

May 19, 2025

Q4FY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		BUY	
Target Price	1,268		1,105	
Sales (Rs. m)	2,31,427	2,80,551	2,29,257	2,79,954
% Chng.	0.9	0.2		
EBITDA (Rs. m)	20,250	25,670	20,060	26,036
% Chng.	0.9	(1.4)		
EPS (Rs.)	52.0	70.6	52.9	73.3
% Chng.	(1.8)	(3.6)		

Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,67,597	1,88,879	2,31,427	2,80,551
EBITDA (Rs. m)	13,653	15,870	20,250	25,670
Margin (%)	8.1	8.4	8.8	9.2
PAT (Rs. m)	5,583	6,718	8,873	12,063
EPS (Rs.)	32.7	39.3	52.0	70.6
Gr. (%)	13.2	20.3	32.1	35.9
DPS (Rs.)	7.6	7.6	10.4	14.1
Yield (%)	0.7	0.7	0.9	1.3
RoE (%)	10.1	10.4	11.7	14.3
RoCE (%)	11.5	12.3	14.4	17.3
EV/Sales (x)	1.3	1.1	0.9	0.7
EV/EBITDA (x)	15.8	13.2	10.4	8.1
PE (x)	34.1	28.4	21.5	15.8
P/BV (x)	3.3	2.7	2.4	2.1

Key Data

KAPT.BO | KPIL IN

52-W High / Low	Rs.1,449 / Rs.770
Sensex / Nifty	82,059 / 24,945
Market Cap	Rs.191bn / \$ 2,232m
Shares Outstanding	171m
3M Avg. Daily Value	Rs.559.76m

Shareholding Pattern (%)

Promoter's	33.52
Foreign	11.60
Domestic Institution	45.02
Public & Others	9.86
Promoter Pledge (Rs bn)	24.73

Stock Performance (%)

	1M	6M	12M
Absolute	19.5	(6.6)	(6.9)
Relative	14.4	(11.7)	(16.0)

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Strong Q4; robust order pipeline to drive growth

Quick Pointers:

- Order intake for FY25 was Rs254.8bn while order book stands at Rs645.0bn (3.4x TTM revenue) with domestic/international mix of 59%/41%.
- Management guided for 20%+ revenue growth with PBT margins of 5.25%-5.5% on a standalone basis along with order intake of Rs260-280bn in FY26.

We revise our FY26/FY27E EPS estimate by -1.8%/-3.6%, due to delayed collection in the Water business impacting the revenue. Kalpataru Projects International (KPIL) reported a 20.5% YoY increase in standalone revenue, with EBITDA margin improving by 66 bps to 8.4%. Growth was driven by strong execution across a robust order book, though delays in payment collections continued to impact the Water segment. Management has guided for 20%+ revenue growth in FY26, supported by strong domestic and international prospects in T&D and B&F, improving collections in Water, and ramp-up of the large Saudi Aramco order execution in O&G. The robust order book, along with management's ~Rs270bn order inflow guidance for FY26, provides strong multi-year revenue visibility. While the overall outlook remains positive, management will adopt a selective approach to Railway orders amid rising competition. The balance sheet is expected to remain strong, with net working capital maintained below 100 days in FY26. We roll forward to Mar'27E and downgrade the stock from 'Buy' to 'Accumulate' given the recent rally in the stock, with a revised SoTP-based TP of Rs1,268 (Rs1,105 earlier) valuing the core business at a PE of 17x on Mar'27E (17x on Sep'26E earlier). Downgrade to 'Accumulate'.

Long-term view: We remain positive on KPIL in the long run owing to 1) strong order pipeline across segments, 2) focus on geographical expansion for segments such as Water, Railways, Civil etc. 3) increasing pre-qualification for large contracts and 4) operational & cost synergies arising from merger with JMC. The stock is trading at a P/E of 15.5x/11.1x on FY25/26E core-EPS.

Healthy execution across T&D, B&F and O&G drove strong growth: Standalone revenue grew 20.5% YoY to Rs62.0bn (Ple: Rs60.2bn) vs Rs 51.5bn in Q4FY24. EBITDA grew by 30.8% to Rs5.2bn (PLe: Rs4.9bn). EBITDA margin improved by 66bps YoY to 8.4% (PLe: 8.1%) as lower gross margin was offset by lower other expenses (-339bps YoY % of sales). Adj. PBT grew by 48.6% to Rs3.6bn (PLe: Rs2.8bn). The company reported provision of Rs330mn towards impairment in value of its investment in one of its subsidiary companies. Adj. PAT grew by 51.8% to Rs2.7bn (PLe: Rs2.1bn) driven by the improved operating performance and lower effective rate (-156bps YoY to 27.0%).

