

July 29, 2025

Q1FY26 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	911		911	
Sales (Rs. m)	2,50,901	2,90,282	2,50,901	2,90,282
% Chng.	-	-	-	-
EBITDA (Rs. m)	20,950	25,980	20,950	25,980
% Chng.	-	-	-	-
EPS (Rs.)	37.1	50.6	37.1	50.6
% Chng.	-	-	-	-

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,99,142	2,18,467	2,50,901	2,90,282
EBITDA (Rs. m)	12,146	15,039	20,950	25,980
Margin (%)	6.1	6.9	8.3	8.9
PAT (Rs. m)	3,468	5,519	9,882	13,476
EPS (Rs.)	13.0	20.7	37.1	50.6
Gr. (%)	97.0	59.2	79.1	36.4
DPS (Rs.)	3.9	3.9	7.4	10.1
Yield (%)	0.4	0.4	0.9	1.2
RoE (%)	8.8	11.7	17.1	19.8
RoCE (%)	11.0	11.9	14.8	16.6
EV/Sales (x)	1.3	1.2	1.1	0.9
EV/EBITDA (x)	21.9	17.4	12.7	10.3
PE (x)	66.0	41.5	23.2	17.0
P/BV (x)	5.6	4.3	3.7	3.1

Key Data

KECL.BO | KECI IN

52-W High / Low	Rs.1,313 / Rs.605
Sensex / Nifty	81,338 / 24,821
Market Cap	Rs.229bn / \$ 2,638m
Shares Outstanding	266m
3M Avg. Daily Value	Rs.1082.64m

Shareholding Pattern (%)

Promoter's	50.10
Foreign	16.02
Domestic Institution	22.55
Public & Others	11.33
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.1)	6.0	(1.6)
Relative	(1.9)	(0.3)	(1.6)

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Decent Q1, growth outlook remains intact

Quick Pointers:

- Management has reaffirmed a guidance of ~15% YoY revenue growth with EBITDA margin ranging 8-8.5% in FY26.
- Tender pipeline stands at ~Rs1.8trn with ~Rs900bn in the T&D business and ~Rs600bn+ in the Civil business.

KEC International (KEC) reported revenue growth of 11.3% YoY, while EBITDA margin expanded by 98bps YoY to 7.0%. T&D prospects remain strong with a ~Rs900bn order pipeline, driven by traction in the Middle East, Africa, and CIS, backed by key HVDC projects and upcoming STATCOM orders fueling power transmission growth. In the Civilbusiness, the payment collections in the Water has improved while the company has entered into the semiconductor EPC segment further expanding the opportunity basket. Furthermore, ~Rs50bn order book in the B&F along with higher ticket size orders in the Civil bolsters the segment's prospects going forward. In Transportation, KEC is focused on fast-tracking completion of existing projects while Kavach execution remains slower due to supply chain disruptions. In renewable segment management targeted revenue of Rs30-40bn for next two years with focus on domestic opportunities. On the Cables front, growth is set to be driven by ongoing capacity expansion and the commissioning of a new aluminum conductor plant.

Looking ahead, management is confident of achieving revenue growth of 15% with EBITDA margin of 8-8.5% supported by strong execution, increasing international and domestic footprints and repeat order from key customers. We maintain our 'Accumulate' rating with a TP of Rs911 (same as earlier) valuing the business at a PE of 18x Mar'27E (same as earlier).

Long term view: 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 23.2x/17.0x on FY26/27E earnings.

