

Rating: ACCUMULATE | CMP: Rs669 | TP: Rs748

January 31, 2026

Q3FY26 Result Update

Change in Estimates | Target | Reco

Change in Estimates

Rating	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		BUY	
Target Price	748		932	
Sales (Rs. m)	2,83,206	3,23,757	2,89,703	3,32,551
% Chng.	(2.2)	(2.6)		
EBITDA (Rs. m)	23,223	28,814	25,928	30,595
% Chng.	(10.4)	(5.8)		
EPS (Rs.)	41.2	55.3	50.5	60.1
% Chng.	(18.5)	(8.0)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	2,18,467	2,48,197	2,83,206	3,23,757
EBITDA (Rs. m)	15,039	17,771	23,223	28,814
Margin (%)	6.9	7.2	8.2	8.9
PAT (Rs. m)	5,519	7,377	10,957	14,720
EPS (Rs.)	20.7	27.7	41.2	55.3
Gr. (%)	59.2	33.7	48.5	34.3
DPS (Rs.)	3.9	5.5	8.2	11.1
Yield (%)	0.6	0.8	1.2	1.7
RoE (%)	11.7	13.0	17.0	19.5
RoCE (%)	11.9	12.5	15.1	17.0
EV/Sales (x)	1.0	0.9	0.8	0.7
EV/EBITDA (x)	14.0	12.1	9.3	7.5
PE (x)	32.3	24.2	16.3	12.1
P/BV (x)	3.3	3.0	2.6	2.2

Key Data

	KECL.BO KECI IN
52-W High / Low	Rs.947 / Rs.605
Sensex / Nifty	82,270 / 25,321
Market Cap	Rs.178bn/ \$ 1,937m
Shares Outstanding	266m
3M Avg. Daily Value	Rs.881.85m

Shareholding Pattern (%)

Promoter's	50.10
Foreign	11.75
Domestic Institution	25.47
Public & Others	12.68
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(8.7)	(23.3)	(17.6)
Relative	(6.0)	(24.1)	(23.1)

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Soft Q3, execution delays in civil will be watchful

Quick Pointers:

- Management has guided EBITDA margin of 7-7.5% (vs 8% earlier) for FY26 due to slower execution in civil business and delays in closure of projects.
- Tender pipeline stands at ~Rs1.8trn with ~Rs650bn in the T&D, ~Rs600bn in Civil and rest divided among renewables and railways.

We revise our FY27E/FY28E estimates by -18.5%/-8.0%, factoring in slower execution in Civil business, delays in closure of legacy projects, spillover impacting execution of new projects and deferred collections. KEC International (KEC) reported a modest 12.1% YoY revenue growth, with EBITDA margin remaining flattish YoY at 7.2%, reflecting execution challenges. Management has lowered FY26 EBITDA margin guidance to ~7.0–7.5% (from ~8% earlier), citing sluggish progress in Water projects and closure costs associated with the completion of projects. While T&D (~70% of revenue) continues to see healthy order inflows across domestic & international with margin improvement, the benefits are being offset by disruptions in Civil, where labor shortages, delayed work fronts and payment issues have materially impacted revenues. The Cables segment is witnessing steady improvement in profitability, with capacity expansions on track to become operational by Q4FY26. Working capital is expected to improve from 135 days, supported by cash inflows in Q4FY26, aiding debt normalization to ~Rs50bn by FY26.

In the near term, KEC face delays in execution and closure of civil projects along with slippage collections which will be key monitorable however 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 16.3x/12.1x on FY27/28E earnings. We downgrade our rating from 'Buy' to 'Accumulate' due to slowdown progress in water projects, delays in projects closure and execution of new projects. We value the business at a PE of 15.5x Sep'27E (17x Sep'27E earlier) arriving at a TP of Rs748 (Rs932 earlier).

