



STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Capital Goods

COMPANY DETAILS

| | |
|-------------------------------|---------------|
| Market cap: | Rs. 15,888 cr |
| 52-week high/low: | Rs. 947/605 |
| NSE volume: (No of shares) | 30 lakh |
| BSE code: | 532714 |
| NSE code: | KEC |
| Free float: (No of shares) | 12.8 cr |

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

| | |
|-----------|------|
| Promoters | 50.1 |
| FII | 11.8 |
| DII | 25.5 |
| Others | 12.7 |

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

| (%) | 1m | 3m | 6m | 12m |
|--------------------|-------|-------|-------|-------|
| Absolute | -17.4 | -23.7 | -24.6 | -22.4 |
| Relative to Sensex | -12.2 | -21.1 | -25.4 | -27.7 |

Source: Mirae Asset Sharekhan Research, Bloomberg

Reco/View: **BUY**

CMP: **Rs. 617**

Price Target: **Rs. 830**

Quick Snapshot

- Revenues grew 12%, lagging our 15% estimate, mainly led by the T&D business, which grew 31% y-o-y. EBITDA margins rose ~16 bps y-o-y to 7.2%. Reported PAT remained flat due to exceptional item.
- YTD FY26 order inflows stood at Rs 19,265 crore down 13% y-o-y particularly reflecting a slowdown in tendering activities. Order book stands at Rs 41,000 crore.
- Management lowered margin guidance to 7-7.5% from 8-8.5% earlier, with revenue growth guidance at 15% and order inflows for FY26 at 30,000 crore.
- Stock trades at 14x/12x its FY2027/FY2028 EPS, respectively. We retain a Buy with a revised PT of Rs. 830.

Result overview

- Results scorecard:** Overall results were slightly missing the estimates on the revenue front, margins and order inflows were broadly hit by a slowdown in railways, water and metro projects and cost overruns. However, order inflow prospects remains strong with a order bid pipeline of around Rs 1.8L crore of which KEC remains the L1 bidder in 45,000 crore orders resulting management confidence in achieving the Rs 30,000 crore target of order inflows for FY26. Legacy orders in EPC projects hit margins but these are expected to near closure which shall improve margins going forward.
- T&D:** Healthy execution of projects is seen in the segment resulting a growth of 31% y-o-y. Order inflows were at Rs 13,500 crore across India, Middle East, CIS and Americas leading to an order book of Rs 26,000 crore. In the quarter company secured a large order of Rs 10,500 crore for 765 KV transmission line and an AI substation. Management has been upbeat of expectations of large order from Middle East and UAE and currently targeting Rs 2,500 crore projects under bidding in Saudi Arabia. SAE business posted a strong growth of 69% y-o-y with margins in double digits. YTD order inflows at Rs 1,250 crore for the supply of towers, hardware, and poles across North America and Brazil. Aggregate order book and L1 position stood at >Rs 2,600 crore (Book to Bill ratio at 2x).

Our Call

Maintain Buy with revised PT of Rs. 830: We expect ~15% revenue growth for FY2025-28E with a sequential improvement in its margins. KEC trades at a P/E of ~14x/ 12x its FY2027E/ 2028E EPS, which provides room for an upside, given its healthy order backlog and order pipeline and the possibility of margin revival. Hence, we maintain a Buy with a revised price target (PT) of Rs. 830.

Key Risks

Slowdown in tendering could impact order execution. High input costs and supply-side constraints are also key challenges.

Valuation

| Particulars | FY24 | FY25 | FY26 | FY27E | FY28E |
|----------------|--------|--------|--------|--------|--------|
| Net Sales | 19,914 | 21,847 | 25,232 | 28,900 | 32,863 |
| OPM (%) | 6.1 | 6.9 | 7.8 | 8.3 | 8.5 |
| Adj Net Profit | 347 | 571 | 935 | 1,194 | 1,420 |
| % y-o-y growth | 97.0 | 56.1 | 63.9 | 27.7 | 19.0 |
| Adj EPS (Rs) | 13.5 | 22.2 | 35.0 | 44.7 | 53.2 |
| PER (x) | 54.2 | 34.0 | 21.6 | 16.9 | 14.2 |
| P/BV (x) | 4.7 | 3.6 | 3.3 | 2.8 | 2.4 |
| EV/EBITDA (x) | 18.4 | 15.3 | 11.7 | 9.6 | 8.2 |
| ROCE (%) | 14.9 | 16.8 | 20.2 | 22.8 | 24.1 |
| ROE (%) | 8.8 | 12.1 | 16.2 | 17.8 | 17.9 |

Source: Company; Mirae Asset Sharekhan estimates

Note: CMP as on Feb 02, 2026

Concall Highlights:

