



Strong Order Book & Strategic Shift to Drive Revenue Growth

Est. Vs. Actual for Q4FY26: Revenue – **MISS**; EBITDA Margin – **BEAT**; PAT – **BEAT**

Change in Estimates post Q4FY26 (Abs.)

FY27E: Revenue: -9%; EBITDA: -20%; PAT: -40%

Recommendation Rationale

- **Healthy Order Backlog Ensuring Revenue Visibility:** As of 31st March, 2026, the company's order book stood at Rs 36,267 Cr. Additionally, it holds an L1 position in projects worth Rs 3,733 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 order inflow of Rs 30,000 Cr in FY27.

Current Valuation: 15.5x FY28E EPS (Earlier Valuation: 20x FY27E EPS)

Current TP: Rs 590/share (Earlier TP: Rs 920/share)

Recommendation: We maintain our **BUY** rating on the stock and roll over our estimates to FY28.

Financial Performance

KEC International (KEC) reported revenue of Rs 6,390 Cr (down 7% YoY), due to ongoing geopolitical tensions that have caused supply chain and logistics challenges, as well as labour shortage issues. EBITDA stood at Rs 448 Cr (down 17% YoY), and PAT at Rs 193 Cr (down 28% YoY) in Q4FY26. EBITDA margin stood at 7% vs. 7.8% in Q4FY25 and compared to our estimate of 5.3%. The order book composition remains diversified, with 63% from T&D, 27% from Civil, 7% from Transportation, 2% from Cables and Conductors, and 1% from Others. The domestic-to-international order book split stood at 52:48.

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 21% from the CMP.

Key Financials (Consolidated)

(Rs Cr)	Q4FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	6,390	6	-7	6,941	-8%
EBITDA	448	4	-17	368	22%
EBITDA Margin	7.0%	-15bps	-83bps	5.3%	171bps
Net Profit	193	51	-28	131	47%
EPS (Rs)	7	51	-28	5	47%

Source: Company, Axis Securities Research

(CMP as of 18th May, 2026)

CMP (Rs)	488
Upside /Downside (%)	21%
High/Low (Rs)	947/482
Market cap (Cr)	12947
Avg. daily vol. (6m) Shrs.	1180230
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

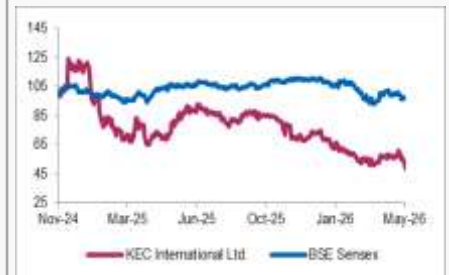
Financial & Valuations

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
Sales	-9%
EBITDA	-20%
PAT	-40%

Relative Performance



Source: Axis Securities Research

Results Gallery

[Q3FY26](#)
[Q2FY26](#)
[Q1FY26](#)
[Q4FY25](#)

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Key Concall Highlights

- **Order Book:** As of 31st March, 2026, the company's combined order book plus L1 stood at Rs 40,000 Cr. The order inflows for FY26 stood at Rs 25,280 Cr, reflecting a % YoY increase. The order intake mix comprises 70% T&D, 20% Civil, 2% Transportation, 7% Cables and Conductors and 1% from Others, with the T&D to non-T&D ratio currently at 46:54.
- **Borrowings and Net Working Capital:** As on 31st March, 2026, net debt (including acceptances) stood at Rs 6,722 Cr. Management expects the debt levels to improve by Q2FY27. The net working capital (NWC) has increased to 137 days in Q4FY26 from 135 days in Q3FY26, owing to spillover of collections, higher inventory due to delayed dispatches in Dubai amid Middle East disruptions, strategic inventory build-up owing to volatile steel prices, muted collections in the Water business and an increase in revenue-driven debt.
- **Dividend:** The Board of Directors have recommended a dividend of up to 75%, that is, Rs 5.5/share on the face value of Rs 2/share.

Segmentwise Performance Q4FY26

T&D

- The company reported the revenue of Rs 3,999 Cr, marking a 1% YoY growth in its T&D segment. Order intake stood at over Rs 17,000 Cr across India, the Middle East, CIS, and the Americas. It maintains a robust order book and an L1 of Rs 25,000 Cr. The T&D tender pipeline remains strong domestically and globally, and management is confident that this segment will be a major revenue contributor.
- **SAE:** In SAE, the business reported revenue of Rs 487 Cr for the quarter, up 38% YoY. The business now has a robust order book and L1 position exceeding Rs 2,600 Cr, providing strong revenue visibility going forward.

