



3R MATRIX

	+	=	-
Right Sector (RS)	✓	■	■
Right Quality (RQ)	✓	■	■
Right Valuation (RV)	✓	■	■

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	■	↔	■
RQ	■	↔	■
RV	■	↔	■

Company details

Market cap:	Rs. 20,414 cr
52-week high/low:	Rs. 1351/770
NSE volume: (No of shares)	8.4 lakh
BSE code:	522287
NSE code:	KPIL
Free float: (No of shares)	10.8 cr

Shareholding (%)

Promoters	33.6
FII	12.0
DII	44.1
Others	10.4

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	1.3	11.7	35.9	-2.0
Relative to Sensex	-2.4	8.1	32.0	-7.3

Source: Mirae Asset Sharekhan Research, Bloomberg

Kalpataru Projects International Ltd

Growth prospects remains strong

Capital Goods	Sharekhan code: KPIL	
Reco/View: Buy	↔	CMP: Rs. 1,257 (as on Oct 31, 2025)
		Price Target: Rs. 1,570 ↔

Summary

- Standalone revenues surged 31% on a rise in T&D (51%), urban infrastructure (65%) and B&F (20%) businesses, but this was offset by a decline in the water segment (5%). Results beat our estimates
- Q2FY26 order inflows stood at Rs. 5,052 crore, taking total order book to Rs. 64,682 crore, reflecting strong revenue visibility for three years.
- Management maintained its guidance for a 25% revenue growth and 5.5% PBT margins and order inflow guidance of Rs 26000-28000 crores.
- Performance would improve, driven by a robust order book and tender pipeline, improving JV and subsidiary financials, monetisation of non-core assets, and a reduction in promoter's pledge, which could be key re-rating catalysts. We maintain a Buy with a PT of Rs. 1,570. At CMP, the stock is valued at ~18/~14x FY2026/FY2027E P/E.

Standalone numbers were strong with a revenue growth of 31%, led by higher T&D sales though water and railways business slowed down. The management is seeing an improvement in water business collections but expect no major growth in FY26. Operating profit grew 28% y-o-y to Rs. 447 crore. OPM came in at 8.3% flat y-o-y. PAT was up ~51% y-o-y to Rs. 200 crore, led by higher revenue. YTD Q2FY26 order inflows of Rs. 14,951 crore were led by key order wins in the T&D and B&F businesses. As per the management, the tender pipeline expanded to around Rs. 1.5 trillion for the next 12-18 months, supported by upcoming HVDC projects, grid strengthening in southern India, and increased tendering activity across the Middle East, Africa, and Latin America. Order book stood Rs. 64,682 crore as on Sep 2025. The management is targeting to complete divestment of the Vindhyachal Expressway and sale of balance inventory in the Indore real estate project in H2FY26, which will further strengthen the balance sheet and return ratios. Shubham Shipping is also expected to break-even in FY26.

Key positives

- Growth across major segments in the T&D business (51%), Oil and Gas (21%), Urban Infra (65%) and B&F (20%).
- It has signed an agreement to divest Vindhyachal Expressway Pvt. Ltd. (VEPL) for an enterprise value of Rs. 775 crore, deal expected to close in H2FY2026.

Key negatives

- Slowdown in water business due to delay in ordering and execution activities.

Management Commentary

- Management guided that the T&D market opportunities hover at Rs 1.5 trillion for the next 12-18 months.
- Management have maintained its revenue growth guidance of 25% with PBT margins of 5-5.5% and order inflows of Rs 26,000-28,000 crore.
- Company is strengthening its position in HVDC T&D, metro rail, and airport EPC businesses.

Revision in earnings estimates – We maintained our estimates for FY26-27 and introduce estimates for FY28.

Our Call

Valuation – Maintain Buy with a PT of Rs. 1,570: KPIL boasts of a healthy and diversified order book and order prospects, which provide strong revenue visibility. The company's performance would improve on account of a robust order book and tender pipeline, improving JV and performance of subsidiaries, monetisation of non-core assets, and reduction in promoter's pledge – all of which could be key re-rating catalysts. The stock trades at ~14/~13x its FY2026/FY2027E P/E. We maintain BUY with our SoTP-based price target (PT) of Rs. 1,570.

Key Risks

Slower-than-expected project execution in domestic and international markets would affect KPIL's performance.

