



## 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	✗	↔	✓

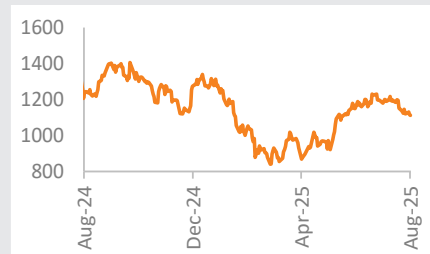
## Company details

Market cap:	Rs. 18,059 cr
52-week high/low:	Rs. 1,449/770
NSE volume: (No of shares)	8.4 lakh
BSE code:	522287
NSE code:	KPIL
Free float: (No of shares)	10.8 cr

## Shareholding (%)

Promoters	33.5
FII	11.8
DII	44.8
Others	9.8

## Price chart



Source: NSE India, Mirae Asset Sharekhan Research

## Price performance

(%)	1m	3m	6m	12m
Absolute	-5.8	20.7	7.0	-9.9
Relative to Sensex	-2.4	22.8	2.9	-11.3

Source: Mirae Asset Sharekhan Research, Bloomberg

## Kalpataru Projects International Ltd

## Robust Q1; growth prospects stay strong

Capital Goods	Sharekhan code: KPIL		
Reco/View: Buy	↔	CMP: Rs. 1,112 (as on Aug 07, 2025)	Price Target: Rs. 1,570 ↔

## Summary

- Standalone revenues grew strongly by 35% led by a surge in T&D (56%), oil & gas (132%), urban infrastructure (42%) and B&F (13%) businesses, but this was offset by a decline in the water segment (5%). Results beat our estimates.
- Q1FY26 order inflows stood at Rs. 9,899 crore, taking total order book to Rs. 65,475 crore, representing strong revenue visibility for three years.
- Management revised its guidance for a 25% revenue growth with PBT margins at 5.0 -5.5%.
- Performance would improve, driven by a robust order book and tender pipeline, improving JV and subsidiary financials and monetisation of non-core assets, which could be key re-rating catalysts. We maintain a Buy on KPIL with a PT of Rs. 1,570. At CMP, the stock is valued at ~18/~13x FY2026/FY2027E P/E.

Standalone numbers were strong with a revenue growth of 35% 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 the business for FY26. Operating profit grew 36% y-o-y to Rs. 428 crore. OPM came in at 8.5% flat y-o-y. PAT was up ~72% y-o-y to Rs. 201 crore, led by higher revenue. Q1FY26 order inflows of Rs. 9,899 crore were led by key order wins in T&D and B&F businesses. Company has secured the largest order in the B&F business on design built basis from existing and new clients on back of project capabilities and track record of timely delivery. KPIL highlighted that there are huge tenders of Rs 60,000-70,000 crore have been floated and is expected to be closed in Q3 and Q4. Order book stood Rs. 65,475 crore as on June 2025. The management is targeting to complete divestment of the Vindhyachal Expressway and sale of balance inventory in the Indore real estate project in FY26, 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 (56%), Oil and Gas (132%), Urban Infra (42%) and B&F (13%).
- Largest ever order win in B&F business of over Rs 2,500 crore.
- 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 FY2026.

## Key negatives

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

## Management Commentary

- Management guided that a significant portion of REC, PFC, and PGCIL projects worth Rs. 60,000-70,000 crore will be tendered in Q2FY2026.
- Management have upgraded its revenue growth guidance of 20% to 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 upgrade our estimates factoring in strong order book and robust Q1 performance.

## 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 ~18/~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	FY23	FY24	FY25	FY26E	FY27E
Net Sales	14,337	16,760	18,888	23,392	28,357
OPM	8.1%	8.2%	8.4%	8.9%	9.1%
Adj. Net Profit	477	568	648	1,043	1,392
% YoY growth	66.8	19.1	14.1	61.0	33.4
Adj. EPS(Rs)	29.4	32.9	39.8	62.1	83.6
EPS Growth (%)	66.8	19.1	14.1	61.0	33.4
P/E (x)	37.9	33.8	27.9	17.9	13.3
P/BV (x)	3.4	3.1	2.8	2.5	2.1
EV/EBITDA (x)	17.1	14.2	11.8	8.8	6.9
ROCE (%)	10.4	10.6	12.6	12.4	11.9
ROE (%)	9.3	10.2	10.6	15.2	17.5

