

June 4, 2025

Analyst Meet Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	911		911	
Sales (Rs. m)	2,50,901	2,90,282	2,50,901	2,90,282
% Chng.	-	-	-	-
EBITDA (Rs. m)	20,950	25,980	20,950	25,980
% Chng.	-	-	-	-
EPS (Rs.)	37.1	50.6	37.1	50.6
% Chng.	-	-	-	-

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,99,142	2,18,467	2,50,901	2,90,282
EBITDA (Rs. m)	12,146	15,039	20,950	25,980
Margin (%)	6.1	6.9	8.3	8.9
PAT (Rs. m)	3,468	5,519	9,882	13,476
EPS (Rs.)	13.0	20.7	37.1	50.6
Gr. (%)	97.0	59.2	79.1	36.4
DPS (Rs.)	3.9	3.9	7.4	10.1
Yield (%)	0.4	0.4	0.9	1.2
RoE (%)	8.8	11.7	17.1	19.8
RoCE (%)	11.0	11.9	14.8	16.6
EV/Sales (x)	1.4	1.2	1.1	0.9
EV/EBITDA (x)	22.1	17.6	12.7	10.3
PE (x)	66.8	42.0	23.4	17.2
P/BV (x)	5.7	4.3	3.7	3.1

Key Data

KECLBO | KECI IN

52-W High / Low	Rs.1,313 / Rs.605
Sensex / Nifty	80,738 / 24,543
Market Cap	Rs.232bn/ \$ 2,707m
Shares Outstanding	266m
3M Avg. Daily Value	Rs.1797.2m

Shareholding Pattern (%)

Promoter's	50.10
Foreign	15.42
Domestic Institution	24.18
Public & Others	10.30
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	23.8	(20.5)	12.3
Relative	23.4	(20.3)	6.4

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Domestic T&D focus; selective overseas expansion

We attended the annual investor call of KEC International (KECI IN), where the management shared key updates on the company's FY25 financial performance and outlined growth opportunities across both domestic and international markets. The domestic Transmission & Distribution (T&D) segment continues to demonstrate strong momentum, backed by a healthy order book and increasing traction in international regions such as the Middle East, CIS countries, and the Americas. In the Civil segment, the company is witnessing good traction from Buildings & Factories, Data Centers, and the Semiconductor space, particularly from global clients. Notably, KEC has secured significant projects in both the semiconductor and petrochemical sectors. On the cables front, capacity expansion and the commissioning of a new aluminum conductor plant are expected to boost KEC's market share from the current 4–5%. In the Railways and Oil & Gas businesses, management remains prudent, prioritizing selective order booking with a focus on profitability. The company's current order book, including L1 positions, stands at ~ Rs400bn, with a strong bid pipeline of around Rs1.8trn. We maintain 'Accumulate' rating with a TP of Rs911 (same as earlier) valuing the stock at a PE of 18x Mar'27E (same as earlier).

Long term view: We remain positive on KEC for the long term given its 1) strong order book, 2) healthy execution momentum, 3) robust T&D outlook, especially in renewable energy, and 4) expansion of Cables business. The stock is currently trading at a P/E of 23.4x/17.2x on FY26/27E earnings.

Robust order book stands at Rs334.0bn (1.5x TTM Revenue): FY25 order intake grew by 35.0% YoY to Rs246.9bn. Order book plus L1 stands at ~Rs400bn, with major contribution from T&D (~Rs245bn) followed by Civil with L1 order (Rs100bn), Transportation (Rs36bn), Cables (Rs10bn), Renewables (Rs5bn) and Oil & Gas (Rs4bn). Tenders under evaluation and in pipeline stand at ~Rs1.8trn with 50% coming from T&D segment.

Deleveraging Balance Sheet: In FY25, the company successfully reduced its debt by Rs5bn, bringing the total debt down to ~ Rs40bn. Despite achieving a robust 15% revenue growth during the year, the company remains committed to further reducing its debt. Additionally, efforts are focused on lowering the interest cost from 3% to 2.5%, driven by the dual strategy of managing lower debt levels and improving cash flows.