Valuation (Standalone)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	16,760	18,888	22,904	27,707	31,984
OPM	8.2%	8.4%	8.9%	9.1%	9.1%
Adj. Net Profit	568	648	1,011	1,349	1,590
% YoY growth	19.1	14.1	56.0	33.5	17.8
Adj. EPS(Rs)	32.9	39.8	60.1	81.0	95.8
EPS Growth (%)	19.1	14.1	56.0	33.5	17.8
P/E (x)	33.8	27.9	18.5	13.7	11.6
P/BV (x)	3.1	2.8	2.5	2.1	1.8
EV/EBITDA (x)	14.2	11.8	8.9	7.0	5.9
ROCE (%)	10.6	12.6	12.5	11.9	11.1
ROE (%)	10.2	10.6	14.8	17.1	17.1

Source: Company; Mirae Asset Sharekhan estimates

Conference call highlights

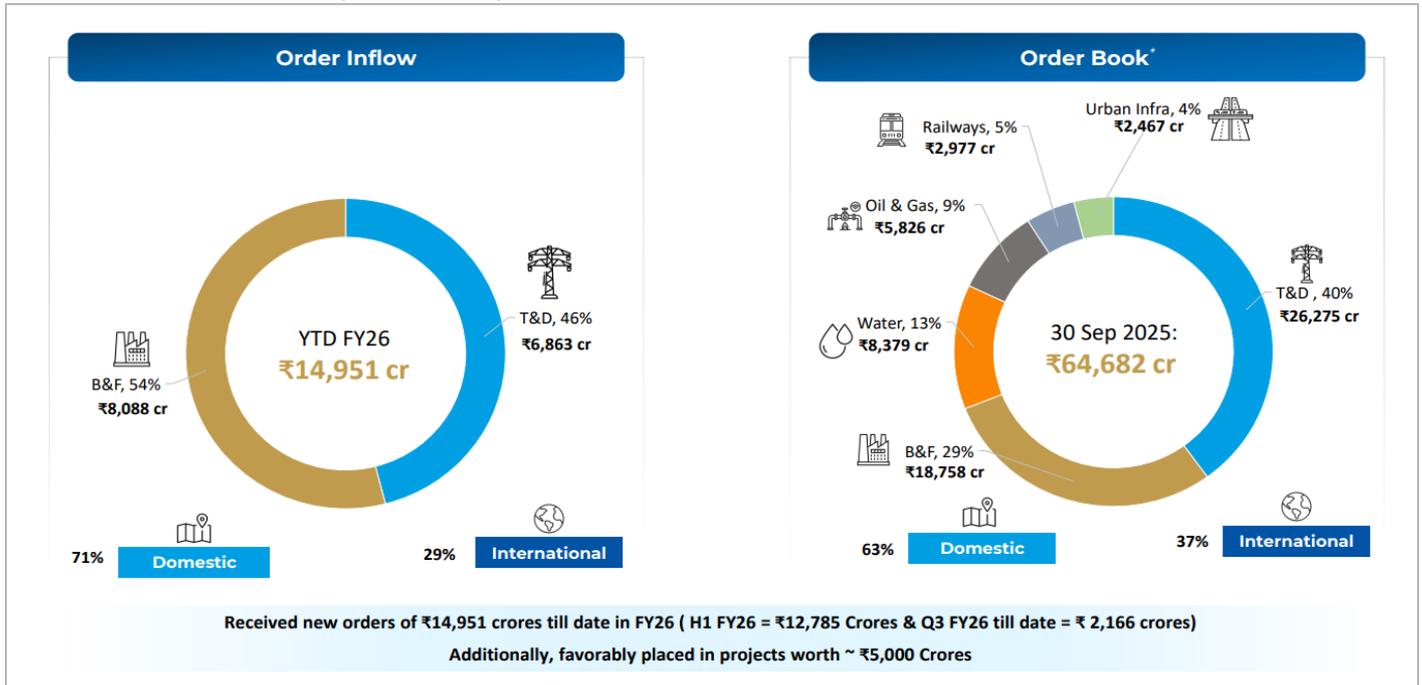
- ◆ T&D segment is expected to get a boost from domestic and international demand. Domestic T&D business outlook remains robust on account of healthy order visibility from SEBs and Power Grid Corporation. Management has guided that the T&D market has now expanded to Rs 1.5tn fro upcoming 12-18 months.
- ◆ Linjemontage (LMG) posted revenue of Rs. 1,495 crore for H1FY26 and carries an order book of Rs. 3,623 crore. Fasttel Brazil reported revenue of Rs. 370 crore for H1FY26 and carries an order book of Rs. 551 crore. LMG is setting up for an IPO.
- ◆ **Oil & Gas:** Revenues grew 21% to Rs. 463 crore on account of strong execution of a large order from the Middle East.
- ◆ **B&F:** Revenue growth of 20% was driven by strong execution of order book and strong real estate demand. Secured large size orders on design built basis from existing and new clients on back of project capabilities and track record of timely delivery.
- ◆ Water and Railways segments remained sluggish due to a delay in tendering and execution activities. The initial focus is to complete the existing projects and bid for only margin-accretive projects.