Healthy execution led to improvement in margins: Consolidated revenue rose 11.3% YoY to Rs50.2bn (PL: Rs50.4bn) driven by strong execution in standalone T&D (+29.9% YoY to Rs28.0bn), SAE towers (+4% YoY to Rs3.6bn), Cables (+5.5% YoY to Rs3.8bn) and Solar/Renewables (+86.3% YoY to Rs1.4bn) while Railways growth remains flattish to Rs4.7bn, Civil (-11.2% YoY to Rs9.4bn) and O&G (-52.4% YoY to Rs700mn). EBITDA increased by 29.5% YoY to Rs3.5bn (PL: Rs3.5bn) while EBITDA margin improved by 98bps YoY to 7.0% (PL: 6.9%) driven by contraction in other expenses by 7.0% YoY to Rs4.0bn. PBT came in at Rs 1.6bn an increase of 41.5% YoY (PL: Rs1.5bn) on account of decrease in interest cost by 2.5% YoY to Rs 1.5bn. Adj. PAT increase by 81.1% YoY to Rs1.2bn (PL: Rs1.4bn) driven by better operating performance and lower effective tax rate (-44bps YoY) to 21.4%

Robust order book stands at Rs344.0bn (1.5x TTM Revenue): Q1FY26 order inflows declined 28.0% YoY to Rs55.2bn amid of higher base in Q1FY25, with standalone T&D inflow declining by 33.1% YoY to Rs29.2bn, Cable intake declining by 46.0% YoY to Rs1.7bn, SAE towers order intake lowered by 46.0% YoY to Rs3.3bn while Civil order intake increases by ~110% YoY to Rs21bn and Oil&Gas intake increase by 1% to Rs552mn. Meanwhile, Order book stands at Rs344.0bn. Tenders under evaluation and in pipeline stand at ~Rs1.8trn.

Exhibit 1: Lower other expenses (-7% YoY to Rs4.0bn) and decline in effective tax rate (-44bps YoY) aided adj. PAT growth

Y/e March (Rs mn)	Q1FY26	Q1FY25	YoY gr.	Q1FY26E	% Var.	Q4FY25	QoQ gr.	FY26E	FY25	YoY gr.
Revenue	50,229	45,119	11.3%	50,390	-0.3%	68,721	-26.9%	2,50,901	2,18,467	14.8%
Gross Profit	11,463	10,741	6.7%	12,345	-7.1%	14,806	-22.6%	59,464	49,364	20.5%
Margin (%)	22.8	23.8	(98)	24.5	(168)	21.5	128	23.7	22.6	110
Employee Cost	3,924	3,696	6.2%	3,880	1.1%	3,863	1.6%	17,438	15,402	13.2%
as % of sales	7.8	8.2	(38)	7.7	11	5.6	219	7.0	7.1	(10)
Other expenditure	4,038	4,342	-7.0%	4,989	-19.1%	5,554	-27.3%	21,076	18,923	11.4%
as % of sales	8.0	9.6	(158)	9.9	(186)	8.1	(4)	8.4	8.7	(26)
EBITDA	3,501	2,704	29.5%	3,477	0.7%	5,388	-35.0%	20,950	15,039	39.3%
Margin (%)	7.0	6.0	98	6.9	7	7.8	(87)	8.3	6.9	147
Depreciation	459	465	-1.4%	475	-3.5%	465	-1.4%	2,059	1,837	12.1%
EBIT	3,042	2,239	35.9%	3,002	1.3%	4,923	-38.2%	18,892	13,202	43.1%
Margin (%)	6.1	5.0	110	6.0	10	7.2	(111)	7.5	6.0	149
Other Income	54	191	-71.8%	140	-61.5%	202	-73.3%	527	469	12.4%
Interest	1,511	1,550	-2.5%	1,612	-6.3%	1,703	-11.3%	6,584	6,636	-0.8%
PBT (ex. Extra-ordinaries)	1,585	880	80.0%	1,529	3.6%	3,422	-53.7%	12,834	7,035	82.4%
Margin (%)	3.2	2.0	120	3.0	12	5.0	(182)	5.1	3.2	190
Extraordinary Items	-	240		-		-		-	240	
PBT	1,585	1,120	41.5%	1,529	3.6%	3,422	-53.7%	12,834	7,275	76.4%
Total Tax	339	245	38.6%	352	0.0%	740	-54.2%	2,952	1,568	88.3%
Effective Tax Rate (%)	21.4	21.8	(44)	23.0	-	21.6	(23)	23.0	21.5	145
Reported PAT	1,246	876	42.3%	1,178	5.8%	2,682	-53.5%	9,882	5,707	73.2%
Adj. PAT	1,246	688	81.1%	1,178	5.8%	2,682	-53.5%	9,882	5,519	79.1%
Margin (%)	2.5	1.5	96	2.3	14	3.9	(142)	3.9	2.5	141
Adj. EPS	4.7	2.6	81.1%	4.4	5.8%	10.1	-53.5%	37.1	20.7	79.1%