Source: Company; Mirae Asset Sharekhan estimates

## Conference call highlights

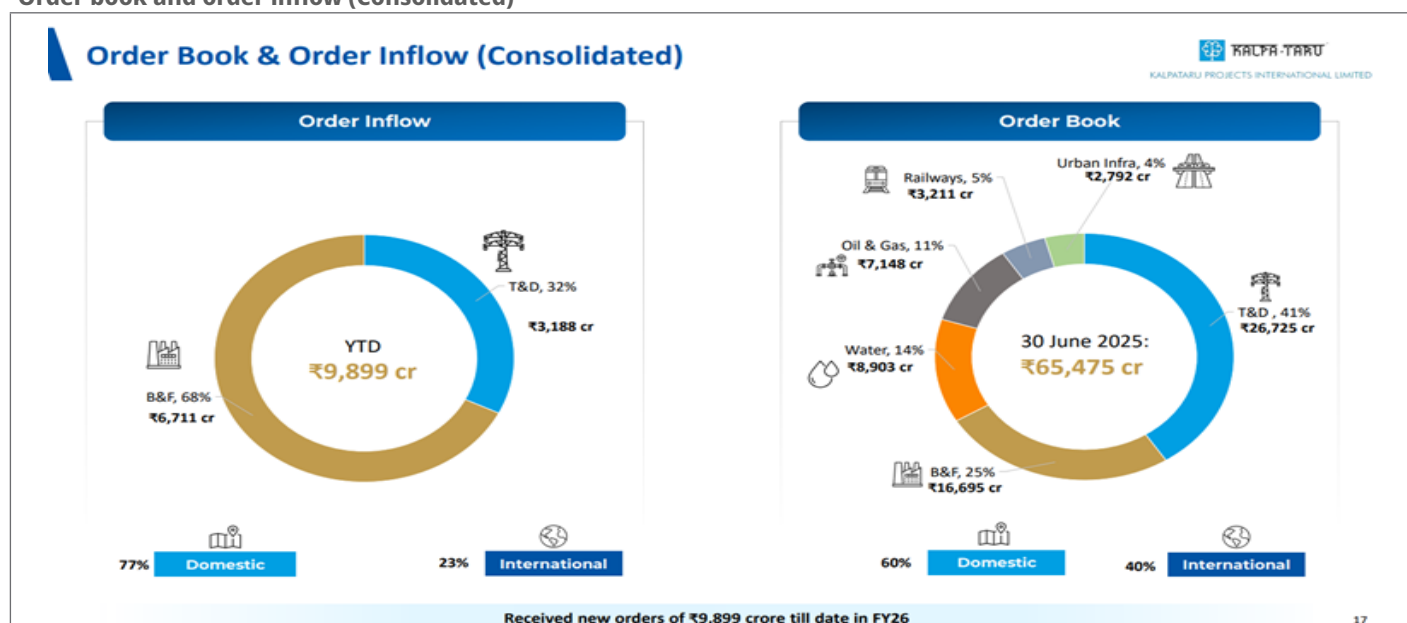
- ♦ T&D segment is expected to get a boost from domestic and international demand. Domestic T&D business outlook remains robust on account of healthy order visibility from SEB and Power Grid Corporation. Management has guided that a significant portion of REC, PFC, and PGCIL projects worth Rs. 50,000-70,000 crore will be tendered in Q2FY26.
- ♦ Linjemontage (LMG) posted revenue of Rs. 776 crore for Q1FY26 and carries an order book of Rs. 3,494 crore. Fastel Brazil reported revenue of Rs. 217 crore for Q1FY26 and carries an order book of Rs. 551 crore. LMG is setting up for an IPO.
- ♦ **Oil & Gas:** Revenues grew 132% to Rs. 254 crore on account of strong execution of a large order from the Middle East.
- ♦ **B&F:** Revenue growth of 13% hit by labour availability. 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	Q1FY26	Q1FY25	YoY (%)	Q4FY25	Rs cr QoQ (%)
<b>Net Sales</b>	<b>5,040</b>	<b>3,722</b>	<b>35.4</b>	<b>6,204</b>	<b>(18.8)</b>
Operating expenditure	4,611	3,408	35.3	5,682	(18.8)
<b>Operating profit</b>	<b>428</b>	<b>314</b>	<b>36.4</b>	<b>522</b>	<b>(18.0)</b>
Other income	23	29	(19.4)	24	(0.5)
Interest	84	86	(2.3)	88	(4.3)
Depreciation	94	93	0.7	95	(1.3)
<b>PBT</b>	<b>274</b>	<b>164</b>	<b>67.2</b>	<b>363</b>	<b>(24.6)</b>
Tax	73	47	56.1	89	(17.9)
<b>Adj PAT</b>	<b>201</b>	<b>117</b>	<b>71.6</b>	<b>241</b>	<b>(16.7)</b>
EPS	12.4	7.2	71.6	14.9	(16.7)
<b>Margin</b>			<b>BPS</b>		<b>BPS</b>
OPM (%)	8.5	8.4	6	8.4	8
NPM (%)	4.0	3.1	84	3.9	10
Tax rate (%)	26.8	28.7	(189)	24.6	216