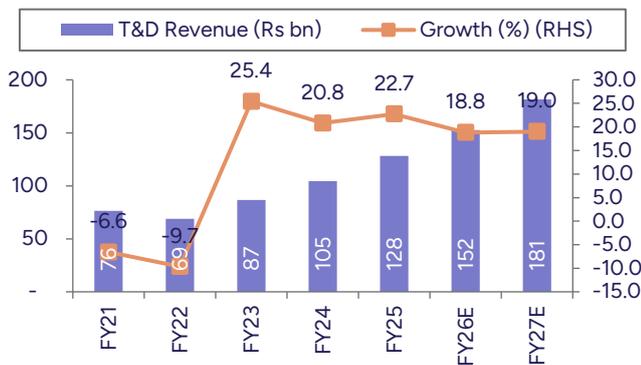
Segment Update:

T&D: Domestic momentum remains strong

T&D revenue including SAE increased by 22.7% to Rs128.3bn in FY25. Order inflow grew 61.0% to Rs177.8bn in FY25 with inflows from India, Middle East, Americas, SAARC, Africa, East Asia-Pacific and CIS. T&D business has a total order book of Rs245bn, with visibility of 6-8 quarters, primarily driven by the strong traction in both domestic and international markets. While domestic as well as international T&D prospects remain strong.

- Energizing India: Strategic wins in domestic T&D:** KEC domestic business is witnessing strong momentum contributing significantly to segments, backed by robust Rs900bn tender pipeline. The business seeing steady demands benefits from power grid, State utilities and private players. Increased traction in high margin private grid orders, focus on 765kv lines and substations and using capital light bidding approach are enhancing profitability and execution period.
- Expanding the global T&D footprint:** KEC International T&D business continues to be a major growth engine, driven by strong order inflows from the Middel East, Africa, CIS and Latin America. KEC sees lot of new opportunities In T&D business coming from countries like Saudi Arabia, UAE, Oman, Uzbekistan and Kazakhstan.
- SAE: Energizing the Latin American with local strength:** SAE Towers, the South American subsidiary of KEC, reduced its debt by ~ 25% in FY25, bringing the current outstanding amount to around Rs3.0bn. With primary operations in Brazil and Mexico, the company's strong local market knowledge has contributed to improved project execution timelines and enhanced profitability. Additionally, KEC expanded its tower manufacturing capacity by 46,000 MTPA across its facilities in Dubai, Jaipur, and Jabalpur, increasing the total capacity to 468,000 MTPA. The company also strengthened its presence in Brazil by expanding its hardware manufacturing capacity.

Exhibit 1: T&D sales to clock CAGR of ~19% in FY25-27E



Source: Company, PL

Exhibit 2: Order inflow to clock CAGR of ~15% in FY25-27E



Source: Company, PL

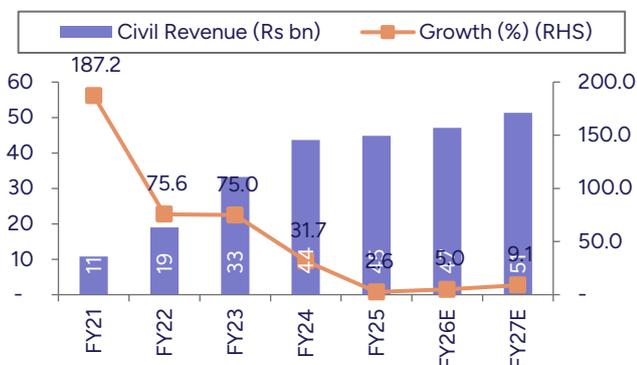
Civil: Growth moderated due to water business

The Civil segment recorded moderate revenue growth of 2.6% YoY, reaching Rs44.8bn in FY25. However, order inflows declined significantly by 40.7% to Rs24.7bn in FY25. Despite this, management remains optimistic about healthy growth prospects in the segment, supported by a strong order book of ~ Rs86.8bn, which is expected to contribute to the company's overall expansion. Recently, the company secured orders worth around Rs24bn, adding several marquee clients to its portfolio

KEC continues to maintain a strong focus on key verticals such as Buildings and Factories, Data Centers, and Semiconductors. Notably, the company has recently won a major semiconductor facility order along with a petrochemicals project within the Civil segment. The order book remains robust and well-diversified, with L1 orders totaling ~ Rs100bn, predominantly in the Buildings and Factories category.