Source: Company, PL

Exhibit 2: Strong execution in standalone T&D & Solar drive topline growth

Business Performance	Q1FY26	Q1FY25	YoY gr.	Q1FY26E	% Var.	Q4FY25	QoQ gr.	FY26E	FY25	YoY gr.
T&D (KEC)	27,970	21,530	29.9%	26,374	6.0%	39,750	-29.6%	1,38,255	1,15,080	20.1%
SAE Towers	3,590	3,460	3.8%	3,707	-3.2%	3,530	1.7%	14,217	13,250	7.3%
Cables	3,830	3,630	5.5%	4,342	-11.8%	5,940	-35.5%	22,587	18,050	25.1%
Railways	4,710	4,710	0.0%	4,409	6.8%	6,810	-30.8%	19,871	21,120	-5.9%
Solar/Others	1,360	730	86.3%	935	45.4%	3,610	-62.3%	9,054	8,530	6.1%
Civil	9,400	10,590	-11.2%	10,854	-13.4%	11,710	-19.7%	47,054	44,830	5.0%
Oil & Gas Pipelines	600	1,260	-52.4%	768	-21.9%	700	-14.3%	3,684	3,630	1.5%
Intersegmental	(1,240)	(790)	57.0%	(1,000)	24.0%	(3,330)	-62.8%	(3,821)	(6,030)	-36.6%

Source: Company, PL

Conference Call Highlights

- **Guidance:** Management has reaffirmed its guidance of ~15% revenue growth with EBITDA margin between 8-8.5% in FY26.
- **Transmission and Distribution:** The T&D business witnessed robust execution across both domestic and international business with its contribution to overall revenue rising to 63% in the current quarter. The order intake stood at ~Rs32bn driven by strong traction from international geographies such as the UAE, Saudi Arabia, Oman, Africa, CIS countries. The total T&D order pipeline is around Rs900bn, comprising ~Rs300bn from the domestic market and ~Rs600bn from international markets. KEC is also seeing a TBCB projects emerging from Maharashtra, further strengthening its presence in the domestic segment
- **HVDC & STATCOM:** KEC is currently executing four major HVDC projects, comprising one HVDC converter station project spread across multiple locations and three HVDC transmission line projects. The company has also submitted bids for additional HVDC lines and converter station tenders, which are expected to be of larger scale. In line with the growing demand for renewable energy, management anticipates that STATCOM orders will be floated in the upcoming quarters, presenting further opportunities for growth in the power transmission space.
- **SAE Towers:** SAE Towers witnessed slightly subdued growth this quarter, primarily due to the strengthening of the Brazilian currency. However, KEC is observing strong traction in hardware orders and, to capitalize on this opportunity, has installed new equipment at its Brazil facility to enhance hardware production capacity. Additionally, in Mexico, the company secured a tower supply order, further strengthening its international presence.
- **Civil Business:** Business growth was impacted this quarter due to continued labor shortages and delayed payments in water projects. However, management highlighted an improvement in labor availability, with shortages reducing to 10% from the earlier 30–35%. KEC has also made a strategic entry into the semiconductor EPC segment by securing its first and largest order from a reputed client. Additionally, the company has strengthened its presence in the metals and mining sector with a repeat order for an upstream project at a steel plant
- **Building and Factories:** KEC has secured two of its largest orders in the Buildings & Factories segment, one being the highest in terms of value, and the other for constructing its tallest structure to date, marking the company's entry into the premium high-rise residential segment. KEC is currently executing over 70 high-rise towers for marquee clients, further expanding its presence across key real estate hubs in India.
- **Water Projects:** Delayed payments in the water segment continued to impact on the overall performance of the Civil business. While management has observed some improvement in payment flows, the pace of recovery remains below expectations. During the quarter, KEC received cash inflows of ~Rs250cr from this segment, which were fully redeployed into ongoing water projects. The current outstanding receivables stand at around ₹800 crore,

