

KEI INDUSTRIES

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	3,970
12 month price target (INR)	4,450
52 Week High/Low	4,780/2,424
Market cap (INR bn/USD bn)	379/4.4
Free float (%)	73.8
Avg. daily value traded (INR mn)	1,489.8

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	35.1%	35.1%	35.16%
FII	26.6%	31.1%	29.8%
DII	39.3%	33.8%	35.2%
Pledge	0%	0%	0%

FINANCIALS

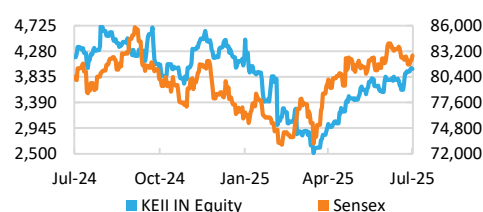
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	97,359	117,308	139,567	166,278
EBITDA	9,910	12,167	15,415	19,251
Adjusted profit	6,964	8,407	10,455	13,339
Diluted EPS (INR)	72.9	88.0	109.4	139.6
EPS growth (%)	13.1	20.7	24.4	27.6
RoAE (%)	15.6	13.6	14.8	16.3
P/E (x)	54.7	45.3	36.4	28.6
EV/EBITDA (x)	34.5	28.7	22.4	17.7
Dividend yield (%)	0.1	0.1	0.2	0.2

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	117,308	139,567	3.6	3.3
EBITDA	12,167	15,415	5.5	5.2
Adjusted profit	8,407	10,455	2.8	3.2
Diluted EPS (INR)	88.0	109.4	2.8	3.2

PRICE PERFORMANCE



Solid quarter

KEI reported a better-than-expected Q1FY26 performance with consolidated revenue/EBITDA/PAT growing 16%/15%/27% YoY, beating estimates by 6–13%. C&W revenue shot up 32% (with volume growth of 28–30% YoY) while EBIT margin at 10.8%. C&W Exports surged 121% YoY with an additional boost from USA and Europe. Order book remains healthy at INR39.2bn, up 9% YoY.

KEI remains well placed to benefit from strong demand all across (power, energy, solar, infrastructure). We are raising FY26–28E EPS by 3–7%. We reckon revenue/EBITDA/PAT CAGR would be 20%/25%/24% over FY26–28E. This coupled with valuing the stock at 38x Jun-27E yields a TP of INR4,450 (earlier INR4,350); maintain 'BUY'.

Healthy performance continues

Consolidated revenue grew 26% YoY, beating our/consensus estimate by 7%/7%. C&W revenue jumped 32% YoY (28–30% YoY volume growth; rest, price inflation) as compared to 33% YoY for Polycab, and 27% YoY for Havells (2-year CAGR basis: 22% for KEI versus 22%/14% for Polycab/Havells). C&W EBIT margin contracted 30bp YoY to 10.8%. Domestic C&W (excluding EHV) grew 24% YoY, EHV shot up 47% YoY while Exports surged 121% YoY. LT/HT cables, up 23%/50% YoY, continue to propel growth while wires remain top performer among peers with 30% growth YoY. Sales through dealer/distributor grew 22% YoY (51% of total revenue). EBITDA increased 20% YoY, beating our estimate by 6%, helped by lower other expenses. EBITDA margin contracted 50bp YoY to 10%, 40bp below our estimate. PAT grew 30% YoY, beating our and consensus estimates by 13% each.

Capacity expansion underway

Phase 1 of Sanand (greenfield capacity) is slated for commissioning in Q2FY26E and phase 2 by Q2FY27E, implying a modest three months' delay. KEI has acquired two parcels of land—Rajasthan and Sanand—for future expansion (post-Sanand ramp-up). KEI capacity expansion plans are based on a 20% CAGR expectation. Exports continue to ramp up with entry into new geographies as the company aims to scale up exports from 13% to 17–18% in medium term.

Remains a top picks; maintain 'BUY'

KEI remains well-placed to benefit from growth across sectors. Demand remains robust while revenue shall continue to grow on the back of capacity expansion. We raise EPS estimates by 3–7% and value the stock at 38x Jun-27E EPS, yielding a Jun-26E TP of INR4,450 (earlier INR4,350); maintain 'BUY'.

Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	25,903	20,605	25.7	29,148	(11.1)
EBITDA	2,580	2,146	20.2	3,013	(14.4)
Adjusted Profit	1,957	1,502	30.3	2,265	(13.6)
Diluted EPS (INR)	20.5	16.7	23.0	23.7	(13.6)

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	97,359	117,308	139,567	166,278
Gross profit	23,740	28,623	35,590	43,232
Employee costs	3,043	3,591	4,309	5,170
Other expenses	10,788	12,866	15,866	18,811
EBITDA	9,910	12,167	15,415	19,251
Depreciation	701	1,000	1,500	1,650
Less: Interest expense	556	600	600	450
Add: Other income	718	718	718	754
Profit before tax	9,370	11,284	14,033	17,905
Prov for tax	2,406	2,878	3,579	4,566
Less: Other adj	0	0	0	0
Reported profit	6,964	8,407	10,455	13,339
Less: Excp.item (net)	0	0	0	0
Adjusted profit	6,964	8,407	10,455	13,339
Diluted shares o/s	96	96	96	96
Adjusted diluted EPS	72.9	88.0	109.4	139.6
DPS (INR)	4.4	5.5	6.8	8.5
Tax rate (%)	25.7	25.5	25.5	25.5

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
COGS (% of rev)	75.6	75.6	74.5	74.0
Employee cost (% of rev)	3.1	3.1	3.1	3.1
A&P (% of rev)	1.7	0	0	0
EBITDA margin (%)	10.2	10.4	11.0	11.6
Net profit margin (%)	7.2	7.2	7.5	8.0
Revenue growth (% YoY)	19.9	20.5	19.0	19.1
EBITDA growth (% YoY)	16.0	22.8	26.7	24.9
Adj. profit growth (%)	19.9	20.7	24.4	27.6

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.3	6.5	6.5	6.5
Repo rate (%)	5.3	5.3	5.3	5.3
USD/INR (average)	82.0	81.0	81.0	81.0

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	54.7	45.3	36.4	28.6
Price/BV (x)	6.6	5.8	5.0	4.3
EV/EBITDA (x)	34.5	28.7	22.4	17.7
Dividend yield (%)	0.1	0.1	0.2	0.2

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	191	191	191	191
Reserves	57,666	65,551	75,354	87,877
Shareholders funds	57,858	65,742	75,545	88,068
Minority interest	0	0	0	0
Borrowings	1,783	0	0	0
Trade payables	7,792	8,035	11,471	15,944
Other liabs & prov	4,914	5,824	6,878	8,143
Total liabilities	72,346	79,602	93,894	112,156
Net block	9,931	21,786	28,286	32,636
Intangible assets	0	0	0	0
Capital WIP	3,855	4,500	2,500	3,500
Total fixed assets	13,786	26,286	30,786	36,136
Non current inv	17	17	17	17
Cash/cash equivalent	19,153	10,835	13,717	18,091
Sundry debtors	17,972	20,248	22,943	26,422
Loans & advances	0	0	0	0
Other assets	21,418	22,216	26,432	31,490
Total assets	72,346	79,602	93,894	112,156

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	9,370	11,284	14,033	17,905
Add: Depreciation	701	1,000	1,500	1,650
Interest (net of tax)	6	(118)	(118)	(304)
Others	89	(34)	0	0
Less: Changes in WC	(8,227)	(1,886)	(2,420)	(2,800)
Operating cash flow	(322)	7,370	9,417	11,885
Less: Capex	(6,943)	(13,500)	(6,000)	(7,000)
Free cash flow	(7,265)	(6,130)	3,417	4,885

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	15.6	13.6	14.8	16.3
RoCE (%)	21.5	19.0	20.7	22.4
Inventory days	76	75	74	75
Receivable days	62	59	56	54
Payable days	44	33	34	41
Working cap (% sales)	27.7	24.6	22.4	20.5
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	(0.3)	(0.2)	(0.2)	(0.2)
Interest coverage (x)	16.5	18.6	23.2	39.1

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	13.1	20.7	24.4	27.6
RoE (%)	15.6	13.6	14.8	16.3
EBITDA growth (%)	16.0	22.8	26.7	24.9
Payout ratio (%)	6.0	6.2	6.2	6.1