Slower execution pace in civil business impacted overall profitability: Consolidated revenue rose 12.2% YoY to Rs60.0bn (PLe: Rs62.6bn) driven by strong execution in standalone T&D (+26.9% YoY to Rs36.4bn), SAE towers (+69.9% YoY to Rs5.3bn), Cables (+36.9 YoY to Rs5.6bn) partially offset by Solar/Renewables (-48.7% YoY to Rs1.2bn), Railways (-23.5% YoY to Rs3.5bn), Civil (-16.2% YoY to Rs9.2bn while O&G remained flattish YoY. EBITDA increased by 14.8% YoY to Rs4.3bn (PLe: Rs5.0bn) while EBITDA margin remained flattish YoY to 7.2% due to slower water execution and costs associated with completion of metro projects. Adj. PAT increased by 34.5% YoY to Rs1.7bn (PLe: Rs2.2bn).

Robust order book stands at Rs367.3bn (1.5x TTM Revenue): Q3FY26 order inflows decreased by 62.3% YoY to Rs32.2bn (higher base in Q3FY25) with degrowth in inflow across all segments except for cable business. Order book stood at Rs367.3bn with T&D/SAE/Cables/Railways/Civil/Others mix of 58%/6%/2%/7%/26%/1%.

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Exhibit 1: EBITDA margin remains flattish YoY slower progress in execution and delays in closure projects

Y/e March (Rs mn)	Q3FY26	Q3FY25	YoY gr.	Q3FY26E	% Var.	Q2FY26	QoQ gr.	9MFY26	9MFY25	YoY gr.
Revenue	60,014	53,494	12.2%	62,610	-4.1%	60,916	-1.5%	1,71,158	1,49,746	14.3%
Gross Profit	13,424	12,184	10.2%	14,400	-6.8%	13,349	0.6%	38,236	34,558	10.6%
Margin (%)	22.4	22.8	(41)	23.0	(63)	21.9	45	22.3	23.1	(74)
Employee Cost	4,177	3,800	9.9%	4,195	-0.4%	4,258	-1.9%	12,359	11,539	7.1%
as % of sales	7.0	7.1	(14)	6.7	26	7.0	(3)	7.2	7.7	(48)
Other expenditure	4,946	4,640	6.6%	5,197	-4.8%	4,787	3.3%	13,771	13,369	3.0%
as % of sales	8.2	8.7	(43)	8.3	(6)	7.9	38	8.0	8.9	(88)
EBITDA	4,300	3,745	14.8%	5,009	-14.2%	4,304	-0.1%	12,105	9,651	25.4%
Margin (%)	7.2	7.0	16	8.0	(84)	7.1	10	7.1	6.4	63
Depreciation	504	453	11.1%	530	-5.0%	506	-0.4%	1,468	1,372	7.0%
EBIT	3,796	3,291	15.3%	4,479	-15.2%	3,798	-0.1%	10,637	8,279	28.5%
Margin (%)	6.3	6.2	17	7.2	(83)	6.2	9	6.2	5.5	69
Other Income	102	9	1024.2%	90	13.7%	46	121.0%	203	267	-24.1%
Interest	1,711	1,702	0.5%	1,700	0.7%	1,715	-0.2%	4,938	4,933	0.1%
PBT (ex. Extra-ordinaries)	2,187	1,598	36.8%	2,869	-23.8%	2,130	2.7%	5,902	3,613	63.3%
Margin (%)	3.6	3.0	66	4.6	(94)	3.5	15	3.4	2.4	104
Extraordinary Items	(588)	-	-	-	-	-	-	(588)	240	-
PBT	1,599	1,598	0.1%	2,869	-44.3%	2,130	-24.9%	5,314	3,853	37.9%
Total Tax	325	303	7.3%	674	0.0%	522	-37.8%	1,186	828	43.3%
Effective Tax Rate (%)	20.3	18.9	136	23.5	-	24.5	(422)	22.3	21.5	83
Reported PAT	1,275	1,296	-1.6%	2,195	-41.9%	1,608	-20.7%	4,128	3,026	36.4%
Adj. PAT	1,743	1,296	34.5%	2,195	-20.6%	1,608	8.4%	4,597	2,838	62.0%
Margin (%)	2.9	2.4	48	3.5	(60)	2.6	27	2.7	1.9	79
Adj. EPS	6.5	4.9	34.5%	8.2	-20.6%	6.0	8.4%	17.3	10.7	62.0%

