

KEC INTERNATIONAL LTD.

About The Company; KEC International is a global infrastructure engineering, procurement and construction (EPC) major. It has presence in the verticals of power transmission, power systems, cables, railways, telecom and water. The company has powered infrastructure development in 46 countries across South Asia, Middle East, Africa, Central Asia and Americas. It is a flagship company of the RPG Group.

Result Highlights 3QFY13:

KEC International's consolidated net profit dropped 63.61% to Rs 29.33 crore on 23.1% growth in net sales to Rs 1797 crore in Q3 December 2012 over Q3 December 2011. Earnings before interest, taxation, depreciation, and amortization (EBITDA) declined 8.84% to Rs 103 crore in Q3 December 2012 over Q3 December 2011.

KEC International builds on strong order book:

KEC International said that the company's order book continues to remain robust. The order book stood at Rs 10150 crore as of 31 December 2012, as against Rs 9200 crore as on 31 December 2011.

The order is approximately split equally between domestics and overseas. Order intake for the current quarter is Rs. 2300 crore. However for April-December 2012 at Rs 5780 crore is higher by 31.6% as compared to the same period during the previous year. The share of Power Grid Corporation of India Limited (PGCIL) in order book now stands at over 30 percent as against 15-16 percent earlier. The company expects the order book continue at more than Rs 10,000 crore level, in spite of their execution going up (Execution is up by 30%).

As per the company currently the cable business margins were under pressure, however the company core business of transmission, the margins are still at 8.7-9 percent. The new businesses are almost striking a breakeven level and probably this will get corrected in two quarters time. After that we are seeing that going forward, margins will be better, Said management

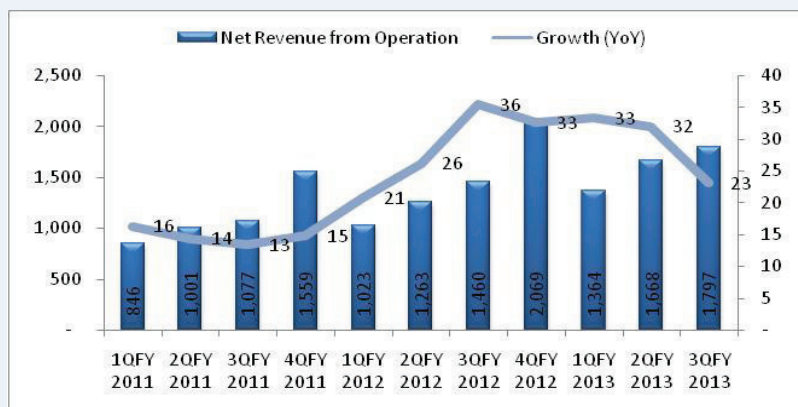
Management further added that the company has improved its working capital management, the debtor days stand reduce in current quarter by 16 days and stands at 174 days in comparison with previous fiscal of the same quarter.

Excluding the other income of the company the company made a profit of Rs. 22 crore which is lower by 16% (YoY). In previous year the other income was the Rs. 57 crore (Land Sale) while in current year it stands at Rs. 7 crore.

Outlook

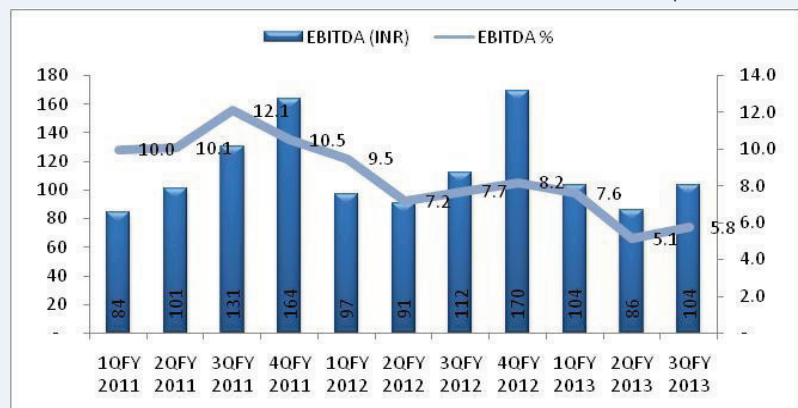
Current quarter margins were a disappointment on account of low margins order and change in sales mix. However, margins are expected to improve from next year onwards in range of 7% to 8%.

We advised to our readers to Hold and to make Buy on every dip for long term investment. However our view are cautious on this stock and total game are based on margin expansion. Target Price Rs 75/Share.



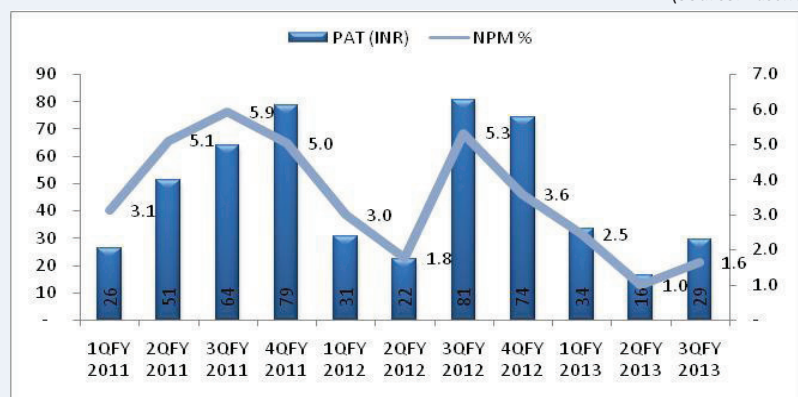
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(Source: Eastwind)



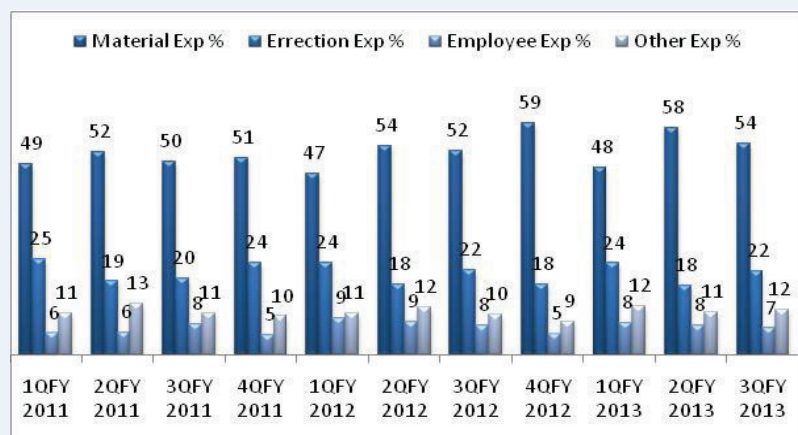
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