Results (Standalone)

Particulars	Rs cr				
	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Net Sales	5,419	4,136	31.0	5,040	7.5
Operating expenditure	4,972	3,788	31.3	4,611	7.8
Operating profit	447	348	28.3	428	4.4
Other income	24	26	(8.3)	23	3.6
Interest	102	100	2.7	84	22.0
Depreciation	97	91	5.7	94	3.2
PBT	272	184	48.3	274	(0.7)
Tax	72	51	41.1	73	(1.4)
Adj PAT	200	132	51.0	201	(0.4)
EPS	12.3	8.2	51.0	12.4	(0.4)
Margin			bps		bps
OPM (%)	8.3	8.4	(17)	8.5	(25)
NPM (%)	3.7	3.2	49	4.0	(29)
Tax rate (%)	26.6	27.9	(135)	26.8	(19)

Source: Company; Mirae Asset Sharekhan Research

Order book and order inflow (Consolidated)



Source: Company Presentation

Outlook and Valuation

■ Sector Outlook – Continued government focus on infrastructure bodes well for growth

To make India a \$5 trillion economy by FY2025 and to continue growing at an escalated trajectory until 2030, it is estimated that the government needs to spend \$4.5 trillion on infrastructure by 2030. To achieve the desired goal, the government drew up a National Infrastructure Pipeline (NIP) through a bottoms-up approach, wherein all projects costing more than Rs. 100 crore per project under construction, proposed greenfield projects, brownfield projects, and those at the conceptualisation stage were captured. Consequently, total capital expenditure in infrastructure sectors in India from FY2020 to FY2025 is projected at

~Rs. 111 lakh crore. In the same period, sectors such as energy (24%), roads (18%), urban (17%), and railways (12%) amount to ~71% of projected infrastructure investments in India. The huge outlay towards the infrastructure sector is expected to provide healthy growth opportunities for infrastructure companies.

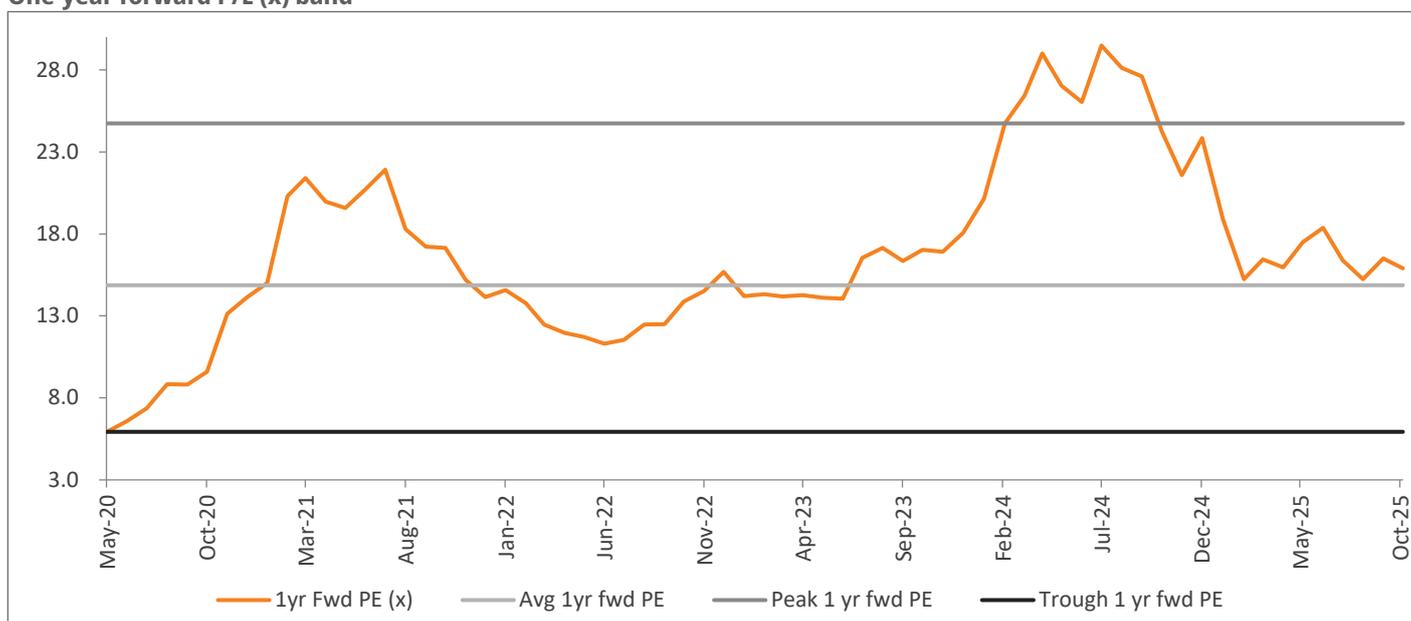
■ Company Outlook – Long-term growth story intact