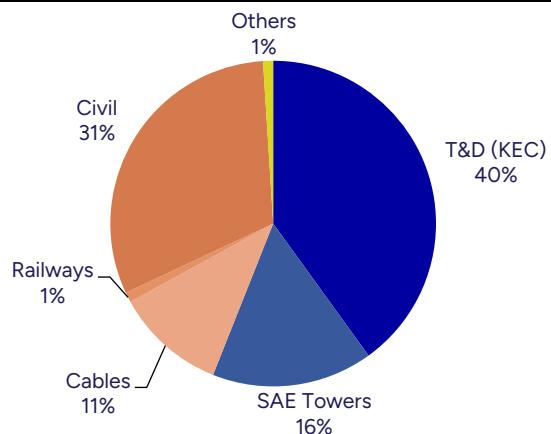
Source: Company, PL

Exhibit 2: Strong execution in T&D and Cables drive topline growth

Business Performance	Q3FY26	Q3FY25	YoY gr.	Q3FY26E	% Var.	Q2FY26	QoQ gr.	9MFY26	9MFY25	YoY gr.
T&D (KEC)	36,360	28,660	26.9%	37,988	-4.3%	36,510	-0.4%	1,00,840	75,330	33.9%
SAE Towers	5,250	3,090	69.9%	3,638	44.3%	4,290	22.4%	13,130	9,720	35.1%
Cables	5,560	4,060	36.9%	5,702	-2.5%	5,240	6.1%	14,630	12,100	20.9%
Railways	3,490	4,560	-23.5%	4,184	-16.6%	4,250	-17.9%	12,450	14,300	-12.9%
Solar/Others	1,220	2,380	-48.7%	2,163	-43.6%	1,900	-35.8%	4,480	4,920	-8.9%
Civil	9,230	11,020	-16.2%	9,536	-3.2%	9,680	-4.6%	28,310	33,130	-14.5%
Oil & Gas Pipelines	770	760	1.3%	649	18.7%	520	48.1%	1,890	2,940	-35.7%
Intersegmental	(1,870)	(1,040)	79.8%	(1,250)	49.6%	(1,470)	27.2%	(4,580)	(2,700)	69.6%
Total	60,010	53,490	12.2%	62,610	-4.2%	60,920	-1.5%	1,71,150	1,49,740	14.3%

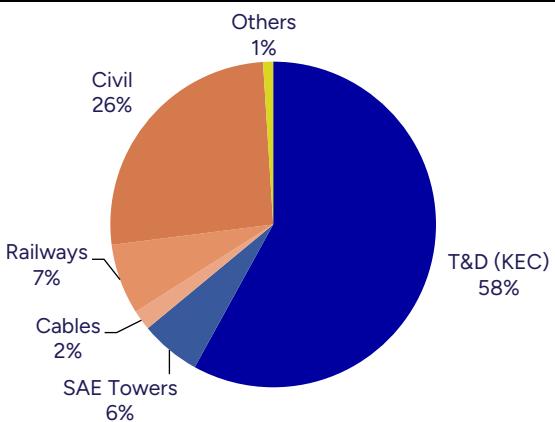
Source: Company, PL

Exhibit 3: Q3FY26 order intake stood at Rs32.2bn with 66% mix of T&D



Source: Company, PL

Exhibit 4: Strong order book of Rs367.3bn has 58%/42% T&D/non-T&D mix



Source: Company, PL

Conference Call Highlights

- **Guidance:** Management guided for EBITDA margins of **~7.0–7.5% (vs 8% earlier) in FY26**, factoring in slower execution in Water projects, delays in arbitration settlements, and lag in ramp-up of higher-margin projects. Order inflow target for FY27 stands at **~Rs300-350bn**.
- **Tender Pipeline:** Total tender pipeline remains robust at **~Rs1.8trn**, led by T&D (**~Rs600-650bn**, including **~Rs500bn** in India and **~15bn** in Middle East), Civil (**~Rs600bn**, with **~Rs200bn** international), Renewables (**~Rs300bn**), with the balance from Railways.
- **T&D (~70% of revenue):** Management guided for **T&D margins to scale to double digits**, in line with SAE. **YTD order intake exceeded ~Rs135bn** across **India, the Middle East, CIS, and the Americas**, including the **largest-ever domestic T&D order (~Rs10.5bn)** from a reputed private client. With increases in private player involvement management anticipates more order to be received from private players.