including a billed amount of ~Rs250cr. Management also confirmed that there are no plans to expand into international markets within this segment at present.

- **Railway/Transportation:** KEC is deploying KAVACH across ~500 track km with its JV partner and pursuing international bids, especially in the Middle East. Despite supply chain delays, more orders are expected soon, with the company well-positioned for new wins.
- **Kavach :** KEC is executing orders for the deployment of KAVACH across ~500 track km, in partnership with JV partner. However The growth of the Kavach system has been slower than expected due to ongoing supply chain challenges, primarily involving small electronic component suppliers. Since hardware constitutes 70–80% of the system, these constraints have slowed ordering and execution. While KEC is L1 on several tenders and actively bidding on others, overall progress remains moderate. Management expects steady, but not rapid, growth until supply issues are resolved.
- **Cables:** The company commissioned its new Aluminium conductor plant in Vadodara and initiated capacity doubling. The management also invested in the facilities for its E-beam and Elastomeric cables, which are expected to start commercial production from Q4FY26.
- **Renewables:** The company is executing two key solar projects in Karnataka and Rajasthan, with partial commissioning underway and phases completing soon. KEC is targeting Rs30-40bn revenue in 2–3 years in this segment, focusing on India, while selectively booking orders in Solar, Wind, and BESS. KEC has bid for 19–20 NTPC projects but is cautious about large Middle East projects due to margin risks. Several orders clustered last month are expected to materialize soon, though some projects face delays due to land availability.
- **Oil and Gas:** KEC has secured its second international order for a terminal station in Africa, alongside ongoing projects. The company is focusing on international markets due to rising domestic competition and a shrinking tender pipeline.

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,99,142	2,18,467	2,50,901	2,90,282
YoY gr. (%)	15.2	9.7	14.8	15.7
Cost of Goods Sold	84,080	1,00,787	1,14,913	1,32,659
Gross Profit	1,15,062	1,17,680	1,35,988	1,57,623
Margin (%)	57.8	53.9	54.2	54.3
Employee Cost	14,406	15,402	17,438	20,175
Other Expenses	9,501	11,683	12,796	14,514
EBITDA	12,146	15,039	20,950	25,980
YoY gr. (%)	46.4	23.8	39.3	24.0
Margin (%)	6.1	6.9	8.3	8.9
Depreciation and Amortization	1,854	1,837	2,059	2,332
EBIT	10,292	13,202	18,892	23,648
Margin (%)	5.2	6.0	7.5	8.1
Net Interest	6,551	6,636	6,584	6,727
Other Income	524	469	527	581
Profit Before Tax	4,265	7,275	12,834	17,502
Margin (%)	2.1	3.3	5.1	6.0
Total Tax	797	1,568	2,952	4,025
Effective tax rate (%)	18.7	21.5	23.0	23.0
Profit after tax	3,468	5,707	9,882	13,476
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	3,468	5,519	9,882	13,476
YoY gr. (%)	97.0	59.2	79.1	36.4
Margin (%)	1.7	2.5	3.9	4.6
Extra Ord. Income / (Exp)	-	188	-	-
Reported PAT	3,468	5,707	9,882	13,476
YoY gr. (%)	97.0	64.6	73.2	36.4
Margin (%)	1.7	2.6	3.9	4.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,468	5,707	9,882	13,476
Equity Shares O/s (m)	266	266	266	266
EPS (Rs)	13.0	20.7	37.1	50.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	25,120	26,657	30,766	34,722
Tangibles	25,120	26,657	30,766	34,722
Intangibles	-	-	-	-
Acc: Dep / Amortization	11,756	13,021	15,080	17,412
Tangibles	11,756	13,021	15,080	17,412
Intangibles	-	-	-	-
Net fixed assets	13,365	13,636	15,686	17,311
Tangibles	13,365	13,636	15,686	17,311
Intangibles	-	-	-	-
Capital Work In Progress	3,057	3,216	3,106	3,150
Goodwill	-	-	-	-
Non-Current Investments	619	661	853	987
Net Deferred tax assets	3,537	4,527	4,527	4,527
Other Non-Current Assets	5,275	3,745	4,516	5,515
Current Assets				
Investments	-	-	-	-
Inventories	12,133	11,405	15,810	18,292
Trade receivables	44,250	52,660	60,491	67,600
Cash & Bank Balance	2,733	6,559	4,579	3,291
Other Current Assets	12,978	13,512	16,309	18,868
Total Assets	1,86,778	2,17,272	2,41,783	2,68,544
Equity				
Equity Share Capital	514	532	532	532
Other Equity	40,443	52,942	61,796	73,296
Total Network	40,957	53,475	62,329	73,829
Non-Current Liabilities				
Long Term borrowings	3,842	5,699	5,699	5,699
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	36,009	33,875	35,375	36,875
Trade payables	92,070	1,05,035	1,16,858	1,27,247
Other current liabilities	17,438	23,715	26,049	29,420
Total Equity & Liabilities	1,86,778	2,17,272	2,41,783	2,68,544

