

Company Update Post Analyst Meet

Change in Estimates Post Updates

FY26E/FY27E: Revenue: 0%/0%; EBITDA: 0%/0%; PAT: 0%/0%

Recommendation Rationale

- Robust order book & L1 position:** The company holds a robust order book and L1 position of over Rs 40,000 Cr (1.8x FY25 Revenue), with a T&D and Non-T&D mix of 61:39. Additionally, a strong bid pipeline of Rs 1,80,000 Cr is under evaluation. As of now, order intake for FY26 stands at Rs 2,000 Cr, with management expecting total inflows of Rs 30,000 Cr during the year. This order book provides clear revenue visibility for the next 6-8 quarters. The company has guided for 15% revenue growth in FY26. Backed by a consistent execution track record and increased government focus on infrastructure, the company is poised for steady growth, projecting a 15% CAGR over FY25-27E.
- Large opportunity in Domestic & International T&D:** The company continues to sharply focus on both domestic and international T&D orders as it foresees notable opportunities. With the heightened government thrust on renewables and the increase in power demand, business growth is assured. The company has a tender pipeline of over Rs 90,000 Cr in T&D, both domestic and international, and a current order book and L1 of Rs 24,500 Cr, which is expected to drive sustainable growth. The company has secured 90% of T&D orders from PGCIL. SAE business continues to deliver profitable growth.
- Sequential improvement in EBITDA margin:** EBITDA margins are improving, driven by the execution of international T&D projects and high-margin assignments. Management has guided for EBITDA margins in the range of 8-8.5% in FY26. We expect margins to improve to 9% in FY27.
- Reduction in Finance Charge:** The company expects debt, including working capital and acceptances, to reduce and the finance charge as a percentage of revenue is expected to be 2.5%.

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 FY27E EPS (Earlier Valuation: 20x FY27E EPS)

Current TP: Rs 1030/share (Earlier TP: Rs 1030/share)

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

Outlook: The company has a well-diversified and robust order book and an L1 position, providing healthy revenue visibility for the next 6-8 quarters. Moreover, the favourable government emphasis on T&D, upcoming international T&D opportunities, better traction in building and factory verticals, and strategic focus on growing the cable business bode well for the future growth of the company.

Valuation & Recommendation: The stock is currently trading at 24x/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 18% from the CMP.

Key Financials (Consolidated)

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs)	EPS (x)	PE (x)	ROE (%)	ROCE (x)	EV/EBITDA (x)
FY25	21,847	1504	571	21.5	41	12.0	26.6	15.8
FY26E	25,119	2060	2,060	37.39	24	17.01	29.6	12.0
FY27E	28,887	2629	2,629	52	17	19.81	33	9.3

Source: Company, Axis Securities

(CMP as of 3rd June, 2025)

CMP (Rs)	870
Upside /Downside (%)	18%
High/Low (Rs)	1313 / 605
Market cap (Cr)	23153
Avg. daily vol. (6m) Shrs.	1473426
No. of shares (Cr)	26.6

Shareholding (%)

	Sep-24	Dec-24	Mar-25
Promoter	50.1	50.1	50.1
FII's	13.6	15.2	15.4
MFs / UTI	24.3	22.8	22.1
Banks / FI's	0.0	0.0	0.0
Others	12.0	11.8	12.4

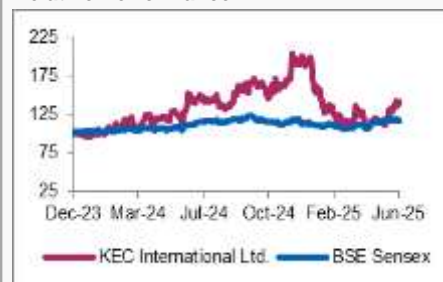
Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	21,847	25,119	28,887
EBITDA	1,504	2,060	2,629
Net Profit	571	994	1371
EPS (Rs)	21	37	52
PER (x)	41.5	23.8	17.3
P/BV (x)	4.4	3.8	3.2
EV/EBITDA (x)	16	12	9
ROE (%)	12	17	20

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0%	0%
EBITDA	0%	0%
PAT	0%	0%

