

Thematic Report

Energizing India's Path to Growth

Sector : Power

Sector Overview:

India’s power sector is undergoing a profound transformation, evolving from decades of cyclical volatility to a structure now characterized by robust long-term growth potential, anchored in both necessity and reform-driven opportunity. Historically, the sector’s fortunes have oscillated between rapid expansion and painful slowdowns. Prior cycles of aggressive capacity addition—especially in the late 2000s—ultimately led to overcapacity, stressed assets, and a multi-year balance sheet clean-up at both utilities and financiers. However, the present landscape is distinctly different: emerging supply imbalances, surging power demand, and a revived capex pipeline have set the stage for a multi-year upcycle in investment and financing.

Policy and regulatory shifts are foundational to this sectoral reset. The government’s ambitious target of 500GW of non-fossil fuel capacity by 2030—central to India’s Paris Agreement commitments—has reoriented the investment focus from conventional to renewable assets, triggering an unprecedented scale-up in solar, wind, hydro, and battery storage. The National Infrastructure Pipeline (NIP) forecasts an investment opportunity of ₹42 trillion over the next decade, with more than 85% earmarked for generation (primarily renewables), transmission upgrades, and distribution modernization. As part of this agenda, the transmission segment is also undergoing a transformation, with accelerated build-out to accommodate geographically concentrated renewables and long-distance evacuation needs.

Distribution sector reforms are equally pivotal. The Revamped Distribution Sector Scheme (RDSS) is driving improvements in operational efficiency, targeting a reduction in AT&C losses to sub-15% and closing the ACS-ARR gap—longstanding issues that have crippled utility viability for years. Further, late payment surcharge regulations and the rollout of advanced metering infrastructure are strengthening payment discipline and data visibility, curbing inefficiencies and enabling more accurate demand forecasting. Collectively, these interventions are engendering new credibility in sectoral cash flows and in turn, facilitating sustainable lending practices.

Demand-side factors further underpin the sector’s growth trajectory. India’s power demand is expanding at a 7–8% CAGR, outpacing historical averages and reflecting structural tailwinds rooted in GDP growth, urbanization, industrial electrification, and emerging use-cases such as data centers and electric vehicles. Increasing rural access and household electrification programs continue to widen the consumer base, while industrial and digital infrastructure-led consumption is layering in new, sticky demand. These drivers point to a sustained requirement for generation capacity, as well as complementary investments in grid stability, transmission expansion, and storage.

Importantly, the lessons of the past have prompted a recalibration of risk among financiers and developers. The current cycle features a healthier project mix, underpinned by government-backed and state-guaranteed loans—particularly in transmission and distribution—while lenders have demonstrated marked prudence by focusing on projects with firm power purchase agreements and proven counterparty strength. Asset quality metrics at leading sector financiers are at multi-year bests; gross and net non-performing assets have steadily reduced due to efficient NPA resolution and conservative provisioning. Infrastructure lending has also broadened to encompass logistics, transportation, and smart city projects, though with an emphasis on creditworthy, government-oriented projects to mitigate historical risks.

In aggregate, India’s power sector stands at an inflection point—benefiting from a nuanced convergence of structural and cyclical growth forces, policy anchor, technology evolution, and improving sectoral discipline. As the country seeks to balance energy transition ambitions with energy security, the outlook is one of broad-based opportunity for participants across generation, transmission, storage, and grid modernization. The sector hence presents a distinctive investment case: strong multi-year growth visibility, supportive reforms, and a marked reduction in legacy risks, positioning it as a prime beneficiary of India’s next decade of infrastructure expansion.

Top 4 Stock Recommendations

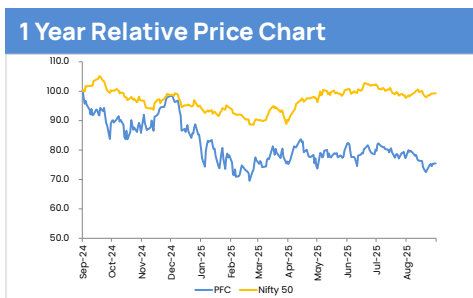
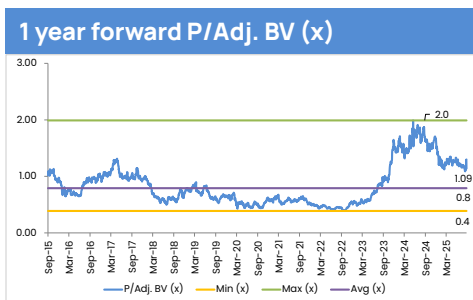
Company Name	M. Cap (INR CR)	CMP*	Target Price	Potential Upside (%)
Power Finance Corporation	1,30,486	396	502	26.8
Rural Electrification Corporation	98,404	373	466	25.0
Inox Wind	25,709	149	193	29.8
K E C International	23,340	877	1096	25.0

*CMP as on 12th September, 2025

BUY	
Current Market Price	396
Target Price	502
Upside	27%
NIFTY50	25,114
Sensex	81,904

Key Stock Data	
BSE Code	532810
NSE Code	PFC
Bloomberg	POWF:IN
Shares O/S (Cr)	329.7
M.Cap (Rs.Cr)	1,30,486
3M Avg Vol	61,24,232
52 week H/L	566/357
FV (Rs)	10.0

Shareholding Pattern			
	Dec-24	Mar-25	Jun-25
Promotor	56.0	56.0	56.0
FII	18.0	18.8	18.7
DII	17.2	16.2	16.1
Public	8.8	9.0	9.2



Power Finance Corporation (PFC) is a leading Maharatna public sector enterprise and a key player in India's power sector. As the country's largest NBFC, PFC's core business is to provide financial assistance to power projects, including generation, transmission, and distribution. The Government of India maintains a majority stake of approximately 56%, highlighting its strategic role in national energy policy implementation. PFC finances a diverse portfolio of power sector entities, from state electricity boards to private companies. Through its acquisition of Rural Electrification Corporation (REC), PFC consolidated its position as the biggest lender to India's power sector. In recent years, PFC has increased its focus on financing green initiatives, including renewable energy, battery storage, and EV infrastructure, aligning its portfolio with India's ambitious energy transition and net-zero goals.

Renewable plus private sector will continue to drive loan growth: A renewed thrust from the private sector has been the primary engine for PFC's loan book growth over the last five years (FY20-FY25), following a brief consolidation phase. This activity has been principally fueled by investments in renewable energy and power distribution, where this segment expanded at a remarkable CAGR of 48% to 71.2%. This surge was instrumental in driving PFC's overall loan growth to a 12.2% CAGR during the same timeframe. Looking ahead to FY25-27E, a stable asset quality profile combined with a revival in capital expenditure is expected to sustain this momentum. We expect the loan book will grow at a 12.4% CAGR, while disbursements are anticipated to remain healthy, growing at a 13.5% CAGR over FY25-27E.

Stable NIMs and asset quality to drive PAT growth: PFC's Net Interest Income (NII) is expected to grow broadly in line with the loan book, with Net Interest Margins (NIM) likely to remain steady around 3.8% (± 20 bps). This should translate into a 12.9% CAGR in NII, rising from ₹19,340 crore in FY25 to ₹24,645 crore by FY27E. While a higher share of private sector lending may lead to a marginal increase in credit costs from cyclical lows, overall asset quality is expected to remain resilient. Consequently, provisions are likely to inch up modestly over the next two years. Factoring these trends, we forecast PAT to grow at a 12.3% CAGR over FY25-27E, increasing from ₹17,352 crore to ₹21,868 crore.

Correction largely behind; scope for stabilization ahead: PFC's earlier re-rating was underpinned by a revival in loan book growth, lower provisioning, and meaningful improvement in asset quality, which together drove a step-up in profitability and an expansion in valuation multiples (P/Adj. BV). Over the past few quarters, however, the stock has seen a phase of valuation correction, both price-wise and time-wise. With structural tailwinds supporting sector growth, coupled with a stronger balance sheet and disciplined credit underwriting, we see limited downside risk to valuations multiple from here.

Valuation and Outlook: PFC remains a structurally important lender to India's power sector, with growth increasingly driven by renewable energy, distribution upgrades, and private sector participation. A stable NIM profile, resilient asset quality, and healthy disbursement pipeline are expected to sustain earnings momentum, with PAT projected to grow at 12.3% CAGR over FY25-27E. We value PFC on a standalone basis at ₹329 (0.9x FY27E Adj. BV of ₹365), and add the value of its stake in REC at ₹173, arriving at a target price of **₹502**. This implies reasonable upside potential from current levels, supported by structural growth tailwinds, improved underwriting, and continued policy push for energy transition. Accordingly, we initiate with a **BUY** rating on the stock.

