

KALPATARU PROJECTS

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	1,183
12 month price target (INR)	1,430
52 Week High/Low	1,449/770
Market cap (INR bn/USD bn)	190/2.2
Free float (%)	59.0
Avg. daily value traded (INR mn)	347.4

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	33.5%	33.5%	33.5%
FII	11.8%	11.6%	12.7%
DII	44.8%	45.0%	45.6%
Pledge	24.6%	24.6%	24.6%

FINANCIALS

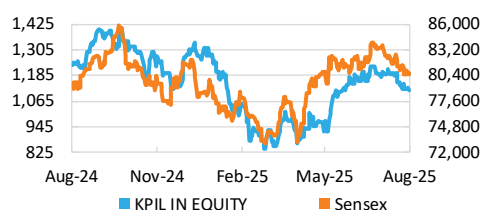
(INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Revenue	1,96,260	2,23,158	2,71,814	3,25,676
EBITDA	16,280	18,341	24,191	29,311
Adjusted profit	5,220	5,857	9,686	12,213
Diluted EPS (INR)	32.6	34.3	56.7	71.5
EPS growth (%)	54.4	5.1	65.4	26.1
RoAE (%)	10.6	10.1	14.0	15.6
P/E (x)	36.2	34.4	20.8	16.5
EV/EBITDA (x)	14.1	12.3	9.2	7.0
Dividend yield (%)	0.7	0.8	0.8	0.8

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	2,71,814	3,25,676	2.5%	6.3%
EBITDA	24,191	29,311	4.4%	5.4%
Adjusted profit	9,686	12,213	6.3%	4.3%
Diluted EPS (INR)	56.7	71.5	4.8%	2.4%

PRICE PERFORMANCE



Strong quarter led by robust execution

KPIL's Q1FY26 consolidated PAT at INR2,136mn shot up 154% aided by robust execution (+35% YoY) and lower interest cost as percentage of sales (~2%; we are baking in 2.3%/2.1% in FY26E/27E) as OPM was in-line at 8.5% (our estimate: 8.4%). Sales surged 34.5% YoY to INR61.7bn even as headwinds persisted across water and railways segments. Standalone (SA) showing was strong with an OPM of 8.5% and PAT surging 72% YoY to INR2,010mn. Management guides for FY26E OB of INR260–280bn and SA/consolidated PBT margin of 5–5.5%.

We are raising FY26E/27E PAT by 6%/4%. Reiterate 'BUY' on KPIL with a revised TP of INR1,430 (earlier INR1,322) at an unchanged 20x FY27E EPS on the back of T&D capex super-cycle in India and the Middle East.

Robust execution-led beat on all counts; water still a dampener

Q1FY26 OB was robust at ~INR655bn (up ~15% YoY) due to large order wins in B&F along with strengthening of market presence in T&D business in the Middle East while OI in Q1FY26 was INR71.5bn. *Management guided for 20–25% revenue growth (earlier 20%), expecting it near the upper end; we are factoring in ~22%.* Meanwhile, Q1 execution (+35% YoY) picked up led by high T&D sales and improved execution in O&G segment even as the slowdown in water and railways segments persisted with labour shortages continuing. Management indicated that railways and water segments shall remain sluggish in FY26 with growth likely to be driven by other segments. *Standalone entities delivered robust execution (up 35% YoY in Q1) and OPM (8.5%) with PAT surging 72% YoY.* Net debt reduced to INR27.7bn in Q1FY26 from INR37.4bn in Q1FY25 though management expects debt level to rise in Q2 and stabilise in H2 while guiding for ~2% interest cost as a percentage of sales. NWC days stayed stable at 91 versus 103 in Q1FY25 with FY26 target of less than 100 days.

Multiple tailwinds to benefit

KPIL stands to benefit from strong macro tailwinds, including continued transmission capex for RE, robust B&F and international momentum and JJM spending. Divestment of non-core assets and improved subsidiary performance will support growth and aid in RoE expansion. *The planned LMG IPO will offer value unlocking and provide own funds for growth/debt repayment, lowering reliance on the parent.*

Key variables to watch out for over next 12–18 months

KPIL's lead growth indicators are improving with better visibility on order flows. The biggest overhang on the stock is the *promoter pledge*, which remained at 24.59% (flat QoQ)—down steadily from 57% at peak in FY22.

Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	61,712	45,870	34.5	70,668	(12.7)
EBITDA	5,250	3,780	38.9	5,378	(2.4)
Adjusted Profit	2,136	840	154.3	2,182	(2.1)
Diluted EPS (INR)	12.5	5.3	154.3	12.8	(2.1)

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Total operating income	1,96,260	2,23,158	2,71,814	3,25,676
Gross profit	1,14,210	1,37,350	1,63,768	1,95,405
Employee costs	17,180	21,135	22,832	27,357
Other expenses	80,750	97,874	1,16,744	1,38,738
EBITDA	16,280	18,341	24,191	29,311
Depreciation	4,730	4,973	5,436	6,025
Less: Interest expense	5,180	5,765	6,116	6,839
Add: Other income	640	625	743	737
Profit before tax	7,010	8,228	13,382	17,183
Prov for tax	1,850	2,555	3,881	5,155
Less: Other adj	0	0	0	0
Reported profit	5,220	5,857	9,686	12,213
Less: Excp.item (net)	0	0	0	0
Adjusted profit	5,220	5,857	9,686	12,213
Diluted shares o/s	160	171	171	171
Adjusted diluted EPS	32.6	34.3	56.7	71.5
DPS (INR)	8.0	9.0	9.0	9.0
Tax rate (%)	26.4	31.1	29.0	30.0

Important Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
COGS (% of rev)	41.8	38.5	39.8	40.0
Employee cost (% of rev)	8.8	9.5	8.4	8.4
Other exp (% of rev)	41.1	43.9	43.0	42.6
EBITDA margin (%)	8.3	8.2	8.9	9.0
Net profit margin (%)	2.7	2.6	3.6	3.7
Revenue growth (% YoY)	20.0	13.7	21.8	19.8
EBITDA growth (% YoY)	18.8	12.7	31.9	21.2
Adj. profit growth (%)	54.4	12.2	65.4	26.1

Assumptions (%)

Year to March	FY24A	FY25A	FY26E	FY27E
GDP (YoY %)	5.5	6.3	6.3	6.3
Repo rate (%)	6.0	5.3	5.3	5.3
USD/INR (average)	84.0	82.0	82.0	82.0
T&D OI (INR bn)	111.5	144.6	166.3	186.3
Pipeline OI (INR bn)	65.3	0	0	0
Railways OI (INR bn)	10.3	6.0	3.0	3.3
Rev growth (%)	20.0	13.7	21.8	19.8
Interest (% of rev)	2.6	2.6	2.3	2.1
Capex (INR mn)	(3,190.0)	(5,118.9)	(7,000.0)	(6,000.0)

Valuation Metrics

Year to March	FY24A	FY25A	FY26E	FY27E
Diluted P/E (x)	36.2	34.4	20.8	16.5
Price/BV (x)	3.7	3.1	2.8	2.4
EV/EBITDA (x)	14.1	12.3	9.2	7.0
Dividend yield (%)	0.7	0.8	0.8	0.8

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Share capital	320	342	342	342
Reserves	51,060	64,792	72,756	83,247
Shareholders funds	51,380	65,133	73,098	83,589
Minority interest	(250)	(445)	(445)	(445)
Borrowings	39,100	41,886	41,886	43,886
Trade payables	1,18,550	1,36,056	1,54,208	1,84,275
Other liabs & prov	3,050	3,573	3,573	3,573
Total liabilities	2,18,500	2,55,841	2,81,957	3,24,515
Net block	20,990	23,431	24,994	24,969
Intangible assets	1,840	1,847	1,847	1,847
Capital WIP	330	29	29	29
Total fixed assets	23,160	25,307	26,871	26,846
Non current inv	12,550	15,430	15,430	15,430
Cash/cash equivalent	10,320	17,593	21,399	41,414
Sundry debtors	58,050	78,169	95,212	1,14,079
Loans & advances	630	687	687	687
Other assets	1,13,790	1,18,656	1,22,358	1,26,059
Total assets	2,18,500	2,55,841	2,81,957	3,24,515

