

May 27, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	911		801	
Sales (Rs. m)	2,50,901	2,90,282	2,56,354	2,95,531
% Chng.	(2.1)	(1.8)		
EBITDA (Rs. m)	20,950	25,980	21,662	26,450
% Chng.	(3.3)	(1.8)		
EPS (Rs.)	37.1	50.6	38.7	51.6
% Chng.	(4.0)	(1.8)		

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	12.6	10.2
PE (x)	66.1	41.6	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	81,552 / 24,826
Market Cap	Rs.229bn / \$ 2,688m
Shares Outstanding	266m
3M Avg. Daily Value	Rs.1598.01m

Shareholding Pattern (%)

Promoter's	50.10
Foreign	15.42
Domestic Institution	24.18
Public & Others	10.30
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	19.2	(15.8)	11.6
Relative	15.7	(17.1)	3.1

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Decent Q4 amid strong domestic momentum

Quick Pointers:

- Tender pipeline stands at ~Rs1.8trn, with T&D being the primary driver.
- Management guided a ~15% YoY revenue growth with EBITDA margin ranging 8-8.5% in FY26. Meanwhile, Order intake is expected to be ~Rs300bn.

We revise our FY26/27 EPS estimates by -4.0%/-1.8%, factoring in continued weakness in Civil, Railways and O&G despite strong growth in T&D. KEC International (KEC) reported revenue growth of 11.5% YoY, while EBITDA margin expanded by 155bps YoY to 7.8%. Domestic T&D continues to remain robust while traction in the Middle East, CIS and Americas will drive international T&D business. The Cables business value unlocking will be further aided by capacity expansions across E-Beam and Elastomeric cables. In the O&G business, management plans to pursue only international opportunities amid smaller domestic project sizes and delays. Additionally, labor shortages and payment collection delays in water projects continue to impact Civil business. Management remains selective on railway order booking, focusing on better working capital management. Reflecting confidence in the domestic market outlook, management has guided for ~15% YoY revenue growth with margin of 8-8.5% along with order intake of ~Rs300bn and NWC days of <100 days in FY26. We roll forward to Mar'27E and maintain 'Accumulate' rating with a revised TP of Rs911 (Rs801 earlier) valuing the stock at a PE of 18x Mar'27E (18x Sep'26E 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.

Strong execution in standalone T&D, Cables and Renewables drive top line:

Consolidated revenue rose 11.5% YoY to Rs68.7bn (PLe: Rs69.4bn) driven by strong execution in standalone T&D (+36.2% YoY to Rs39.8bn), Cables (+28.9% YoY to Rs5.9bn) and Solar/Renewables (+121.5% YoY to Rs3.6bn) while Railways (-26.1% YoY to Rs6.8bn), Civil (-7.2% YoY to Rs11.7bn), O&G (-67.0% YoY to Rs700mn) and SAE towers (-24.2% YoY to Rs3.5bn) dragged. EBITDA increased by 38.9% YoY to Rs5.4bn (PLe: Rs5.7bn) while EBITDA margin improved by 155bps YoY to 7.8% (PLe: 8.2%) driven by better gross margin (+208bps YoY to 21.5%) partially offset by higher other expenses (+49bps YoY % of sales). Adj. PAT came in at Rs2.7bn (vs Rs1.5bn in Q4FY24) (PLe: Rs2.8bn) driven by better operating performance and higher other income (Rs202mn vs Rs78mn in Q4FY24).

Robust order book stands at Rs334.0bn (1.5x TTM Revenue): Q4FY25 order inflows declined 50.5% YoY to Rs26.9bn. However, FY25 order intake grew by 35.0% YoY to Rs246.9bn. Q4FY25 standalone T&D inflow declined by 34.9% YoY to Rs19.1bn, Railways intake declined by 88.2% YoY to Rs220mn, Civil order intake lowered by 83.1% YoY to Rs2.7bn and SAE towers order intake lowered by 95.0% YoY to Rs220mn against high bases. Meanwhile, Order book stands at Rs334.0bn, plus L1 position of over ~Rs66bn. Tenders under evaluation and in pipeline stand at ~Rs1.8trn with 50% coming from T&D segment.