Strong order book of Rs645.0bn (3.4x TTM revenue): Quarterly order intake declined 55.7% YoY to Rs52.9bn. Company's L1 positions stand over Rs20bn+. Order book mix for domestic/international stands at 59%/41%.

Exhibit 1: EBITDA margin improvement of 66bps YoY was aided by lower other expenses (-339bps YoY as % of sales)

Rs mn	Q4FY25	Q4FY24	YoY gr. (%)	Q4FY25E	% Var.	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Revenue	62,042	51,470	20.5%	60,205	3.1%	48,257	28.6%	188,879	167,597	12.7%
Gross Profit	13,191	12,110	8.9%	13,322	-1.0%	10,791	22.2%	41,486	37,617	10.3%
Margin (%)	21.3	23.5	(227)	22.1	(86.6)	22.4	(110)	22.0	22.4	(48)
Employee Cost	4,081	3,150	29.5%	3,499	16.6%	3,481	17.2%	13,955	11,943	16.8%
as % of sales	6.6	6.1	46	5.8	76.5	7.2	(64)	7.4	7.1	26
Other expenditure	3,878	4,960	-21.8%	4,936	-21.4%	3,291	17.8%	11,661	12,022	-3.0%
as % of sales	6.3	9.6	(339)	8.2	(194.8)	6.8	(57)	6.2	7.2	(100)
EBITDA	5,232	4,000	30.8%	4,887	7.1%	4,019	30.2%	15,870	13,653	16.2%
Margin (%)	8.4	7.8	66	8.1	31.6	8.3	11	8.4	8.1	26
Depreciation	949	930	2.0%	1,179	-19.5%	956	-0.8%	3,749	3,679	1.9%
EBIT	4,283	3,070	39.5%	3,708	15.5%	3,062	39.9%	12,121	9,974	21.5%
Margin (%)	6.9	6.0	94	6.2	74.5	6.3	56	6.4	6.0	47
Other Income	235	320	-26.6%	191	23.2%	185	26.8%	979	1,135	-13.7%
Interest	877	940	-6.7%	1,084	-19.1%	1,071	-18.0%	3,807	3,370	12.9%
PBT (ex. Extra-ordinaries)	3,641	2,450	48.6%	2,814	29.4%	2,177	67.2%	9,294	7,738	20.1%
Margin (%)	5.9	4.8	111	4.7	119.4	4.5	136	4.9	4.6	30
Extraordinary Items	(330)	(350)	-	-	-	-	-	(330)	(350)	-
PBT	3,311	2,100	57.7%	2,814	17.6%	2,177	52.1%	8,964	7,388	21.3%
Total Tax	894	600	49.1%	692	-	604	48.2%	2,485	2,058	20.7%
Effective Tax Rate (%)	27.0	28.6	(156)	24.6	-	27.7	-	27.7	27.9	(14)
Reported PAT	2,416	1,500	61.1%	2,123	13.8%	1,574	53.6%	6,479	5,330	21.6%
Adj. PAT	2,657	1,750	51.8%	2,123	25.2%	1,574	68.9%	6,718	5,583	20.3%
Margin (%)	4.3	3.4	88	3.5	75.7	3.3	102	3.6	3.3	23
Adj. EPS	14.9	9.2	61.1%	13.1	13.8%	9.7	53.6%	37.9	32.8	15.6%

Source: Company, PL

Exhibit 2: SoTP valuation- Valuing the core company at 17x

Rs mn	Equity Investment/ PAT (Mar-27)	Fwd multiple (x)	Basis of Investment	Market Cap	KPTL Share (%)	Value for KPTL	Value per share
KPP+JMC (Merged)	12,063	17	PE	205,068	100%	205,068	1,201
Linjemontage (85% stake)	2,007	1.5	PBV	3,010	85%	2,558	15
Fasttel (100% stake)	1,105	1.5	PBV	1,658	100%	1,658	10
Energylink (Indore Commercial-residential project)	1,540	0.8	PBV	1,232	100%	1,232	7
Shree Shubham Logistics	2,877	0.7	PBV	2,014	100%	2,014	12
Total Investment in Road BOOT Assets	8,040	1	PBV	8,040	50%	4,020	24
Total				221,022		216,550	1,268