Free Cash Flow (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Reported profit	5,220	5,857	9,686	12,213
Add: Depreciation	4,730	4,973	5,436	6,025
Interest (net of tax)	3,813	3,975	4,342	4,787
Others	957	1,108	1,589	1,867
Less: Changes in WC	(6,290)	(6,773)	(2,594)	7,499
Operating cash flow	8,430	9,140	18,459	32,392
Less: Capex	(3,190)	(5,119)	(7,000)	(6,000)
Free cash flow	5,240	4,021	11,459	26,392

Key Ratios

Year to March	FY24A	FY25A	FY26E	FY27E
RoE (%)	10.6	10.1	14.0	15.6
RoCE (%)	14.0	14.2	17.6	19.9
Inventory days	57	59	55	56
Receivable days	103	111	116	117
Payable days	480	542	490	474
Working cap (% sales)	30.3	32.7	29.2	28.2
Gross debt/equity (x)	0.8	0.6	0.6	0.5
Net debt/equity (x)	0.6	0.4	0.3	0
Interest coverage (x)	2.2	2.3	3.1	3.4

Valuation Drivers

Year to March	FY24A	FY25A	FY26E	FY27E
EPS growth (%)	54.4	5.1	65.4	26.1
RoE (%)	10.6	10.1	14.0	15.6
EBITDA growth (%)	18.8	12.7	31.9	21.2
Payout ratio (%)	24.5	26.2	15.9	12.6

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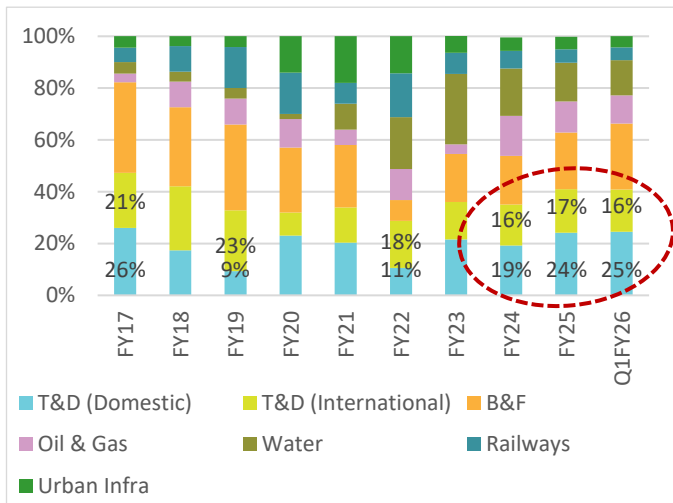
Exhibit 1: Quarterly financial snapshot (INR mn)

Year to March	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Revenues	61,712	45,870	34.5	70,668	(12.7)
Raw material	45,988	34,700	32.5	54,508	(15.6)
Staff costs	6,682	4,420	51.2	6,153	8.6
Other operating expenses	3,791	2,970	27.7	4,629	(18.1)
Total expenditure	56,461	42,090	34.1	65,290	(13.5)
EBITDA	5,250	3,780	38.9	5,378	(2.4)
Depreciation	1,292	1,190	8.5	1,377	(6.2)
EBIT	3,959	2,590	52.9	4,001	(1.0)
Interest	1,220	1,440	(15.3)	1,176	3.8
Other income	164	220	(25.7)	132	24.2
Add: Exceptional items	0	0		0	
PBT	2,902	1,370	111.8	2,957	(1.8)
Tax	766	530	44.6	775	(1.1)
Reported Profit	2,136	840	154.3	2,182	(2.1)
Adjusted profit	2,136	840	154.3	2,182	(2.1)
Equity capital (FV INR 2)	342	320		342	
No. of shares outstanding (mn)	171	160		171	
Adjusted Diluted EPS	12.5	5.3	138.2	12.8	(2.1)
As % of net revenues					
Raw material	74.5	75.6		77.1	
Staff expenses	10.8	9.6		8.7	
Other operating expenses	6.1	6.5		6.6	
EBITDA	8.5	8.2		7.6	
Tax rate	26.4	38.7		26.2	
Adjusted profit (%)	3.5	1.8		3.1	