Exhibit 1: Improved operating performance and higher other income (+159.3% YoY to Rs202mn) aid adj. PAT growth

Rs mn	Q4FY25	Q4FY24	YoY	Q4FY25E	Var.	Q3FY25	QoQ	FY25	FY24	YoY
Revenue	68,721	61,648	11.5%	69,434	-1.0%	53,494	28.5%	218,467	199,142	9.7%
Gross Profit	14,806	12,003	23.4%	14,977	-1.1%	12,184	21.5%	49,364	43,294	14.0%
Margin (%)	21.5	19.5	208	21.6	(2)	22.8	(123)	22.6	21.7	86
Employee Cost	3,863	3,443	12.2%	4,023	-4.0%	3,800	1.7%	15,402	14,406	6.9%
as % of sales	5.6	5.6	4	5.8	(17)	7.1	(148)	7.1	7.2	(18)
Other expenditure	5,554	4,680	18.7%	5,262	5.6%	4,640	19.7%	18,923	16,742	13.0%
as % of sales	8.1	7.6	49	7.6	50	8.7	(59)	8.7	8.4	25
EBITDA	5,388	3,880	38.9%	5,692	-5.3%	3,745	43.9%	15,039	12,146	23.8%
Margin (%)	7.8	6.3	155	8.2	(36)	7.0	84	6.9	6.1	78
Depreciation	465	483	-3.6%	531	-12.4%	453	2.7%	1,837	1,854	-0.9%
EBIT	4,923	3,398	44.9%	5,161	-4.6%	3,291	49.6%	13,202	10,292	28.3%
Margin (%)	7.2	5.5	165	7.4	(27)	6.2	101	6.0	5.2	87
Other Income	202	78	159.3%	172	17.7%	9	2119.8%	469	524	-10.6%
Interest	1,703	1,543	10.4%	1,664	2.4%	1,702	0.1%	6,636	6,551	1.3%
PBT (ex. Extra-ordinaries)	3,422	1,933	77.0%	3,668	-6.7%	1,598	114.1%	7,035	4,265	65.0%
Margin (%)	5.0	3.1	184	5.3	(30)	3.0	199	3.2	2.1	108
Extraordinary Items	-	-	-	-	-	-	-	240	-	-
PBT	3,422	1,933	77.0%	3,668	-6.7%	1,598	114.1%	7,275	4,265	70.6%
Total Tax	740	415	78.1%	902	0.0%	303	144.4%	1,568	797	96.7%
Effective Tax Rate (%)	21.6	21.5	13	24.6	-	18.9	268	21.5	18.7	286
Reported PAT	2,682	1,518	76.7%	2,766	-3.1%	1,296	107.0%	5,707	3,468	64.6%
Adj. PAT	2,682	1,518	76.7%	2,766	-3.1%	1,296	107.0%	5,519	3,468	59.2%
Margin (%)	3.9	2.5	144	4.0	(8)	2.4	148	2.5	1.7	78
Adj. EPS	10.1	5.7	76.7%	10.4	-3.1%	4.9	107.0%	20.7	13.0	59.2%

Source: Company, PL

Exhibit 2: Strong execution in standalone T&D, Cables & Solar; while Civil & Railways remain muted

Business-wise Revenue (Rs mn)	Q4FY25	Q4FY24	YoY gr	Q4FY25E	Var.	Q3FY25	QoQ gr	FY25	FY24	YoY
T&D (KEC)	39,750	29,180	36.2%	35,797	11.0%	28,660	38.7%	115,080	90,080	27.8%
SAE Towers	3,530	4,660	-24.2%	4,946	-28.6%	3,090	14.2%	13,250	14,470	-8.4%
Cables	5,940	4,610	28.9%	3,663	62.2%	4,060	46.3%	18,050	16,450	9.7%
Railways	6,810	9,220	-26.1%	10,092	-32.5%	4,560	49.3%	21,120	31,150	-32.2%
Solar/Others	3,610	1,630	121.5%	(531)	780.0%	2,380	51.7%	8,530	4,430	92.6%
Civil	11,710	12,620	-7.2%	14,475	-19.1%	11,020	6.3%	44,830	43,700	2.6%
Oil & Gas Pipelines	700	2,120	-67.0%	2,658	-73.7%	760	-7.9%	3,630	6,260	-42.0%
Intersegmental	(3,330)	(2,390)	39.3%	(1,659)	100.7%	(1,040)	220.2%	(6,030)	(7,410)	-18.6%
Total	68,720	61,650	11.5%	69,440	-1.0%	53,490	28.5%	218,460	199,130	9.7%