The near-term outlook is expected to be affected by its cautious approach towards domestic T&D orders and the company is likely to focus on international orders. Further, growth in the core EPC business and strengthening international business have helped the company achieve broad-based growth. The company is focusing on accelerating growth in its core business and is strengthening its balance sheet through debt reduction and efficient capital management. The recent merger of KPIL with its subsidiary would increase its geographical reach and improve its capability to bid for large-size projects, particularly in the non-T&D space. Further, material cost synergies would lead to cost savings of Rs. 50-70 crore.

■ Valuation – Maintain BUY with a PT of Rs. 1,570

KPIL boasts of a healthy and diversified order book and order prospects, which provide strong revenue visibility. The company's performance would improve on account of a robust order book and tender pipeline, improving JV and performance of subsidiaries, monetisation of non-core assets, and reduction in promoter's pledge – all of which could be key re-rating catalysts. The stock trades at ~18/~13x its FY2026/FY2027E P/E. We maintain BUY with our SoTP-based price target (PT) of Rs. 1,570.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

KPIL has three business divisions – transmission lines, biomass energy, and infrastructure. The company has an in-house tower testing station with a capacity to test square/rectangular base towers of up to 800 kV D/C as well as multi-circuit towers. KPIL is also exposed to the construction segment through its subsidiary, where the company primarily constructs industrial buildings and residential and commercial complexes. Of late, the company has also ventured into the infrastructure segment, taking up road projects, bridges, flyovers, and transportation structures.

Investment theme

T&D spends in India have been expected to be around Rs. 2,30,000 crore over FY2018-FY2024E, rising 28% over FY2012-FY2017. A large part of this spending is likely to come from SEBs. Additionally, ordering for the Green Energy Corridor is likely to provide ample opportunities in the domestic market going forward. Moreover, expansion in regional transmission networks in Africa, SAARC, and CIS countries is likely to supplement domestic demand and present a huge business opportunity. KPIL has significantly scaled up non-T&D segments (railways and oil and gas) and margins in these segments are expected to increase gradually. The opportunity size remains high in the non-T&D segment to provide enough opportunities to ramp up its total order outstanding for the business. Further, monetisation of its non-core three road BOOT projects and a reduction in promoter's pledge would be a key catalyst for any re-rating in the stock.

Key Risks

- ◆ Slower-than-expected project execution in domestic and international markets would affect KPIL's performance.
- ◆ The company is also exposed to commodity, interest rate, and forex fluctuation risks.

Additional Data

Key management personnel

Name	Designation
Mofatraj P. Munot	Non-executive Chairman
Manish Mohnot	Managing Director and Chief Executive Officer
Ram Avtar Patodia	Chief Financial Officer
Sanjay Dalmia	Company Secretary and Compliance Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	SBI Funds Management Ltd	9.27
2	HDFC Asset Management Co Ltd	8.43
3	ICICI Prudential Asset Management	8.11
4	Kotak Mahindra Asset Management Co	5.85
5	Nippon Life India Asset Management	2.92
6	Vanguard Group Inc/The	2.69
7	ICICI Prudential Life Insurance Co	1.58
8	Mirae Asset Financial Group	1.44
9	Dimensional Fund Advisors LP	1.25
10	Blackrock Inc	1.2

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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