Company Update

Retail Equity Research

KEC International Ltd.

SELL

Sector: Capital Goods

03rd September 2026

Key Changes	Target ▼		Rating ▼		Earnings ▼
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	KECI:IN	76,570	KEC	532714	12 Months

Target	Rs.368
CMP	Rs.408
Return	-10%

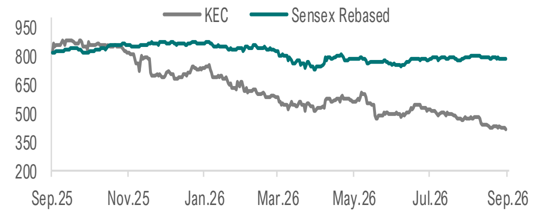
Data as of: 02-09-2026, 18:00 hrs

Company Data			
Market Cap (Rs cr)			10,861
52 Week High — Low (Rs.)			938-407
Enterprise Value (cr)			14,215
Outstanding Shares (cr)			26.6
Free Float (%)			48.6
Dividend Yield (%)			1.4
6m average volume (cr)			0.1
Beta			0.9
Face value (Rs)			2

Shareholding (%)	Q3FY26	Q4FY26	Q1FY27
Promoters	50.1	50.1	50.1
FII's	11.8	9.8	9.9
MFs/Insti	25.5	26.9	23.3
Public	12.7	13.2	16.6
Total	100.0	100.0	100.0
Promoter Pledge (%)	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-16%	-23%	-49%
Absolute Sensex	3%	-2%	-4%
Relative Return*	-20%	-21%	-45%

*Over or underperformance to benchmark index



Consolidated (cr)	FY26A	FY27E	FY28E
Sales	23,506	25,784	29,067
Growth (%)	7.6	9.7	12.7
EBITDA	1,659	1,728	2,151
EBITDA Margin(%)	7.1	6.7	7.4
PAT Adj.	664	641	911
Growth (%)	16.4	-3.5	42.0
Adj.EPS	25	24	34
Growth (%)	16.4	-3.5	42.0
P/E	16.3	16.9	11.9
P/B	2.2	2.0	1.7
EV/EBITDA	8.6	8.2	7.1
ROE (%)	14.1	12.3	15.5
D/E	1.1	1.0	0.8

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Weak Execution and Margin pressure to Impact Profitability…

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's Q1FY27 result were below estimates, revenue were flat at Rs 5,023cr, impacted by supply chain disruption due to Middle East crisis, and labour shortages.
- Execution in the civil and cable divisions remained steady, supported by improved demand, while execution in the T&D, railway, and solar segments remained weak.
- EBITDA margin declined by 118 bps YoY to 5.8%, due to higher input costs and slower execution in railway and civil projects. We expect margin pressure to persist in the near term and weigh on profitability.
- KEC's order book grew 10% YoY to Rs37,697cr in Q1FY27, driven by a 14% increase in order inflows. The company is targeting order inflows of Rs30,000 cr in FY27, with 60-70% expected to come from the T&D business.
- Given the impact of prolonged execution delays and elevated project costs, we have cut our FY27 and FY28 earnings forecasts by 36% and 25%, respectively.

Outlook & Valuation

We remain cautious on KEC as persistent cost inflation, execution disruptions in the Middle East, and weak margins in legacy projects continue to impact profitability. Although the order book remains strong, earnings visibility and return ratios are likely to remain subdued in the near term. **Accordingly, we revise our rating to SELL with a TP to Rs 368 based on a P/E of 11x on FY28 EPS.**

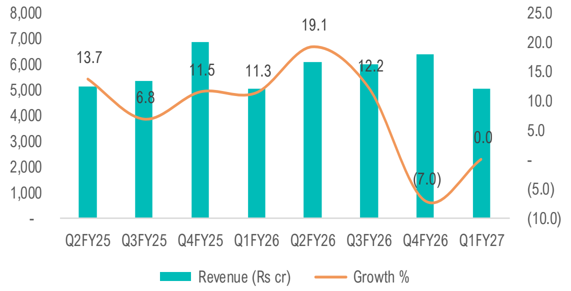
Quarterly Financials Consol.

