

T&D Business Gaining Traction; Order Book Provides Revenue Visibility
Est. Vs. Actual for Q1FY26: Revenue – **INLINE**; EBITDA Margin – **MISS**; PAT – **MISS**
Change in Estimates post Q1FY26 (Abs.)
FY26E/FY27E: Revenue: 0%/0%; EBITDA: -1%/0%; PAT: -3%/0%

Recommendation Rationale

- **Healthy Order Backlog Ensuring Revenue Visibility:** As of 30th June, 2025, the company's order book stands at Rs 34,409 Cr. This, combined with an order inflow of Rs 5,517 Cr, provides strong revenue growth visibility for the next 18-24 months. Additionally, KEC holds the L1 position in projects valued at over Rs 40,000 Cr, primarily in the T&D business. With its established execution track record and the government's increasing focus on infrastructure development, the company is well-positioned for steady revenue growth, projecting a 15% CAGR from FY25 to FY27E.
- **Encouraging Pipeline of Tenders Enhances Order Inflow Prospects:** A substantial tender pipeline of Rs 1,80,000 Cr ensures a healthy order intake for the company in the foreseeable future. Out of the Rs 1,80,000 Cr bid pipeline, Rs 30,000 Cr is from domestic T&D, Rs 60,000 Cr is from international T&D, and the balance is from non T&D. For FY26, KEC has set a target of Rs 30,000 Cr in order inflow, out of which Rs 5,517 Cr has already been achieved, maintaining its growth momentum.
- **Strengthening Margins Leading to Better Bottom-line Performance:** Despite labour shortage and delay in receivables from the water segment, EBITDA margins have improved, primarily driven by the execution of international T&D projects and high-margin assignments. We expect margins to improve to 9% in FY27. Interest expense has lowered due to a reduction in debt, which has further increased profitability. We pencil in EPS CAGR of 55% over FY25-27E.

Sector Outlook: Positive
Company Outlook & Guidance: The management has guided for 15% revenue growth with EBITDA margins in the 8-8.5% range in FY26. The order inflow target for FY26 is Rs 30,000 Cr.

Current Valuation: 20x FY27 EPS (Earlier Valuation: 20x FY27 EPS)

Current TP: Rs 1,030/share (Earlier TP: Rs 1,030/share)

Recommendation: We maintain our **BUY** rating on the stock.

Financial Performance

KEC International (KEC) reported a positive set of numbers in Q1FY26, with revenue at Rs 5,023 Cr (up 11% YoY), EBITDA of Rs 350 Cr (up 29% YoY), and PAT of Rs 125 Cr (up 42% YoY). The company's EBITDA margin stood at 7% in Q1FY26, compared to 6% in Q1FY25, vs our estimate of 7.4%. Its order book composition is as follows: 60% T&D, 28% Civil, 9% Transportation, 1% Renewables, 1% Oil & Gas, and 1% Cables. The domestic-to-international order book split stood at 65:35. The T&D and non-T&D share in the order intake is currently 59:41.

Outlook: KEC has a well-diversified and robust order book and an L1 position, providing healthy revenue visibility for the next 18-24 months. Moreover, the favourable government emphasis on T&D and the extension of JJM till 2028 in the Union Budget bode well for the company moving forward.

Valuation & Recommendation: The stock is currently trading at 25x/17x FY26E/27E EPS. **We maintain our BUY rating** on the stock and value it at 20x FY27E EPS with a TP of Rs 1,030/share, implying an upside of 20% from the CMP.

Key Financials (Consolidated)

(Rs Cr)	Q1FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	5,023	-27	11	5,024	0%
EBITDA	350	-35	29	370	-5%
EBITDA Margin	7.0%	-87bps	98bps	7.4%	-39bps
Net Profit	125	-54	42	152	-18%
EPS (Rs)	5	-54	37	6	-18%

Source: Company, Axis Securities Research

(CMP as of 29th July, 2025)

CMP (Rs)	860
Upside /Downside (%)	20%
High/Low (Rs)	1313/605
Market cap (Cr)	22909
Avg. daily vol. (6m) Shrs.	1423178
No. of shares (Cr)	26.6

Shareholding (%)

