

# KEC International Ltd.

## Accumulate

Sector: Capital Goods

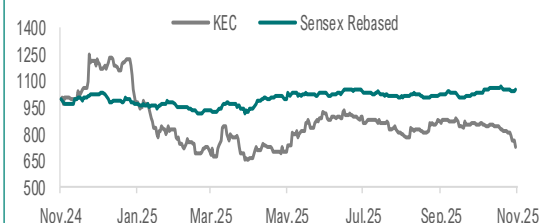
13<sup>th</sup> November 2025

Key Changes		Target	Rating	Earnings		Target	Rs. 909
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 784
Small Cap	KECI:IN	84,479	KEC	532714	12 Months	Return	+16%

Data as of: 13-11-2025, 17:00 hrs

Company Data			
Market Cap (Rs Cr)	20,166		
52 Week High — Low (Rs.)	1,312-605		
Enterprise Value (cr)	22,707		
Outstanding Shares (cr)	26.6		
Free Float (%)	48.6		
Dividend Yield (%)	0.7		
6m average volume (cr)	0.1		
Beta	0.9		
Face value (Rs)	2		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	50.1	50.1	50.1
FII's	15.4	16.0	15.9
MFs/Insti	24.2	22.6	22.5
Public	10.3	11.3	11.4
Total	100.0	100.0	100.0
Promoter Pledge (%)	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-3%	4%	-23%
Absolute Sensex	4%	3%	6%
Relative Return*	-7%	1%	-28%

\*Over or underperformance to benchmark index



Consolidated (cr)	FY25A	FY26E	FY27E
Sales	21,847	25,341	28,581
Growth (%)	9.7	16.0	12.8
EBITDA	1,504	2,002	2,401
EBITDA Margin(%)	6.9	7.9	8.4
PAT Adj.	571	908	1222
Growth (%)	64.6	59.0	34.7
Adj.EPS	21.4	34.1	45.9
Growth (%)	64.6	59.0	34.7
P/E	36.6	23.0	17.1
P/B	4.7	4.0	3.3
EV/EBITDA	15.1	11.3	9.1
ROE (%)	13.5	18.8	21.2
D/E	0.9	0.6	0.5

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## T&D Segment to Drive Earnings Growth...

**KEC International Ltd. (KEC)** is a leading global infrastructure engineering, procurement, and construction (EPC) company with a diversified presence across key sectors, including Power Transmission & Distribution (T&D), Cables, Railways, and Water & Renewable Energy.

- KEC reported a better-than-estimated revenue growth of 19.1% YoY in Q2FY26, aided by strong traction in the T&D (45% YoY), SAE (35% YoY) and cable (19% YoY) segments.
- EBITDA margin during the quarter improved by 80bps YoY to 7.1%, aided by an increasing mix of high-margin T&D orders, which are now contributing 65% of the revenue in H1FY26 vs 55% in H1FY25.
- The company expects margins to improve to 8% in FY26 on the back of T&D orders and higher execution in the Railway, Civil & Water segments.
- In H1FY26, KEC's order book grew by 15% YoY to Rs.39,325cr, driven by robust order inflows of Rs.16,050cr, reflecting a 19% YoY increase. The company has guided for order inflows in the range of Rs.28,000–30,000cr for FY26, supported by strong traction in T&D projects across both domestic and international markets, as well as healthy momentum in the railway and civil segments.
- With the progress in execution and margin improvement we expect PAT to register a CAGR of 46% over FY25-FY27.

## Outlook & Valuation

With a strong order pipe line both domestic and international and a steady pickup in execution, we expect revenue to grow at a CAGR of 15% over FY25-FY27E. The prospect of a turnaround in margins owing to higher mix of T&D orders to drive earnings growth in the coming quarters. **We maintain our Accumulate rating and value the stock at a P/E of 20x on FY27 EPS with a TP of Rs. 909.**

## Quarterly Financials Consol.

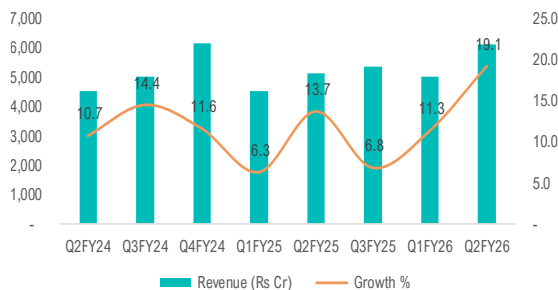
Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	6,092	5,113	19.1	5,023	21.3	11,114	9,625	15.5
EBITDA	430	320	34.4	350	22.9	781	591	32.2
Margin (%)	7.1	6.3	80bps	7.0	10bps	7.0	6.1	89bps
EBIT	380	275	38.2	304	24.8	684	499	37.2
PBT	213	113	87.7	159	34.4	371	226	64.7
Rep. PAT	161	85	88.2	125	29.0	285	173	65.0
Adj PAT	161	85	88.2	125	29.0	285	173	65.0
EPS (Rs)	6.0	3.2	88.2	4.7	29.0	10.7	6.5	65.0



