




KEC International Ltd.

Accumulate

Sector: Capital Goods

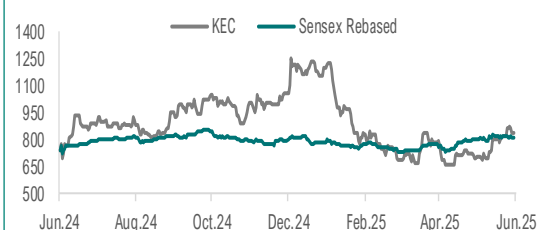
03rd June 2025

Key Changes		Target 	Rating 	Earnings 		Target	Rs. 998
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 863
Small Cap	KECI:IN	81,374	KEC	532714	12 Months	Return	+16%

Data as of: 02-06-2025

Company Data			
Market Cap (Rs Cr)	22,195		
52 Week High – Low (Rs.)	1,312-605		
Enterprise Value (cr)	24,737		
Outstanding Shares (cr)	26.6		
Free Float (%)	49.9		
Dividend Yield (%)	0.6		
6m average volume (cr)	0.1		
Beta	0.9		
Face value (Rs)	2		
Shareholding (%)	Q2FY25	Q3FY25	Q4FY25
Promoters	50.1	50.1	50.1
FII's	13.6	15.2	15.4
MFs/Insti	26.3	24.9	24.2
Public	10.0	9.8	10.3
Total	100.0	100.0	100.0
Promoter Pledge (%)	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	24%	-21%	17%
Absolute Sensex	11%	1%	10%
Relative Return*	12%	-22%	7%

*Over or underperformance to benchmark index



Consolidated (cr)	FY25A	FY26E	FY27E
Sales	21,847	25,193	29,106
Growth (%)	9.7	15.3	15.5
EBITDA	1,504	2,066	2,518
EBITDA Margin(%)	6.9	8.2	8.7
PAT Adj.	571	1017	1328
Growth (%)	64.6	78.2	30.5
Adj. EPS	21.4	38.2	49.9
Growth (%)	64.6	78.2	30.5
P/E	40.3	22.6	17.3
P/B	5.2	4.3	3.5
EV/EBITDA	16.4	11.9	9.5
ROE (%)	13.5	20.8	22.4
D/E	0.9	0.6	0.4

Author: Antu Eapan Thomas - Sr. Research Analyst

T&D to aid execution; margins remain the key

KEC International Ltd. (KEC) is a global infrastructure Engineering, Procurement and Construction major. It has presence in the verticals of Power T&D (Transmission & Distribution), Cables, Railways and Water & Renewable.

- KEC's Q4FY25 revenue grew by 11.5% YoY, which is below our estimate due to slower execution in Railway, Civil & Water segments. However, key segments like T&D (36% YoY), Cable (29% YoY), and Renewables (121% YoY) registered robust growth.
- EBITDA margin during the quarter improved by 155bps YoY to 7.8%, aided by an increasing mix of high margin T&D orders. The company expects margins to improve to 8-8.5% in FY26 on the back of T&D orders and higher execution in Railway, Civil & Water segments.
- FY25 order book grew by 13% YoY to Rs 33,398cr, led by a strong inflow of Rs 24,689cr (36% YoY). 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 share of T&D orders expanded to 72% in FY25, compared to 61% in FY24, which is expected to drive profitability in the coming quarters.

Outlook & Valuation

A turnaround in margins remains a key monitorable and we expect an increasing mix of T&D orders (10%+ margin) and an improvement in non-T&D execution to aid margins in the coming quarters. We expect revenue to grow at a CAGR of 15% over FY25-FY27E owing to strong order inflows in FY25. **We maintain our Accumulate rating and value the stock at a P/E of 20x on FY27 EPS with a TP of Rs. 998.**

Quarterly Financials Consol.