Financial Summary – Standalone				
Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Interest Income	43641	49875	55309	63278
Finance Cost	28015	30535	33899	38633
Net interest income	15626	19340	21410	24645
Pre-provisioning operating profit	17455	21629	23920	27449
Profit before Tax	17626	21172	23325	26750
Profit after Tax	14367	17352	19068	21868
EPS (Rs)	43.54	52.58	57.78	66.26
P/Cons. BV (x)	1.65	1.43	1.25	1.08
RoE (%)	18.1%	19.1%	18.2%	18.1%
ROA (%)	3.2%	3.4%	3.4%	3.5%

Source : RBL Research

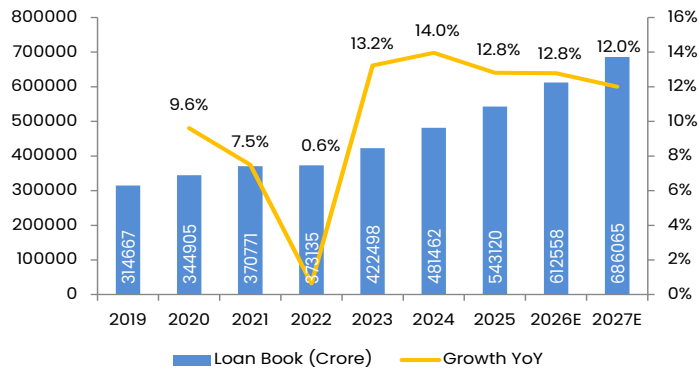
Research Analyst

Rajan Gupta

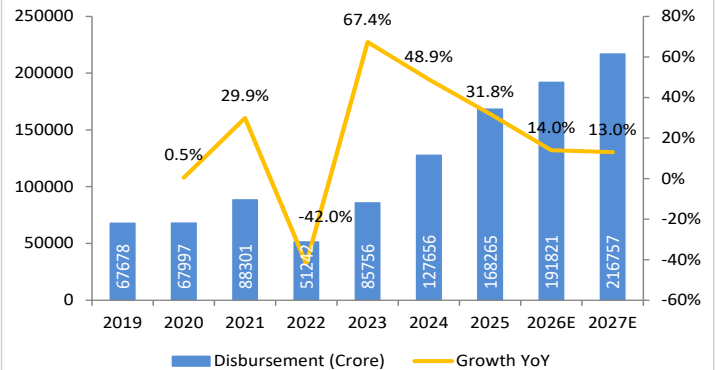
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Story in Charts:

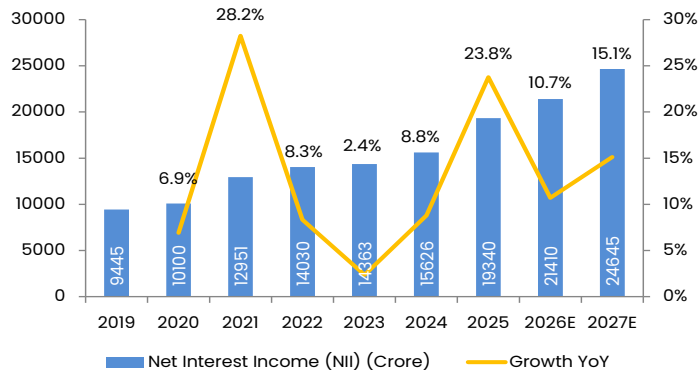
Loan book is expected to grow at 12.4% CAGR over FY25-27E.



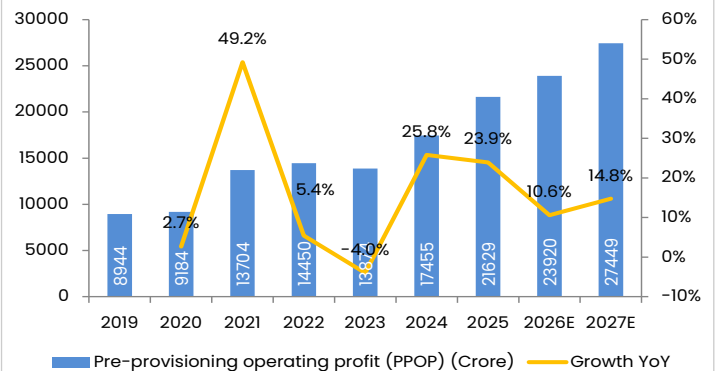
Disbursement will grow around 13.5% CAGR over FY25-27E



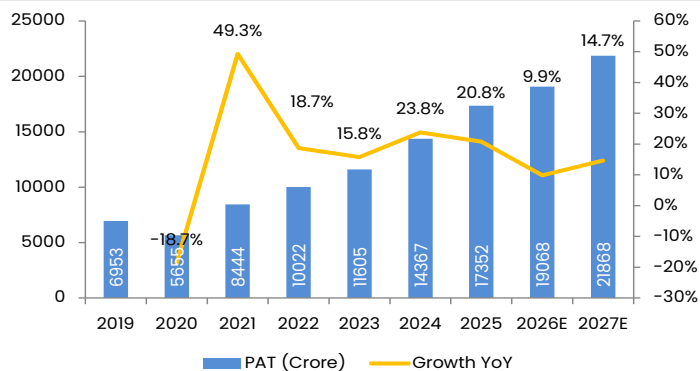
Stable margins will drive NII growth at 12.9 CAGR over FY25-27E



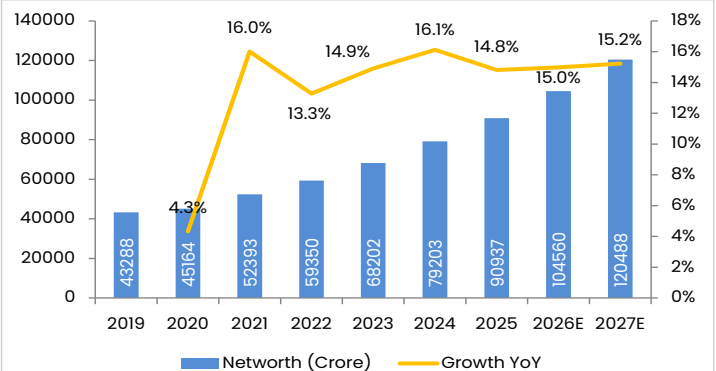
Stable yields and operating costs will increase PPOP by 12.7% CAGR over FY25-27E



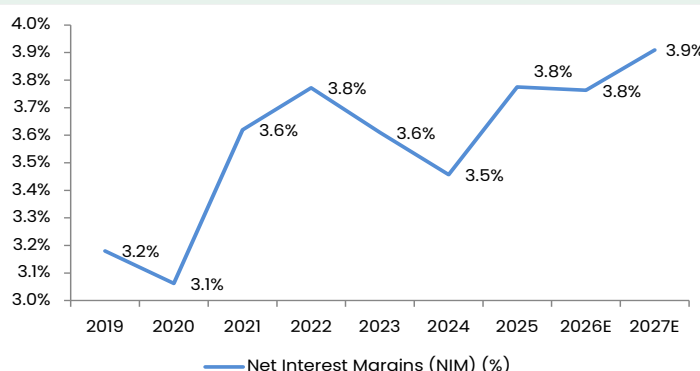
Stable asset quality and margins will continue to drive PAT growth



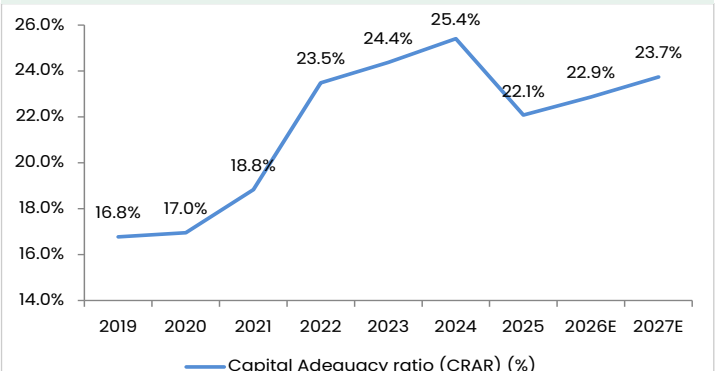
Network will increase 15.1% CAGR over FY25-27E



NIMs are expected to remain stable



PFC remain well capitalized to fund its growth



Financials

Profit and Loss Statement – Standalone

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Interest Income	43641	49875	55309	63278
Dividend Income	2276	2992	3271	3663
Fees and Commission Income	105	232	297	333
Other Income	12	29	29	34
Total Income	46034	53128	58906	67308
Finance Cost	28015	30535	33899	38633
Fees and Commission Expenses	24	29	35	40
Employees Cost	241	272	297	333
Depreciation	18	20	29	34
Misc Expenses	493	176	203	233
Loss_Foreign_exchange	-213	467	523	586
Pre-Provisioning Operating Profit (PPoP)	17455	21629	23920	27449
Impairment on Financial Instruments	-171	457	595	699
Profit Before Tax (PBT)	17626	21172	23325	26750
Tax Expense	3259	3820	4257	4882
Profit After Tax (PAT)	14367	17352	19068	21868

Source : RBL Research

Financials

Profit and Loss Statement - Standalone				
Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Financial Assets				
Cash and Cash Equivalents	22	22	24	27
Bank Balance other than Cash and Cash Equivalents	200	6821	7503	8237
Derivative Financial Instruments - Assets	4462	6647	7312	8043
Loans	469928	532818	594716	666082
Investments	20220	20720	23206	25991
Other Financial Assets	6053	5952	6785	7667
Total Financial Assets	500885	572980	639547	716048
Non Financial Assets				
Current tax assets (net)	244	228	267	299
Deferred Tax Assets (Net)	3557	3351	3753	4204
Property, Plant and Equipment_Gross	42	47	52	59
Other Non-Financial Assets	854.85	1571.43	1756.27	2002.15
Total Non-Financial Assets	4698	5197	5829	6563
Total Assets	505583	578177	645375	722611
LIABILITIES & EQUITY				
Financial Liabilities				
Derivative Financial Instruments - Liabilities	369	783	838	939
Debt Securities	294268	319748	356839	396091
Borrowings (Other than Debt Securities)	116606	152203	167424	187514
Subordinated Liabilities	5520	3564	3921	3953
Other Financial Liabilities	8633	9682	10408	12074
Total Borrowings	425027	485198	538591	599632
Total Financial Liabilities	425396	485980	539430	600571
Non-Financial Liabilities				
Current Tax Liabilities (Net)	15	51	56	63
Provisions	412	476	524	587
Other Non-Financial Liabilities	557	733	806	903
Total Non-Financial Liabilities	984	1260	1386	1552
Total Liabilities	426380	487240	540816	602123
EQUITY				
Share Capital	3300	3300	3300	3300
Other Equity	75903	87637	101260	117188
Total Equity	79203	90937	104560	120488
Total Equity and Liabilities	505583	578177	645375	722611