Source: Company, PL

Conference Call Highlights

- **Guidance:** Management has guided a strong revenue growth of 20%+ for both standalone and consolidated in FY26 with standalone PBT margin of 5.25%-5.5% while consolidated PBT margin expected to see a 100bps improvement. Management expects a strong order inflow of Rs260-280bn largely driven by T&D and B&F. NWC days are expected to be maintained below 100 days while the capex incurred is expected to be Rs6-6.5bn in FY26. Finance costs will remain below 2% of revenue.
- **Standalone T&D revenue grew by 15.1% YoY to Rs27.8bn** driven by robust project execution and healthy order backlog. India T&D order book stands at ~Rs95bn with major wins in HVDC. The order intake for the segment is distributed evenly among domestic and international orders with increasing traction seen from Africa, Latin America, Europe and the Middle East. KPIL has a current capacity of 2.2 lakh tonnes while it aims to expand this capacity to 2.5 lakh tonnes in FY26. Subsequently, management guides for a 20%+ revenue growth in the T&D business in FY26.
- **Fasttel revenue grew 30.5% YoY to 1.8bn.** Management is optimistic about the improvements in Fasttel's operations and break even. It will infuse some capital to reduce the debt and expect an EBIDA margin reaching ~5.0% from current ~2.9% in the next 2 years.
- **LMG revenue grew 38.7% YoY to Rs5.1bn.** LMG is expected to grow 20-25% annually for the next 2 years, driven by strong order book position. Management is also exploring raising funds to cater to the strong demand from the Nordic countries. Furthermore, management expects LMG to achieve an EBITDA margin of 6-6.5% in FY26 vs 5.6% in FY25.
- **B&F revenue grew by 21.3% YoY to Rs16.8bn** aided by improved project progress and better project mix. The company has added new clients and expanded its reach in industrial and airports where it secured large orders. The strong traction is continued across residential, commercial, airports and Data centers in FY25. Despite the robust outlook, labor availability still poses a challenge to the operations. Going forward, the company will focus on securing large design-built projects and enhancing its competitiveness primarily in the domestic market and guides for a revenue growth of 18-20% in FY26.
- **Water business revenue declined 31.7% YoY to Rs5.1bn** primarily due to delayed collections and deferred fund allocations. On the collections front, the company saw good improvements starting Q4FY25 and expects the momentum to continue in FY26. Management will focus on closure of existing projects and remain cautious about the new order booking. KPIL's water business will also explore international business and expect to secure a few international orders.

- **O&G business revenue increased by 152.3% YoY to Rs6.0bn** driven by execution of a strong order book primarily the Saudi Aramco project. KPIL has already delivered 1/3rd of the physical project of Saudi Aramco. Going forward, company expects revenue growth of ~100%+ in FY26 driven by execution of the Saudi Aramco order while it remains bullish on the order prospects primarily coming from the international business.
- **Urban Infra revenue increased by 33.2% YoY to Rs2.6bn** led by execution of metro rail projects. Management has improved its capabilities across elevated roads, elevated metros, underground work etc. and expects the segment to clock a revenue growth of 40-45% in FY26.
- **Railways revenue declined 7.8% YoY to Rs3.5bn.** Management will focus on project closure and selective bidding in railways given the high competition. Railway margins are not expected to improve in FY26 however it will also not deteriorate further.
- **Road Boot Assets:** Company invested Rs750mn in the road boot assets primarily to repay the debt. Management expects further investment worth Rs600-700mn in road boot assets in FY26. The company is working with NHAI to get approvals to sell of VEPL while they have already sold nearly 98% of the Indore asset and expect monetization of ~Rs1.3bn in the next 60-90 days.