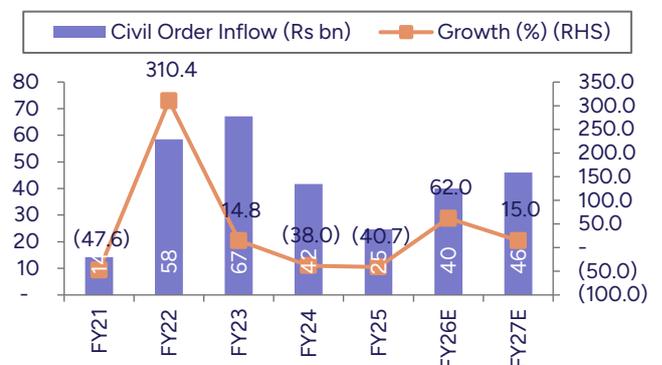
- **Building & Factories:** KEC is gaining significant traction in the metals and mining sectors, supported by increased capital expenditure from core industrial clients. Management highlighted recent order wins in this space and emphasized ongoing engagement with marquee clients, leveraging the company's strong execution capabilities and established credibility
- **Water Projects:** While payment delays due to funding challenges in states like Andhra Pradesh and Odisha were acknowledged, management noted that payments have now resumed, enabling the restart of project execution.
- **Data Centre:** Activity in the data center segment is picking up, with KEC having bid on three to four large projects. Although progress was initially slow, project momentum has now accelerated, and the company anticipates securing meaningful contracts in the near term.

Exhibit 3: Civil sales to clock CAGR of ~7% in FY25-27E



Source: Company, PL

Exhibit 4: Civil to report a order inflow of ~36% in FY25-27E



Source: Company, PL

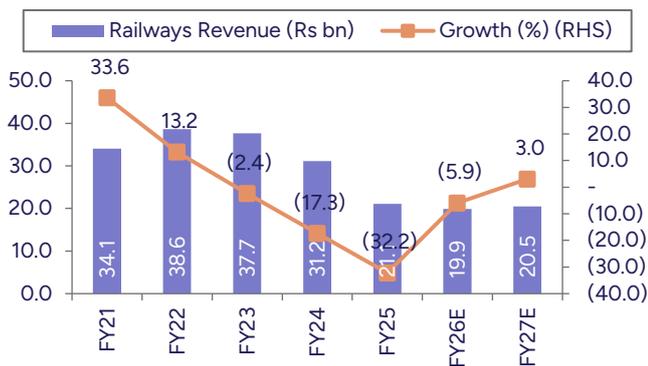
Railways: Selective approach in order booking

Railways revenue declined 32.2% YoY to Rs21.1bn in FY25, while order inflows remained subdued at Rs22.2bn. The segment's order book stood at Rs36.7bn during the year. Management continues to adopt a selective approach to new order bookings, prioritizing the timely completion of existing projects. Execution delays have been attributed to factors such as block availability and design challenges.

The company successfully completed its first TCAS Kavach JV project and anticipates order bookings of ~Rs8–9bn in the Kavach segment going forward. KEC is also working to expand its global footprint by increasing participation in metro projects, particularly internationally.

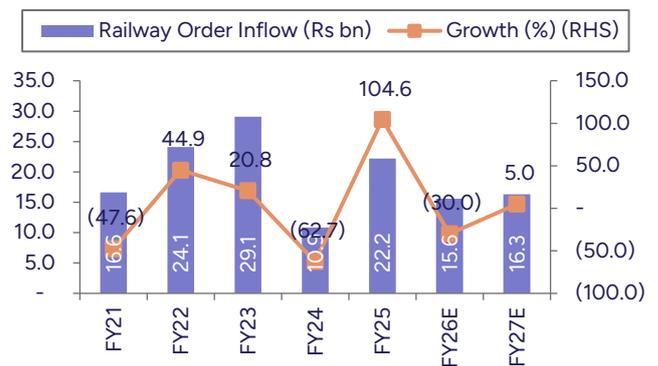
The management's focus remains on accelerating project completion and improving receivables collection. Given the unfavorable margin profile of many projects, the company maintains a cautious stance on new order bookings.

