

Company Update Post Analyst Meet

Change in Estimates post Updates (Abs.)

FY27E/FY28E: Revenue: 0%/0%; EBITDA: 0%/0%; PAT: 0%/0%

Recommendation Rationale

- **Healthy Order Backlog Ensuring Revenue Visibility:** The company's order book plus L1 stands above Rs 40,000 Cr, primarily in the T&D segment, offering strong revenue visibility over the next 18–24 months. Backed by its proven execution capabilities, the company remains well-placed to deliver consistent growth, projecting a 13% CAGR between FY26-28E.
- **Encouraging Pipeline of Tenders Enhances Order Inflow Prospects:** A robust tender pipeline of Rs 1,80,000 Cr provides strong visibility for sustained order inflows in the coming quarters. Of this, Rs 70,000 Cr pertains to domestic and international T&D, Rs 50,000 Cr to the Civil, and Rs 25,000-30,000 Cr to Renewables. For FY27, the company has targeted order inflows of Rs 30,000 Cr, of which Rs 1,000 Cr has already been secured, reflecting continued traction and steady execution momentum.
- **Strategic Shift in Orders:** The company consciously shifted its focus toward fewer but larger EPC orders to enhance operational control, execution efficiency, and working capital. The average order size increased from Rs 350 Cr last year to over Rs 500 Cr this year. The T&D segment's contribution to overall revenues increased significantly to 68%, up from 59% in the previous year. Simultaneously, KEC adopted a cautious, calibrated approach to executing water projects due to ongoing payment delays and delayed legal closures of dispute settlements in transportation and metro projects.
- **Operational Challenges May Impact Revenue & Margin Stability:** The ongoing geopolitical situation has created supply chain and logistics challenges, including shipment delays, port congestion, higher freight and war-related transportation costs, and extended lead times for equipment supplies. These issues, along with labour shortages and supplier disruptions in India, affected operations in Q4FY26 and will continue to impact operations in Q1FY27 and possibly Q2 until supply chain conditions stabilise.

Sector Outlook: Positive

Company Outlook & Guidance: Management has guided for 12-15% revenue growth and improving return on capital through faster project churning and better commercial terms.

Current Valuation: 15.5x FY28E EPS (Earlier Valuation: 15.5x FY28E EPS)

Current TP: Rs 590/share (Earlier TP: Rs 590/share)

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

Outlook: KEC's well-diversified and robust order book ensures strong revenue visibility over the next 18–24 months. T&D and Civil businesses are expected to be major revenue contributors. However, execution remains key, given the current operational challenges. We expect the company to deliver Revenue/EBITDA/PAT growth of 13%/19%/29% CAGR from FY26-28E. The recent stock correction presents an attractive entry opportunity, offering a compelling risk–reward profile for medium-to long-term investors.

Valuation & Recommendation: The stock is currently trading at 18x/13x FY27E/28E EPS. **We maintain our BUY rating** on the stock and value it at 15.5x FY28E EPS, to arrive at a TP of Rs 590/share, implying an upside of 18% from the CMP.

Key Financials (Consolidated)

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	23,506	26,326	30,275
EBITDA	1,659	1,895	2,361
Net Profit	606	734	1,015
EPS (Rs)	23	28	38
PER (x)	22.0	18.2	13.1
P/BV (x)	2.2	2.0	1.7
EV/EBITDA (x)	8.32	7.51	6.11
RoE (%)	10	11	14

Source: Company, Axis Securities Research

(CMP as of 26th May, 2026)

CMP (Rs)	501
Upside /Downside (%)	18%
High/Low (Rs)	947/466
Market cap (Cr)	13333
Avg. daily vol. (6m) Shrs.	1191644
No. of shares (Cr)	26.6

Shareholding (%)

	Sep-25	Dec-25	Mar-26
Promoter	50.1	50.1	50.1
FIs	15.9	11.8	9.8
MFs / UTI	20.2	23.0	24.1
Banks / FIs	0.0	0.0	0.0
Others	13.8	15.1	15.9

Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	23,506	26,326	30,275
EBITDA	1,659	1,895	2,361
Net Profit	606	734	1,015
EPS (Rs)	23	28	38
PER (x)	21.4	17.7	12.8
P/BV (x)	2.1	1.9	1.7
EV/EBITDA (x)	8.11	7.33	5.96
ROE (%)	10	11	14

Change in Estimates (%)

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

Relative Performance



Source: Axis Securities Research

Results Gallery

[Q4FY26](#)
[Q3FY26](#)
[Q2FY26](#)
[Q1FY26](#)

