

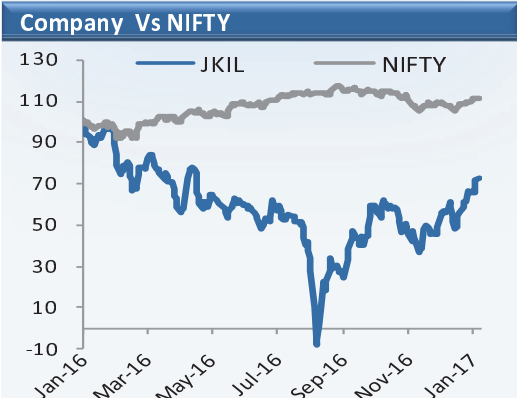
## KEC International

Result Update	
CMP	238
Target Price	330
Previous Target Price	-
Upside	39%
Change from Previous	-

Market Data	
BSE Code	532940
NSE Symbol	JKIL
52wk Range H/L	372/105
Mkt Capital (Rs Cr)	1,801
Av. Volume	75897
Nifty	8398

Stock Performance			
	1Month	3 Month	1Year
Absolute	15.4	17.9	-30.5
Rel.to Nifty	11.8	19.4	-43.4

Share Holding Pattern-%			
	2QFY17	1QFY17	4QFY16
Promoters	44%	44%	43%
Public	56%	56%	57%



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### Robust Revenue visibility :-

JKIL has 10000 Cr worth of Orders in hand as of 30th Sep 2016. 3 metro projects in Mumbai and one on-going Delhi metro project contribute 70% of the order book and remaining portion is roads, flyovers, and pilling. Current order book is 7 times of the FY16 revenue which implies robust revenue visibility going forward for JKIL. We expect healthy revenue growth of 18% and 34% in FY17E and FY18E respectively with strong EBITDA margin. JKIL is very selective in choosing new projects and it will focus on execution so we expect that company will take Rs 2000 Cr worth of new orders in order to maintain Rs 10000cr plus order book in FY18E.

### Growth Driver:- Mumbai Metro projects

JKIL has commenced work on all 3 metro projects in Mumbai and we expect slow execution considering the initial stage of the projects in FY17 and expect the full swing in FY18 & FY19. Management is confident to complete the significant portion of metro line 2A and line 7 in next two fiscal years. FY18 and FY19 revenue growth heavily depends on Mumbai metro projects execution. On conservative basis, we expect 300 Cr & 1000 Cr of revenue contribution from Mumbai metro projects in H2FY17 and FY18 respectively

### Strong Operating Margin:-

JKIL enjoying superior margin compare to peers in the industry. JKIL owns the large fleet of critical equipment and does minimal work through sub-contracting. This helps JKIL to achieve higher margin. Normally metro projects having better margin compare to road projects. As Metro projects contribute around 70% of the current order book and in Mumbai metro line 3 which having 50% tunnel work (tunnel work has better margin relatively), hence we believe operating margin will remain strong.

### Healthy Order pipeline:-

In H1FY17, JKIL has received orders worth of Rs. 6700 Cr (including L1 order Mumbai metro line 3 into firm order) and sign contract with DMRC for the line 2A. We expect continuous robust orders from the metro, road project from NHA and others. JKIL will go slow and selective in terms of new order intake and concentrate mainly in Maharashtra. Huge opportunities are coming up in Maharashtra: - metro line 2B worth of 2000 Cr, Line 4 (4 packages of 2000-3000 cr each), tunnel widening of Mumbai-Pune highway (around 300-400 cr per package), Mumbai trans harbor link project of 1300 Cr. Management has indicated to take around 2000 cr of new orders in next year in order to maintain 10000 Cr+ order book.