Q1FY26 earnings call takeaways

- **Cables and wires**

- Revenue grew 32% YoY with volume growth of 28–30% YoY in 1QFY26. Cables growth outperformed wires growth. Cables capacity utilisation is approximately 74–75%, thereby implying constraints on capacity utilisation.
- Strong demand in solar and renewable power development, data centre, transmission/distribution (government/private); EV, tunnel ventilation, highways, and manufacturing sector—both domestically and overseas—are driving growth.
- Phase 1 of Sanand facility is expected to be operational in Q2FY26 and phase 2 by Q2FY27E. It will take three year to reach optimum utilisation.
- Solar wires are also witnessing healthy traction. The company doesn't intend to diversify into adjacent solar products categories at the current juncture.
- Evaluating HVDC (high voltage direct current) at the upcoming Sanand facility (expecting two years to develop prerequisite qualifications, testing, etc).
- Housing wires contributed 30% to revenue, mainly due to low base. The company is expanding the dealer distribution network to garner growth. It expects 22–25% growth in the category given large untapped Southern and Eastern parts.
- Winding wires is a very small part on an overall basis, with relevance mainly in the agricultural sector.
- EHV had witnessed a decline during the quarter, mainly due to a large Gambia project in the base quarter (not present in current quarter). The company aspires to clock INR5.5–6bn in revenues from EHV in FY26, with improvement likely post-commissioning of Sanand project.

- **Export**

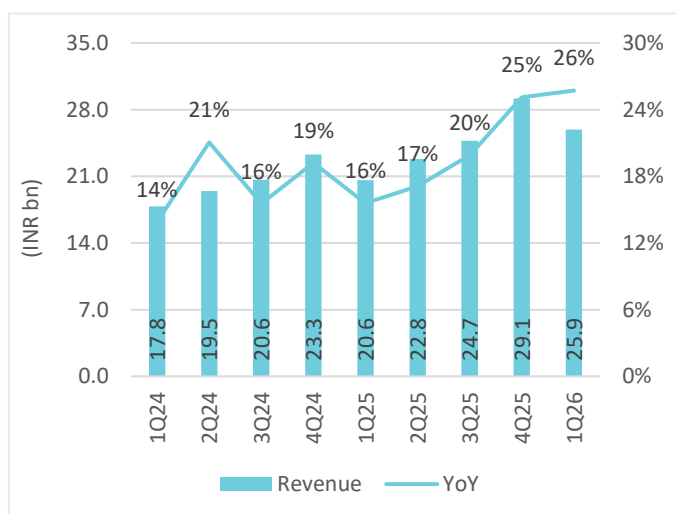
- Target to clock 17–18% of revenue from exports over the next two–three years.
- Export sales are mainly (90%) through EPC/Utility companies and only 10% through distributors (USA has a distributor model).
- Middle East, Australia and Africa account for top 3 overseas destination for exports. USA currently is very small on an overall basis (accounted for INR1.6bn in FY25).

- **Capex**

- Incurred INR4.1bn capex in Q1, of which INR2.9bn was towards Sanand, two land parcels for INR950 and INR190m towards other plants.
- Incurred INR8.8bn towards Sanand capex (till now) with a likely spend of INR6–7bn in FY26. Further INR3–4bn in 1HFY27, totalling INR19–20bn.

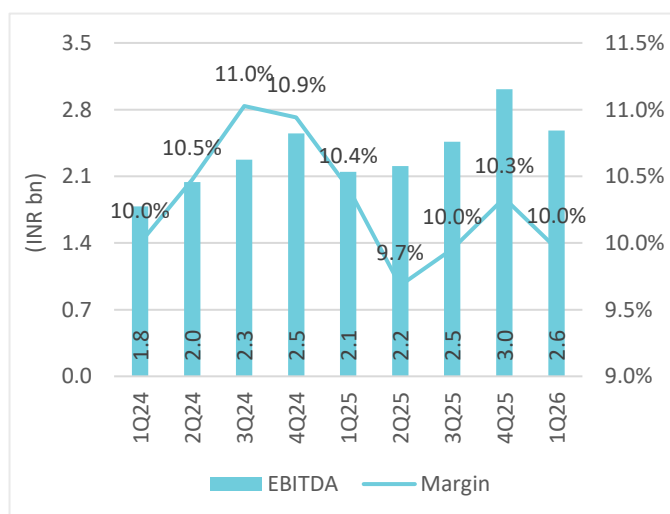
- The company recently acquired two land parcels—Rajasthan and Sanand—capex for which will be incurred post the completion of Sanand facility (Q2FY27).
- **Others**
 - KEI reiterates 18–19% revenue growth in FY26 with a 20% CAGR FY27E onwards. EBITDA margin (including other income) to be around 11% for FY26; expect margin improvement in FY27.
 - Sanand total capex will be to the tune of INR19–20bn with potential to generate INR60–70bn (of which LT/MT will likely generate INR48bn and balance from EHV)
 - KEI maintains a healthy order book of INR39.2bn, of which INR5.4bn pertains to EPC, INR5.4bn to EHV, domestic cables INR 21.4bn and exports INR 7bn.
 - KEI had raised INR20bn through a QIP in Nov-24 to be utilised towards debt repayment of INR2.7bn, INR14.5bn towards Sanand capex, INR2.4bn towards general corporate purposes and INR340m towards QIP expenses. Of this company has utilised INR9.1bn till Jun-25.