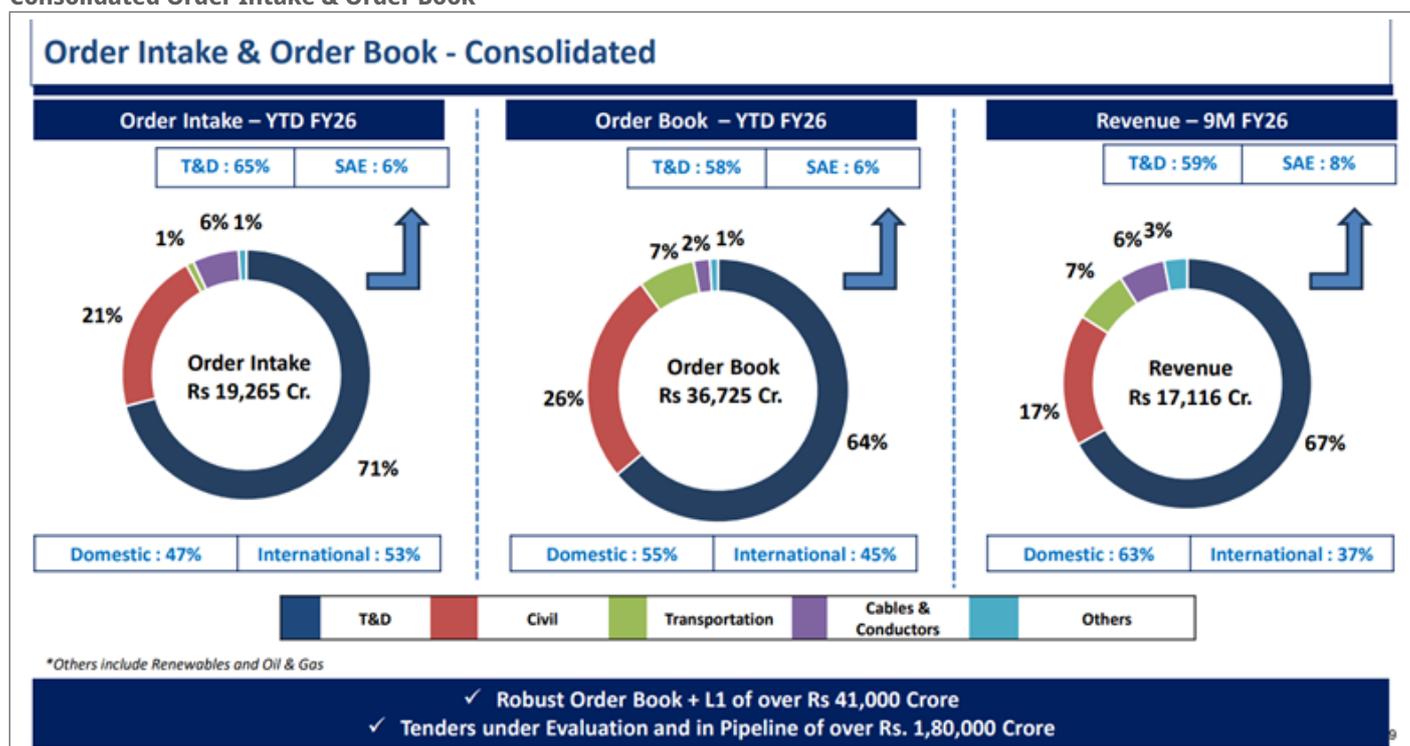
- **Order book:** YTD FY26 order intake stood at Rs 19,265 crore with significant contribution from T&D and Civil segment. KEC currently has an order book of Rs 41,000 crore (including L1 position), which offers revenue visibility for the next 2-3 years. The management has guided for a 15% revenue growth with margins of 7-7.5% and order inflows of Rs 30,000 crore.
- **Civil Business:** Revenues declined 16% as an impact of labour shortages and delay in water-related projects. YTD order inflows are at Rs. 4000 crore in the Buildings and Factories segment. Order book stands at Rs 10,000 crore. Management is positive on segments growth story supported by improvement in labour availability and collection from water projects.
- **Transportation:** Business has been subdued with a decline of 24% y-o-y. Margin and cashflow keep on deteriorating due to continuous delay of projects. Order book continues to be muted due to heightened competition from Tier II/ Road players.

Q3FY26 Result Snapshot:

| Particulars | Q3FY26 | Q3FY25 | y-o-y (%) | Q2FY26 | QoQ (%) |
|-------------------------|--------------|--------------|-------------|--------------|-------------|
| Net Sales | 6,001 | 5,349 | 12.2 | 6,092 | -1.5 |
| Operating profit | 430 | 374 | 14.8 | 430 | -0.1 |
| Other income | 10 | 1 | 1024.2 | 5 | 121.0 |
| Interest | 50 | 45 | 11.1 | 51 | -0.4 |
| Depreciation | 171 | 170 | 0.5 | 171 | -0.2 |
| PBT | 219 | 160 | 36.8 | 213 | 2.7 |
| Tax | 32 | 30 | 7.3 | 52 | -37.8 |
| Adj PAT | 186 | 130 | 43.7 | 161 | 15.9 |
| EPS | 7.0 | 5.0 | 38.9 | 6.0 | 15.9 |
| MARGIN | | | BPS | | BPS |
| OPM (%) | 7.2 | 7.0 | 16 | 7.1 | 10 |
| NPM (%) | 2.1 | 2.4 | (30) | 2.6 | (52) |

Source: Company; Mirae Asset Sharekhan Research

Consolidated Order Intake & Order Book



Source: Company presentation

Additional Data

Top 10 shareholders

| Sr. No. | Holder Name | Holding (%) |
|---------|------------------------------------|-------------|
| 1 | HDFC Asset Management Co Ltd | 6.93 |
| 2 | Nippon Life India Asset Management | 3.25 |
| 3 | Royal Bank of Canada | 3.15 |
| 4 | Norges Bank | 2.81 |
| 5 | Vanguard Group Inc/The | 2.07 |
| 6 | ICICI Prudential Asset Management | 1.96 |
| 7 | DSP ASSET MANAGERS PVT LTD | 1.91 |
| 8 | STEL Holdings Ltd | 1.88 |
| 9 | L&T Mutual Fund Trustee Ltd/India | 1.75 |
| 10 | Kotak Mahindra Asset Management Co | 1.70 |

Source: Bloomberg

Key management personnel

| Name | Designation |
|-----------------------|--|
| Harsh Vardhan Goenka | Non-Executive - Non-Independent Director-Chairperson |
| Vimal Kejriwal | Managing Director & CEO |
| Rajeev Aggarwal | Chief Financial Officer |
| Ajit Tekchand Vaswani | Non-Executive - Independent Director |

Source: Company Website

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