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,67,597	1,88,879	2,31,427	2,80,551
YoY gr. (%)	16.9	12.7	22.5	21.2
Cost of Goods Sold	1,29,979	1,47,393	1,79,819	2,17,988
Gross Profit	37,617	41,486	51,608	62,563
Margin (%)	22.4	22.0	22.3	22.3
Employee Cost	11,943	13,955	15,506	17,394
Other Expenses	12,022	11,661	15,853	19,498
EBITDA	13,653	15,870	20,250	25,670
YoY gr. (%)	17.5	16.2	27.6	26.8
Margin (%)	8.1	8.4	8.8	9.2
Depreciation and Amortization	3,679	3,749	4,390	4,978
EBIT	9,974	12,121	15,860	20,693
Margin (%)	6.0	6.4	6.9	7.4
Net Interest	3,370	3,807	4,740	5,341
Other Income	1,135	979	1,203	1,403
Profit Before Tax	7,388	8,964	12,324	16,754
Margin (%)	4.4	4.7	5.3	6.0
Total Tax	2,058	2,485	3,451	4,691
Effective tax rate (%)	27.9	27.7	28.0	28.0
Profit after tax	5,330	6,480	8,873	12,063
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	5,583	6,718	8,873	12,063
YoY gr. (%)	13.2	20.3	32.1	35.9
Margin (%)	3.3	3.6	3.8	4.3
Extra Ord. Income / (Exp)	(253)	(239)	-	-
Reported PAT	5,330	6,480	8,873	12,063
YoY gr. (%)	0.2	21.6	36.9	35.9
Margin (%)	3.2	3.4	3.8	4.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,330	6,480	8,873	12,063
Equity Shares O/s (m)	171	171	171	171
EPS (Rs)	32.7	39.3	52.0	70.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	29,881	36,196	42,196	46,696
Tangibles	-	-	-	-
Intangibles	-	-	-	-
Acc: Dep / Amortization	13,524	17,272	21,662	26,640
Tangibles	-	-	-	-
Intangibles	-	-	-	-
Net fixed assets	16,358	18,924	20,534	20,056
Tangibles	16,358	18,924	20,534	20,056
Intangibles	-	-	-	-
Capital Work In Progress	320	265	463	561
Goodwill	201	201	201	201
Non-Current Investments	15,872	17,171	20,477	24,823
Net Deferred tax assets	1,411	1,953	1,953	1,953
Other Non-Current Assets	1,377	1,466	2,083	2,525
Current Assets				
Investments	-	-	-	-
Inventories	12,397	13,708	15,851	15,373
Trade receivables	53,933	72,180	79,256	92,236
Cash & Bank Balance	8,488	15,885	14,605	17,974
Other Current Assets	75,357	79,704	98,721	1,19,353
Total Assets	1,99,893	2,34,662	2,70,288	3,13,984
Equity				
Equity Share Capital	325	342	342	342
Other Equity	57,176	71,508	79,081	89,369
Total Networkth	57,500	71,849	79,423	89,711
Non-Current Liabilities				
Long Term borrowings	11,726	13,166	13,166	13,166
Provisions	473	525	463	561
Other non current liabilities	53	63	116	140
Current Liabilities				
ST Debt / Current of LT Debt	21,576	21,443	21,943	22,443
Trade payables	52,360	60,914	74,818	90,699
Other current liabilities	55,050	65,907	79,409	96,111
Total Equity & Liabilities	1,99,893	2,34,662	2,70,288	3,13,984

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	7,388	8,964	12,324	16,754
Add. Depreciation	3,679	3,749	4,390	4,978
Add. Interest	3,370	3,807	4,740	5,341
Less Financial Other Income	1,135	979	1,203	1,403
Add. Other	529	(603)	-	-
Op. profit before WC changes	14,966	15,916	21,453	27,073
Net Changes-WC	(5,796)	(5,189)	(4,136)	(2,853)
Direct tax	(2,033)	(2,356)	(3,451)	(4,691)
Net cash from Op. activities	7,136	8,371	13,867	19,529
Capital expenditures	(2,889)	(5,493)	(6,198)	(4,598)
Interest / Dividend Income	400	460	-	-
Others	(2,176)	(2,708)	(3,409)	(4,947)
Net Cash from Invt. activities	(4,665)	(7,740)	(9,607)	(9,545)
Issue of share cap. / premium	-	9,822	-	-
Debt changes	2,540	472	500	500
Dividend paid	(1,137)	(1,300)	(1,300)	(1,775)
Interest paid	(3,163)	(3,570)	(4,740)	(5,341)
Others	-	-	-	-
Net cash from Fin. activities	(1,760)	5,424	(5,539)	(6,616)
Net change in cash	711	6,054	(1,279)	3,368
Free Cash Flow	4,077	2,397	7,669	14,931

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	32.7	39.3	52.0	70.6
CEPS	54.2	61.3	77.7	99.8
BVPS	336.7	420.7	465.1	525.3
FCF	23.9	14.0	44.9	87.4
DPS	7.6	7.6	10.4	14.1
Return Ratio(%)				
RoCE	11.5	12.3	14.4	17.3
ROIC	9.2	10.6	11.9	14.6
RoE	10.1	10.4	11.7	14.3
Balance Sheet				
Net Debt : Equity (x)	0.4	0.3	0.3	0.2
Net Working Capital (Days)	30	48	32	22
Valuation(x)				
PER	34.1	28.4	21.5	15.8
P/B	3.3	2.7	2.4	2.1
P/CEPS	20.6	18.2	14.4	11.2
EV/EBITDA	15.8	13.2	10.4	8.1
EV/Sales	1.3	1.1	0.9	0.7
Dividend Yield (%)	0.7	0.7	0.9	1.3

