Others	0.0	0.0	0.0	0.0
Total Liabilities	**11,419**	**11,889**	**12,588**	**14,028**
Assets				
Gross Block	3,921	4,692	5,493	5,993
Less: Acc Depreciation	1,639	1,875	2,378	2,946
Net Block	2,282	2,817	3,114	3,047
Capital WIP	29	64	63	63
Total Fixed Assets	2,372	2,964	3,253	3,572
Investments	0	2	52	102
Inventory	1,429	1,776	1,978	2,925
Debtors	7,817	8,405	9,813	11,571
Loans and Advances	0.0	0.0	0.0	0.0
Other Current Assets	9,221	10,708	11,716	13,339
Cash	1,759	1,842	1,038	2,355
Total Current Assets	21,510	23,254	26,700	31,113
Creditors	6,588	7,071	9,557	10,983
Provisions	617	739	956	1,098
Total Current Liabilities	14,165	15,824	18,382	22,467
Net Current Assets	7,345	7,429	8,319	8,647
Others Assets	0.0	0.0	0.0	0.0
Application of Funds	**11,419**	**11,889**	**12,588**	**14,028**

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (Rs.)				
EPS	34.3	60.9	70.0	86.1
Cash EPS	63.4	90.8	105.4	126.5
BV	381.6	455.6	493.0	570.1
DPS	7.6	11.0	8.5	9.0
Operating Ratios (%)				
EBITDA Margin	8.2	8.3	8.5	8.9
PAT Margin	2.6	3.8	3.8	4.1
Inventory days	23.4	23.9	23.2	29.8
Debtor days	127.9	113.0	115.0	118.0
Creditor days	107.8	95.1	112.0	112.0
Return Ratios (%)				
RoE	9.0	13.0	14.2	15.1
RoCE	13.0	16.3	17.7	19.2
RoIC	20.3	21.9	24.6	29.3
Valuation Ratios (x)				
P/E	42.0	23.6	20.6	16.7
EV / EBITDA	13.5	10.7	9.4	7.4
EV / Net Sales	1.1	0.9	0.8	0.7
Market Cap / Sales	1.0	0.8	0.7	0.6
Solvency Ratios				
Debt/EBITDA	2.4	1.6	1.4	1.1
Debt / Equity	0.7	0.5	0.4	0.4
Current Ratio	1.4	1.5	1.5	1.6
Quick Ratio	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%

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