

November 11, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		ACCUMULATE	
Target Price	932		911	
Sales (Rs. m)	2,89,703	3,32,551	2,90,282	3,32,334
% Chng.	(0.2)	0.1		
EBITDA (Rs. m)	25,928	30,595	25,980	30,575
% Chng.	(0.2)	0.1		
EPS (Rs.)	50.5	60.1	50.6	60.0
% Chng.	(0.2)	0.2		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	2,18,467	2,51,030	2,89,703	3,32,551
EBITDA (Rs. m)	15,039	19,957	25,928	30,595
Margin (%)	6.9	7.9	9.0	9.2
PAT (Rs. m)	5,519	9,123	13,444	16,003
EPS (Rs.)	20.7	34.3	50.5	60.1
Gr. (%)	59.2	65.3	47.4	19.0
DPS (Rs.)	3.9	6.9	10.1	12.0
Yield (%)	0.5	0.9	1.3	1.6
RoE (%)	11.7	15.9	20.0	20.0
RoCE (%)	11.9	14.1	16.6	17.6
EV/Sales (x)	1.1	1.0	0.8	0.7
EV/EBITDA (x)	15.8	12.0	9.3	7.9
PE (x)	37.0	22.4	15.2	12.8
P/BV (x)	3.8	3.3	2.8	2.4

Key Data

KECL.BO | KECI IN

52-W High / Low	Rs.1,313 / Rs.605
Sensex / Nifty	83,871 / 25,695
Market Cap	Rs.204bn/ \$ 2,308m
Shares Outstanding	266m
3M Avg. Daily Value	Rs.854.4m

Shareholding Pattern (%)

Promoter's	50.10
Foreign	15.92
Domestic Institution	22.54
Public & Others	11.44
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(10.0)	10.5	(22.9)
Relative	(11.5)	4.7	(27.0)

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Strong Q2; non-T&D margin revival in focus

Quick Pointers:

- Management has reaffirmed its guidance of ~15% YoY revenue growth with EBITDA margin inching up to ~8.0% in FY26.
- Tender pipeline stands at ~Rs1.8trn with ~Rs650bn in the T&D, ~Rs600bn in Civil and rest divided among renewables and railways.

KEC International (KEC) reported a 19.1% YoY revenue growth with EBITDA margin expanding 80bps YoY to 7.1%. The T&D business continues to exhibit strong momentum, supported by a healthy pipeline of ~Rs200–250bn in India and ~Rs400–450bn across international markets such as the Middle East, Africa, and CIS. Execution in the Civil segment was impacted by extended monsoons, labor shortages, and delayed collections in the Water business. Despite these challenges, management expects 10-15% growth in Civil business in FY26. The Cables segment is witnessing steady improvement in profitability, with capacity expansions on track to become operational by Q1FY27. Working capital is expected to improve from 138 days, supported by cash inflows in Q4FY26, aiding debt normalization to ~Rs50bn by end-FY26. Management reiterated its guidance of ~15% revenue growth and ~8% EBITDA margin for FY26.

We remain positive on KEC for the long term given its 1) strong order book, 2) healthy execution momentum, 3) robust T&D outlook, especially in renewable energy, and 4) expansion of Cables business. The stock is currently trading at a P/E of 15.2x/12.8x on FY27/28E earnings. We roll forward to Sep'27E and upgrade our rating from 'Accumulate' to 'Buy' given the likely margin revival in non-T&D business and recent correction in the stock price. We value the business at a PE of 17x Sep'27E (18x Mar'27E earlier) arriving at a TP of Rs932 (Rs911 earlier). Upgrade to 'Buy'.