Relative Performance



Source: Ace Equity, Axis Securities

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Analyst Meet Highlight

- **Order Book:** The company has a robust order book position and L1 of over Rs 40,000 Cr (1.8x FY25 revenue) with T&D and Non-T&D share at 61:39. Furthermore, a strong bid pipeline of Rs 1,80,000 Cr is under evaluation. To date, the order intake for FY26 stands at Rs 2,000 Cr, and the management is expecting an order intake of Rs 30,000 Cr in FY26. Against this backdrop, the current order book gives revenue visibility for the next 6–8 quarters.
- **Guidance:** The management has guided for 15% revenue growth with EBITDA margins in the 8–8.5% range in FY26.
- **Large Opportunity in Domestic & International T&D:** The company continues to sharply focus on both domestic and international T&D orders as it foresees notable opportunities. With the heightened government thrust on renewables and an increase in power demand, business growth is assured. The company has a tender pipeline of over Rs 90,000 Cr in T&D, both domestic and international, and a current order book & L1 of Rs 24,500 Cr is expected to drive sustainable growth. The company has secured 90% of T&D orders from PGCIL. SAE business continues to deliver profitable growth.
- **Focus on Civil Construction Vertical:** In recent years, the company has judiciously increased its focus on the Civil Construction vertical, considering the government's increasing spending on Urban and Water Infrastructure, Metro, Data Centres, Industrial Plants & Factories. The company has a robust and diversified order book, plus L1 of Rs 10,000 Cr, primarily in the Building and Factories segment. The management believes that the margins from this segment have bottomed out, and going forward, margins will improve with high-margin Residential projects contributing to the growth.
- **Cable Business:** During the year, the cable segment delivered impressive performance with the highest-ever revenues, order intake, and profitability. The business was successfully transferred to their wholly owned subsidiary. The company commissioned a manufacturing line for Aluminium conductors and is in the process of doubling the same. They are also focusing on setting up of E-Beam facility and Elastomeric Cables.
- **Railways:** The company is selective in project selection considering the increased competition, customer and margin profile, and working capital requirements. The focus is on fast-tracking project closures to release working capital. Management is looking for international opportunities in this segment.
- **Debt & Finance Charge:** The company expects debt, including working capital and acceptances, to reduce and the finance charge as a percentage of revenue is expected to be 2.5%.

Key Risks to our Estimates and TP

- Lower order intake may impact revenue growth.
- A rise in commodity prices may impact margins.
- Geopolitical unrest and tariff disruptions

Change in Estimates

	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	25,119	28,887	25,119	28,887	0%	0%
EBITDA	2,060	2,629	2,060	2,629	0%	0%
PAT	994	1371	994	1371	0%	0%

Source: Company, Axis Securities

Result Review Q4FY25

	Quarterly Performance				
	Q4FY25	Q3FY25	Q4FY24	% Change (QoQ)	% Change (YoY)
Sales	6,872	5,349	6,165	28	11
Other Op. Inc	0	0	0		
Total Revenue	6,872	5,349	6,165	28	11
Expenditure					
Cost of material consumed	3466	2382	2700	46	28
Change in Inventory	47	18	47	160	0
Erection and subcontracting expenses	1879	1731	2046	9	(8)
Employee Cost	386	380	344	2	12
Other Expenses	555	464	468	20	19
Total Expenditure	6333	4975	5605	27	13
EBITDA	539	375	388	44	39
	7.8%	7.0%	6.3%	84bps	155bps
Oth. Inc.	20	1	8	2120	159
Interest	170	170	154	0	10
Depreciation	47	45	48	3	(4)
Exceptional Item	0	0	0	#DIV/0!	#DIV/0!
PBT	343	160	193	114	77
Tax	74	30	42	145	78
PAT	269	130	152	107	77
EPS (Rs)	10.1	4.9	5.9	107	71

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	28,887
Other operating income	0	0	0	0
Total income	19,914	21,847	25,119	28,887
Net Raw material	8,408	10,079	9,872	10,977
Contribution (%)	57.8%	53.9%	60.7%	62.0%
Other Expenses	10,292	10,264	13,188	15,281
Operating Profit	1,215	1,504	2,060	2,629
Other income	52	71	50	58
PBIDT	1,267	1,575	2,110	2,687
Depreciation	185	184	216	242
Interest & Fin Chg.	655	664	603	664
E/o income / (Expense)	0	0	0	0
Pre-tax profit	427	728	1,292	1,780
Tax provision	80	157	297	410
PAT	347	571	994	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	994	1,371
Reported PAT	347	571	994	1,371

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Total assets	8,106	9,340	10,229	11,493
Net Block	1,433	1,357	1,541	1,700
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	7,443	8,372
Cash / Bank balance	205	546	647	825
Misc. Assets	0	0	0	0
Capital employed	8,105	9,340	10,228	11,493
Equity capital	51	53	53	53
Reserves	4,044	5,294	6,182	7,447
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	10,229	11,493

