Dated: 12 Nov 2025

# KEC International (KEC) - REDUCE

## Q2FY26 Result Update

| Current Market Price (CMP) | Fair Value (FV) |
|---|---|
| **Rs.768** | **Rs.830** |

## Rationale:

- KEC's Q2FY26 results came in below expectations as stronger-than-expected execution was offset by weak margin.
- Continued strength in order inflows, led by T&D, was a positive, indicating strong growth prospects in FY2026, but execution will remain key.
- We expect KEC to achieve 15% revenue growth guidance on the back of a large order book of Rs39300cr (~1.9X TTM sales).
- The FY26 EBITDA margin guidance has been lowered to 8% from 8-8.5%.
- We lower our FY26-28E EPS estimates by 4-8% as we lower our margin estimates.
- Our FV reduces to Rs830 (Rs900 earlier). We maintain our REDUCE rating.

### Positives:

- Q2FY26 revenue grew 19% yoy and came in 4% above our expectation.
- Delivered revenue growth of 15.5% yoy, in line with its FY26 guidance of 15% growth.
- Order book 14% qoq in Q2FY26, reaching Rs39300cr, on strong inflow of Rs10500cr.
- Order inflow is expected to remain strong, led by a prospective order pipeline of Rs1.8 lakh cr, led by domestic and international T&D (Rs65000cr) and civil (Rs60000cr).
- We believe KEC will achieve its guided order inflow target of Rs30000cr for FY26E.

### Negatives:

- Margins were flat sequentially at 7.1% in Q2FY26 versus 7%, 80bps below estimates.
- There was weakness in civil, railways and oil & gas segments.

(EBITDA: Earnings before Interest, tax, Depreciation and Amortization, PAT: Profit After Tax, T&D Transmission & Distribution, TTM: Trailing Twelve Months, EPS: Earnings Per Share)



Holding Period: 12 months

## RATING SCALE (PRIVATE CLIENT GROUP)

### Definitions of ratings

| | | |
|---|---|---|
| **BUY** | – | We expect the stock to deliver more than 15% returns over the next 12 months |
| **ADD** | – | We expect the stock to deliver 5% - 15% returns over the next 12 months |
| **REDUCE** | – | We expect the stock to deliver -5% - +5% returns over the next 12 months |
| **SELL** | – | We expect the stock to deliver < -5% returns over the next 12 months |
| **NR** | – | **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only. |
| **SUBSCRIBE** | – | We advise investor to subscribe to the IPO. |
| **RS** | – | **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon. |
| **NA** | – | **Not Available or Not Applicable.** The information is not available for display or is not applicable |
| **NM** | – | **Not Meaningful.** The information is not meaningful and is therefore excluded. |
| **NOTE** | – | Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark. |

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