

**MUTED Q2 SHOW** was due to GST and execution delays, but has since picked up pace, enabling co to meet its targets for FY18

# KEC on Track to Deliver on Revenue Growth Guidance

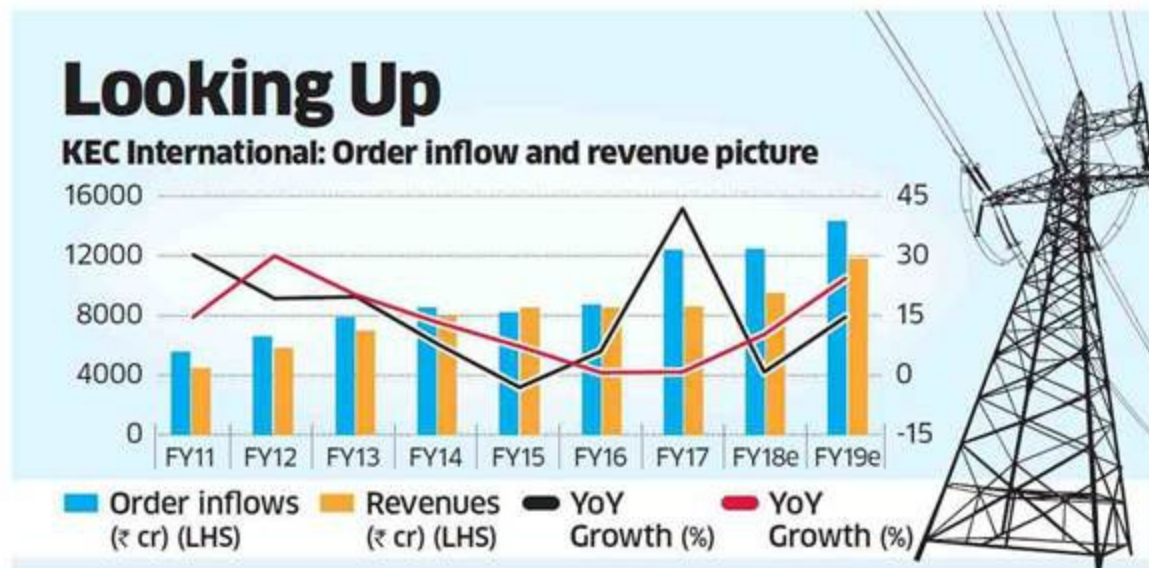
Ashutosh.Shyam@timesgroup.com

**ET Intelligence Group:** KEC International, a supplier of power transmission equipment, has retained the revenue growth guidance for FY18 despite depressed performance in the September quarter.

The company, which is a part of RPG Group, expects 10-15% revenue growth for the fiscal. For this to happen, revenue needs to grow at a steeper rate of 24% in the remainder of FY18, given that the growth rate has been just over 4% in the first six months. The company may, however, be able to achieve the target considering the traction in order inflow and improving execution.

The revenue growth in the September quarter was depressed due to delayed execution in the domestic transmission and distribution business, and delay in environmental clearance for certain projects of SAE Tower, its subsidiary in Brazil.

Due to transition to the GST regime and differences in the tax structure, several of its clients postponed payments in the second quarter, thereby deferring the revenue recognition



into the third quarter. Historically, 35-40% of the company's annual revenue is realised in the fourth quarter.

After a double-digit growth in the orders from the Indian Railways to ₹277 crore in the first half, it is expected to pick up further in the two remaining quarters. The company expects total revenue of ₹750-800 crore from the Railways for FY18. Owing to four months of rainfall, the progress in Railways has been slow, but execution is expected to pick-up.

The order book-to-conversion time for the Railways orders has reduced to three-four months from a year ear-

lier. The company has bid for Railways projects worth over ₹6,000-crore and currently has an order book worth ₹1,400 crore.

The order inflows for the company continue to remain robust. The quarterly run-rate of order inflows in September was ₹2,950 crore compared with the three-year quarterly run-rate of ₹2,500 crore. Further, the company is the lowest bidder for orders worth ₹4,000 crore. It also has sizeable tender pipeline from state electricity boards, tariff based competitive bidding orders and sub-station orders in the overseas markets.