Source: Company; Mirae Asset Sharekhan Research

### Order book and order inflow (Consolidated)



Source: Company Presentation; Mirae Asset Sharekhan Research

## 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.

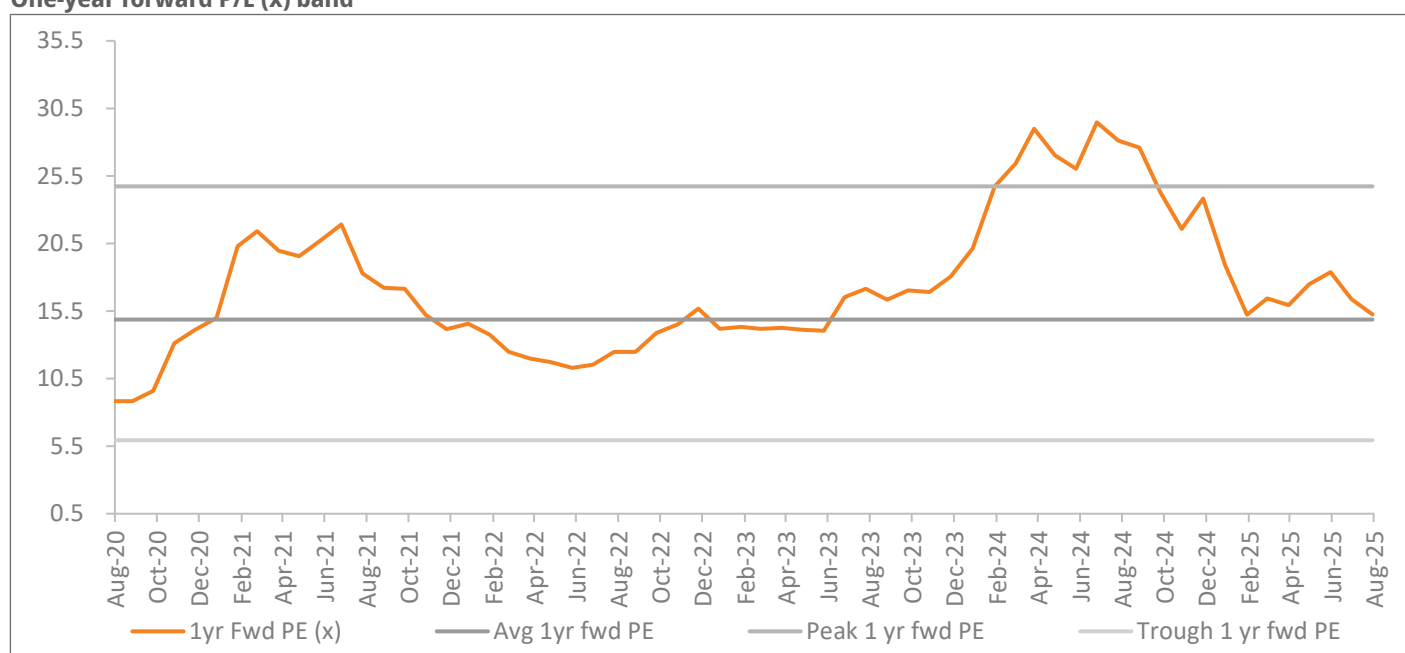
### ■ Company Outlook – Long-term growth story intact

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	9.33
2	ICICI Prudential Asset Management	8.85
3	HDFC Asset Management Co Ltd	8.44
4	Kotak Mahindra Asset Management Co	5.75
5	Nippon Life India Asset Management	2.89
6	Vanguard Group Inc/The	2.65
7	Mirae Asset Financial Group	1.51
8	ICICI Prudential Life Insurance Co	1.45
9	Dimensional Fund Advisors LP	1.28
10	Blackrock Inc	1.19

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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Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

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Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: [complianceofficer@sharekhan.com](mailto:complianceofficer@sharekhan.com)

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