Source: Company

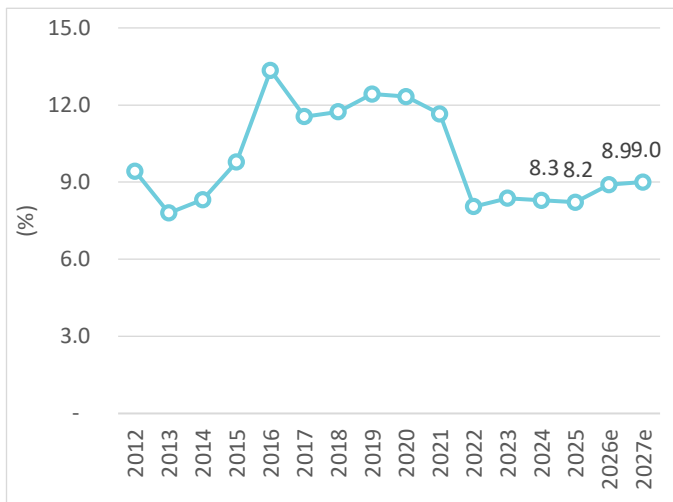
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Exhibit 2: KPIL's share of India T&D in order book mix



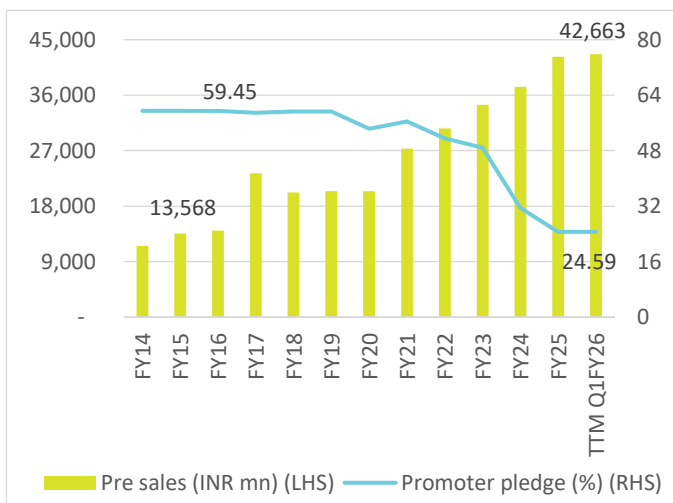
Source: Company, Nuvama Research

Exhibit 4: EBITDA margin stable in range of 8.5–9%



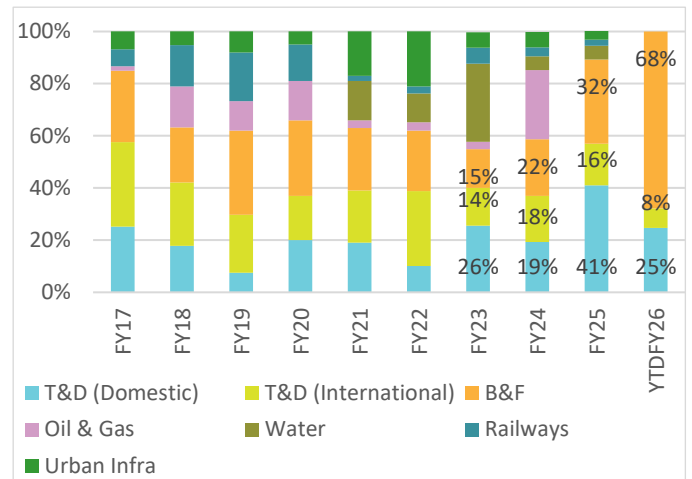
Source: Company, Nuvama Research

Exhibit 6: Pledge (%) falls as real estate pre-sales grow



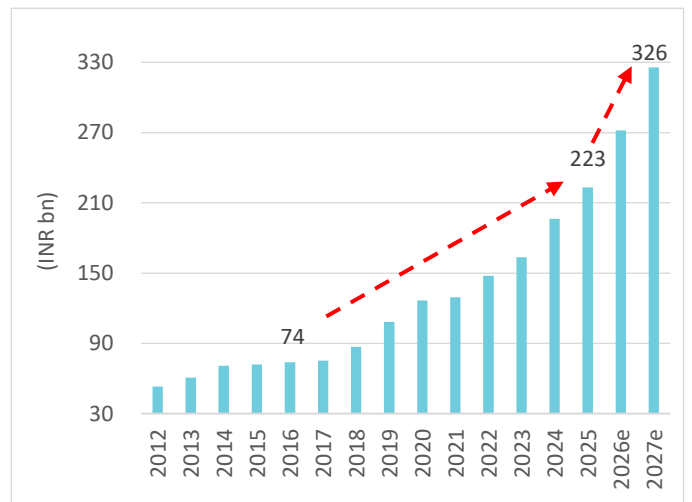
Source: Company, Nuvama Research

Exhibit 3: T&D and B&F mix in order intake growing



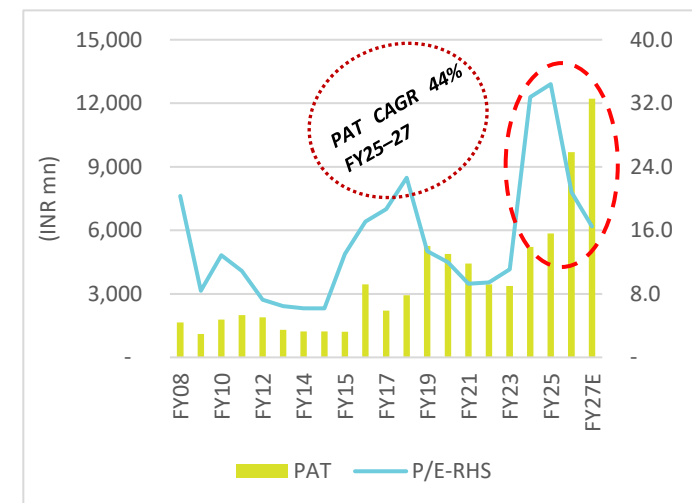
Source: Company, Nuvama Research

Exhibit 5: 21% revenue CAGR (FY25–27E) versus 13% (FY16–25)



Source: Company, Nuvama Research

Exhibit 7: P/E (TTM) gets re-rated when PAT growth accelerates



Source: Company, Nuvama Research

Company Description

KPIL is part of the Kalpataru Group established in 1969. KPIL is among the largest players firmly entrenched in the global power transmission and infrastructure EPC space. The Company has an annual production capacity of over 2,40,000 MT of transmission towers at its state-of-the-art manufacturing facilities in India and an ultra-modern tower testing facility, making it amongst the global largest power transmission EPC Company. KPIL's wide reach and presence includes international geographies like Africa, CIS countries, the Middle East, SAARC, Asia-Pacific and the Americas. In India, the Company has been partnering in India's accelerating infrastructure push by executing EPC projects in Oil & Gas and Railways infrastructure as well as undertaking power transmission projects on Build, Operate, Own, and Maintain (BOOM) model. Kalpataru Power (KPP) has mainly