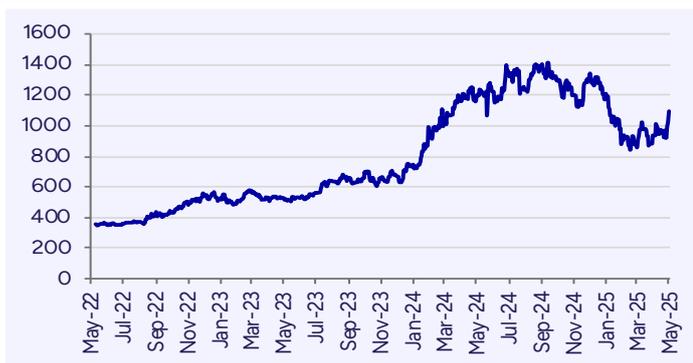
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	37,219	41,361	48,257	62,042
YoY gr. (%)	(3.2)	(0.3)	(6.2)	66.7
Raw Material Expenses	28,533	32,544	37,466	48,851
Gross Profit	8,687	8,818	10,791	13,191
Margin (%)	23.3	21.3	22.4	21.3
EBITDA	3,135	3,485	4,019	5,232
YoY gr. (%)	1.5	1.3	0.5	66.9
Margin (%)	8.4	8.4	8.3	8.4
Depreciation / Depletion	929	914	956	949
EBIT	2,206	2,570	3,062	4,283
Margin (%)	5.9	6.2	6.3	6.9
Net Interest	861	998	1,071	877
Other Income	295	264	185	235
Profit before Tax	1,640	1,836	2,177	3,311
Margin (%)	4.4	4.4	4.5	5.3
Total Tax	474	513	604	894
Effective tax rate (%)	28.9	27.9	27.7	27.0
Profit after Tax	1,166	1,323	1,574	2,416
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,166	1,323	1,574	2,657
YoY gr. (%)	3.3	(8.1)	(10.1)	127.8
Margin (%)	3.1	3.2	3.3	4.3
Extra Ord. Income / (Exp)	-	-	-	(241)
Reported PAT	1,166	1,323	1,574	2,416
YoY gr. (%)	3.3	(8.1)	4.9	107.2
Margin (%)	3.1	3.2	3.3	3.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,166	1,323	1,574	2,416
Avg. Shares O/s (m)	171	171	171	171
EPS (Rs)	6.8	7.7	9.2	15.6

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-25	BUY	1,105	876
2	14-Feb-25	BUY	1,178	880
3	09-Jan-25	Accumulate	1,306	1,245
4	30-Oct-24	Accumulate	1,368	1,242
5	07-Oct-24	Accumulate	1,413	1,348
6	31-Jul-24	Accumulate	1,413	1,327
7	08-Jul-24	Hold	1,211	1,228

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	BUY	6,851	5,587
2	Apar Industries	Accumulate	7,825	6,928
3	BEML	Accumulate	3,561	2,875
4	Bharat Electronics	BUY	340	281
5	BHEL	Accumulate	226	211
6	Carborundum Universal	Hold	1,028	985
7	Cummins India	BUY	3,309	2,746
8	Elgi Equipments	BUY	517	418
9	Engineers India	BUY	242	164
10	GE Vernova T&D India	Accumulate	1,950	1,304
11	Grindwell Norton	Accumulate	1,716	1,612
12	Harsha Engineers International	Accumulate	398	374
13	Hindustan Aeronautics	Accumulate	5,500	5,128
14	Ingersoll-Rand (India)	BUY	4,540	3,376
15	Kalpataru Projects International	BUY	1,105	876
16	KEC International	Accumulate	801	665
17	Kirloskar Pneumatic Company	BUY	1,636	1,230
18	Larsen & Toubro	BUY	4,004	3,324
19	Praj Industries	BUY	545	461
20	Siemens	Accumulate	3,233	2,917
21	Thermax	Accumulate	3,629	3,297
22	Triveni Turbine	BUY	772	560
23	Voltamp Transformers	BUY	10,285	8,195

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Amit Anwani- MBA (Finance), Mr. Prathmesh Salunkhe- MBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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