Exhibit 5: Railway rev to decline at a CAGR of ~14% by FY27E



Source: Company, PL

Exhibit 6: Order intake to report CAGR of ~15% by FY27E



Source: Company, PL

Cables: Capacity expansion to spur growth

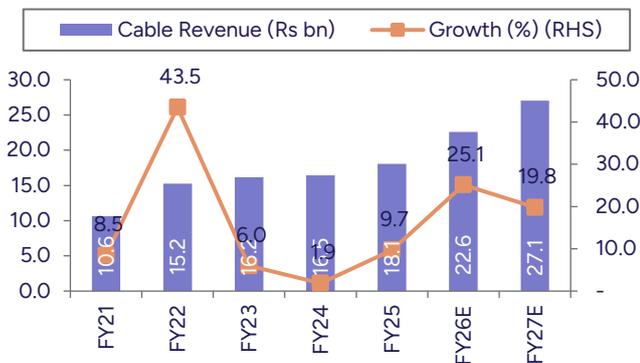
Cables revenue grew 9.7% YoY to Rs18.1bn in FY25, while order inflows declined 14.8% to Rs12.3bn. The current order book stands at Rs6.7bn. The company successfully transferred its Cables business to a wholly owned subsidiary and has focused on expanding capacity to meet rising demand. Management expects an improvement in EBITDA margins by ~100bps.

KEC holds a market share of around 4–5% in the cable segment. With portfolio expansion, capacity enhancement, and a strategic focus on international markets, the company aims to capture a portion of the largely unorganized market, which currently accounts for about 30–35%.

Recently, KEC commissioned a manufacturing line for aluminum conductors and is in the process of doubling this capacity, anticipating that a significant part of future growth will be driven by aluminum conductors.

Additionally, investments in facilities for E-beam and Elastomeric cables are underway, with commercial production expected to commence in Q4FY26. These segments are projected to contribute around Rs10bn, supporting a total cables revenue target of ~Rs35bn.

Exhibit 7: Cable sales to clock CAGR of ~22% in FY25-27E



Source: Company, PL

Exhibit 8: Cable OI to clock CAGR of ~43% in FY25-FY27E



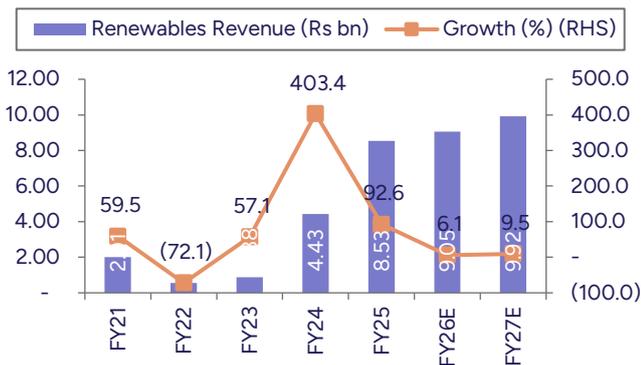
Source: Company, PL

Renewables: Scaling the hybrid momentum

Renewables revenue increased by 93% YoY to Rs8.5bn in FY25. The company order intake for FY25 increased by 445% to Rs9.9bn. The order book stood at Rs3.3bn in FY25. KEC is building capabilities across solar, wind and green hydrogen to capitalize on the global energy transition trends and government support for renewable energy offering ample of opportunities.

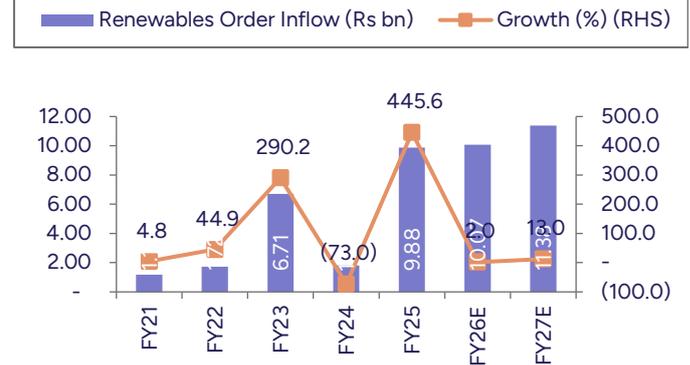
- KEC has done renewable projects to the extent of ~260GW and aims to achieve 50GW annually reaching 500GW by FY30 and 600GW by FY32.
- KEC is currently executing two large solar projects of 500MW each in Karnataka and Rajasthan.
- Management highlighted a growing focus on Hybrid projects combining solar, wind and BESS and for which KEC is actively bidding positioning itself as serious player beyond a standalone solar.