Source : RBL Research

Financials

Key Parameters – Standalone

Particulars	FY24	FY25	FY26E	FY27E
Loan Assets	481462	543120	612558	686065
Growth YoY	14.0%	9.9%	12.8%	12.0%
Disbursement	127656	168265	191821	216757
Growth YoY	48.9%	31.8%	14.0%	13.0%
Net worth	79203	90937	104560	120488
Growth YoY	16.13%	14.81%	14.98%	15.23%
Net Interest Income	15626	19340	21410	24645
Growth YoY	8.8%	23.8%	10.7%	15.1%

Source : RBL Research

Key Ratios – Standalone

Particulars	FY24	FY25	FY26E	FY27E
Yield on Advances (%)	9.66%	9.72%	9.74%	10.04%
Yield on Borrowings (%)	7.37%	7.44%	6.8%	7.0%
Gross Spread (%)	2.29%	2.28%	2.93%	3.06%
Net Interest Margin (%)	3.5%	3.8%	3.76%	3.91%
RoA (%)	3.2%	3.4%	3.4%	3.5%
RoE (%)	18.1%	19.1%	18.2%	18.1%
Cost to Income Ratio (%)	3.6%	5.0%	5.1%	5.0%

Source : RBL Research

Financials

Valuation - Standalone				
Particulars	FY24	FY25	FY26E	FY27E
Standalone Book Value per share (BVPS)	240	276	317	365
EPS (Rs.)	43.54	52.58	57.78	66.26
P/E (x)	9.07	7.51	6.84	5.96
P/B (x)	1.65	1.43	1.25	1.08
P/Adj. BV (x)	1.65	1.43	1.25	1.08

Source : RBL Research

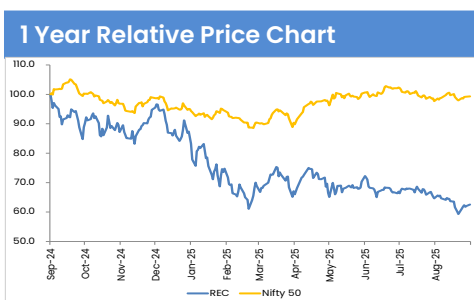
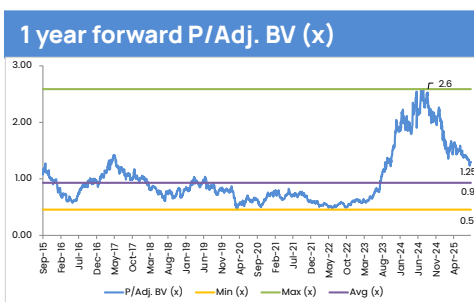
PFC Valuations	
PFC Standalone BVPS FY27E	365
Target Multiple (x)	0.9
PFC Standalone Target (INR) (A)	329
REC Standalone BVPS FY27E	389
Target Multiple (x)	1.2
REC Standalone Target (INR)	467
PFC Stake Values (Owns 53% in REC)	466
PFC Stake post- Holdco (30% Discount) (INR) (B)	173
PFC Consolidated Intrinsic Value (A+B)	502

Source : RBL Research

BUY	
Current Market Price	373
Target Price	466
Upside	25%
NIFTY50	25,114
Sensex	81,904

Key Stock Data	
BSE Code	532955
NSE Code	RECLTD
Bloomberg	RECL:IN
Shares O/S (Cr)	263.4
M.Cap (Rs.Cr)	98,404
3M Avg Vol	67,35,352
52 week H/L	636/349
FV (Rs)	10.0

Shareholding Pattern			
	Dec-24	Mar-25	Jun-25
Promoter	52.6	52.6	52.6
FII	21.7	20.5	19.2
DII	13.9	14.7	15.5
Public	11.7	12.2	12.7



Research Analyst

Rajan Gupta

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Rural Electrification Corporation (REC) Limited, a Maharatna public sector enterprise, is a key financier in India's power sector. Established in 1969 to finance rural electrification, it has evolved into a leading NBFC. REC provides financial assistance for generation, transmission, and distribution projects to a diverse clientele, including state utilities and private developers. The Government of India holds a majority stake, with REC also being a subsidiary of PFC. The company is a nodal agency for government power sector schemes, playing a crucial role in national energy policy. Aligning with India's green energy goals, REC is increasingly financing renewable energy and other infrastructure projects, expanding its portfolio beyond traditional power financing.

Strong loan growth trajectory: REC's loan book has witnessed strong double-digit expansion over the last few years, driven by demand from state utilities, renewable developers, and infrastructure projects. With state electricity boards gradually improving their financial health under RDSS, coupled with a large pipeline of solar, wind, and hydro projects expected to achieve commissioning, REC remains well placed to capture a lion's share of sector financing. Beyond power, the companies increased sanction to non-power infra sectors, including roads, metros, and hospitals, highlighting the growing scale of diversification. Over FY25-27E, we expect REC's loan book to grow 11.8% CAGR, with disbursements growing slightly faster at 12% CAGR. This expansion will be supported by strong demand from renewable energy projects, state-guaranteed transmission capacity additions, and a healthy pipeline of infrastructure sanctions, ensuring high growth visibility across the medium term.

Operating leverage and profitability: REC's earnings trajectory remains robust, supported by both operating leverage and stable funding costs. Total income is projected to rise from ₹55,980 crore in FY25 to ₹70,951 crore in FY27E, translating into a healthy 12.6% CAGR. Operating profitability is expected to grow faster, with Pre-Provisioning Operating Profit (PPoP) estimated at ₹26,809 crore by FY27E, compared to ₹20,879 crore in FY25, reflecting a 13.3% CAGR. A key driver of this improvement is the steady expansion of high-margin renewable and infra assets in the loan mix, which balance out spread compression in more competitive segments. Net profit is forecast to climb from ₹15,713 crore in FY25 to ₹20 crore by FY27E, implying a 13.5% CAGR. The company's ability to maintain low operating costs relative to its loan book size, combined with scale benefits, ensures that profitability remains resilient despite competitive intensity in renewable financing.

Asset Quality Resilience and Risk Management: REC has effectively addressed legacy stress from thermal exposures, with most large projects moving toward resolution. The current loan book is largely anchored in state-backed and renewable projects, both of which carry structurally lower risk profiles. Supported by a disciplined risk management framework and government oversight, REC's portfolio is far stronger than in past cycles. This provides confidence that the ongoing growth trajectory is built on a stable asset quality foundation, with limited risk of incremental stress formation and potential benefits from recoveries on previously stressed assets.

Valuation and Outlook: REC is well positioned to benefit from India's power and infrastructure capex cycle, with its loan book expected to grow at 12% CAGR over FY25-27E, led by strong demand from state utilities, renewable energy, and diversification into non-power infra projects. Earnings visibility remains robust, supported by operating leverage, scale benefits, and a healthier asset mix anchored in state-backed and renewable loans. Return ratios are sector-leading, with RoE sustaining near 20% and a consistent pay out policy translating into a 4-5% dividend yield. Based upon these assumptions we initiate a **BUY** on REC, valuing the stock at **₹466/share** (1.2x FY27E BV).

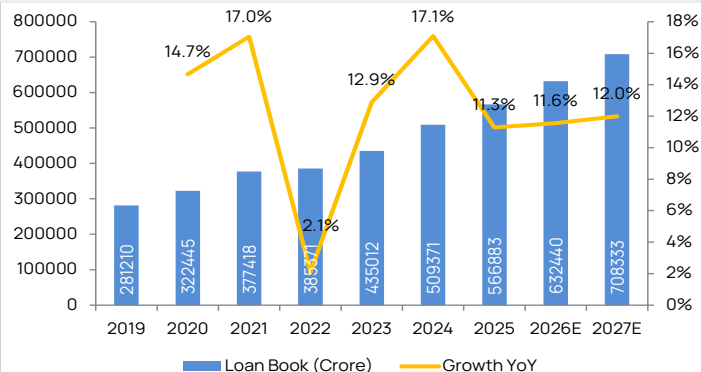
Financial Summary – Standalone

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Interest Income	46410	55070	61347	69771
Finance Cost	29949	34135	37820	42854
Net interest income	16461	20935	23527	26917
Pre-provisioning operating profit	16422	20879	23431	26809
Profit before Tax	17781	19860	22166	25322
Profit after Tax	14019	15713	17733	20257
EPS (Rs)	53.24	59.67	67.34	76.93
BVPS (Rs.)	261	295	339	389
P/B (x)	1.40	1.24	1.08	0.94
RoE (%)	22.2%	19.5%	21.3%	21.2%
ROA (%)	2.8%	2.7%	2.7%	2.8%