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
PAT	347	571	994	1371
Depreciation	185	184	216	242
Interest Expense	655	664	603	664
Changes in Working Capital	(790)	(1524)	(614)	(929)
Others	166	368	247	352
Tax Paid	(252)	157	(297)	(410)
Net Cash from Operations	311	419	1148	1291
Capex	(237)	(183)	(388)	(400)
Investment	0	0	0	0
Others	14	115	50	58
Net Cash from Investing	(223)	(68)	(338)	(342)
Borrowings	170	266	0	0
Interest Expense	(649)	(633)	(603)	(664)
Dividend paid	(77)	(103)	(106)	(106)
Others	411	(413)	0	0
Net Cash from Financing	(145)	(32)	(709)	(771)
Net Change in Cash	(56)	319	101	177
Opening cash	281	205	546	647
Closing cash	205	546	647	825

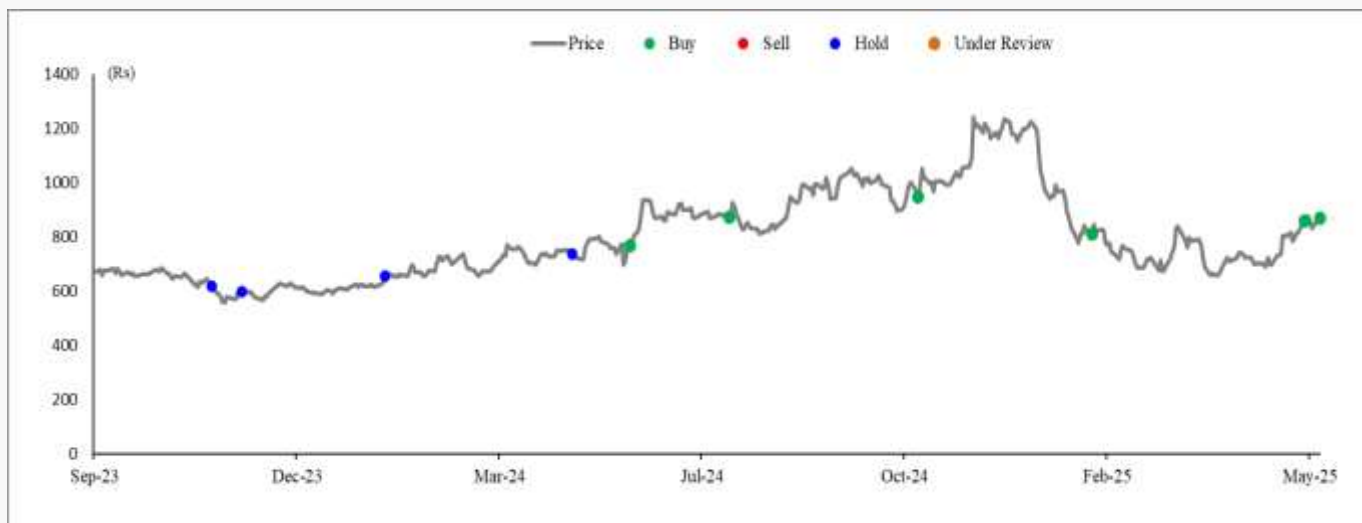
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY24	FY25	FY26E	FY27E
Sales growth	15.2	9.7	15.0	15.0
OPM	6.1	6.9	8.2	9.1
Oper. profit growth	46.4	23.8	36.9	27.6
COGS / Net sales	42.2	46.1	39.3	38.0
Overheads/Net sales	51.7	47.0	52.5	52.9
Depreciation / G. block	6.6	6.3	6.5	6.5
Effective interest rate	17.8	16.7	15.2	16.8
Net wkg.cap / Net sales	0.23	0.25	0.25	0.25
Net sales / Gr block (x)	7.1	7.5	7.6	7.8
RoCE	24	27	30	33
Debt/Equity (x)	0.97	0.74	0.63	0.53
Effective tax rate	19	22	23	23
RoE	9	12	17	20
Payout ratio (Div/NP)	29.6	18.0	10.7	7.8
EPS (Rs)	13.5	21.5	37.4	51.5
EPS Growth	97.1	59.1	74.1	37.9
CEPS (Rs)	20.7	28.4	45.5	60.6
DPS (Rs)	4.0	4.0	4.0	4.0

Source: Company, Axis Securities Research

KEC International Price Chart and Recommendation History



Date	Reco	TP	Research
02-Nov-23	HOLD	600	Result Update
20-Nov-23	HOLD	600	AAA
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	Company Update

Source: Axis Securities Research

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

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