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Analyst Meet Highlight

- **Civil segment to deliver the highest growth:** Margin and revenue improvement is expected to be driven by the completion of legacy metro projects that will release working capital, a strategic shift toward larger EPC contracts with better commercial terms, increasing focus on international water projects with superior cash flow dynamics, and greater adoption of mechanised infrastructure projects to reduce labour dependency and improve execution efficiency.
- **Strong Growth Momentum in Cable Business:** KEC expects the cable segment to deliver around 20% revenue growth, targeting revenues of Rs 2,700–2,800 Cr, supported by improving margins and rising demand. Growth is being driven by strong cable requirements from renewable energy and data centre projects, the launch of new electronic and EU cable products, and increasing export opportunities after US approvals.
- **Strong International Opportunity Pipeline**
 - **Middle East & West Asia:** KEC is strengthening its presence across Saudi Arabia, UAE, and Oman, driven by rising investments in transmission redundancies, substation development, data centers, and energy infrastructure upgrades. The company also sees long-term potential in Iran if geopolitical conditions improve.
 - **United States:** KEC is gaining traction in the US market through tower supply and 765 kV transmission projects, supported by strong data center-related investments.
 - **Africa:** With demand reviving in Africa, KEC has started securing fresh orders and is increasingly focusing on large water infrastructure projects, which offer better commercial terms, faster execution, and improved cash flow dynamics.
 - **CIS Region:** The company is expanding its footprint in former Soviet Union countries, targeting opportunities in transmission lines and solar projects, supported by regular project inquiries and recent order wins.
- **Flexible Global Strategy:** KEC follows a dynamic portfolio approach across international EPC markets, enabling it to shift focus away from volatile regions and redeploy resources toward faster-growing geographies and sectors.
- **Adoption of automation and mechanisation:** To address persistent labour shortages and improve execution efficiency, the company is deploying technologies such as brick-laying robots, automatic plastering machines, specialised cranes for tower erection, drones for operations in difficult terrains, and mandatory Ready-Mix Concrete usage to reduce dependence on manual labour. KEC is also increasing its focus on mechanised infrastructure segments like underground projects, where advanced equipment-driven execution naturally lowers workforce requirements.

Key Risks to Our Estimates and TP

- Geopolitical unrest in the Middle East- Supply chain and logistics disruptions, significant increase in freight cost and lead times globally, and availability of labour in India due to LPG-related issues.
- Delay in payments in Water projects, leading to slower progress and impacting working capital.
- Continued ROW issues in India T&D.

Change in Estimates

	New		Old		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Sales	26,326	30,275	26,326	30,275	0	0
EBITDA	1,895	2,361	1,895	2,361	0	0
PAT	734	1015	734	1015	0	0

Source: Company, Axis Securities Research

Financials (consolidated)

Profit & Loss					(Rs Cr)
Y/E March	FY25	FY26	FY27E	FY28E	
Net sales	21,847	23,506	26,326	30,275	
Other operating income	0	0	0	0	
Total income	21,847	23,506	26,326	30,275	
Net Raw material	10,079	11,246	12,189	13,624	
Contribution (%)	53.9%	52.2%	53.7%	55.0%	
Other Expenses	10,264	10,601	12,242	14,290	
Operating Profit	1,504	1,659	1,895	2,361	
Other income	71	50	32	33	
PBIDT	1,575	1,709	1,927	2,395	
Depreciation	184	197	249	277	
Interest & Fin Chg.	664	664	737	817	
E/o income / (Expense)	0	-59	0	0	
Pre-tax profit	728	789	941	1,301	
Tax provision	157	184	207	286	
PAT	571	606	734	1,015	
(-) Minority Interests	0	0	0	0	
Associates	0	0	0	0	
Other Comprehensive Income	0.0	0.0	0.0	0.0	
Adjusted PAT	571	651	734	1,015	
Reported PAT	571	606	734	1,015	

Source: Company, Axis Securities Research

Balance Sheet					(Rs Cr)
Y/E March	FY25	FY26	FY27E	FY28E	
Total assets	9,340	11,645	12,273	13,181	
Net Block	1,357	1,468	1,620	1,743	
Right-of-use assets	290	305	305	305	
CWIP	39	114	114	114	
Investments	281	97	97	97	
Wkg. cap. (excl cash)	6,829	9,251	10,168	11,145	
Cash / Bank balance	546	411	-30	-222	
Misc. Assets	0	0	0	0	
Capital employed	9,340	11,646	12,273	13,182	
Equity capital	53	53	53	53	
Reserves	5,294	6,106	6,734	7,642	
Pref. Share Capital	0	0	0	0	
Minority Interests	3,977	5,461	5,461	5,461	
Borrowings	16	25	25	25	
Def Tax Liabilities	9,340	11,645	12,273	13,181	