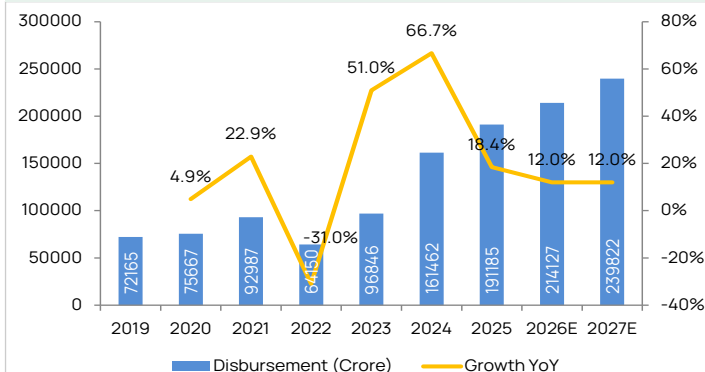
Source : RBL Research

Story in Charts:

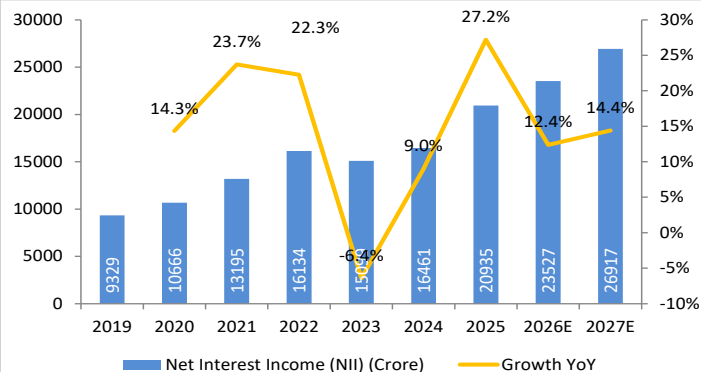
Loan book is expected to grow at 11.8% CAGR over FY25-27E



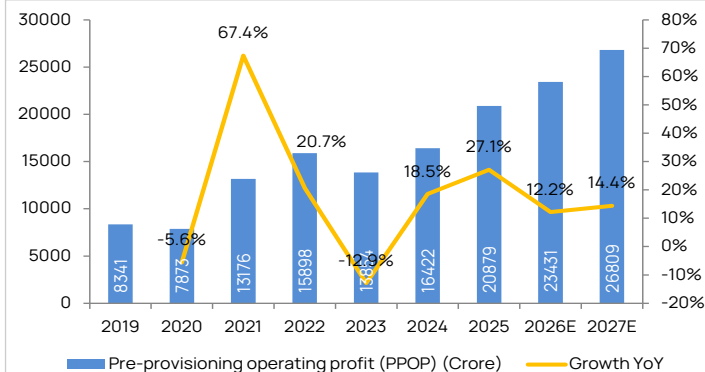
Disbursement will grow around 12% CAGR over FY25-27E



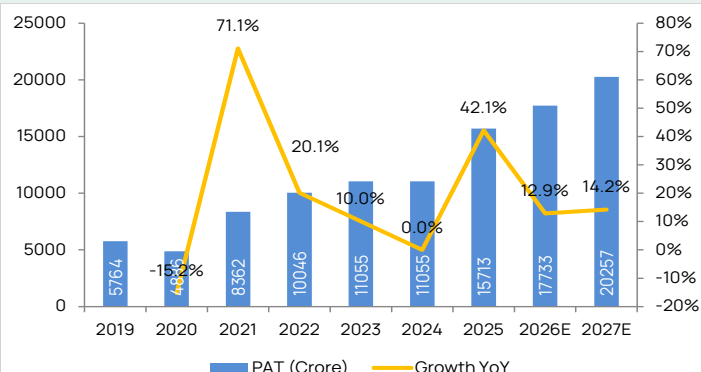
Stable margins will drive NII growth at 13.4 CAGR over FY25-27E



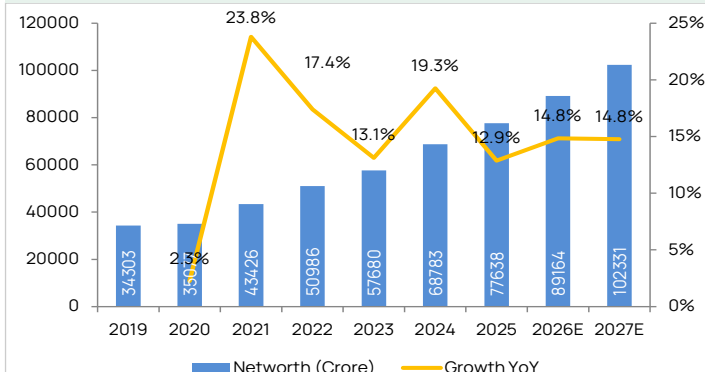
Stable yields and operating costs will increase PPOP by 13.3% CAGR over FY25-27E



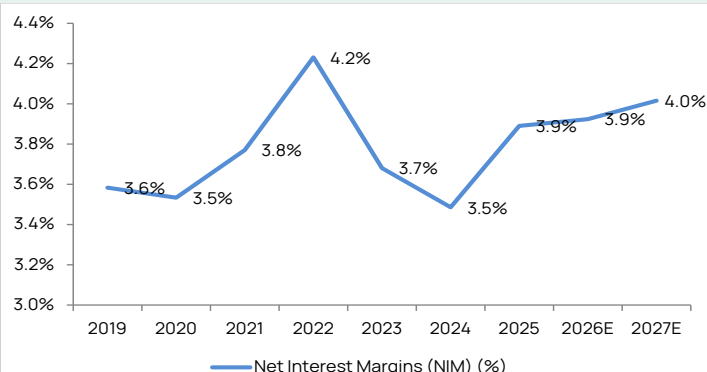
Stable asset quality and margins will continue to drive PAT growth



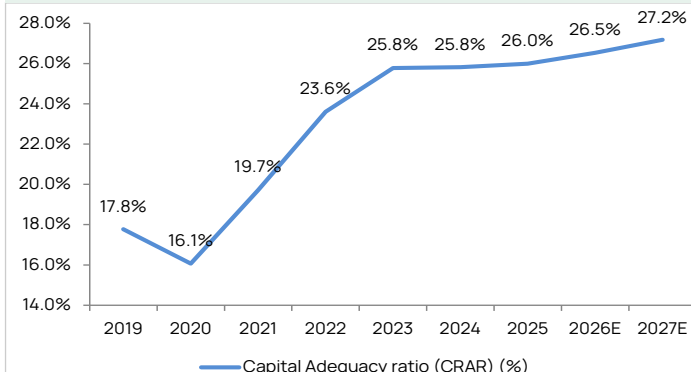
Network will increase 14.8% CAGR over FY25-27E



NIMs are expected to remain stable



REC remain well capitalized to fund its growth



Financials

Profit and Loss Statement – Standalone

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Interest Income	46410	55070	61347	69771
Dividend Income	26	99	126	142
Fees and Commision Income	236	394	443	496
Other Income	542	417	485	543
Total Income	47214	55980	62401	70951
Finance Cost	29949	34135	37820	42854
Fees and Commission Expenses	24	14	32	35
Employees Cost	214	226	253	283
Depreciation	24	24	32	35
Misc Expenses	414	493	601	673
Loss_Foreign_exchange	167	208	233	261
Pre-Provisioning Operating Profit (PPoP)	16422	20879	23431	26809
Impairment on Financial Instruments	-1358	1019	1265	1487
Profit Before Tax (PBT)	17781	19860	22166	25322
Tax Expense	3761	4147	4433	5064
Profit After Tax (PAT)	14019	15713	17733	20257

Source : RBL Research

Financials

Balance Sheet- Standalone

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Financial Assets				
Cash and Cash Equivalents	46	55	63	71
Bank Balance other than Cash and Cash Equivalents	2452	1695	1899	2126
Derivative Financial Instruments - Assets	12485	17434	20919	23429
Loans	499192	559088	626179	701320
Investments	5320	6642	6708	7848
Other Financial Assets	24422	24604	23984	28729
Total Financial Assets	543918	609517	679751	763523
Non Financial Assets				
Current tax assets (net)	294	399	379	436
Deferred Tax Assets (Net)	2485	2853	3167	3800
Property, Plant and Equipment_Gross	630	578	636	712
Other Non-Financial Assets	113	208	210	235
Total Non-Financial Assets	3523	4038	4392	5183
Total Assets	547440	613555	684142	768707
LIABILITIES & EQUITY				
Financial Liabilities				
Derivative Financial Instruments - Liabilities	778.61	1704.66	1870.47	2094.92
Debt Securities	266110	292475	316224	354171
Borrowings (Other than Debt Securities)	172092	194300	221347	247908
Subordinated Liabilities	7412	9514	10751	12041
Other Financial Liabilities	31822	37525	44279	49593
Total Borrowings	477436	533814	592601	663713
Total Financial Liabilities	478215	535519	594471	665808
Non-Financial Liabilities				
Current Tax Liabilities (Net)	67	0	0	0
Provisions	137	137	190	212
Other Non-Financial Liabilities	240	262	317	355
Total Non-Financial Liabilities	443	399	507	568
Total Liabilities	478657	535918	594978	666376
EQUITY				
Share Capital	2633	2633	2633	2633
Other Equity	66150	75005	86531	99698
Total Equity	68783	77638	89164	102331
Total Equity and Liabilities	547440	613555	684142	768707

Source : RBL Research

Financials

Key Parameters – Standalone

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Loan Book O/S	509371	566883	632440	708333
Growth YoY	17.1%	11.3%	11.6%	12.0%
Disbursement	161462	191185	214127.2	239822.464
Growth YoY	66.7%	18.4%	12.0%	12.0%
Net worth	68783	77638	89164	102331
Growth YoY	19.25%	12.87%	14.85%	14.77%
Net Interest Income	16461	20935	23527	26917
Growth YoY	9.0%	27.2%	12.4%	14.4%

