Result Update
12th November, 2025

KEC International Ltd
EPC Infrastructure

BUY
Target Price
1,030

Margin Improvement to Continue; Retain BUY

Est. Vs. Actual for Q2FY26: Revenue – BEAT; EBITDA Margin – MISS; PAT – MISS

Change in Estimates post Q2FY26 (Abs.)

FY26E/FY27E: Revenue: 1%/1%; **EBITDA:** -2%/0%; **PAT:** -13%/0%

Recommendation Rationale

- **Healthy Order Backlog Ensuring Revenue Visibility:** As of 30th Sep 2025, the company's order book stood at Rs 39,325 Cr. Additionally, it holds an L1 position in projects worth Rs 5,000 Cr, primarily in the T&D segment, offering strong revenue visibility over the next 18–24 months. Backed by its proven execution capabilities and the government's continued emphasis on infrastructure development, the company remains well-placed to deliver consistent growth, projecting a 16% CAGR between FY25 and FY27E.

- **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 22,000–23,000 Cr pertains to domestic T&D, Rs 38,000–42,000 Cr to international T&D, and the remainder to non-T&D segments. For FY26, the company has targeted order inflows of Rs 30,000 Cr, of which Rs 16,050 Cr has already been secured, reflecting continued traction and steady execution momentum.

- **Strengthening Margins Leading to Better Bottom-line Performance:** Despite challenges such as labour shortages and delays in receivables from the water segment, EBITDA margins improved, driven by strong execution in international T&D projects and a higher share of margin-accretive assignments. Margins are expected to rise to 9% by FY27, with EBITDA projected to deliver a 32% CAGR 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.

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 strong performance in Q2FY26, with revenue at Rs 6,092 Cr, up 19% YoY, EBITDA at Rs 431 Cr, up 34% YoY, and PAT at Rs 161 Cr, up 83% YoY. EBITDA margin stood at 7.1% versus 6.3% in Q2FY25 and compared to our estimate of 7.7%. The order book composition remains diversified, with 65% from T&D, 25% from Civil, 7% from Transportation, and 3% from Renewables, Oil & Gas, and Cables. The domestic-to-international order book split stood at 55:45, while the T&D and non-T&D order intake mix remained healthy at 65:35.

Outlook: KEC's well-diversified and robust order book, coupled with multiple L1 positions, ensures strong revenue visibility over the next 18–24 months. The T&D business continues to demonstrate solid growth momentum, while Non-T&D segments are expected to see meaningful recovery in H2FY26. Ongoing margin improvement measures are likely to drive consistent EPS growth through FY26–FY27. We project EPS to record a CAGR of ~55% over FY25–FY27, supported by a healthy order book, efficient project execution, and favorable industry dynamics within the T&D segment. 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 28x/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 34% from the CMP.

Key Financials (Consolidated)

(Rs Cr)	Q2FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	6,092	21	19	5,778	5%
EBITDA	431	23	34	442	-3%
EBITDA Margin	7.1%	10bps	80bps	7.7%	-58bps
Net Profit	161	29	88	188	-14%
EPS (Rs)	6	29	83	7	-14%

Source: Company, Axis Securities Research

(CMP as of 11th November, 2025)

CMP (Rs)	768
Upside /Downside (%)	34%
High/Low (Rs)	1313 / 605
Market cap (Cr)	20452
Avg. daily vol. (6m) Shrs.	1330444
No. of shares (Cr)	26.6

Shareholding (%)

	Mar-25	Jun-25	Sep-25
Promoter	50.1	50.1	50.1
FIIs	15.4	16.0	15.9
MFs / UTI	22.1	20.0	20.2
Banks / FIs	0.0	0.0	0.0
Others	12.4	13.9	13.8

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	21,847	25,433	29,248
EBITDA	1,504	2,005	2,632
Net Profit	571	845	1,365
EPS (Rs)	21	32	51
PER (x)	41.5	28.0	17.3
P/BV (x)	4.4	3.9	3.2
EV/EBITDA (x)	16	11.50	8.57
ROE (%)	12	15	20

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	1%	1%
EBITDA	-2%	0%
PAT	-13%	0%

Relative Performance

Source: Axis Securities Research

Results Gallery

Q1FY26
Q4FY25
Q3FY25
Q2FY25

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Key Concall Highlights

- **Order Book:** As of 30th June 2025, the company's order book stood at Rs 39,325 Cr. During YTD FY26, it secured order inflows of Rs 16,050 Cr, reflecting a 20% YoY increase. The company has set an ambitious target of Rs 30,000 Cr in order inflows for FY26. The order intake mix comprises 65% T&D, 25% Civil, 7% Transportation, and 3% from Renewables, Cables, and Others, with the T&D to non-T&D ratio currently at 65:35.