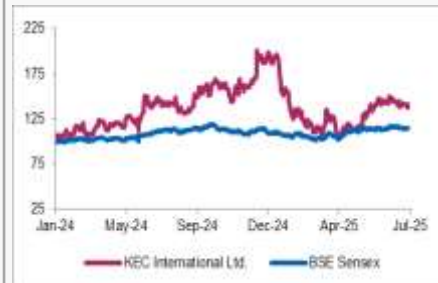
	Dec-24	Mar-25	Jun-25
Promoter	50.1	50.1	50.1
FII	15.2	15.4	16.0
MFs / UTI	22.8	22.1	20.0
Banks / FI	0.0	0.0	0.0
Others	11.8	12.4	13.9

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	21,847	25,119	28,886
EBITDA	1,504	2,041	2,629
Net Profit	571	967	1,371
EPS (Rs)	21	36	52
PER (x)	41.5	24.5	17.3
P/BV (x)	4.4	3.8	3.2
EV/EBITDA (x)	16	11.29	8.57
ROE (%)	12	17	20

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0%	0%
EBITDA	-1%	0%
PAT	-3%	0%

Relative Performance


Source: Ace Equity, Axis Securities

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Key Concall Highlights

- **Order Book:** As of 30th June, 2025, the company's order book stands at Rs 34,409 Cr. The company has received an order inflow of Rs 5,517 Cr in Q1FY26, marking a % YoY increase. It has set a target for an order inflow of Rs 30,000 Cr in FY26. The order intake composition is as follows: 59% T&D, 38% Civil, 1% Transportation, 1% Renewables, and 3% Cables. The current T&D to non-T&D share in the order intake stands at 59:41.
- **Bidding Pipeline:** The company's combined order book and L1 position is over Rs 40,000 Cr, with an active bidding pipeline exceeding Rs 1,80,000 Cr.
- **Capex:** The company has provided Capex guidance of Rs 400+ Cr for FY26.
- **Borrowings and Net Working Capital:** As on 30th June, 2025, net debt, including acceptances, stands at Rs 5,348 Cr, even with a revenue increase on a trailing 12-month basis. The net working capital (NWC) has increased to 128 days in Q1FY26.

Segmentwise Performance Q1FY26

T&D

- The company reported the revenue of Rs 3,157 Cr, marking a robust 26% YoY growth in its T&D segment. Order intake stood at over Rs 3,200 Cr across India, the Middle East, and the Americas. It maintains a robust orderbook and L1 of Rs 26,000 Cr. The management plans to actively participate in this segment and has bid for several HVDC opportunities in both domestic and international markets. An inquiry is underway regarding an alleged bribery case involving the company and Power Grid officials. We await further clarity on the outcome and will keep stakeholders informed.
- **SAE:** In SAE, the business reported revenue of Rs 359 Cr for the quarter, up 4% YoY.

Non-T&D

- **Civil:** The segment generated revenue of Rs 940 Cr, execution impacted by continued labour shortages and delayed payments. Moreover, collections have started in the water segment. The company strengthened its footprint in the metals and mining segment with a repeat order for an upstream project for a steel plant. Notably, it has secured two landmark orders in the buildings and factories vertical. The first represents the largest order in terms of value secured by the company to date, and the second involves building the tallest structure it has ever undertaken. This marks its entry into the premium high-rise residential segment featuring towers rising over 70 stories above ground. The order inflow is over Rs 2,100 Cr with an order book plus L1 of Rs 10000 Cr. KEC is confident that the Civil business will continue to be a key growth driver.
- **Transportation:** The company reported revenue of Rs 471 Cr. The management plans fast-track completion of existing projects, optimise working capital and selectively bid for high-quality opportunities in both domestic and international markets.
- **Cables:** The company reported revenue of Rs 383 Cr. The capital investment for EBeam and Elastomeric cables is progressing as planned, and the management expects commercial production to commence by the end of this FY26.
- **Oil & Gas:** The company secured a second international order for a terminal station in Africa. The management will be focusing on the international market, considering the low tender pipeline and extremely competitive scenario in India.
- **Renewables:** The company reported revenue of Rs 136 Cr, up 87% on a YoY basis. KEC is executing two large solar projects in Karnataka and Rajasthan.