Source : RBL Research

Key Ratios – Standalone

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Yield on Advances (%)	9.99%	10.05%	10.23%	10.41%
Yield on Borrowings (%)	7.13%	7.11%	7.0%	7.1%
Gross Spread (%)	2.86%	2.94%	3.19%	3.29%
Net Interest Margin (%)	3.6%	3.6%	3.9%	4.0%
RoA (%)	2.8%	2.7%	2.7%	2.8%
RoE (%)	22.2%	19.5%	21.3%	21.2%
Cost to Income Ratio (%)	5.1%	4.6%	4.9%	4.8%

Source : RBL Research

Key Data – Standalone

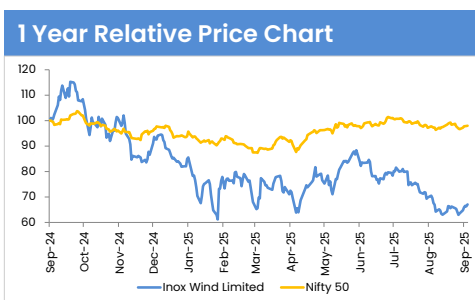
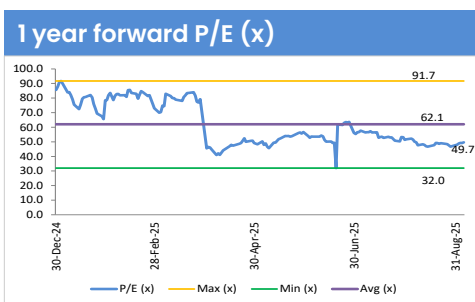
Particulars, INR Cr	FY24	FY25	FY26E	FY27E
BVPS (Rs.)	261	295	339	389
EPS (Rs.)	53.2	59.7	67.3	76.9
P/E (x)	6.9	6.2	5.4	4.8
P/B (x)	1.40	1.24	1.08	0.94
P/Adj. BV (x)	1.40	1.24	1.08	0.94

Source : RBL Research

BUY	
Current Market Price	149
Target Price	193
Upside	29.8%
NIFTY50	25,114
Sensex	81,904

Key Stock Data	
Company Name	Inox Wind Limited
BSE Code	539083
NSE Code	INOXWIND
Bloomberg	INXW IN
Shares o/s, Cr (FV 10)	172.8
Market Cap (Rs Cr)	25,709
3M Avg Volume (NSE)	71,27,651
52 week H/L	258/128

Shareholding Pattern			
	Dec-24	Mar-25	Jun-25
Promoter	48.3	44.2	44.2
FII	15.7	13.8	13.5
DII	9.4	9.1	9.7
Public	26.6	32.9	32.6



Research Analyst

Vinay Kalani

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Company overview: Inox Wind Limited ("IWL") is a leading fully integrated wind energy solutions provider in India. It operates four advanced manufacturing plants across Gujarat, Himachal Pradesh, and Madhya Pradesh, with a total capacity of ~2.5 GW per annum, producing turbines and key components like blades, hubs, nacelles, and towers. IWL offers turnkey project execution (development, EPC, commissioning), equipment supply, and long-term operations & maintenance services via its subsidiary, Inox Green Energy Services managing ~5 GW portfolio.

Improved order book & execution: In Q1FY26, IWL executed 146 MW, supported by a well-diversified order book of ~3.1 GW, ensuring strong visibility for the next two years. The company has set an FY26 execution target of >1,200 MW (Executed record 705 MW in FY25), with ambitions to scale beyond 2 GW annually by FY27. Its order book is spread across PSUs, IPPs (Independent Power Producer), C&I (Commercial & Industrial) and retail segments, providing resilience and balance, while comprising a healthy mix of turnkey projects and equipment supplies. Alongside execution, IWL is expanding its O&M portfolio through both organic and inorganic growth, strengthening recurring revenues. With a robust pipeline of inflows and marquee client additions, Inox Wind is positioned for sustained growth in FY26 and beyond.

High-Margin O&M business: Inox Green Energy Services (IGESL), Inox Wind's dedicated O&M subsidiary, now manages a renewable portfolio exceeding 5 GW, including approximately 1.8 GW in solar O&M and the remainder in wind. Its business model is asset-light—long-term O&M contracts (5–20 years) offer stable, recurring revenue and strong margins. In Q1FY26, IGESL added a 182 MW wind O&M assignment with a top-tier conglomerate, demonstrating continued client trust and scale-up. Furthermore, Management targets further growth through organic expansion and strategic acquisitions, with a clear roadmap to reach 10 GW of O&M portfolio by FY27-end through a mixture of organic and inorganic expansion routes.

Strong industry tailwinds: India's wind energy sector is riding powerful tailwinds, with installed capacity exceeding 51.5 GW, marking a 150% surge over the past decade. Ambitious targets are driving a structural upcycle—capacity is expected to more than double to 100–107 GW by 2030, supported by annual installations scaling to 8–15 GW, ensuring sustained demand visibility. Domestic manufacturing is also surging from 12 GW in 2022 to 20 GW in 2024, positioning India as the third-largest wind equipment hub globally. With vast untapped wind potential, strong policy momentum, tariff competitiveness, and grid-balancing benefits—especially in hybrid setups—wind energy is poised to become a backbone of India's clean, round-the-clock power future.

Outlook and Valuation: We believe Inox Wind is well positioned to capitalize on the structural upcycle in India's wind energy sector due to (a) its strong manufacturing base with 2.5 GW annual capacity, (b) a well-diversified order book of ~3.1 GW ensuring multi-year visibility, and (c) expansion of its high-margin O&M portfolio, targeting 10 GW by FY27 through organic and inorganic growth. We estimate Inox Wind's revenue, EBITDA, and PAT to grow at a CAGR of 52.5%, 47.6%, and 56.3% over FY25-27E, respectively. Accordingly, we initiate coverage on Inox Wind with a **Buy** rating and a target price of ₹193.

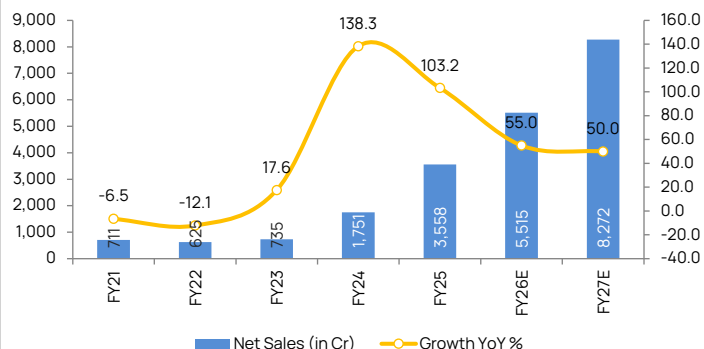
Financial Summary - Consolidated

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Net revenue	1,751	3,558	5,515	8,272
EBITDA	271	769	1,067	1,675
EBITDAM (%)	15.5	21.6	19.3	20.2
APAT	(51)	446	657	1,089
APATM (%)	(2.9)	12.5	11.9	13.2
EPS (Rs)	(1.5)	2.7	4.0	6.7
PE (x)	(94.9)	53.5	36.3	21.9
RoE (%)	-1.2	13.0	16.0	21.0

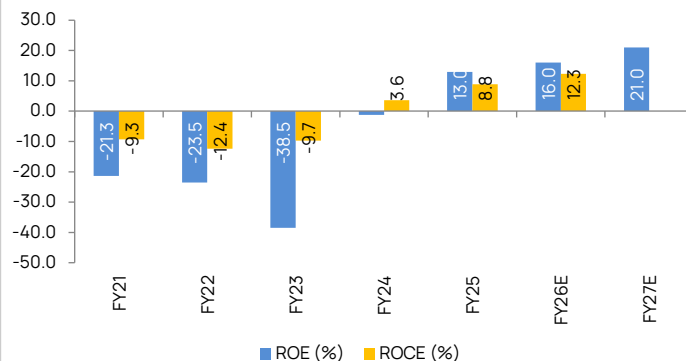
Source : RBL Research

Story in Charts:

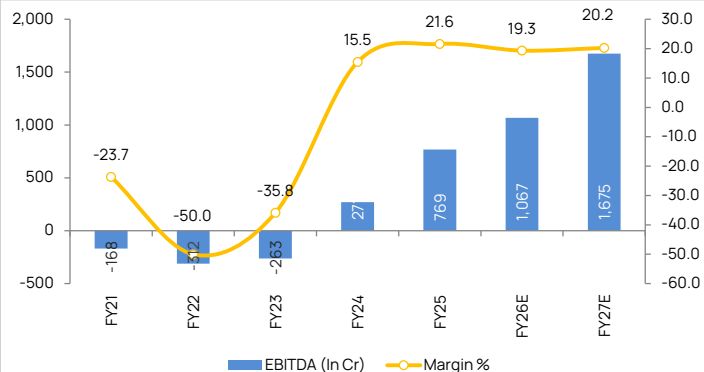
Revenue is expected to grow at 52.5% CAGR over FY25-27E