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
PAT	571	606	734	1015
Depreciation	184	197	249	277
Interest Expense	664	664	737	817
Changes in Working Capital	(1524)	(1890)	(918)	(977)
Others	368	310	176	253
Tax Paid	157	(301)	(207)	(286)
Net Cash from Operations	419	(414)	771	1099
Capex	(183)	(329)	(400)	(400)
Investment	0	0	0	0
Others	115	87	32	33
Net Cash from Investing	(68)	(242)	(368)	(367)
Borrowings	266	545	0	0
Interest Expense	(633)	(636)	(737)	(817)
Dividend paid	(103)	(146)	(106)	(106)
Others	(413)	900	0	0
Net Cash from Financing	(32)	511	(844)	(924)
Net Change in Cash	319	(145)	(441)	(192)
Opening cash	205	546	411	(30)
Closing cash	546	411	(30)	(222)

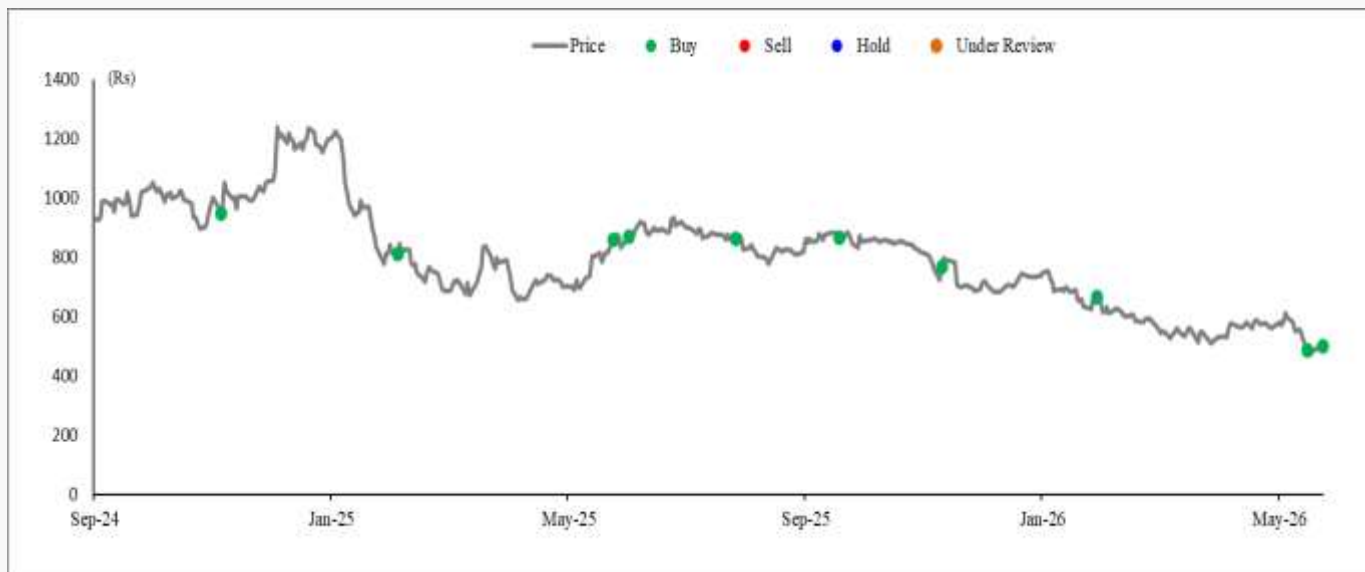
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY25	FY26	FY27E	FY28E
Sales growth	9.7	7.6	12.0	15.0
OPM	6.9	7.1	7.2	7.8
Oper. profit growth	23.8	10.3	14.3	24.6
COGS / Net sales	46.1	47.8	46.3	45.0
Overheads/Net sales	47.0	45.1	46.5	47.2
Depreciation / G. block	6.3	6.3	7.0	7.0
Effective interest rate	16.7	14.2	13.7	15.2
Net wkg.cap / Net sales	0.25	0.30	0.33	0.32
Net sales / Gr block (x)	7.5	7.5	7.4	7.7
RoCE	27	23	22	26
Debt/Equity (x)	0.74	0.87	0.79	0.70
Effective tax rate	22	23	22	22
RoE	12	10	11	14
Payout ratio (Div/NP)	18.0	24.1	14.5	10.5
EPS (Rs)	21.5	22.8	27.6	38.1
EPS Growth	59.1	6.1	21.2	38.2
CEPS (Rs)	28.4	30.2	36.9	48.5
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
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
29-Jul-25	BUY	1,030	Result Update
20-Sep-25	BUY	1,030	AAA
12-Nov-25	BUY	1,030	Result Update
02-Feb-26	BUY	920	Result Update
19-May-26	BUY	590	Result Update
27-May-26	BUY	590	Company Update

Source: Axis Securities Research

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