- **International T&D:** Export order momentum remains **strong across the Middle East and Africa**, with an **L1 order expected in Q4FY26**. The **Middle East particularly Saudi Arabia, UAE, Oman** continues to be the key growth driver while demand remains robust in the Americas (Brazil, Mexico, US)
- **SAE Towers:** Revenues grew **~70% YoY**. YTD order inflows of **~Rs12.6bn** from North America and Brazil provide **~2 years of revenue visibility**. Strong traction continues in Mexico and North America. KEC is doing small capex in a hardware manufacturing facility in Brazil which is expected to support global and India T&D demand
- **Civil (~15% of revenue):** Execution was impacted by labour shortages, delayed work fronts, and payment delays in Water. YTD B&F order inflows stood at **~Rs40bn**, with strong traction in hospitals, mining, thermal power, and residential projects. Revenue impact from labour shortages stood at **~Rs5-6bn**, while execution delays impacted **~Rs10bn** of revenue (half from Water). Water projects are expected to be completed by **FY27** which will aid the margin.
- **Cables (~9% of revenue):** Profitability improved driven by favourable product mix and cost optimization. Capex for **E-Beam and Elastomeric cable facilities** is progressing as per plan, with production expected to commence by **Q4FY26**. Order inflows were marginally subdued due to aluminium and copper price volatility, while conductors continue to form a large share of the mix.
- **Transportation (~6% of revenue):** Focus remains on completing legacy projects and improving cash flows. The company secured **three TCAS (KAVACH) orders** with its JV partner and expects additional wins given continued government focus. Management has strategically de-emphasized low-margin civil railway works, focusing instead on signalling, power supply, and select international opportunities in MENA region.
- **Renewables (~2% of revenue):** KEC entered the Wind segment with a **100+ MW breakthrough order**. Execution of ongoing solar projects in Karnataka and Rajasthan is progressing well, with completion expected by **Q4**. The company is selectively bidding in Solar, Wind, and BESS, with further order wins expected in **Q4**. Large renewable opportunities are emerging in **Saudi Arabia and UAE**.
- **Oil & Gas (~1% of revenue):** Secured its **third international pipeline laying order** in the Middle East. With a subdued domestic tender environment and rising competition, management is prioritizing international expansion to drive growth.
- **Working Capital:** NWC stood elevated at **~135 days**; management expects improvement to **~100–115 days in FY26**, supported by normalization of collections and improved execution mix.
- **Balance Sheet improvement:** Net debt increased due to strong revenue growth, higher strategic inventory amid benign commodity prices, delayed collections in Water projects, and spillover of large receipts into Jan'26. Debt has already reduced by **~Rs3bn in Jan'26** and is expected to normalize by **Mar'26**, with management targeting steady-state debt of **~Rs15bn**.