Healthy execution led to improvement in margins: Consolidated revenue rose 19.1% YoY to Rs60.9bn (PLe: Rs56.3bn) driven by strong execution in standalone T&D (+45.2% YoY to Rs36.5bn), SAE towers (+35.3% YoY to Rs4.3bn), Cables (+18.8% YoY to Rs5.2bn) and Solar/Renewables (+5.0% YoY to Rs1.9bn) partially offset by Railways (-15.5% YoY to Rs4.3bn), Civil (-16.0% YoY to Rs9.7bn and O&G pipelines (-43.5% YoY to Rs520mn). EBITDA increased by 34.4% YoY to Rs4.3bn (PLe: Rs4.0bn) while EBITDA margin expanded by 80bps YoY to 7.1% driven by better operating leverage. PBT came in at Rs2.1bn an increase of 87.7% YoY (PLe: Rs1.9bn; consensus: Rs2.4bn) driven by better operating performance. PAT increased by 88.2% YoY to Rs1.6bn (PLe: Rs1.5bn).

Robust order book stands at Rs393.3bn (1.7x TTM Revenue): Q2FY26 order inflows increased by 81% YoY to Rs105.3bn driven by doubling of order intake in standalone T&D (+101% YoY to Rs83.1bn), SAE Towers (+59% YoY to Rs3.1bn), Civil (+364% YoY to Rs10.1bn) and Cables (+27% YoY to Rs6.4bn) partially offset by decline in Railways (-80% YoY to Rs1.6bn). Meanwhile, Order book stands at Rs393.3bn. Tenders under evaluation and in pipeline stand at ~Rs1.8trn.

Exhibit 1: EBITDA margin expansion of 80bps YoY to 7.1% was fueled by better operating leverage

Y/e March (Rs mn)	Q2FY26	Q2FY25	YoY gr.	Q2FY26E	% Var.	Q1FY26	QoQ gr.	H1FY26	H1FY25	YoY gr.
Revenue	60,916	51,133	19.1%	56,277	8.2%	50,229	21.3%	111,144	96,252	15.5%
Gross Profit	13,349	11,633	14.7%	12,775	4.5%	11,463	16.5%	24,812	22,374	10.9%
Margin (%)	21.9	22.8	(84)	22.7	(79)	22.8	(91)	22.3	23.2	(92)
Employee Cost	4,258	4,044	5.3%	4,221	0.9%	3,924	8.5%	8,182	7,739	5.7%
as % of sales	7.0	7.9	(92)	7.5	(51)	7.8	(82)	7.4	8.0	(68)
Other expenditure	4,787	4,387	9.1%	4,558	5.0%	4,038	18.5%	8,825	8,729	1.1%
as % of sales	7.9	8.6	(72)	8.1	(24)	8.0	(18)	7.9	9.1	(113)
EBITDA	4,304	3,202	34.4%	3,996	7.7%	3,501	22.9%	7,805	5,906	32.2%
Margin (%)	7.1	6.3	80	7.1	(3)	7.0	10	7.0	6.1	89
Depreciation	506	453	11.6%	465	8.8%	459	10.3%	964	918	5.0%
EBIT	3,798	2,749	38.2%	3,531	7.6%	3,042	24.8%	6,841	4,988	37.2%
Margin (%)	6.2	5.4	86	6.3	(4)	6.1	18	6.2	5.2	97
Other Income	46	66	-30.2%	60	-22.8%	54	-14.1%	100	258	-61.1%
Interest	1,715	1,681	2.0%	1,688	1.6%	1,511	13.5%	3,226	3,230	-0.1%
PBT (ex. Extra-ordinaries)	2,130	1,135	87.7%	1,902	12.0%	1,585	34.4%	3,715	2,015	84.4%
Margin (%)	3.5	2.2	128	3.4	12	3.2	34	3.3	2.1	125
Extraordinary Items	-	-	-	-	-	-	-	-	240	-
PBT	2,130	1,135	87.7%	1,902	12.0%	1,585	34.4%	3,715	2,255	64.7%
Total Tax	522	281	86.1%	438	0.0%	339	54.0%	861	525	64.0%
Effective Tax Rate (%)	24.5	24.7	(21)	23.0	-	21.4	313	23.2	23.3	(10)
Reported PAT	1,608	854	88.2%	1,465	9.7%	1,246	29.0%	2,854	1,730	65.0%
Adj. PAT	1,608	854	88.2%	1,465	9.7%	1,246	29.0%	2,854	1,542	85.0%
Margin (%)	2.6	1.7	97	2.6	4	2.5	16	2.6	1.6	97
Adj. EPS	6.0	3.2	88.2%	5.5	9.7%	4.7	29.0%	10.7	5.8	85.0%