two business division's viz., transmission and infrastructure (Oil & Gas pipeline, Railways, Civil). As an integral part of its long-term asset creation goal, KPIL has expanded its scope into Civil Construction, Infrastructure Projects, Road BOOT Projects as well as Agri-Logistics through JMC Projects (India) Limited and Shree Shubham Logistics Limited.

Investment Theme

Strong project management and execution capabilities: KPIL has built strong capabilities that enable it to deliver complex projects ahead of schedule. It has a successful track record of executing projects in inhospitable terrains.

Tight control, Working Capital and Bottom line centric approach comforting: KPIL boasts one of the best working capital management in the industry with a D/E of ~0.6x (SA level). Further, it has an unwavering focus on the bottom line (PBT margins at ~5-5.5%) and ROCE's of upwards of 15%+.

IPO plans for LMG: KPIL has initiated a strategic review of its overseas step-down subsidiary, Linjemontage Grästorps AB (LMG), exploring various options including a potential initial public offering, subject to market conditions. To support this process, the company has appointed merchant bankers, advisors, and other intermediaries, while LMG has begun certain preparatory steps as part of the evaluation.

KPIL has significantly scaled up the non-T&D segments (Water, Railways and oil & gas and Urban infra) and margins in these segments have improved significantly (Although water segment is witnessing delays in payment). We expect, these segments to continue to drive growth, with non T&D revenues growing in excess of 10%+ over the next 2 years with management guiding for a 20-25% growth in overall revenues for FY26E.