Source: Company, PL

Conference Call Highlights

- **Management Guidance:** Management has guided a ~15% YoY revenue growth with EBITDA margin between 8-8.5% in FY26. The order intake is expected to be ~Rs300bn with 70% mix from T&D. Management plans a total capex of ~Rs4.0bn in FY26 & FY27.
- **Net working capital days** improved by 12 days to 122 days in Q4FY25 from the peak of 134 days in Q3FY25. Management expects further improvement to ~100 NWC days in FY26 driven by large receivables from water projects expected to get better, strong domestic T&D performance requiring very low working capital and claims materializing in the railway business.
- **Transmission and Distribution:** The T&D business saw strong execution across both domestic and international business. The international order intake stood at ~Rs83bn in FY25 with traction from Middle East, SAARC, Australia, Africa and Latin America. Domestically, strong tender pipeline is driven by higher capex by NTPC. Meanwhile, the profitability for the segment is expected to be better in FY26 given the completion of legacy projects. KEC received its first ever STATCOM order while it is currently working on 3 HVDC lines and are bidding for more HVDC projects in India.
- **SAE Towers:** Steep depreciation of Brazilian currency against USD led to degrowth in SAE towers. Company reduced the SAE towers debt by ~25% in FY25 while the current outstanding debt is ~Rs3.0bn. The USA, Mexico and Brazil remain the key growth markets for the business. The company expanded its tower manufacturing capacity in Dubai, Jaipur and Jabalpur plants by 46,000 MTPA reaching a total capacity of 4,68,000 MTPA.
- **Civil Business:** Moderation in the water projects, delayed payments and continued labor shortages impacted the segment performance. Management remains bullish on the domestic residential space while the demand from industrial space is being driven by metals & mining. Meanwhile, management is experiencing strong traction for buildings and factories from international markets. Given the management's bullish stance, Civil will remain a key growth driver.
- **Water:** Delayed payments in the water segment affected the civil business. The current backlog of water is ~Rs20bn while management targets revenue of ~Rs12.0bn from water projects. Total outstanding receivables from the water projects are ~Rs8.0bn.
- **Railway/Transportation:** The segment continues to make steady progress towards physical completion of the projects. Management remains selective on order booking given the unfavorable margin profile of the projects, high working capital requirements and longer execution timeline. Management will focus on fast-tracking the completion of existing projects and collections of receivables while exploring international opportunities across the Middle East and Africa. The revenue from railways bottomed out and is expected to bounce back.
- **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. The capacity expansion of E-beam and Elastomeric cables are expected to contribute ~Rs10.0bn of revenues while the total cables revenue is anticipated to reach ~Rs35.0bn with margin of ~8.0% by FY27. The management incurred total capex of ~Rs850mn in FY25 in Cables business while expecting to further invest ~Rs1.5bn in FY26.

- **Renewables:** Government's focus on round the clock energy is driven solar and wind capacity additions. KEC is bidding for wind and BESS projects. Till date, KEC has done renewable projects to the extent of ~260GW and aims to achieve 50GW annually reaching 500GW by FY30 and 600GW by FY32. The minimum ticket size of renewable projects in India range between Rs10-15mn per MW excluding modules.
- **Oil and Gas:** The growth in the O&G business was subdued due to decision making delays. The tender sizes in India are below ~Rs1.0bn where KEC cannot be competitive hence it will focus more on the international markets such as Middle East. KEC is also progressing well on the execution of its first international project in Africa.