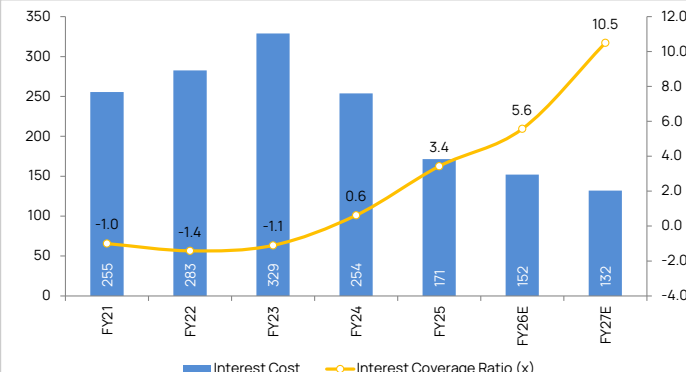
RoE & RoCE are expected to improve



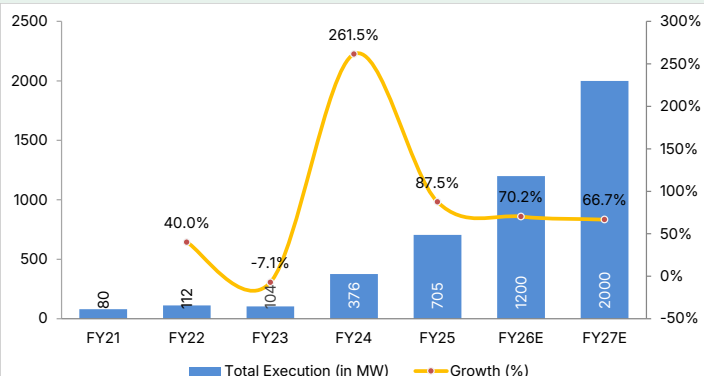
EBITDA is expected to grow at 47.6% CAGR over FY25-27E



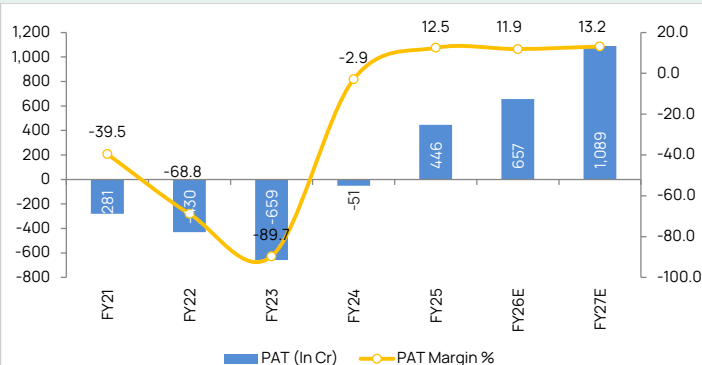
Interest Exp. is expected to decline with rise in ICR



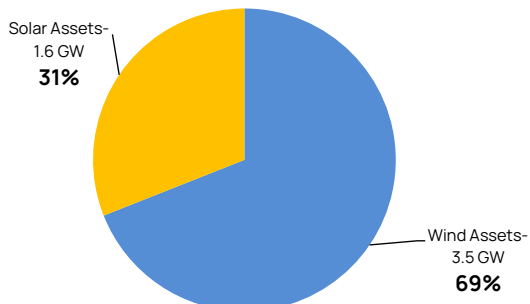
Execution is expected to pick up



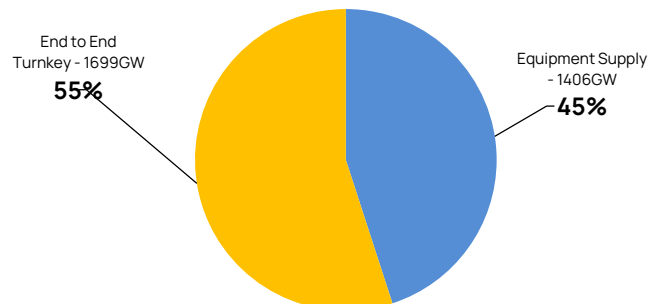
PAT is expected to grow at 56.3% CAGR over FY25-27E



Expects to increase the O&M contracts up to 10 GW by FY27 end



Robust and well diversified order book of ~3.1 GW



Financials

Profit and Loss Statement – Consolidated

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Net sales	1,750.6	3,557.9	5,514.7	8,272.1
Cost of materials	1,037.9	2,054.1	3,253.7	4,839.2
(Increase) / Decrease In Stocks	(6.7)	19.6	30.4	45.5
Total raw materials	1,031.2	2,073.7	3,284.1	4,884.7
Gross Profit	719.3	1,484.2	2,230.7	3,387.4
Employee cost	109.4	169.4	297.8	430.2
Other expenses	338.8	546.0	865.8	1,282.2
Total expenditure	1,479.5	2,789.0	4,447.7	6,597.1
EBITDA	271.1	768.9	1,067.1	1,675.1
EBITDA (%)	15.5	21.6	19.3	20.2
Depreciation	113.6	180.9	220.6	289.5
EBIT	157.5	588.0	846.5	1,385.5
Other income	62.1	143.9	182.0	198.5
Interest expenses	253.8	171.4	152.0	132.0
PBT	(34.2)	560.5	876.5	1,452.1
Tax	2.6	114.7	219.1	363.0
Reported PAT	(36.8)	445.8	657.4	1,089.1
PAT Margin %	-2.9	12.5	11.9	13.2
EPS	-1.5	2.7	4.0	6.7

Source : RBL Research

Financials

Balance Sheet- Consolidated

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Share Capital	325.9	1,624.1	1,624.1	1,624.1
Reserves & Surplus	1,371.4	1,817.2	2,474.6	3,563.6
Total Shareholder's Fund	1,697.4	3,441.4	4,098.7	5,187.8
Minority Interest	494.3	559.2	559.2	559.2
Long term borrowings	183.5	1.9	5.5	8.3
Short term borrowing	2,516.8	3,202.1	2,757.4	2,481.6
Total Debt	2,700.3	3,204.0	2,762.9	2,489.9
Deferred tax liabilities	(552.9)	(1,123.7)	(1,654.4)	(2,068.0)
Long term provision	11.5	16.5	36.3	54.5
Other long term liabilities	72.3	147.0	227.8	341.8
Total	(285.6)	(958.3)	(1,384.7)	(1,663.5)
Current Liabilities				
Trade payables	605.0	1,038.7	1,813.1	2,719.6
Short term provisions	1.7	3.4	5.3	8.0
Other current liabilities	1,042.6	1,779.0	2,757.4	4,136.1
Total	4,166.1	6,023.1	7,333.1	9,345.3
Total liabilities	6,072.2	9,065.4	10,606.4	13,428.8
Application of Assets				
Net Block	1,812.5	1,848.8	1,904.2	1,942.3
Current work in process	266.2	304.1	304.1	304.1
Other non-current assets	244.8	497.5	771.0	1,156.6
Total	2,902.9	3,788.8	4,744.0	6,050.0
Current Assets				
Inventories	1,244.8	1,351.8	2,115.2	2,946.2
Trade receivables	1,137.3	2,687.8	2,266.3	2,266.3
Cash and bank balance	164.2	480.1	417.7	819.9
Other current assets	22.3	45.4	70.3	105.5
Total	3,169.4	5,276.6	5,862.3	7,378.8
Total assets	6,072.2	9,065.4	10,606.4	13,428.8

Source : RBL Research

Financials

Cash Flow – Consolidated

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Profit before tax	(34.2)	560.5	876.5	1,452.1
Add: Depreciation	113.6	180.9	220.6	289.5
Add: Interest cost	253.8	171.4	152.0	132.0
Others	(33.9)	-	-	-
Operating profit before working capital changes	277.4	850.7	1,105.1	1,691.6
Changes in working capital	(612.4)	(1,922.8)	(223.1)	(375.8)
Cash from Operations	(375.2)	(1,153.9)	843.9	1,299.2
Less: Taxes	15.4	(114.7)	(219.1)	(363.0)
Cash flow from operating	(359.8)	(1,268.6)	624.8	936.2
Purchase of fixed assets	(538.1)	(255.0)	(276.1)	(327.6)
Other Income	-	143.9	182.0	198.5
Cash flow from investing	(527.7)	(111.1)	(94.1)	(129.1)
Proceeds of borrowings	509.4	-	503.7	(441.1)
Sales of borrowings	(167.1)	(327.7)	-	-
Others	1,205.7	64.9	-	-
Cash flow from Financing	878.0	1,695.5	(593.1)	(404.9)
Net cash Inflow/Outflow	(9.4)	315.8	(62.3)	402.1
Opening cash	63.4	164.2	480.1	417.7
Closing Cash	164.2	480.1	417.7	819.9