Exhibit 9: Renewables sales to clock CAGR of ~8% by FY27E



Source: Company, PL

Exhibit 10: Renewables OI to clock CAGR of ~7% by FY27E

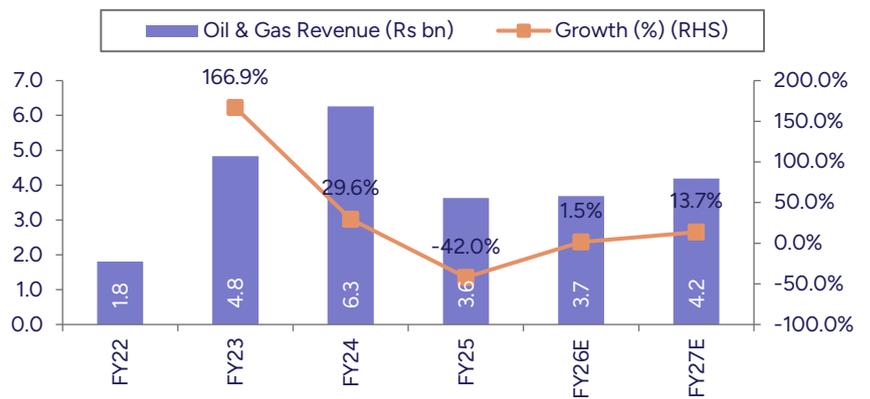


Source: Company, PL

Oil & Gas: Growth subdued due to delay in decision

Oil & Gas revenue decreased by ~42% YoY to Rs3.6bn in FY25 due to slowdown in tendering activities. The company is actively focusing on increasing its presence globally through exploring new opportunities internationally. The tender sizes in India are below ~Rs1.0bn where KEC cannot be competitive hence it will focus more on the international markets such as Middle East. The company has received order in the composite EPC space internationally. KEC is also progressing well on the execution of its first international project in Africa.