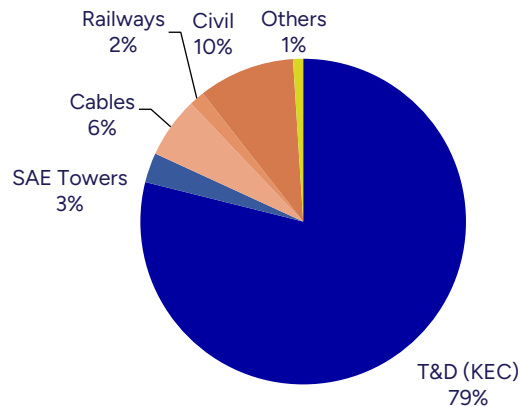
Source: Company, PL

Exhibit 2: Strong execution in T&D and Cables drive topline growth

Business Performance	Q2FY26	Q2FY25	YoY gr.	Q2FY26E	% Var.	Q1FY26	QoQ gr.	H1FY26	H1FY25	YoY gr.
T&D (KEC)	36,510	25,140	45.2%	31,402	16.3%	27,970	30.5%	64,480	46,670	38.2%
SAE Towers	4,290	3,170	35.3%	3,716	15.4%	3,590	19.5%	7,880	6,630	18.9%
Cables	5,240	4,410	18.8%	4,301	21.8%	3,830	36.8%	9,070	8,040	12.8%
Railways	4,250	5,030	-15.5%	4,955	-14.2%	4,710	-9.8%	8,960	9,740	-8.0%
Solar/Others	1,900	1,810	5.0%	1,548	22.7%	1,360	39.7%	3,260	2,540	28.3%
Civil	9,680	11,520	-16.0%	10,598	-8.7%	9,400	3.0%	19,080	22,110	-13.7%
Oil & Gas Pipelines	520	920	-43.5%	757	-31.3%	600	-13.3%	1,120	2,180	-48.6%
Intersegmental	(1,470)	(870)	69.0%	(1,000)	47.0%	(1,240)	18.5%	(2,710)	(1,660)	63.3%
Total	60,920	51,130	19.1%	56,277	8.2%	50,220	21.3%	111,140	96,250	15.5%

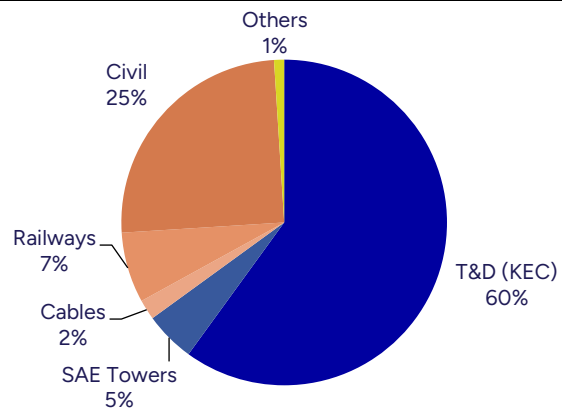
Source: Company, PL

Exhibit 3: Q2FY26 order intake stood at Rs105.3bn with 79% mix of T&D



Source: Company, PL

Exhibit 4: Strong order book of Rs393.3bn has 60%/40% T&D/non-T&D mix



Source: Company, PL

Conference Call Highlights

- Guidance:** Management reiterated its guidance of ~15% YoY growth in revenues while EBITDA margins to inch up towards ~8.0% in FY26. The interest expenses are expected to remain at ~2.5% of the sales. Capex is estimated to be ~Rs4.0bn in FY26 and Rs2.5-3.0bn in FY27.
- Tenders under evaluation and pipeline of over ~Rs1.8trn:** Out of the total pipeline, T&D accounts for prospects worth ~Rs600-650bn of which, domestic prospects remain between ~Rs200-250bn and international prospects remain between ~Rs400-450bn primarily out of Middle East, Africa and CIS region. Civil accounts for nearly 50% of the non-T&D prospects of ~Rs1.2trn while the rest of the pipeline is divided between renewables and railways.
- Working Capital days stood at 138 vs 130 YoY,** with improvement expected as advances from recent large orders are yet to be received. The company is focusing on better-quality order intake, avoiding tenders with adverse payment terms. With Saudi projects nearing completion, release of retention money (~20%) and pending Afghanistan receipts (USD30mn, majority in Q4FY26) should further support liquidity. These factors are expected to aid debt reduction, with levels likely to normalize to ~Rs50bn by end-FY26.