Non-T&D

- **Civil:** The segment generated revenue of Rs 992 Cr. The order inflow doubled to Rs 5,000 Cr in the B&F segment. The order book plus L1 is of Rs 10,000 Cr. KEC is confident that the Civil business will have a significant turnaround, with projected growth of at least 30-35%.
- **Transportation:** The business reported revenue of Rs 309 Cr. The management plans fast-track completion of existing projects, optimise working capital, and selectively bid in technologically enabled areas of Metros and tunnel ventilation.
- **Cables:** The company reported revenue of Rs 754 Cr, up 27% YoY. Elastomeric cables are slated to commence production in Q2FY27, followed by the start of the E-Beam process within the same quarter.
- **Oil & Gas:** In Q4FY26, the business achieved revenue of Rs 69 Cr. Management will be focusing on the international market, especially the Middle East, considering the low tender pipeline and extremely competitive scenario in India.
- **Renewables:** The company reported revenue of Rs 68 Cr.

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	28,942	0	-9%	NA
EBITDA	1,895	2,361	2,373	0	-20%	NA
PAT	734	1015	1221	0	-40%	NA

Source: Company, Axis Securities Research

Result Review Q4FY26

	Quarterly Performance				
	Q4FY26	Q3FY25	Q4FY25	% Change (QoQ)	% Change (YoY)
Sales	6,390	6,001	6,872	6	(7)
Other Op. Inc	0	0	0		
Total Revenue	6,390	6,001	6,872	6	(7)
Expenditure					
Cost of material consumed	3110	2890	3466	8	(10)
Change in Inventory	-74	39	-74	(292)	0
Erection and subcontracting expenses	1987	1731	1879	15	6
Employee Cost	426	418	386	2	10
Other Expenses	493	495	555	(0)	(11)
Total Expenditure	5942	5571	6212	7	(4)
EBITDA	448	430	539	4	(17)
EBITDA Margin	7.0%	7.2%	7.8%	-15bps	-83bps
Other Income	30	10	20	194	49
Interest	170	171	170	(1)	(0)
Depreciation	51	50	47	0	9
Exceptional Item	0	59	0	(100)	#DIV/0!
PBT	258	160	343	61	(25)
Tax	65	32	74	100	(12)
PAT	193	128	269	51	(28)
EPS (Rs)	7.2	4.8	10.1	51	(28)

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)

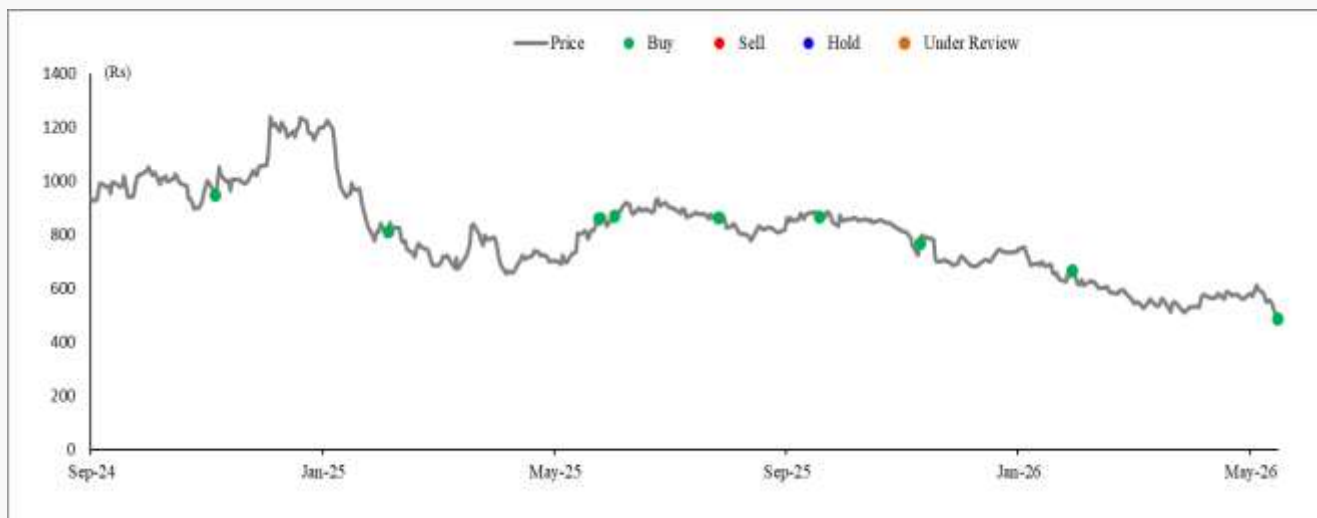
Source: Company, Axis Securities Research

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

Source: Axis Securities Research

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