Source : RBL Research

Financials

Valuation - Consolidated

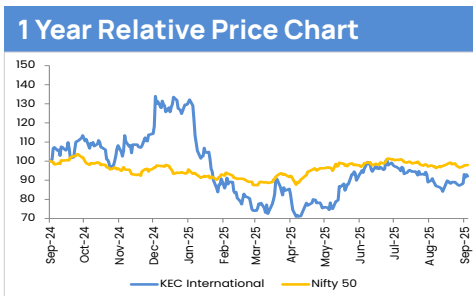
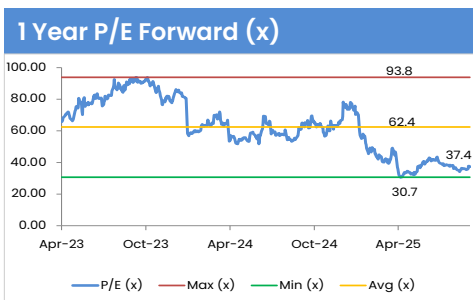
Particulars	FY24	FY25	FY26E	FY27E
Per share Data				
EPS (Rs)	-1.5	2.7	4.0	6.7
Book value per share (Rs)	52.1	21.2	25.2	31.9
Dividend Payout %	0.0	0.0	0.0	0.0
Profitability Ratios				
EBITDAM(%)	15.5	21.6	19.3	20.2
PBTM (%)	-2.0	15.8	15.9	17.6
NPM (%)	-2.9	12.5	11.9	13.2
RoE (%)	-1.2	13.0	16.0	21.0
RoCE (%)	3.6	8.8	12.3	18.0
Efficiency Data				
Debt-Equity Ratio	1.6	0.9	0.7	0.5
Interest Cover Ratio	0.6	3.4	5.6	10.5
Debtors Days	237.1	275.7	150.0	100.0
Inventory Days	259.5	138.7	140.0	130.0
Payable Days	126.1	106.6	120.0	120.0
WC Days	370.5	307.9	170.0	110.0
Valuation (x)				
P/E	-94.9	53.5	36.3	21.9
P/BV	2.8	6.9	5.8	4.6
EV/EBITDA	27.0	34.6	24.6	15.3
EV/Sales	4.2	7.5	4.8	3.1

Source : RBL Research

BUY	
Current Market Price	877
Target Price	1096
Upside	25.0%
NIFTY50	25,114
Sensex	81,904

Key Stock Data	
Company Name	KEC International
BSE Code	532714
NSE Code	KEC
Bloomberg	KECI IN
Shares o/s, Cr (FV 2)	26.6
Market Cap (Rs Cr)	23,319
3M Avg Volume (NSE)	6,58,543
52 week H/L	1313/605

Shareholding Pattern			
	Dec-24	Mar-25	Jun-25
Promoter	50.1	50.1	50.1
FII	15.2	15.4	16.0
DII	24.9	24.2	22.6
Public	9.8	10.3	11.3



Research Analyst

Vinay Kalani

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Company overview: KEC International Limited ("KEC") is a leading global infrastructure EPC company. It operates across power transmission & distribution (T&D), railways, civil, renewables, and cables, with execution spanning over 110 countries. The company has 8 manufacturing facilities and design centers worldwide, producing towers, poles, and cables. KEC provides end-to-end solutions including design, engineering, procurement, construction, and commissioning, supported by strong operations and maintenance capabilities. Its diversified business model ensures resilience and multi-sector growth visibility.

Robust order book visibility: KEC sustains strong revenue visibility on the back of its robust order book and pipeline. As of June 30, 2025, the company reported a consolidated order book of ₹34,409 crore (1.4x TTM Revenue), which, along with its L1 position, exceeds ₹40,000 crore. This substantial backlog provides visibility for the next 18-24 months and supports management's guided revenue CAGR of around 15% between FY25-FY27E. Additionally, KEC has an active bidding pipeline of over ₹1,80,000 crore, with significant opportunities in domestic and international T&D. This consistent inflow and diversified pipeline underpin sustained growth momentum, improved execution, and reinforce KEC's multi-sector leadership.

Diversified EPC player: KEC is a market-leading, vertically diversified EPC major with a strong global presence. The company operates across T&D, railways, civil, cables, oil & gas pipelines, transportation and renewables, providing end-to-end solutions from design and engineering to commissioning. With execution in over 110 countries and seven global manufacturing facilities, KEC has built a trusted reputation in complex infrastructure delivery. While T&D remains the core segment, growth is increasingly supported by railways, civil, and renewables. The renewables business grew 87% YoY in Q1 FY26 and is projected to scale to Rs 3,000-4,000 crore in the next 2-3 years, driven by solar, wind, and BESS projects. This diversification across sectors and geographies mitigates cyclicity, enhances steady order flow, and positions KEC strongly for long-term growth.

Strategic acquisitions for global expansion: KEC has expanded its global footprint and tower manufacturing scale through strategic acquisitions. The acquisition of SAE Towers in Brazil provided strong access to North and South American markets, making KEC one of the world's largest tower manufacturers. In February 2020, KEC further strengthened its presence by acquiring a tower manufacturing facility in Dubai with an initial capacity of 60,000 MTPA, dedicated to catering to West Asia projects. This facility has scaled up meaningfully since March 2021, boosting regional execution capabilities. Together with its existing facilities in India, Brazil, and Mexico, KEC now commands a global tower manufacturing capacity of 4,68,200 metric tonnes per annum. This scale advantage enhances supply chain efficiency, improves execution timelines, and ensures strong competitiveness in global T&D markets.

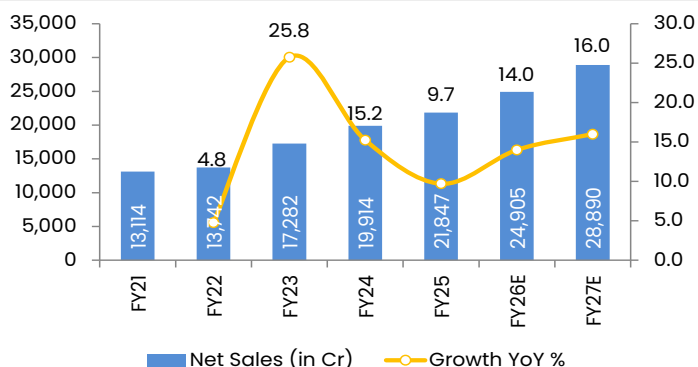
Outlook and Valuation: We believe KEC International is well positioned to benefit from rising infrastructure and energy transition spends due to (a) its diversified presence across T&D, railways, civil, cables, and renewables, (b) a robust order book of over ₹34,000 crore with strong bidding pipeline ensuring multi-year visibility, and (c) improving margins alongside enhanced global tower manufacturing capacity supporting profitable growth. We estimate KEC's revenue, EBITDA, and PAT to grow at a CAGR of 15%, 29.6%, and 54.2% over FY25-27E, respectively. Accordingly, we initiate coverage on KEC International with a **BUY** rating and a target price of **₹1096**.

Financial Summary - Consolidated				
Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Net revenue	19,914.2	21,846.7	24,905.2	28,890.1
EBITDA	1,214.6	1,503.9	2,026.7	2,524.4
EBITDA (%)	6.1	6.9	8.1	8.7
APAT	346.8	570.7	994.0	1,357.0
APATM (%)	1.7	2.6	4.0	4.7
EPS (Rs)	13.5	21.4	37.3	51.0
PE (x)	64.9	40.9	23.5	17.2
RoE (%)	8.5	10.7	16.0	18.4

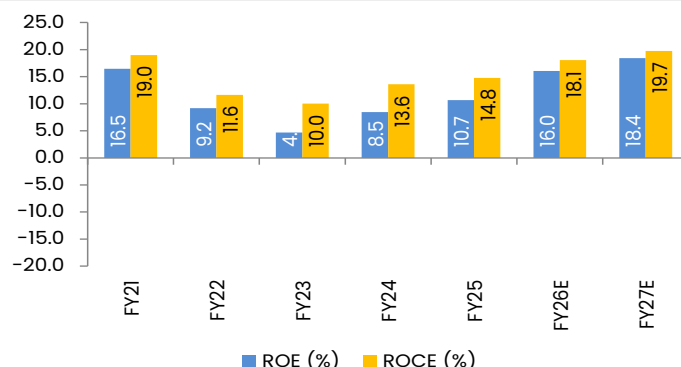
Source : RBL Research

Story in Charts:

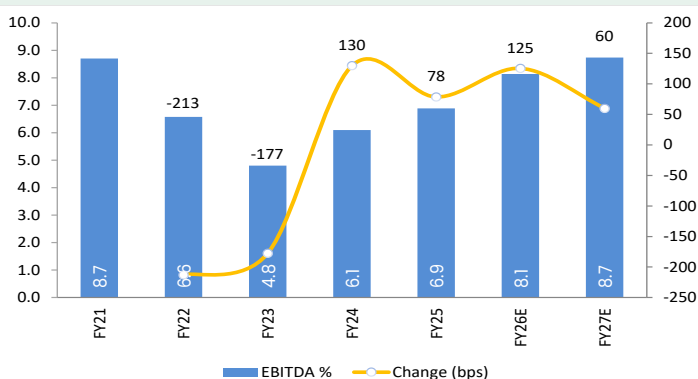
Revenue is expected to grow at 15% CAGR over FY25-27E



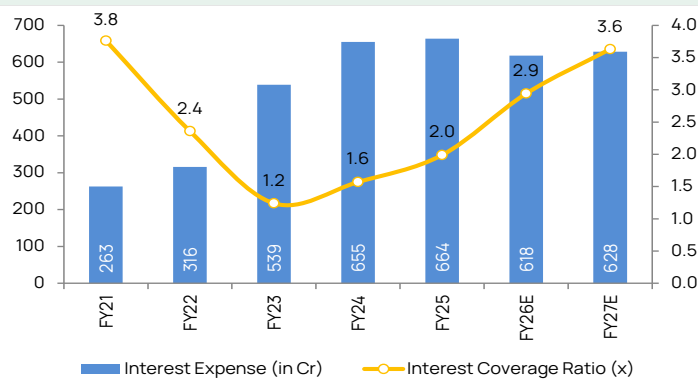
Superior RoE & RoCE



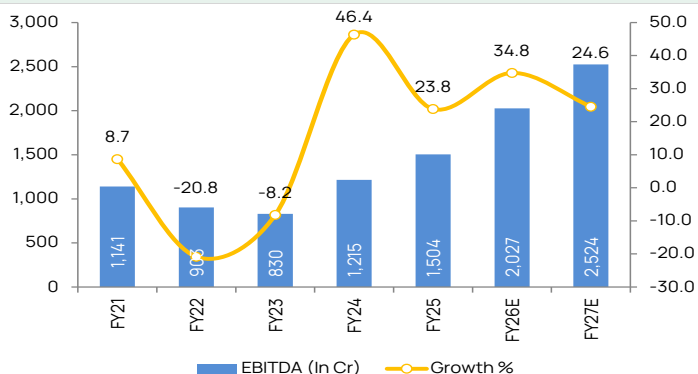
EBITDA Margin is expected to improve gradually