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	4,265	7,275	12,834	17,502
Add. Depreciation	1,854	1,837	2,059	2,332
Add. Interest	6,551	6,636	6,584	6,727
Less Financial Other Income	524	469	527	581
Add. Other	865	2,108	-	-
Op. profit before WC changes	13,535	17,856	21,477	26,561
Net Changes-WC	(7,903)	(15,237)	(10,393)	(12,620)
Direct tax	(2,521)	1,572	(2,952)	(4,025)
Net cash from Op. activities	3,111	4,191	8,132	9,916
Capital expenditures	(2,335)	(1,491)	(4,000)	(4,000)
Interest / Dividend Income	157	532	-	-
Others	(52)	280	-	-
Net Cash from Invst. activities	(2,230)	(679)	(4,000)	(4,000)
Issue of share cap. / premium	-	8,702	-	-
Debt changes	(2,442)	(658)	1,500	1,500
Dividend paid	(772)	(1,028)	(1,028)	(1,976)
Interest paid	(6,489)	(6,328)	(6,584)	(6,727)
Others	8,256	(1,009)	-	-
Net cash from Fin. activities	(1,447)	(321)	(6,113)	(7,203)
Net change in cash	(566)	3,191	(1,981)	(1,287)
Free Cash Flow	738	2,366	4,132	5,916

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	13.0	20.7	37.1	50.6
CEPS	20.0	27.6	44.9	59.4
BVPS	153.9	200.9	234.1	277.3
FCF	2.8	8.9	15.5	22.2
DPS	3.9	3.9	7.4	10.1
Return Ratio(%)				
RoCE	11.0	11.9	14.8	16.6
ROIC	11.4	12.9	15.5	17.1
RoE	8.8	11.7	17.1	19.8
Balance Sheet				
Net Debt : Equity (x)	0.9	0.6	0.6	0.5
Net Working Capital (Days)	107	109	110	111
Valuation(x)				
PER	66.0	41.5	23.2	17.0
P/B	5.6	4.3	3.7	3.1
P/CEPS	43.0	31.1	19.2	14.5
EV/EBITDA	21.9	17.4	12.7	10.3
EV/Sales	1.3	1.2	1.1	0.9
Dividend Yield (%)	0.4	0.4	0.9	1.2