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	18,923	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	27,228	31,337	35,294
Tangibles	25,120	27,228	31,337	35,294
Intangibles	-	-	-	-
Acc: Dep / Amortization	11,756	13,592	15,651	17,983
Tangibles	11,756	13,592	15,651	17,983
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	753	871
Net Deferred tax assets	3,537	4,527	4,527	4,527
Other Non-Current Assets	5,275	3,745	4,265	4,935
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	6,722	7,907
Other Current Assets	12,978	13,512	15,556	17,997
Total Assets	1,86,778	2,17,272	2,42,822	2,68,689
Equity				
Equity Share Capital	514	532	532	532
Other Equity	40,443	52,942	61,796	73,296
Total Networth	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	27,088	29,566
Total Equity & Liabilities	1,86,778	2,17,272	2,42,822	2,68,689

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)	(8,250)	(10,147)
Direct tax	(2,521)	1,572	(2,952)	(4,025)
Net cash from Op. activities	3,111	4,191	10,275	12,388
Capital expenditures	(2,335)	(1,491)	(4,000)	(4,000)
Interest / Dividend Income	157	532	-	-
Others	(52)	280	-	-
Net Cash from Inv. 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	162	1,185
Free Cash Flow	738	2,366	6,275	8,388

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	23.6	31.5
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	15.9	17.9
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	107	105
Valuation(x)				
PER	66.1	41.6	23.2	17.0
P/B	5.6	4.3	3.7	3.1
P/CEPS	43.1	31.2	19.2	14.5
EV/EBITDA	21.9	17.4	12.6	10.2
EV/Sales	1.3	1.2	1.1	0.9
Dividend Yield (%)	0.4	0.4	0.9	1.2

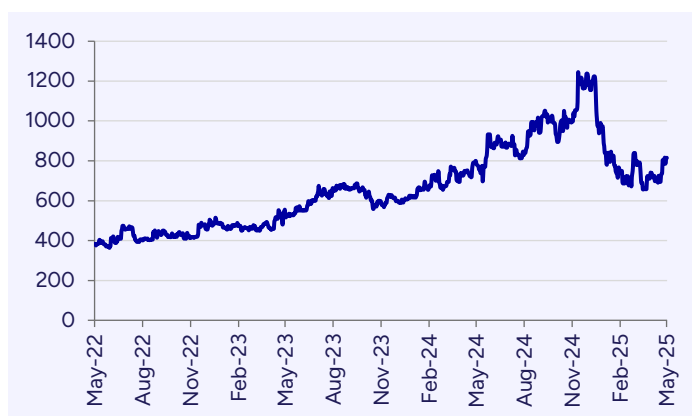
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	45,119	51,133	53,494	68,721
YoY gr. (%)	6.3	13.7	6.8	11.5
Raw Material Expenses	17,933	23,728	23,998	35,129
Gross Profit	27,186	27,406	29,496	33,592
Margin (%)	60.3	53.6	55.1	48.9
EBITDA	2,704	3,202	3,745	5,388
YoY gr. (%)	10.7	16.7	21.6	38.9
Margin (%)	6.0	6.3	7.0	7.8
Depreciation / Depletion	465	453	453	465
EBIT	2,239	2,749	3,291	4,923
Margin (%)	5.0	5.4	6.2	7.2
Net Interest	1,550	1,681	1,702	1,703
Other Income	191	66	9	202
Profit before Tax	880	1,135	1,598	3,422
Margin (%)	2.0	2.2	3.0	5.0
Total Tax	245	281	303	740
Effective tax rate (%)	27.8	24.7	18.9	21.6
Profit after Tax	636	854	1,296	2,682
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	636	854	1,296	2,682
YoY gr. (%)	50.3	53.0	33.7	76.7
Margin (%)	1.4	1.7	2.4	3.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	636	854	1,296	2,682
YoY gr. (%)	50.3	53.0	33.7	76.7
Margin (%)	1.4	1.7	2.4	3.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	636	854	1,296	2,682
Avg. Shares O/s (m)	257	257	257	257
EPS (Rs)	2.5	3.3	5.0	10.4

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-25	Accumulate	801	665
2	05-Feb-25	Accumulate	930	813
3	09-Jan-25	Hold	997	1,049
4	06-Nov-24	Hold	997	949
5	07-Oct-24	Hold	880	1,032
6	30-Jul-24	Hold	880	874
7	08-Jul-24	Hold	754	903
8	10-Jun-24	Hold	754	770

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	BUY	6,851	5,587
2	Apar Industries	Accumulate	7,825	6,928
3	BEML	Hold	4,142	4,280
4	Bharat Electronics	Hold	374	364
5	BHEL	Hold	237	244
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	2,005	1,880
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	Accumulate	1,268	1,116
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	3,497	3,135
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

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