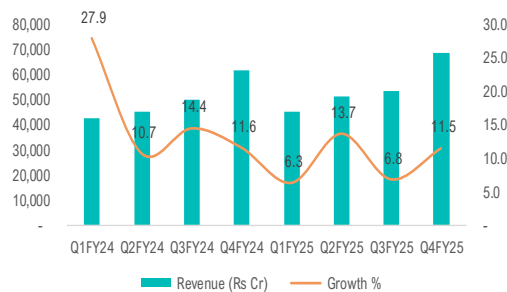
Rs.cr	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Sales	6,872	6,165	11.5	5,349	28.5	21,847	19,914	9.7
EBITDA	539	388	38.9	374	43.9	1,504	1,215	23.8
Margin (%)	7.8	6.3	155bps	7.0	84bps	6.9	6.1	78bps
EBIT	492	340	44.9	329	49.6	1,320	1,029	28.3
PBT	342	193	77.0	160	114.1	727	426	70.6
Rep. PAT	268	152	76.7	130	107.0	571	347	64.6
Adj PAT	268	152	76.7	130	107.0	571	347	64.6
EPS (Rs)	10.1	5.9	70.7	4.9	107.0	21.4	13.5	59.0



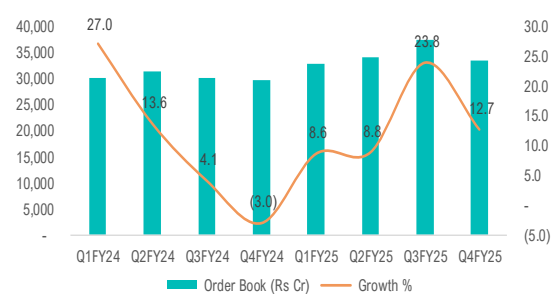
Key Concall Highlights

- The management expects a revenue growth of 15% YoY for FY26 with a margin guidance of 8-8.5%.
- Civil segment is expected to go back to a 7% to 8% margin in the coming years.
- The company sees a large opportunity in the renewable energy market, with 350 gigawatts of renewable energy to be built in the next 6-7 years.
- The civil business was affected by a deliberate moderation in the progress of water projects due to labour shortages.
- FY26 order inflow guidance is Rs30,000cr, about 70% of inflows are expected from T&D segment.
- Tower manufacturing capacity increased to 468,000 MT, up by 42,000 MT in FY25 .
- The management stated that the tender pipeline remains strong at Rs 1,80,000cr (50% T&D).

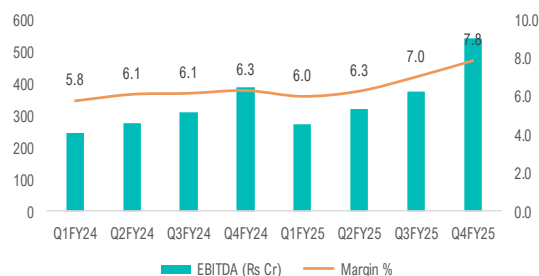
Revenue



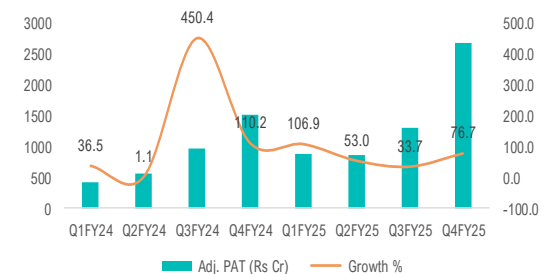
Order Book



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	25,293	28,873	25,193	29,106	-0.4	0.8
EBITDA	2,125	2,541	2,066	2,518	-2.8	-0.9
Margins (%)	8.4	8.8	8.2	8.7	-20bps	-15bps
Adj. PAT	1,078	1,421	1,017	1,328	-5.7	-6.6
EPS	40.5	53.4	38.2	49.9	-5.7	-6.6



Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	17,282	19,914	21,847	25,193	29,106
% change	25.8	15.2	9.7	15.3	15.5
EBITDA	830	1,215	1,504	2,066	2,518
% change	-8.2	46.4	23.8	37.4	21.9
Depreciation	161	185	184	195	203
EBIT	668	1,029	1,320	1,871	2,314
Interest	539	655	664	630	617
Other Income	31.3	52.4	70.9	80.0	85.0
PBT	161	426	727	1,321	1,782
% change	-59.7	164.9	70.6	81.6	34.9
Tax	-15	80	157	304	454
Tax Rate (%)	-9	19	22	23	26
Reported PAT	176	347	571	1,017	1,328
Adj*	0	0	0	0	0
Adj PAT	176	347	571	1,017	1,328
% change	-39.0	97.0	64.6	78.2	30.5
No. of shares (cr)	27	27	27	27	27
Adj EPS (Rs.)	7	13	21	38	50
% change	-39.0	97.0	64.6	78.2	30.5
DPS (Rs.)	4.7	4.8	4.8	4.9	4.9

BALANCE SHEET

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	283	368	1,113	784	913
Accounts Receivable	7,255	7,911	8,080	8,628	9,410
Inventories	1,137	1,260	1,320	1,469	1,682
Other Cur. Assets	8,073	8,348	8,200	9,180	9,569
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	678	745
Other Assets	-	-	-	-	-
Total Assets	18,663	19,936	20,858	22,205	23,685
Current Liabilities	11,577	12,169	12,648	13,639	14,421
Provisions	119	109	120	138	159
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	5,271	6,467
Shareholder's Fund	377	399	444	532	652
Total Liabilities	18,663	19,936	20,858	22,205	23,685
BVPS (Rs.)	142	150	167	200	245

CASH FLOW

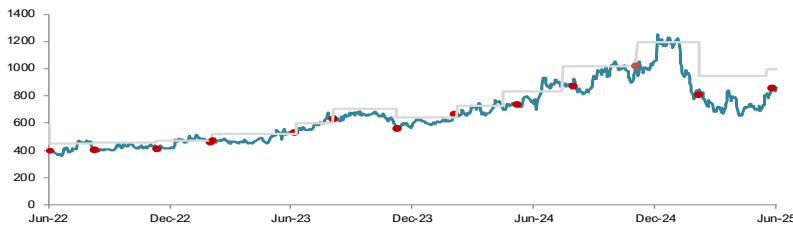
Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	322	612	911	1,516	1,985
Non-cash adj.	435	535	407	313	180
Changes in W.C	-218	-470	407	-667	-581
C.F. Operation	539	677	1,725	1,162	1,584
Capital exp.	-186	-220	-98	-98	-98
Change in inv.	-13	0	0	0	0
Other invest.CF	-31	-52	-71	-80	-85
C.F – Investment	-230	-272	-169	-178	-183
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	-633	-621
C.F – Finance	-332	-319	-811	-1313	-1272
Chg. in cash	-23	85	745	-329	129
Closing cash	187	368	1,113	784	913

RATIOS

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	4.8	6.1	6.9	8.2	8.7
EBIT margin (%)	3.9	5.2	6.0	7.4	8.0
Net profit mgn.(%)	1.0	1.7	2.6	4.0	4.6
ROE (%)	4.8	8.9	13.5	20.8	22.4
ROCE (%)	2.5	9.7	9.6	14.5	16.1
W.C & Liquidity					
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	197.9	185.5
Current ratio (x)	1.4	1.5	1.5	1.5	1.5
Quick ratio (x)	0.7	0.7	0.6	0.6	0.7
Turnover & Leverage					
Gross asset T.O (x)	8.8	9.2	9.4	10.4	11.6
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	3.0	3.7
Adj. debt/equity (x)	0.9	1.0	0.9	0.6	0.4
Valuation					
EV/Sales (x)	1.5	1.3	1.1	1.0	0.8
EV/EBITDA (x)	30.3	21.0	16.4	11.9	9.5
P/E (x)	130.5	66.3	40.3	22.6	17.3
P/BV (x)	6.1	5.8	5.2	4.3	3.5



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

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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