Exhibit 11: Oil & Gas sales to clock CAGR of ~7% by FY27E



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,99,142	2,18,467	2,50,901	2,90,282
YoY gr. (%)	15.2	9.7	14.8	15.7
Cost of Goods Sold	84,080	1,00,787	1,14,913	1,32,659
Gross Profit	1,15,062	1,17,680	1,35,988	1,57,623
Margin (%)	57.8	53.9	54.2	54.3
Employee Cost	14,406	15,402	17,438	20,175
Other Expenses	9,501	18,923	12,796	14,514
EBITDA	12,146	15,039	20,950	25,980
YoY gr. (%)	46.4	23.8	39.3	24.0
Margin (%)	6.1	6.9	8.3	8.9
Depreciation and Amortization	1,854	1,837	2,059	2,332
EBIT	10,292	13,202	18,892	23,648
Margin (%)	5.2	6.0	7.5	8.1
Net Interest	6,551	6,636	6,584	6,727
Other Income	524	469	527	581
Profit Before Tax	4,265	7,275	12,834	17,502
Margin (%)	2.1	3.3	5.1	6.0
Total Tax	797	1,568	2,952	4,025
Effective tax rate (%)	18.7	21.5	23.0	23.0
Profit after tax	3,468	5,707	9,882	13,476
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	3,468	5,519	9,882	13,476
YoY gr. (%)	97.0	59.2	79.1	36.4
Margin (%)	1.7	2.5	3.9	4.6
Extra Ord. Income / (Exp)	-	188	-	-
Reported PAT	3,468	5,707	9,882	13,476
YoY gr. (%)	97.0	64.6	73.2	36.4
Margin (%)	1.7	2.6	3.9	4.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,468	5,707	9,882	13,476
Equity Shares O/s (m)	266	266	266	266
EPS (Rs)	13.0	20.7	37.1	50.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	25,120	27,228	31,337	35,294
Tangibles	25,120	27,228	31,337	35,294
Intangibles	-	-	-	-
Acc: Dep / Amortization	11,756	13,592	15,651	17,983
Tangibles	11,756	13,592	15,651	17,983
Intangibles	-	-	-	-
Net fixed assets	13,365	13,636	15,686	17,311
Tangibles	13,365	13,636	15,686	17,311
Intangibles	-	-	-	-
Capital Work In Progress	3,057	3,216	3,106	3,150
Goodwill	-	-	-	-
Non-Current Investments	619	661	753	871
Net Deferred tax assets	3,537	4,527	4,527	4,527
Other Non-Current Assets	5,275	3,745	4,265	4,935
Current Assets				
Investments	-	-	-	-
Inventories	12,133	11,405	15,810	18,292
Trade receivables	44,250	52,660	60,491	67,600
Cash & Bank Balance	2,733	6,559	6,722	7,907
Other Current Assets	12,978	13,512	15,556	17,997
Total Assets	1,86,778	2,17,272	2,42,822	2,68,689
Equity				
Equity Share Capital	514	532	532	532
Other Equity	40,443	52,942	61,796	73,296
Total Networkth	40,957	53,475	62,329	73,829
Non-Current Liabilities				
Long Term borrowings	3,842	5,699	5,699	5,699
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	36,009	33,875	35,375	36,875
Trade payables	92,070	1,05,035	1,16,858	1,27,247
Other current liabilities	17,438	23,715	27,088	29,566
Total Equity & Liabilities	1,86,778	2,17,272	2,42,822	2,68,689

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	4,265	7,275	12,834	17,502
Add. Depreciation	1,854	1,837	2,059	2,332
Add. Interest	6,551	6,636	6,584	6,727
Less Financial Other Income	524	469	527	581
Add. Other	865	2,108	-	-
Op. profit before WC changes	13,535	17,856	21,477	26,561
Net Changes-WC	(7,903)	(15,237)	(8,250)	(10,147)
Direct tax	(2,521)	1,572	(2,952)	(4,025)
Net cash from Op. activities	3,111	4,191	10,275	12,388
Capital expenditures	(2,335)	(1,491)	(4,000)	(4,000)
Interest / Dividend Income	157	532	-	-
Others	(52)	280	-	-
Net Cash from Inv. activities	(2,230)	(679)	(4,000)	(4,000)
Issue of share cap. / premium	-	8,702	-	-
Debt changes	(2,442)	(658)	1,500	1,500
Dividend paid	(772)	(1,028)	(1,028)	(1,976)
Interest paid	(6,489)	(6,328)	(6,584)	(6,727)
Others	8,256	(1,009)	-	-
Net cash from Fin. activities	(1,447)	(321)	(6,113)	(7,203)
Net change in cash	(566)	3,191	162	1,185
Free Cash Flow	738	2,366	6,275	8,388

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	13.0	20.7	37.1	50.6
CEPS	20.0	27.6	44.9	59.4
BVPS	153.9	200.9	234.1	277.3
FCF	2.8	8.9	23.6	31.5
DPS	3.9	3.9	7.4	10.1
Return Ratio(%)				
RoCE	11.0	11.9	14.8	16.6
ROIC	11.4	12.9	15.9	17.9
RoE	8.8	11.7	17.1	19.8
Balance Sheet				
Net Debt : Equity (x)	0.9	0.6	0.6	0.5
Net Working Capital (Days)	107	109	107	105
Valuation(x)				
PER	66.8	42.0	23.4	17.2
P/B	5.7	4.3	3.7	3.1
P/CEPS	43.5	31.5	19.4	14.7
EV/EBITDA	22.1	17.6	12.7	10.3
EV/Sales	1.4	1.2	1.1	0.9
Dividend Yield (%)	0.4	0.4	0.9	1.2