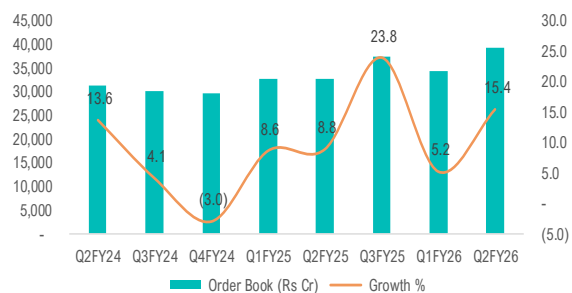
## Key Concall Highlights

- Management is targeting 8% EBITDA margin for FY26, requiring >8.5% margins in H2 to achieve this, given H1 margins were 7%.
- We expect a pickup in order inflows driven by a healthy order pipeline of Rs 1.8tn, largely from domestic and international T&D.
- The company is currently executing two large solar projects: a 500MW project in Karnataka scheduled for completion this quarter and another 500MW project in Rajasthan expected to be complete early next year.
- Civil business currently has mid-single-digit margins, with expectations to reach higher single-digits next year and 9-10% margin in the following year.

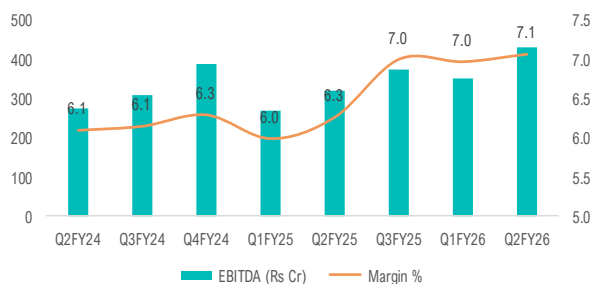
### Revenue



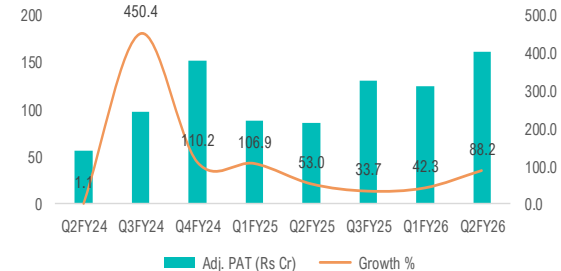
### Order Book



### EBITDA



### PAT



## Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	25,293	28,873	25,341	28,581	0.2	-1.0
EBITDA	2,125	2,541	2,002	2,401	-5.8	-5.5
Margins (%)	8.4	8.8	7.9	8.4	-50bps	-40bps
Adj. PAT	1,078	1,421	908	1,222	-15.8	-14.0
EPS	40.5	53.4	34.1	45.9	-15.8	-14.0



## Consolidated Financials

### PROFIT & LOSS

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Revenue</b>	<b>17,282</b>	<b>19,914</b>	<b>21,847</b>	<b>25,341</b>	<b>28,581</b>
% change	25.8	15.2	9.7	16.0	12.8
<b>EBITDA</b>	<b>830</b>	<b>1,215</b>	<b>1,504</b>	<b>2,002</b>	<b>2,401</b>
% change	-8.2	46.4	23.8	33.1	19.9
Depreciation	161	185	184	195	203
<b>EBIT</b>	<b>668</b>	<b>1,029</b>	<b>1,320</b>	<b>1,807</b>	<b>2,198</b>
Interest	539	655	664	663	617
Other Income	31.3	52.4	70.9	35.0	60.0
<b>PBT</b>	<b>161</b>	<b>426</b>	<b>727</b>	<b>1,179</b>	<b>1,640</b>
% change	-59.7	164.9	70.6	62.0	39.2
Tax	-15	80	157	271	418
Tax Rate (%)	-9	19	22	23	26
<b>Reported PAT</b>	<b>176</b>	<b>347</b>	<b>571</b>	<b>908</b>	<b>1,222</b>
Adj*	0	0	0	0	0
<b>Adj PAT</b>	<b>176</b>	<b>347</b>	<b>571</b>	<b>908</b>	<b>1,222</b>
% change	-39.0	97.0	64.6	59.0	34.7
No. of shares (cr)	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>
<b>Adj EPS (Rs.)</b>	<b>7</b>	<b>13</b>	<b>21</b>	<b>34</b>	<b>46</b>
% change	-39.0	97.0	64.6	59.0	34.7
DPS (Rs.)	4.7	4.8	4.8	4.9	4.9