- **Transmission and Distribution:** KEC secured its largest-ever EPC order worth Rs31.0bn in the UAE and another HVDC project in India, taking the total to five under execution. The private sector order mix rose sharply as state utility projects shifted to the TBCB model, boosting traction. Domestic ordering, slow in Q1, improved in Q2 with strong finalizations expected in Q3 under TBCB and intra-state bids. SAE Towers saw steady hardware demand, especially from Mexico, supported by capacity gains and efficiency improvements. The Nagpur tower capacity expansion is underway, with completion expected by year-end.
- **Civil:** Execution was affected by monsoons, labor shortages, and delayed payments in the Water segment. Even though labor availability is improving, still remains below expectations. The company remains selective in water projects while expanding in thermal EPC and residential segments with repeat marquee orders. Civil margins are currently low single-digit but should improve as new higher-margin projects ramp up. **The segment is expected to grow 10–15% in FY26 (~Rs50bn revenue) with mid-single-digit margins and 15–20% in FY27 with higher single-digit margins.**
- **Water:** In the Water segment, dues stand at ~Rs8.7bn, with timely payments from Madhya Pradesh while Odisha remains a challenge. Discussions with state authorities are progressing well, with positive developments on payment recovery. **The current Jal-Jeevan Mission (JJM) order backlog stands at ~Rs16bn.**
- **Cables:** The segment is witnessing gradual improvement in profitability. Capex for the E-Beam and Elastomeric cable facilities is progressing well, with commercial production expected by year-end. The Elastomeric unit will be operational in Q4, while E-Beam capacity will come online in Q1FY27, catering to Defence, Auto, and Railways. **Cables currently deliver high single-digit margins, with further improvement expected.**
- **Transportation:** The Railways segment secured three TCAS (Kavach) orders YTD with its JV partner and is focused on expediting project execution, receivables collection, and selective high-margin orders to improve working capital. Additional Kavach and international opportunities are being pursued. **The segment, with low single-digit margins, is expected to deliver ~Rs20bn revenue in FY26 on an order book of ~Rs30bn.** Activity is likely to remain subdued in the near term but should improve post consolidation.
- **Renewables:** KEC is executing two large solar projects in Karnataka and Rajasthan while selectively bidding for solar, wind, and BESS opportunities. Working capital remains benign, and margin pressure from intense competition is easing. The company is targeting rising private captive projects and has begun bidding for wind projects, expecting its first win in FY26. Improved cost optimization, team building, and stronger backward integration are driving efficiency gains. KEC has also started exploring international opportunities, with potential traction expected in FY27.
- **Oil and Gas Pipelines:** The segment achieved prequalification from a leading Middle East utility for pipeline projects, marking a key milestone in its international expansion. With a subdued domestic tender pipeline and rising competition in India, the focus has shifted toward pursuing international opportunities to drive growth.