Rs.cr	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Sales	5,024	5,023	0.0	6,390	-21.4
EBITDA	291	350	-16.9	448	-35.1
Margin (%)	5.8	7.0	-118bps	7.0	-122bps
EBIT	240	304	-21.1	397	-39.6
PBT	90	159	-43.3	258	-65.1
Rep. PAT	73	125	-41.7	193	-62.3
Adj PAT	73	125	-41.7	193	-62.3
EPS (Rs)	2.7	4.7	-41.7	7.2	-62.3

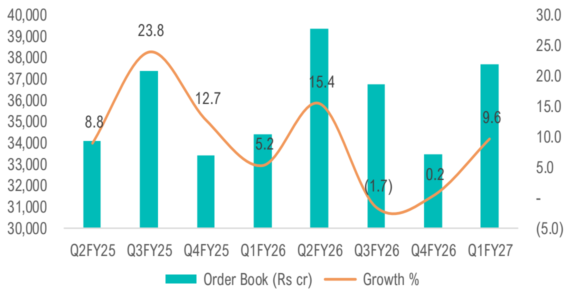
Key Concall Highlights

- Management maintains its FY27 revenue growth guidance of 12% to 15%, acknowledging potential slight variations due to geopolitical factors, and expects stronger execution in Q3 and Q4 given the robust order book.
- The company targets Rs.30,000 cr in order inflows for FY27, with 60% to 70% expected from the T&D business and Rs.9,000cr to Rs.10,000cr from international markets, a significant portion of which will come from West Asia.
- The Civil business's profitability was negatively affected by old Metro projects that are completed but awaiting client takeover, incurring ongoing expenses of approximately Rs.10cr per month per project.
- T&D business is expected to continue achieving double-digit margins, with sufficient hedges in place to mitigate commodity price fluctuations. The SAE Towers business also operates at almost double-digit margins.
- Overall margins are anticipated to improve from Q3 onwards, with Q2 expected to remain similar to Q1, and high single-digit margins are considered possible by FY28.

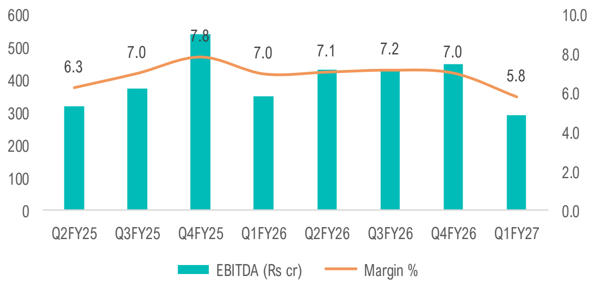
Revenue



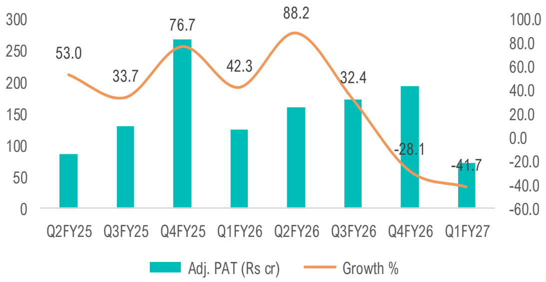
Order Book



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	FY27E	FY28E	FY27E	FY28E	FY26E	FY27E
Revenue	28,013	32,156	25,784	29,067	-8.0	-9.6
EBITDA	2,241	2,701	1,728	2,151	-22.9	-20.4
Margins (%)	8.0	8.4	6.7	7.4	-130bps	-100bps
Adj. PAT	1,001	1,278	641	911	-35.9	-28.7
EPS	37.6	48.0	24.1	34.2	-35.9	-28.7

Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Revenue	**19,914**	**21,847**	**23,506**	**25,784**	**29,067**
% change	15.2	9.7	7.6	9.7	12.7
EBITDA	**1,215**	**1,504**	**1,659**	**1,728**	**2,151**
% change	46.4	23.8	10.3	4.2	24.5
Depreciation	185	184	197	212	237
EBIT	**1,029**	**1,320**	**1,461**	**1,516**	**1,914**
Interest	655	664	664	752	794
Other Income	52.4	70.9	50.3	53.0	55.0
PBT	**426**	**727**	**789**	**817**	**1,175**
% change	164.9	70.6	8.5	3.5	43.9
Tax	80	157	184	176	264
Tax Rate (%)	19	22	23	22	23
Reported PAT	**347**	**571**	**606**	**641**	**911**
Adj*	0	0	59	0	0
Adj PAT	**347**	**571**	**664**	**641**	**911**
% change	97.0	64.6	16.4	-3.5	42.0
No. of shares (cr)	**27**	**27**	**27**	**27**	**27**
Adj EPS (Rs.)	13	21	25	24	34
% change	97.0	64.6	16.4	-3.5	42.0
DPS (Rs.)	4.8	4.8	4.9	4.9	5.0