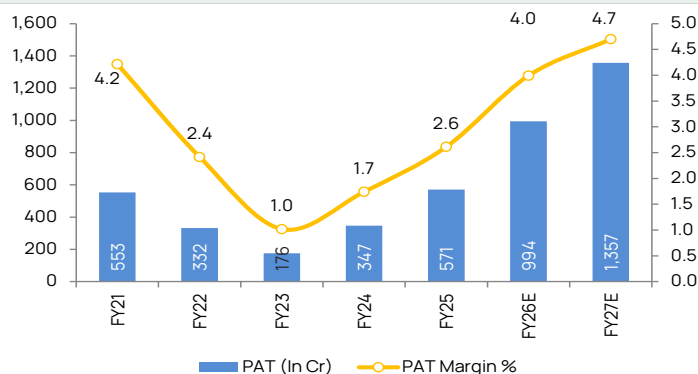
Interest expense is expected to remain flat with improvement in ICR



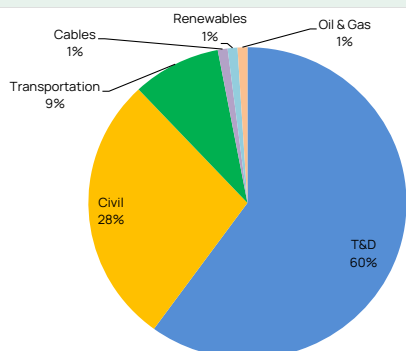
EBITDA is expected to grow at 29.6% CAGR over FY25-27E



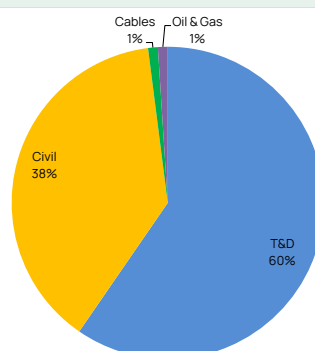
PAT is expected to grow at 54% CAGR over FY25-27E



Total Order Book stands at Rs 34,409 Crore



Received order intake of Rs 5,517 Cr YTD FY26



Financials

Profit and Loss Statement – Consolidated

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Net sales	19,914.2	21,846.7	24,905.2	28,890.1
Cost of Services & Raw Materials	8,413.7	9,912.2	11,282.1	13,029.4
(Increase) / Decrease In Stocks	(5.7)	166.5	189.8	220.2
Total raw materials	8,408.0	10,078.7	11,471.9	13,249.6
Gross Profit	11,506.2	11,768.0	13,433.3	15,640.4
Employee cost	1,440.6	1,540.2	1,718.5	1,993.4
Other expenses	8,851.0	8,723.9	9,688.1	11,122.7
Total expenditure	18,699.6	20,342.8	22,878.5	26,365.7
EBITDA	1,214.6	1,503.9	2,026.7	2,524.4
EBITDA (%)	6.1	6.9	8.1	8.7
Depreciation	185.4	183.7	209.4	242.9
EBIT	1,029.2	1,320.2	1,817.3	2,281.5
Other income	52.4	70.9	74.7	86.7
Interest expenses	655.1	663.6	617.6	628.4
PBT	426.5	727.5	1,274.4	1,739.8
Tax	79.7	156.8	280.4	382.7
Reported PAT	346.8	570.7	994.0	1,357.0
PAT Margin %	1.7	2.6	4.0	4.7
EPS	13.5	21.4	37.3	51.0

Source : RBL Research

Financials

Balance Sheet- Consolidated

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Share Capital	51.4	53.2	53.2	53.2
Reserves & Surplus	4,044.3	5,294.2	6,141.8	7,312.5
Total Shareholder's Fund	4,095.7	5,347.5	6,195.1	7,365.8
Long term borrowings	236.0	358.5	373.6	433.4
Short term borrowing	3,243.9	3,222.5	3,486.7	3,755.7
Total Debt	3,480.0	3,581.0	3,860.3	4,189.1
Deferred tax liabilities	(353.7)	(437.2)	(498.4)	(578.1)
Long term provision	17.5	19.7	22.4	26.0
Other long term liabilities	148.6	211.9	249.1	288.9
Total	48.4	152.9	146.7	170.2
Current Liabilities				
Trade payables	9,231.0	10,503.5	11,599.7	12,664.1
Short term provisions	203.3	273.8	312.1	362.0
Other current liabilities	1,855.4	2,227.1	2,538.9	2,945.1
Total	14,533.7	16,226.9	17,937.4	19,727.0
Total Shareholders fund and liabilities	18,677.8	21,727.2	24,279.2	27,262.9
Application of Assets				
Net Block	1,628.3	1,646.6	1,696.0	1,729.9
Current work in process	13.9	38.5	38.5	38.5
Long term loans and advances	853.0	636.2	725.3	841.3
Other non-current assets	24.8	19.2	21.9	25.4
Total	2,520.0	2,340.6	2,481.7	2,635.2
Current Assets				
Inventories	1,213.3	1,140.5	1,296.4	1,503.9
Trade receivables	4,136.6	5,051.1	5,799.8	6,332.1
Cash and bank balance	273.3	655.9	1,429.9	1,975.0
Short term loans and advances	10,263.5	12,258.0	12,950.7	14,445.0
Other current assets	271.1	281.1	320.5	371.7
Total	16,157.9	19,386.6	21,797.4	24,627.7
Total Assets	18,677.8	21,727.2	24,279.2	27,262.9

Source : RBL Research

Financials

Cash Flow – Consolidated

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Profit before tax	426.5	727.5	1,274.4	1,739.8
Add: Depreciation	185.4	183.7	209.4	242.9
Add: Interest cost	655.1	663.6	617.6	628.4
Others	86.5	210.8	-	-
Operating profit before working capital changes	1,353.5	1,785.6	2,101.4	2,611.0
Changes in working capital	(1,294.4)	(1,523.7)	(303.5)	(920.5)
Cash from Operations	59.0	261.9	1,798.0	1,690.5
Less: Taxes	(252.1)	157.2	(280.4)	(382.7)
Cash flow from Operations	311.2	419.1	1,517.6	1,307.8
Purchase of fixed assets	(237.4)	(182.5)	(258.8)	(276.8)
Interest Received	15.7	53.2	-	-
Cash flow from investing	(223.1)	(67.9)	(258.8)	(276.8)
Proceeds of borrowings	169.9	266.2	279.3	328.7
Sales of borrowings	-	(331.9)	-	-
Dividend (Incl dividend tax)	438.1	(21.4)	(146.4)	(186.3)
Interest cost	(658.4)	(648.9)	(617.6)	(628.4)
Others	(94.2)	(166.2)	-	-
Cash flow from Financing	(144.7)	(32.1)	(484.7)	(486.0)
Net cash Inflow/Outflow	(56.6)	319.1	774.1	545.0
Opening cash	329.9	336.8	655.9	1,429.9
Closing Cash	273.3	655.9	1,429.9	1,975.0

Source : RBL Research

Financials

Key Financial Ratios – Consolidated

Particulars	FY24	FY25	FY26E	FY27E
Per share Data				
EPS (Rs)	13.5	21.4	37.3	51.0
Book value per share (Rs)	159.3	200.9	232.7	276.7
Dividend per share (Rs)	3.0	3.9	5.5	7.0
Dividend Payout %	22.3	18.0	14.7	13.7
Dividend Yield %	0.3	0.4	0.6	0.8
Profitability Ratios				
EBITDAM(%)	6.1	6.9	8.1	8.7
PBTM (%)	2.1	3.3	5.1	6.0
NPM (%)	1.7	2.6	4.0	4.7
RoE (%)	8.5	10.7	16.0	18.4
RoCE (%)	13.6	14.8	18.1	19.7
Efficiency Data				
Debt-Equity Ratio (x)	0.8	0.7	0.6	0.6
Interest Cover Ratio(x)	1.6	2.0	2.9	3.6
Fixed Asset Ratio(x)	0.1	0.1	0.1	0.1
Debtors Days	75.8	84.4	85.0	80.0
Inventory Days	22.2	19.1	19.0	19.0
Payable Days	169.2	175.5	170.0	160.0
Working Capital Days	-71.1	-72.0	-66.0	-61.0
Valuation (x)				
P/E	64.9	40.9	23.5	17.2
P/BV	5.5	4.4	3.8	3.2
EV/EBITDA	21.2	17.5	12.7	10.1
EV/Sales	1.3	1.2	1.0	0.9

Source : RBL Research

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Disclaimer:

Ratings Methodology	
Ratings	Upside
Buy	More than 15%
Accumulate	5% - 15%
Hold	0% - 5%
Sell	Below 0%

Note: RBL Investment ratings (All ratings based on absolute return; All ratings and target price refers to 12 month performance horizon, unless mentioned otherwise).

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2.	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of the research report or date of the public appearance?		No
3.	I/we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of the public appearance?		
4.	I/we have received any compensation from the subject company in the past twelve months?		No
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