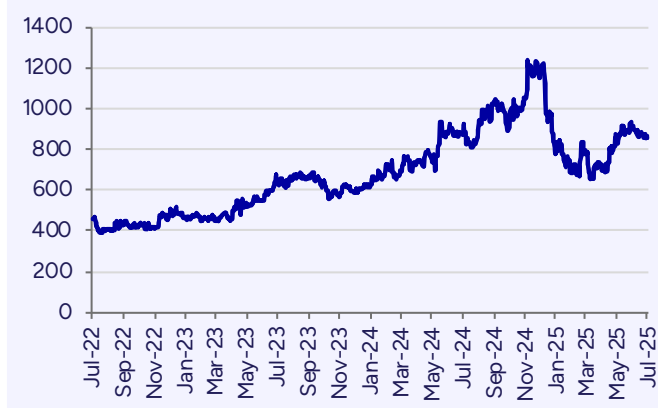
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	51,133	53,494	68,721	50,229
YoY gr. (%)	13.7	6.8	11.5	11.3
Raw Material Expenses	23,728	23,998	35,129	22,456
Gross Profit	27,406	29,496	33,592	27,773
Margin (%)	53.6	55.1	48.9	55.3
EBITDA	3,202	3,745	5,388	3,501
YoY gr. (%)	16.7	21.6	38.9	29.5
Margin (%)	6.3	7.0	7.8	7.0
Depreciation / Depletion	453	453	465	459
EBIT	2,749	3,291	4,923	3,042
Margin (%)	5.4	6.2	7.2	6.1
Net Interest	1,681	1,702	1,703	1,511
Other Income	66	9	202	54
Profit before Tax	1,135	1,598	3,422	1,825
Margin (%)	2.2	3.0	5.0	3.6
Total Tax	281	303	740	339
Effective tax rate (%)	24.7	18.9	21.6	18.6
Profit after Tax	854	1,296	2,682	1,486
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	854	1,296	2,682	1,486
YoY gr. (%)	53.0	33.7	76.7	133.7
Margin (%)	1.7	2.4	3.9	3.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	854	1,296	2,682	1,486
YoY gr. (%)	53.0	33.7	76.7	133.7
Margin (%)	1.7	2.4	3.9	3.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	854	1,296	2,682	1,486
Avg. Shares O/s (m)	257	257	257	257
EPS (Rs)	3.3	5.0	10.4	5.8

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jul-25	Accumulate	911	878
2	04-Jun-25	Accumulate	911	871
3	27-May-25	Accumulate	911	862
4	09-Apr-25	Accumulate	801	665
5	05-Feb-25	Accumulate	930	813
6	09-Jan-25	Hold	997	1,049
7	06-Nov-24	Hold	997	949
8	07-Oct-24	Hold	880	1,032
9	30-Jul-24	Hold	880	874

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	BUY	6,851	5,840
2	Apar Industries	Accumulate	7,825	8,600
3	BEML	Hold	4,142	4,522
4	Bharat Electronics	Hold	374	422
5	BHEL	Hold	237	258
6	Carborundum Universal	Hold	1,028	994
7	Cummins India	BUY	3,647	3,478
8	Elgi Equipments	Accumulate	559	535
9	Engineers India	Accumulate	250	242
10	GE Vernova T&D India	Accumulate	2,005	2,383
11	Grindwell Norton	Hold	1,739	1,635
12	Harsha Engineers International	Accumulate	398	405
13	Hindustan Aeronautics	Accumulate	5,500	5,003
14	Ingersoll-Rand (India)	BUY	4,522	4,045
15	Kalpataru Projects International	Accumulate	1,268	1,190
16	KEC International	Accumulate	911	878
17	Kirloskar Pneumatic Company	BUY	1,636	1,316
18	Larsen & Toubro	BUY	4,037	3,607
19	Praj Industries	BUY	545	497
20	Siemens	Accumulate	3,497	3,291
21	Thermax	Accumulate	3,629	3,435
22	Triveni Turbine	BUY	772	640
23	Voltamp Transformers	BUY	10,285	9,420

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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(Indian Clients)

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