Key Risks to Our Estimates and TP

- Lower order intake may impact revenue growth.
- A rise in commodity prices may impact margins.

Change in Estimates

	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	25,119	28,886	25,119	28,887	0%	0%
EBITDA	2,041	2,629	2,060	2,629	-1%	0%
PAT	967	1371	994	1371	-3%	0%

Source: Company, Axis Securities

Result Review Q1FY26

	Quarterly Performance				
	Q1FY26	Q4FY25	Q1FY25	% Change (QoQ)	% Change (YoY)
Sales	5,023	6,872	4,512	(27)	11
Other Op. Inc	0	0	0		
Total Revenue	5,023	6,872	4,512	(27)	11
Expenditure					
Cost of material consumed	2461	3466	1795	(29)	37
Change in Inventory	-215	47	-215	(558)	0
Erection and subcontracting expenses	1631	1879	1645	(13)	(1)
Employee Cost	392	386	370	2	6
Other Expenses	404	555	434	(27)	(7)
Total Expenditure	4673	6333	4029	(26)	16
EBITDA	350	539	270	(35)	29
	7.0%	7.8%	6.0%	-87bps	98bps
Other Income	5	20	43	(74)	(88)
Interest	151	170	155	(11)	(2)
Depreciation	46	47	47	(2)	(2)
Exceptional Item	0	0	0		
PBT	158	343	112	(54)	41
Tax	34	74	24	(54)	39
PAT	125	269	88	(54)	42
EPS (Rs)	4.7	10.1	3.4	(54)	37

Source: Company, Axis Securities Research

Financials (consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Net sales	19,914	21,847	25,119	28,886
Other operating income	0	0	0	0
Total income	19,914	21,847	25,119	28,886
Net Raw material	8,408	10,079	10,088	10,977
Contribution (%)	57.8%	53.9%	59.8%	62.0%
Other Expenses	10,292	10,264	12,990	15,281
Operating Profit	1,215	1,504	2,041	2,629
Other income	52	71	40	58
PBIDT	1,267	1,575	2,081	2,686
Depreciation	185	184	205	242
Interest & Fin Chg.	655	664	623	664
E/o income / (Expense)	0	0	0	0
Pre-tax profit	427	728	1,252	1,780
Tax provision	80	157	286	409
PAT	347	571	967	1,371
(-) Minority Interests	0	0	0	0
Associates	0	0	0	0
Other Comprehensive Income	0.0	0.0	0.0	0.0
Adjusted PAT	347	571	967	1,371
Reported PAT	347	571	967	1,371

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Total assets	8,106	9,340	10,201	11,466
Net Block	1,433	1,357	1,552	1,710
Right-of-use assets	195	290	290	290
CWIP	14	39	26	26
Investments	350	281	281	281
Wkg. cap. (excl cash)	5,908	6,829	6,842	7,449
Cash / Bank balance	205	546	1,211	1,710
Misc. Assets	0	0	0	0
Capital employed	8,105	9,340	10,201	11,465
Equity capital	51	53	53	53
Reserves	4,044	5,294	6,155	7,419
Pref. Share Capital	0	0	0	0
Minority Interests	4,010	3,977	3,977	3,977
Borrowings	0	16	16	16
Def Tax Liabilities	8,106	9,340	10,201	11,466

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
PAT	347	571	967	1371
Depreciation	185	184	205	242
Interest Expense	655	664	623	664
Changes in Working Capital	(790)	(1524)	(13)	(607)
Others	166	368	245	352
Tax Paid	(252)	157	(286)	(409)
Net Cash from Operations	311	419	1742	1612
Capex	(237)	(183)	(388)	(400)
Investment	0	0	0	0
Others	14	115	40	58
Net Cash from Investing	(223)	(68)	(348)	(342)
Borrowings	170	266	0	0
Interest Expense	(649)	(633)	(623)	(664)
Dividend paid	(77)	(103)	(106)	(106)
Others	411	(413)	0	0
Net Cash from Financing	(145)	(32)	(730)	(771)
Net Change in Cash	(56)	319	665	499
Opening cash	281	205	546	1211
Closing cash	205	546	1211	1710