Key Risks

- **Promoter pledge:** Has been reducing from peak of 57% to ~25% currently and expected to come off further especially with the recent listing of the real estate arm. Any set back to the plan of reducing this pledge can be a risk.
- **Payment delays/labour shortages:** Delayed fund flows in JJM projects remain a key risk for the water segment, potentially affecting execution timelines and revenue visibility. Similarly, persistent labour availability issues in the B&F segment could hamper project progress and impact future growth.

Additional Data

Management

Chairman	Mofatraj P Munot
MD & CEO	Manish Mohnot
Deputy MD	Shailendra Kumar Tripathi
Director - Strategy Business Group	Amit Uplenchwar
Auditor	BSR & Co LLP

Holdings – Top 10*

	% Holding		% Holding
SBI Funds Manag	9.33	Vanguard Group	2.65
ICICI Prudentia	8.85	Mirae Asset Fin	1.51
HDFC Asset Mana	8.44	ICICI Prudentia	1.45
Kotak Mahindra	5.75	Dimensional Fun	1.28
Nippon Life Ind	2.89	Blackrock Inc	1.18

*Latest public data

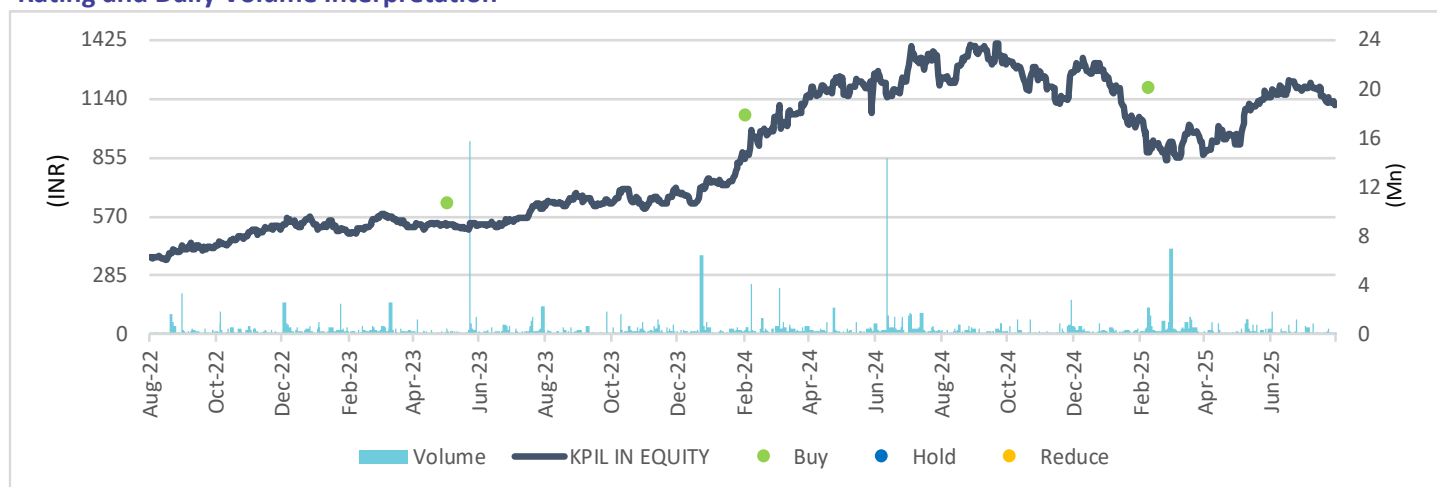
Recent Company Research

Date	Title	Price	Reco
19-May-25	Standalone shines; consolidated margin s; <i>Result Update</i>	1,116	Buy
14-Feb-25	Robust execution, but tax rate a dampene; <i>Result Update</i>	893	Buy
29-Oct-24	Robust margin elevates profitability; <i>Result Update</i>	1,178	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
06-Aug-25	Bharat Forge	Soft Q1; core business outlook muted; <i>Result Update</i>
06-Aug-25	BHEL	Weak quarter; turnaround story intact; <i>Result Update</i>
04-Aug-25	ABB India	Dark clouds on the horizon ; <i>Result Update</i>

Rating and Daily Volume Interpretation



Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36

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