

Date: 12/05/2021

Recommended Price: 383-386 • Target: 470 • Stoploss: 348

Time Frame: 6 months

KEC International Ltd.- Daily Chart



Technical Outlook

- The stock on a daily scale has witnessed breakout of the cup & handle pattern on 1st Dec 2020. Post breakout the stock has registered high of 486 and then retrace back to 368 levels where the Medium term trend line support is placed.
- The 200 DMA is placed close to 365 levels, which will act as strong support for the stock.
- RSI on a daily scale is placed close to the oversold zone. Moreover, the Stochastic oscillator has witnessed bullish crossover suggesting strength.
- Based on the above technical set up, we recommend to accumulate KEC in the range of 383-386 with a stop loss of 348 for the target price of 450-470.

Fundamental Rationale

- KEC International Limited, the flagship company of RPG Group is an Indian multinational infrastructure EPC major. It has a presence in the verticals of power transmission & distribution (T&D), cables, railways, civil, and renewables.
- KEC is one of the oldest players in the Power T&D business in India and a leading global player with presence in Asia, Africa, the Americas and Oceania. Also, Power T&D is the largest segment in KEC’s business portfolio and comprised 56% of its revenue in FY21.
- The company’s diversification into Railways, Civil and Metro materially enhances its long term growth prospects. These initiatives are backed by a strong leadership team and investments in strengthening execution and project management.
- For FY21, the order book stood at INR 203bn. KEC has witnessed 20% Compounded annual growth in its order book over the past Four years. Current order book provides revenue visibility for almost next two fiscal years.
- KEC International (KEC) has a proven track record of delivering profitable growth and above industry ROE of 16-20% over longer periods.
- In the last five years (FY16-21), the company’s revenue has grown at a CAGR of 9%. However, profitability growth during the same period was 30% CAGR owing to strong operational performance and robust order inflow. **Hence we recommend to “ACCUMULATE” the stock.**

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