### CASH FLOW

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Net inc. + Depn.</b>	<b>322</b>	<b>612</b>	<b>911</b>	<b>1,374</b>	<b>1,844</b>
Non-cash adj.	435	535	407	337	190
Changes in W.C	-218	-470	407	-651	-446
<b>C.F. Operation</b>	<b>539</b>	<b>677</b>	<b>1,725</b>	<b>1,060</b>	<b>1,588</b>
Capital exp.	-186	-220	-98	-98	-98
Change in inv.	-13	0	0	0	0
Other invest.CF	-31	-52	-71	-35	-60
<b>C.F – Investment</b>	<b>-230</b>	<b>-272</b>	<b>-169</b>	<b>-133</b>	<b>-158</b>
Issue of equity	0	0	0	0	0
Issue/repay debt	332	470	-10	-550	-520
Dividends paid	-125	-126	-128	-130	-131
Other finance.CF	-539	-663	-673	-667	-621
<b>C.F – Finance</b>	<b>-332</b>	<b>-319</b>	<b>-811</b>	<b>-1346</b>	<b>-1272</b>
Chg. in cash	-23	85	745	-419	158
Closing cash	187	368	1,113	693	851

### BALANCE SHEET

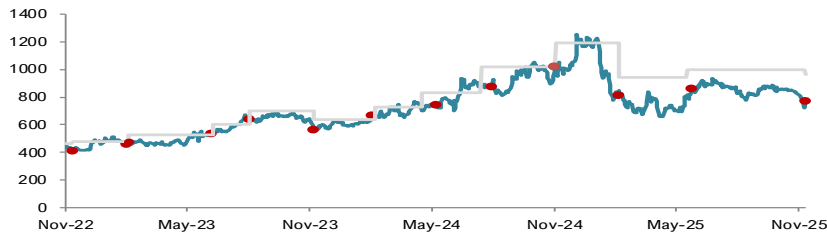
Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	283	368	1,113	693	851
Accounts Receivable	7,255	7,911	8,080	8,678	9,240
Inventories	1,137	1,260	1,320	1,483	1,658
Other Cur. Assets	8,073	8,348	8,200	9,234	9,397
Investments	-	-	-	-	-
Gross Fixed Assets	2,048	2,268	2,368	2,468	2,568
Net Fixed Assets	1,282	1,316	1,235	1,142	1,041
CWIP	11	10	10	10	10
Intangible Assets	301	310	315	315	315
Def. Tax (Net)	320	413	585	675	743
Other Assets	-	-	-	-	-
<b>Total Assets</b>	<b>18,663</b>	<b>19,936</b>	<b>20,858</b>	<b>22,230</b>	<b>23,254</b>
Current Liabilities	11,577	12,169	12,648	13,773	14,208
Provisions	119	109	120	139	157
Debt Funds	3,194	3,664	3,654	3,104	2,584
Other Liabilities	-	-	-	-	-
Equity Capital	53	53	53	53	53
Reserves & Surplus	3,720	3,940	4,383	5,161	6,252
Shareholder's Fund	377	399	444	521	631
<b>Total Liabilities</b>	<b>18,663</b>	<b>19,936</b>	<b>20,858</b>	<b>22,230</b>	<b>23,254</b>
<b>BVPS (Rs.)</b>	<b>142</b>	<b>150</b>	<b>167</b>	<b>196</b>	<b>237</b>

### RATIOS

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	4.8	6.1	6.9	7.9	8.4
EBIT margin (%)	3.9	5.2	6.0	7.1	7.7
Net profit mgn.(%)	1.0	1.7	2.6	3.6	4.3
ROE (%)	4.8	8.9	13.5	18.8	21.2
ROCE (%)	2.5	9.7	9.6	13.9	15.6
<b>W.C &amp; Liquidity</b>					
Receivables (days)	153.2	145.0	135.0	125.0	118.0
Inventory (days)	30.5	29.5	28.5	28.0	28.0
Payables (days)	220.2	214.0	203.1	198.4	184.8
Current ratio (x)	1.4	1.5	1.5	1.4	1.5
Quick ratio (x)	0.7	0.7	0.6	0.6	0.7
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	8.8	9.2	9.4	10.5	11.3
Total asset T.O (x)	1.0	1.0	1.1	1.2	1.3
Int. coverage ratio (x)	1.2	1.6	2.0	2.7	3.6
Adj. debt/equity (x)	0.9	1.0	0.9	0.6	0.5
<b>Valuation</b>					
EV/Sales (x)	1.3	1.2	1.0	0.9	0.8
EV/EBITDA (x)	27.8	19.3	15.1	11.3	9.1
P/E (x)	118.6	60.2	36.6	23.0	17.1
P/BV (x)	5.5	5.2	4.7	4.0	3.3



## Recommendation Summary (last 3 years)



Dates	Rating	Target
12-Jun-2023	Accumulate	603
16-Aug-2023	Accumulate	703
10-Nov-2023	Accumulate	640
06-Feb-2024	Accumulate	726
15-May-2024	Accumulate	833
31-Jul-2024	Accumulate	1,019
12-Nov-2024	BUY	1,192
07-Feb-2025	Accumulate	945
03-Jun-2025	Accumulate	998
13-Nov-2025	Accumulate	909

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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