- **Bidding Pipeline:** The company's combined order book and L1 position is over Rs 44,000 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 Sep'25, net debt (including acceptances) stood at Rs 6480 Cr. The increase in debt level is on account of strong revenue growth, an increase in strategic inventory due to benign commodity prices, delayed release of payments in the Water projects, and spillover of certain large collections which happened in Oct'25. The net working capital (NWC) has increased to 138 days in Q2FY26.

Segmentwise Performance Q2FY26

T&D

The company reported the revenue of Rs 4080 Cr, marking a robust 44% YoY growth in its T&D segment. Order intake stood at over Rs 12000 Cr across India, the Middle East, CIS, and the Americas. It maintains a robust orderbook and L1 of Rs 29,000 Cr. The T&D business has expanded its geographical footprint by securing its maiden order in a new country in the CIS. The business has also secured two landmark orders in the Middle East, which include our largest ever EPC order of over INR3,100 crores in the UAE, and our largest ever substation order of over INR1,000 crores in Saudi Arabia. These prestigious orders in the Middle East have widened our portfolio and client base and further solidified our leadership in the region.

SAE: In SAE, the business reported revenue of Rs 429 Cr for the quarter, up 35% YoY. They have further strengthened the operational capabilities through the installation of new robotic equipment at their manufacturing facility, which will enhance production capacity and improve efficiency.

Non-T&D

- **Civil:** The segment generated revenue of Rs 968 Cr, execution impacted by continued labour shortages, prolonged monsoon, and delayed payments. The order inflow is over Rs 3,000 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 425 Cr. They secured 3 orders YTD for Train Collision Avoidance System (TCAS) under KAVACH in partnership with their JV partner. 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 524 Cr growth of 19% YoY. 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 business achieved prequalification from a leading Middle East utility for pipeline projects, a key milestone in its international growth journey. 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 190 Cr. 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	25,433	29,248	25,119	28,886	1%	1%
EBITDA	2,005	2,632	2,040	2,629	-2%	0%
PAT	845	1365	967	1371	-13%	0%

Source: Company, Axis Securities

Result Review Q2FY26

	Quarterly Performance				
	Q2FY26	Q1FY26	Q2FY25	% Change (QoQ)	% Change (YoY)
Sales	**6,092**	**5,023**	**5,113**	21	19
Other Op. Inc	0	0	0		
Total Revenue	**6,092**	**5,023**	**5,113**	21	19
Expenditure					
Cost of material consumed	3111	2461	2269	26	37
Change in Inventory	-74	-215	-74	(65)	0
Erection and subcontracting expenses	1720	1631	1577	5	9
Employee Cost	426	392	404	9	5
Other Expenses	479	404	439	19	9
Total Expenditure	**5661**	**4673**	**4615**	21	23
EBITDA	**431**	**350**	**320**	23	34
	7.1%	**7.0%**	**6.3%**	10bps	80bps
Other Income	5	5	7	(13)	(30)
Interest	171	151	168	13	2
Depreciation	51	46	45	10	11
Exceptional Item	0	0	0		
PBT	**213**	**158**	**114**	35	88
Tax	52	34	28	54	86
PAT	**161**	**125**	**86**	29	88
EPS (Rs)	6.0	4.7	3.3	29	83

Source: Company, Axis Securities Research

Financials (consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Net sales	**19,914**	**21,847**	**25,433**	**29,248**
Other operating income	0	0	0	0
Total income	19,914	21,847	25,433	29,248
Net Raw material	8,408	10,079	10,667	11,114
Contribution (%)	*57.8%*	*53.9%*	*58.1%*	*62.0%*
Other Expenses	10,292	10,264	12,761	15,501
Operating Profit	**1,215**	**1,504**	**2,005**	**2,632**
Other income	52	71	24	58
PBIDT	**1,267**	**1,575**	**2,029**	**2,691**
Depreciation	185	184	216	245
Interest & Fin Chg.	655	664	715	673
E/o income / (Expense)	0	0	0	0
Pre-tax profit	**427**	**728**	**1,098**	**1,773**
Tax provision	80	157	253	408
PAT	347	571	845	1,365
(-) 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**	**845**	**1,365**
Reported PAT	**347**	**571**	**845**	**1,365**

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Total assets	**8,106**	**9,340**	**10,079**	**11,338**
Net Block	1,433	1,357	1,541	1,696
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	6,753	7,368
Cash / Bank balance	205	546	1,188	1,677
Misc. Assets	0	0	0	0
Capital employed	**8,105**	**9,340**	**10,079**	**11,337**
Equity capital	51	53	53	53
Reserves	4,044	5,294	6,033	7,291
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**	**10,079**	**11,338**