Source: Company Data, PL Research

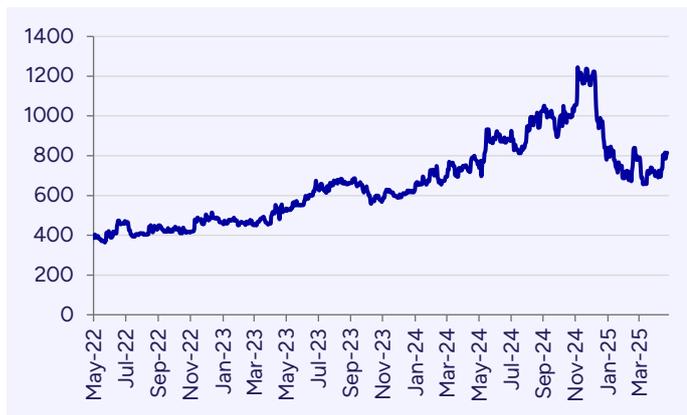
Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	45,119	51,133	53,494	68,721
YoY gr. (%)	6.3	13.7	6.8	11.5
Raw Material Expenses	17,933	23,728	23,998	35,129
Gross Profit	27,186	27,406	29,496	33,592
Margin (%)	60.3	53.6	55.1	48.9
EBITDA	2,704	3,202	3,745	5,388
YoY gr. (%)	10.7	16.7	21.6	38.9
Margin (%)	6.0	6.3	7.0	7.8
Depreciation / Depletion	465	453	453	465
EBIT	2,239	2,749	3,291	4,923
Margin (%)	5.0	5.4	6.2	7.2
Net Interest	1,550	1,681	1,702	1,703
Other Income	191	66	9	202
Profit before Tax	880	1,135	1,598	3,422
Margin (%)	2.0	2.2	3.0	5.0
Total Tax	245	281	303	740
Effective tax rate (%)	27.8	24.7	18.9	21.6
Profit after Tax	636	854	1,296	2,682
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	636	854	1,296	2,682
YoY gr. (%)	50.3	53.0	33.7	76.7
Margin (%)	1.4	1.7	2.4	3.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	636	854	1,296	2,682
YoY gr. (%)	50.3	53.0	33.7	76.7
Margin (%)	1.4	1.7	2.4	3.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	636	854	1,296	2,682
Avg. Shares O/s (m)	257	257	257	257
EPS (Rs)	2.5	3.3	5.0	10.4

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	27-May-25	Accumulate	911	862
2	09-Apr-25	Accumulate	801	665
3	05-Feb-25	Accumulate	930	813
4	09-Jan-25	Hold	997	1,049
5	06-Nov-24	Hold	997	949
6	07-Oct-24	Hold	880	1,032
7	30-Jul-24	Hold	880	874
8	08-Jul-24	Hold	754	903
9	10-Jun-24	Hold	754	770

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	BUY	6,851	5,587
2	Apar Industries	Accumulate	7,825	6,928
3	BEML	Hold	4,142	4,280
4	Bharat Electronics	Hold	374	364
5	BHEL	Hold	237	244
6	Carborundum Universal	Hold	1,028	985
7	Cummins India	BUY	3,646	3,169
8	Elgi Equipments	Accumulate	559	500
9	Engineers India	BUY	242	164
10	GE Vernova T&D India	Accumulate	2,005	1,880
11	Grindwell Norton	Hold	1,739	1,773
12	Harsha Engineers International	Accumulate	398	374
13	Hindustan Aeronautics	Accumulate	5,500	5,128
14	Ingersoll-Rand (India)	BUY	4,522	3,919
15	Kalpataru Projects International	Accumulate	1,268	1,116
16	KEC International	Accumulate	911	862
17	Kirloskar Pneumatic Company	BUY	1,636	1,230
18	Larsen & Toubro	BUY	4,004	3,324
19	Praj Industries	BUY	545	461
20	Siemens	Accumulate	3,497	3,135
21	Thermax	Accumulate	3,629	3,297
22	Triveni Turbine	BUY	772	560
23	Voltamp Transformers	BUY	10,285	8,195

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Amit Anwani- MBA (Finance), Mr. Prathmesh Salunkhe- MBA Finance, Mr. Hitesh Agarwal- MBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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