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	2,18,467	2,48,197	2,83,206	3,23,757
YoY gr. (%)	9.7	13.6	14.1	14.3
Cost of Goods Sold	1,00,787	1,17,273	1,31,691	1,50,223
Gross Profit	1,17,680	1,30,924	1,51,515	1,73,534
Margin (%)	53.9	52.8	53.5	53.6
Employee Cost	15,402	16,604	18,975	21,692
Other Expenses	11,683	12,658	14,727	16,835
EBITDA	15,039	17,771	23,223	28,814
YoY gr. (%)	23.8	18.2	30.7	24.1
Margin (%)	6.9	7.2	8.2	8.9
Depreciation and Amortization	1,837	2,052	2,321	2,567
EBIT	13,202	15,718	20,902	26,247
Margin (%)	6.0	6.3	7.4	8.1
Net Interest	6,636	6,584	7,238	7,713
Other Income	469	447	566	583
Profit Before Tax	7,275	9,581	14,230	19,117
Margin (%)	3.3	3.9	5.0	5.9
Total Tax	1,568	2,204	3,273	4,397
Effective tax rate (%)	21.5	23.0	23.0	23.0
Profit after tax	5,707	7,377	10,957	14,720
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	5,519	7,377	10,957	14,720
YoY gr. (%)	59.2	33.7	48.5	34.3
Margin (%)	2.5	3.0	3.9	4.5
Extra Ord. Income / (Exp)	188	-	-	-
Reported PAT	5,707	7,377	10,957	14,720
YoY gr. (%)	64.6	29.3	48.5	34.3
Margin (%)	2.6	3.0	3.9	4.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,707	7,377	10,957	14,720
Equity Shares O/s (m)	266	266	266	266
EPS (Rs)	20.7	27.7	41.2	55.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	26,657	30,595	34,589	37,724
Tangibles	26,657	30,595	34,589	37,724
Intangibles	-	-	-	-
Acc: Dep / Amortization	13,021	15,073	17,395	19,962
Tangibles	13,021	15,073	17,395	19,962
Intangibles	-	-	-	-
Net fixed assets	13,636	15,522	17,194	17,762
Tangibles	13,636	15,522	17,194	17,762
Intangibles	-	-	-	-
Capital Work In Progress	3,216	3,277	3,284	3,349
Goodwill	-	-	-	-
Non-Current Investments	661	844	963	1,101
Net Deferred tax assets	4,527	4,527	4,527	4,527
Other Non-Current Assets	3,745	4,468	5,381	5,504
Current Assets				
Investments	-	-	-	-
Inventories	11,405	17,000	20,949	24,836
Trade receivables	52,660	57,799	65,952	74,508
Cash & Bank Balance	6,559	4,119	4,312	4,440
Other Current Assets	13,512	16,133	18,408	21,044
Total Assets	2,17,272	2,40,778	2,71,391	3,07,947
Equity				
Equity Share Capital	532	532	532	532
Other Equity	52,942	59,291	68,773	81,302
Total Networth	53,475	59,823	69,305	81,834
Non-Current Liabilities				
Long Term borrowings	5,699	5,699	5,699	5,699
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	33,875	35,375	36,875	37,875
Trade payables	1,05,035	1,18,999	1,35,784	1,55,226
Other current liabilities	23,715	25,408	28,254	31,839
Total Equity & Liabilities	2,17,272	2,40,778	2,71,391	3,07,947

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	7,275	9,581	14,230	19,117
Add. Depreciation	1,837	2,052	2,321	2,567
Add. Interest	6,636	6,584	7,238	7,713
Less Financial Other Income	469	447	566	583
Add. Other	2,108	-	-	-
Op. profit before WC changes	17,856	18,218	23,789	29,397
Net Changes-WC	(15,237)	(8,341)	(9,110)	(12,768)
Direct tax	1,572	(2,204)	(3,273)	(4,397)
Net cash from Op. activities	4,191	7,673	11,406	12,232
Capital expenditures	(1,491)	(4,000)	(4,000)	(3,200)
Interest / Dividend Income	532	-	-	-
Others	280	-	-	-
Net Cash from Inv. activities	(679)	(4,000)	(4,000)	(3,200)
Issue of share cap. / premium	8,702	-	-	-
Debt changes	(658)	1,500	1,500	1,000
Dividend paid	(1,028)	(1,028)	(1,475)	(2,191)
Interest paid	(6,328)	(6,584)	(7,238)	(7,713)
Others	(1,009)	-	-	-
Net cash from Fin. activities	(321)	(6,113)	(7,213)	(8,904)
Net change in cash	3,191	(2,440)	193	128
Free Cash Flow	2,366	3,673	7,406	9,032