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	2,18,467	2,51,030	2,89,703	3,32,551
YoY gr. (%)	9.7	14.9	15.4	14.8
Cost of Goods Sold	1,00,787	1,16,227	1,32,394	1,53,306
Gross Profit	1,17,680	1,34,803	1,57,309	1,79,245
Margin (%)	53.9	53.7	54.3	53.9
Employee Cost	15,402	17,321	20,134	22,946
Other Expenses	11,683	12,677	14,485	16,628
EBITDA	15,039	19,957	25,928	30,595
YoY gr. (%)	23.8	32.7	29.9	18.0
Margin (%)	6.9	7.9	9.0	9.2
Depreciation and Amortization	1,837	2,052	2,321	2,566
EBIT	13,202	17,905	23,608	28,028
Margin (%)	6.0	7.1	8.1	8.4
Net Interest	6,636	6,584	6,727	7,843
Other Income	469	527	579	599
Profit Before Tax	7,275	11,848	17,460	20,784
Margin (%)	3.3	4.7	6.0	6.2
Total Tax	1,568	2,725	4,016	4,780
Effective tax rate (%)	21.5	23.0	23.0	23.0
Profit after tax	5,707	9,123	13,444	16,003
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	5,519	9,123	13,444	16,003
YoY gr. (%)	59.2	65.3	47.4	19.0
Margin (%)	2.5	3.6	4.6	4.8
Extra Ord. Income / (Exp)	188	-	-	-
Reported PAT	5,707	9,123	13,444	16,003
YoY gr. (%)	64.6	59.8	47.4	19.0
Margin (%)	2.6	3.6	4.6	4.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,707	9,123	13,444	16,003
Equity Shares O/s (m)	266	266	266	266
EPS (Rs)	20.7	34.3	50.5	60.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	26,657	30,590	34,578	37,710
Tangibles	26,657	30,590	34,578	37,710
Intangibles	-	-	-	-
Acc: Dep / Amortization	13,021	15,073	17,394	19,960
Tangibles	13,021	15,073	17,394	19,960
Intangibles	-	-	-	-
Net fixed assets	13,636	15,517	17,184	17,750
Tangibles	13,636	15,517	17,184	17,750
Intangibles	-	-	-	-
Capital Work In Progress	3,216	3,282	3,294	3,363
Goodwill	-	-	-	-
Non-Current Investments	661	854	985	1,131
Net Deferred tax assets	4,527	4,527	4,527	4,527
Other Non-Current Assets	3,745	4,519	5,504	5,653
Current Assets				
Investments	-	-	-	-
Inventories	11,405	17,194	21,430	25,511
Trade receivables	52,660	58,459	67,465	76,532
Cash & Bank Balance	6,559	5,187	5,642	6,864
Other Current Assets	13,512	16,317	18,831	21,616
Total Assets	2,17,272	2,44,333	2,79,393	3,18,044
Equity				
Equity Share Capital	532	532	532	532
Other Equity	52,942	61,036	72,656	85,971
Total Networth	53,475	61,569	73,189	86,503
Non-Current Liabilities				
Long Term borrowings	5,699	5,699	5,699	5,699
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	33,875	35,375	36,875	37,875
Trade payables	1,05,035	1,20,357	1,38,899	1,59,442
Other current liabilities	23,715	25,860	29,258	33,050
Total Equity & Liabilities	2,17,272	2,44,333	2,79,393	3,18,044

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	7,275	11,848	17,460	20,784
Add. Depreciation	1,837	2,052	2,321	2,566
Add. Interest	6,636	6,584	6,727	7,843
Less Financial Other Income	469	527	579	599
Add. Other	2,108	-	-	-
Op. profit before WC changes	17,856	20,484	26,508	31,193
Net Changes-WC	(15,237)	(9,018)	(10,986)	(12,458)
Direct tax	1,572	(2,725)	(4,016)	(4,780)
Net cash from Op. activities	4,191	8,741	11,506	13,955
Capital expenditures	(1,491)	(4,000)	(4,000)	(3,200)
Interest / Dividend Income	532	-	-	-
Others	280	-	-	-
Net Cash from Inv. activities	(679)	(4,000)	(4,000)	(3,200)
Issue of share cap. / premium	8,702	-	-	-
Debt changes	(658)	1,500	1,500	1,000
Dividend paid	(1,028)	(1,028)	(1,825)	(2,689)
Interest paid	(6,328)	(6,584)	(6,727)	(7,843)
Others	(1,009)	-	-	-
Net cash from Fin. activities	(321)	(6,113)	(7,051)	(9,532)
Net change in cash	3,191	(1,372)	454	1,223
Free Cash Flow	2,366	4,741	7,506	10,755