BALANCE SHEET

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	368	1,113	1,701	1,783	604
Accounts Receivable	7,911	8,080	9,016	9,890	11,149
Inventories	1,260	1,320	1,505	1,693	1,952
Other Cur. Assets	8,348	8,200	8,565	8,477	9,556
Investments	-	-	-	-	-
Gross Fixed Assets	2,268	2,368	2,768	3,068	3,468
Net Fixed Assets	1,316	1,235	1,440	1,530	1,695
CWIP	10	10	10	10	10
Intangible Assets	310	315	315	315	315
Def. Tax (Net)	413	585	648	721	803
Other Assets	-	-	-	-	-
Total Assets	**19,936**	**20,858**	**23,200**	**24,418**	**26,083**
Current Liabilities	12,169	12,648	13,046	13,651	14,640
Provisions	109	120	129	141	159
Debt Funds	3,664	3,654	5,054	5,144	5,024
Other Liabilities	-	-	-	-	-
Equity Capital	53	53	53	53	53
Reserves & Surplus	3,940	4,383	4,918	5,428	6,206
Shareholder's Fund	399	444	497	548	626
Total Liabilities	**19,936**	**20,858**	**23,200**	**24,418**	**26,083**
BVPS (Rs.)	**150**	**167**	**187**	**206**	**235**

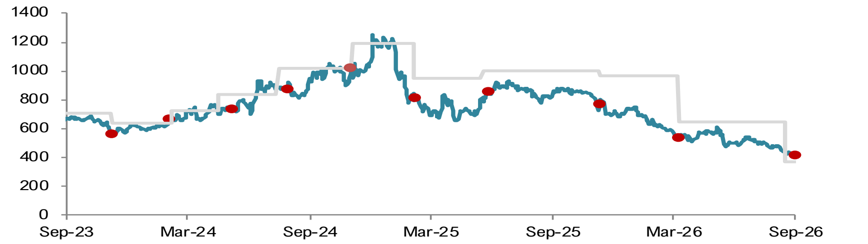
CASH FLOW

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Depn.	**612**	**911**	**987**	**1,029**	**1,412**
Non-cash adj.	535	407	467	557	502
Changes in W.C	-470	407	-1,078	-355	-1,591
C.F. Operation	**677**	**1,725**	**375**	**1,230**	**323**
Capital exp.	-220	-98	-398	-298	-398
Change in inv.	0	0	0	0	0
Other invest.CF	-52	-71	-50	-53	-55
C.F – Investment	**-272**	**-169**	**-449**	**-351**	**-453**
Issue of equity	0	0	0	0	0
Issue/repay debt	470	-10	1400	90	-120
Dividends paid	-126	-128	-130	-131	-133
Other finance.CF	-663	-673	-609	-755	-797
C.F – Finance	**-319**	**-811**	**662**	**-797**	**-1050**
Chg. in cash	85	745	588	82	-1180
Closing cash	368	1,113	1,701	1,783	604

RATIOS

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	6.1	6.9	7.1	6.7	7.4
EBIT margin (%)	5.2	6.0	6.2	5.9	6.6
Net profit mgn.(%)	1.7	2.6	2.8	2.5	3.1
ROE (%)	8.9	13.5	14.1	12.3	15.5
ROCE (%)	9.7	9.6	11.0	10.4	11.8
W.C & Liquidity					
Receivables (days)	145.0	135.0	140.0	140.0	140.0
Inventory (days)	29.5	28.5	30.0	31.0	32.0
Payables (days)	214.0	203.1	195.3	190.3	186.3
Current ratio (x)	1.5	1.5	1.6	1.6	1.6
Quick ratio (x)	0.7	0.6	0.7	0.7	0.8
Turnover & Leverage					
Gross asset T.O (x)	9.2	9.4	9.2	8.8	8.9
Total asset T.O (x)	1.0	1.1	1.1	1.1	1.2
Int. coverage ratio (x)	1.6	2.0	2.2	2.0	2.4
Adj. debt/equity (x)	1.0	0.9	1.1	1.0	0.8
Valuation					
EV/Sales (x)	0.7	0.6	0.6	0.6	0.5
EV/EBITDA (x)	11.7	8.9	8.6	8.2	7.1
P/E (x)	31.3	19.0	16.3	16.9	11.9
P/BV (x)	2.7	2.4	2.2	2.0	1.7

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
11-Mar-2026	Accumulate	648
03-Sep-2026	SELL	368

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.

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