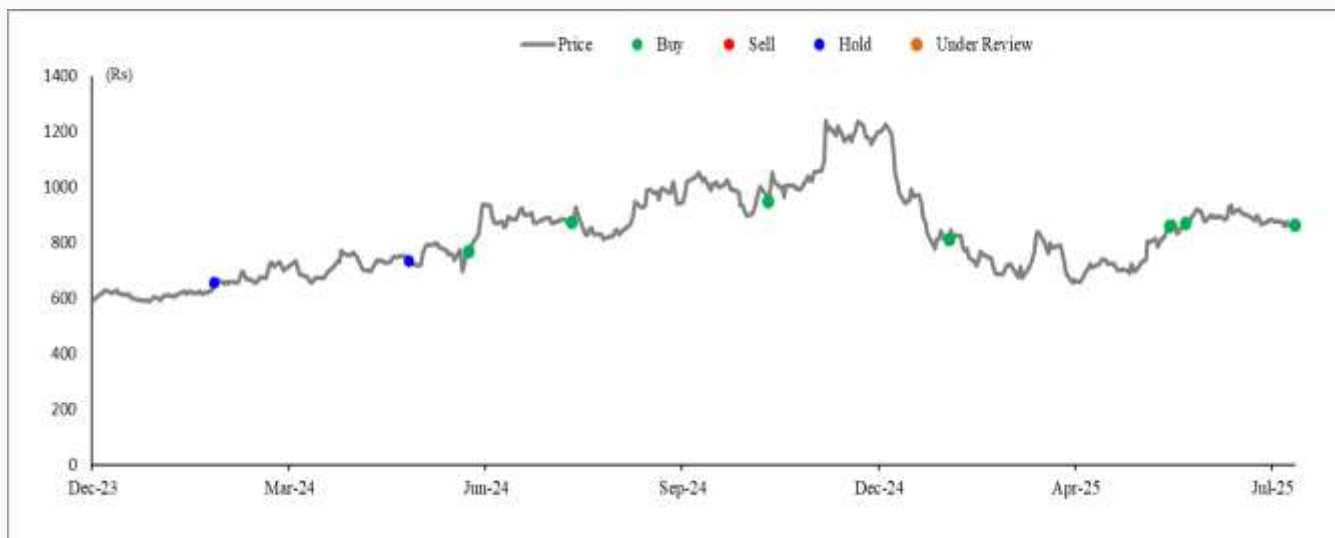
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY24	FY25	FY26E	FY27E
Sales growth	15.2	9.7	15.0	15.0
OPM	6.1	6.9	8.1	9.1
Oper. profit growth	46.4	23.8	35.7	28.8
COGS / Net sales	42.2	46.1	40.2	38.0
Overheads/Net sales	51.7	47.0	51.7	52.9
Depreciation / G. block	6.6	6.3	6.2	6.5
Effective interest rate	17.8	16.7	15.8	16.8
Net wkg.cap / Net sales	0.23	0.25	0.24	0.22
Net sales / Gr block (x)	7.1	7.5	7.6	7.8
RoCE	24	27	29	33
Debt/Equity (x)	0.97	0.74	0.64	0.53
Effective tax rate	19	22	23	23
RoE	9	12	17	20
Payout ratio (Div/NP)	29.6	18.0	11.0	7.8
EPS (Rs)	13.5	21.5	36.4	51.5
EPS Growth	97.1	59.1	69.3	41.8
CEPS (Rs)	20.7	28.4	44.1	60.6
DPS (Rs)	4.0	4.0	4.0	4.0

Source: Company, Axis Securities Research

KEC International Price Chart and Recommendation History



Source: Axis Securities Research

Date	Reco	TP	Research
01-Feb-24	HOLD	635	Result Update
09-May-24	HOLD	700	Result Update
10-Jun-24	BUY	845	Company Update
30-Jul-24	BUY	965	Result Update
06-Nov-24	BUY	1,050	Result Update
05-Feb-25	BUY	1,040	Result Update
27-May-25	BUY	1,030	Result Update
04-Jun-25	BUY	1,030	Result Update
30-Jul-25	BUY	1,030	Result Update

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NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.