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	20.7	34.3	50.5	60.1
CEPS	27.6	42.0	59.2	69.8
BVPS	200.9	231.3	274.9	325.0
FCF	8.9	17.8	28.2	40.4
DPS	3.9	6.9	10.1	12.0
Return Ratio(%)				
RoCE	11.9	14.1	16.6	17.6
ROIC	12.9	14.9	17.6	18.6
RoE	11.7	15.9	20.0	20.0
Balance Sheet				
Net Debt : Equity (x)	0.6	0.6	0.5	0.4
Net Working Capital (Days)	109	108	107	107
Valuation(x)				
PER	37.0	22.4	15.2	12.8
P/B	3.8	3.3	2.8	2.4
P/CEPS	27.8	18.3	13.0	11.0
EV/EBITDA	15.8	12.0	9.3	7.9
EV/Sales	1.1	1.0	0.8	0.7
Dividend Yield (%)	0.5	0.9	1.3	1.6

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	53,494	68,721	50,229	60,916
YoY gr. (%)	6.8	11.5	11.3	19.1
Raw Material Expenses	23,998	35,129	22,456	30,368
Gross Profit	29,496	33,592	27,773	30,548
Margin (%)	55.1	48.9	55.3	50.1
EBITDA	3,745	5,388	3,501	4,304
YoY gr. (%)	21.6	38.9	29.5	34.4
Margin (%)	7.0	7.8	7.0	7.1
Depreciation / Depletion	453	465	459	506
EBIT	3,291	4,923	3,042	3,798
Margin (%)	6.2	7.2	6.1	6.2
Net Interest	1,702	1,703	1,511	1,715
Other Income	9	202	54	46
Profit before Tax	1,598	3,422	1,825	2,130
Margin (%)	3.0	5.0	3.6	3.5
Total Tax	303	740	339	522
Effective tax rate (%)	18.9	21.6	18.6	24.5
Profit after Tax	1,296	2,682	1,486	1,608
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,296	2,682	1,486	1,608
YoY gr. (%)	33.7	76.7	133.7	88.2
Margin (%)	2.4	3.9	3.0	2.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,296	2,682	1,486	1,608
YoY gr. (%)	33.7	76.7	133.7	88.2
Margin (%)	2.4	3.9	3.0	2.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,296	2,682	1,486	1,608
Avg. Shares O/s (m)	257	257	257	257
EPS (Rs)	5.0	10.4	5.8	6.3

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-25	Accumulate	911	861
2	30-Jul-25	Accumulate	911	860
3	09-Jul-25	Accumulate	911	878
4	04-Jun-25	Accumulate	911	871
5	27-May-25	Accumulate	911	862
6	09-Apr-25	Accumulate	801	665
7	05-Feb-25	Accumulate	930	813
8	09-Jan-25	Hold	997	1,049

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,540	5,017
2	Apar Industries	Hold	9,744	9,252
3	BEML	Hold	1,982	1,987
4	Bharat Electronics	Hold	407	426
5	BHEL	Hold	250	246
6	Carborundum Universal	Hold	894	901
7	Cummins India	Hold	4,172	4,292
8	Elgi Equipments	Accumulate	559	494
9	Engineers India	BUY	245	202
10	GE Vernova T&D India	Accumulate	3,531	3,171
11	Grindwell Norton	Hold	1,744	1,676
12	Harsha Engineers International	Hold	407	388
13	Hindustan Aeronautics	BUY	5,500	4,838
14	Ingersoll-Rand (India)	BUY	4,335	4,101
15	Kalpataru Projects International	BUY	1,494	1,256
16	KEC International	Accumulate	911	861
17	Kirloskar Pneumatic Company	BUY	1,620	1,150
18	Larsen & Toubro	BUY	4,766	3,958
19	Praj Industries	Hold	353	335
20	Siemens	Accumulate	3,431	3,246
21	Siemens Energy India	Hold	3,360	3,282
22	Thermax	Hold	3,633	3,185
23	Triveni Turbine	BUY	650	524
24	Voltamp Transformers	BUY	10,318	7,845

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

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