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	20.7	27.7	41.2	55.3
CEPS	27.6	35.4	49.9	64.9
BVPS	200.9	224.7	260.4	307.4
FCF	8.9	13.8	27.8	33.9
DPS	3.9	5.5	8.2	11.1
Return Ratio(%)				
RoCE	11.9	12.5	15.1	17.0
ROIC	12.9	13.0	15.8	17.7
RoE	11.7	13.0	17.0	19.5
Balance Sheet				
Net Debt : Equity (x)	0.6	0.6	0.6	0.5
Net Working Capital (Days)	109	108	106	107
Valuation(x)				
PER	32.3	24.2	16.3	12.1
P/B	3.3	3.0	2.6	2.2
P/CEPS	24.2	18.9	13.4	10.3
EV/EBITDA	14.0	12.1	9.3	7.5
EV/Sales	1.0	0.9	0.8	0.7
Dividend Yield (%)	0.6	0.8	1.2	1.7

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	68,721	50,229	60,916	60,014
YoY gr. (%)	11.5	11.3	19.1	12.2
Raw Material Expenses	35,129	22,456	30,368	29,280
Gross Profit	33,592	27,773	30,548	30,734
Margin (%)	48.9	55.3	50.1	51.2
EBITDA	5,388	3,501	4,304	4,300
YoY gr. (%)	38.9	29.5	34.4	14.8
Margin (%)	7.8	7.0	7.1	7.2
Depreciation / Depletion	465	459	506	504
EBIT	4,923	3,042	3,798	3,796
Margin (%)	7.2	6.1	6.2	6.3
Net Interest	1,703	1,511	1,715	1,711
Other Income	202	54	46	102
Profit before Tax	3,422	1,825	2,130	1,599
Margin (%)	5.0	3.6	3.5	2.7
Total Tax	740	339	522	325
Effective tax rate (%)	21.6	18.6	24.5	20.3
Profit after Tax	2,682	1,486	1,608	1,275
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,682	1,486	1,608	1,275
YoY gr. (%)	76.7	133.7	88.2	(1.6)
Margin (%)	3.9	3.0	2.6	2.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,682	1,486	1,608	1,275
YoY gr. (%)	76.7	133.7	88.2	(1.6)
Margin (%)	3.9	3.0	2.6	2.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,682	1,486	1,608	1,275
Avg. Shares O/s (m)	257	257	257	257
EPS (Rs)	10.4	5.8	6.3	5.0

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jan-26	BUY	932	717
2	11-Nov-25	BUY	932	768
3	07-Oct-25	Accumulate	911	861
4	30-Jul-25	Accumulate	911	860
5	09-Jul-25	Accumulate	911	878
6	04-Jun-25	Accumulate	911	871
7	27-May-25	Accumulate	911	862
8	09-Apr-25	Accumulate	801	665
9	05-Feb-25	Accumulate	930	813

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,540	4,695
2	Apar Industries	BUY	9,629	7,695
3	BEML	Hold	1,982	1,861
4	Bharat Electronics	Reduce	411	453
5	BHEL	Hold	245	263
6	Carborundum Universal	Hold	894	824
7	Cummins India	Hold	4,172	4,148
8	Elgi Equipments	Accumulate	561	472
9	Engineers India	BUY	255	205
10	GE Vernova T&D India	BUY	4,050	2,911
11	Grindwell Norton	Hold	1,744	1,576
12	Harsha Engineers International	Hold	407	395
13	Hindustan Aeronautics	BUY	5,507	4,525
14	Ingersoll-Rand (India)	Accumulate	4,271	3,395
15	Kalpataru Projects International	BUY	1,494	1,174
16	KEC International	BUY	932	717
17	Kirloskar Pneumatic Company	BUY	1,557	1,068
18	Larsen & Toubro	BUY	4,806	3,794
19	Praj Industries	Hold	353	322
20	Siemens	Accumulate	3,470	3,134
21	Siemens Energy India	Accumulate	3,312	2,603
22	Thermax	Accumulate	3,513	3,069
23	Triveni Turbine	Accumulate	609	533
24	Voltamp Transformers	BUY	10,318	7,720

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

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