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
PAT	347	571	845	1365
Depreciation	185	184	216	245
Interest Expense	655	664	715	673
Changes in Working Capital	(790)	(1524)	76	(614)
Others	166	368	229	349
Tax Paid	(252)	157	(253)	(408)
Net Cash from Operations	**311**	**419**	**1827**	**1610**
Capex	(237)	(183)	(388)	(400)
Investment	0	0	0	0
Others	14	115	24	58
Net Cash from Investing	**(223)**	**(68)**	**(364)**	**(342)**
Borrowings	170	266	0	0
Interest Expense	(649)	(633)	(715)	(673)
Dividend paid	(77)	(103)	(106)	(106)
Others	411	(413)	0	0
Net Cash from Financing	**(145)**	**(32)**	**(822)**	**(779)**
Net Change in Cash	**(56)**	**319**	**642**	**490**
Opening cash	281	205	546	1188
Closing cash	**205**	**546**	**1188**	**1677**

Source: Company, Axis Securities Research

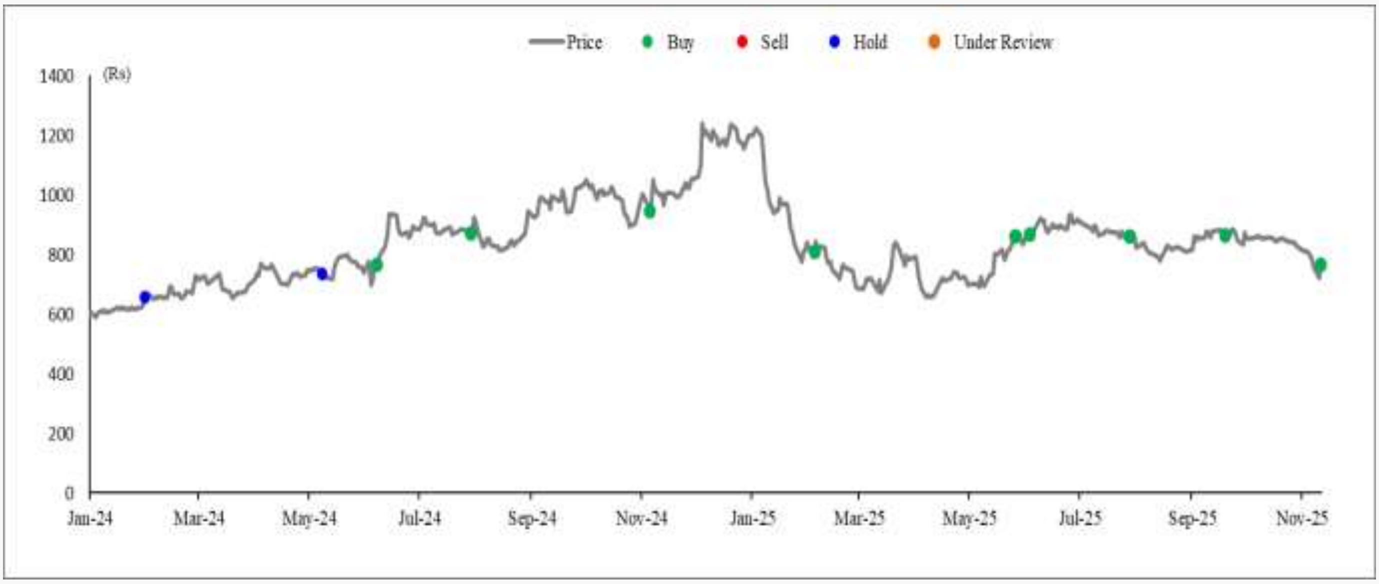
Ratio Analysis

(%)

Y/E March	FY24	FY25	FY26E	FY27E
Sales growth	**15.2**	**9.7**	**16.4**	**15.0**
OPM	**6.1**	**6.9**	**7.9**	**9.0**
Oper. profit growth	46.4	23.8	33.3	31.3
COGS / Net sales	42.2	46.1	41.9	38.0
Overheads/Net sales	51.7	47.0	50.2	53.0
Depreciation / G. block	6.6	6.3	6.5	6.6
Effective interest rate	17.8	16.7	18.1	17.0
Net wkg.cap / Net sales	0.23	0.25	0.23	0.21
Net sales / Gr block (x)	7.1	7.5	7.7	7.9
RoCE	**24**	**27**	**29**	**33**
Debt/Equity (x)	0.97	0.74	0.65	0.54
Effective tax rate	19	22	23	23
RoE	**9**	**12**	**15**	**20**
Payout ratio (Div/NP)	29.6	18.0	12.6	7.8
EPS (Rs)	**13.5**	**21.5**	**31.8**	**51.3**
EPS Growth	97.1	59.1	47.9	61.6
CEPS (Rs)	20.7	28.4	39.9	60.5
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
29-Jul-25	BUY	1,030	Result Update
20-Sep-25	BUY	1,030	AAA
12-Nov-25	BUY	1,030	Result Update

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BUY	More than 10%
HOLD	Between 10% and -10%
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NO STANCE	We do not have any forward-looking estimates, valuations or recommendations for the stock.

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