Exhibit 1: Revenue trend



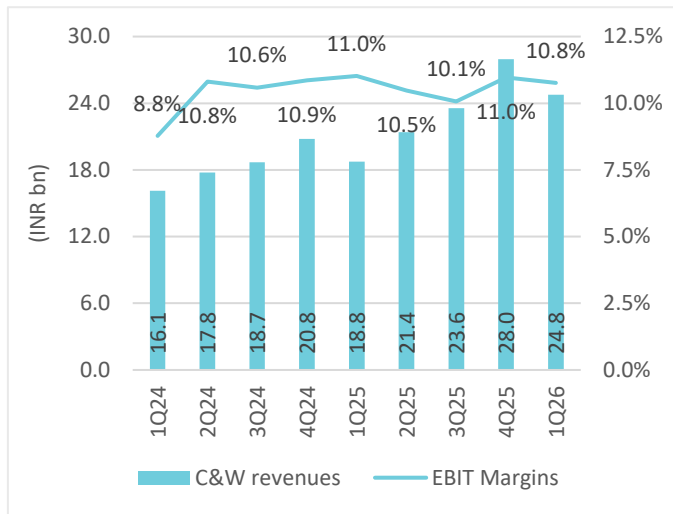
Source: Company, Nuvama Research

Exhibit 2: EBITDA and margin trends



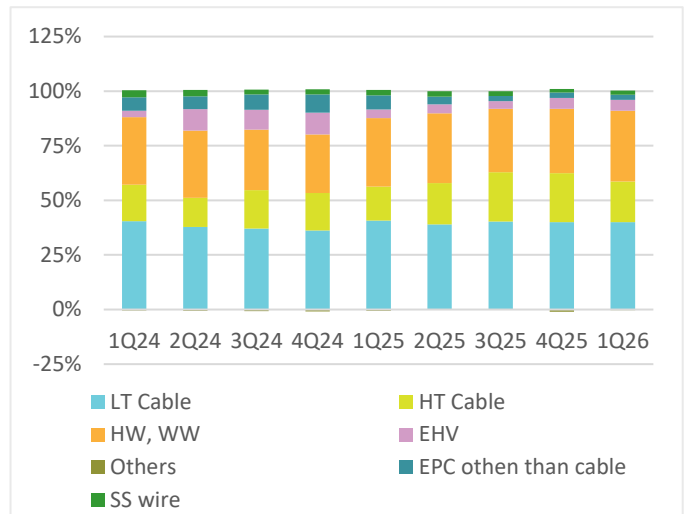
Source: Company, Nuvama Research

Exhibit 3: C&W revenue and margin trends



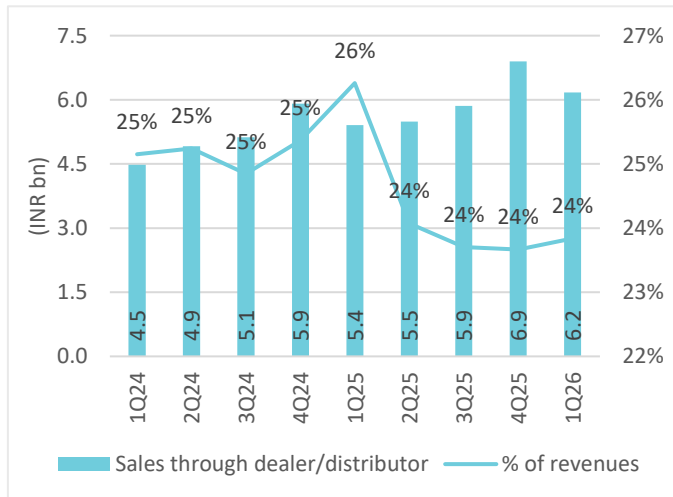
Source: Company, Nuvama Research

Exhibit 4: Product mix



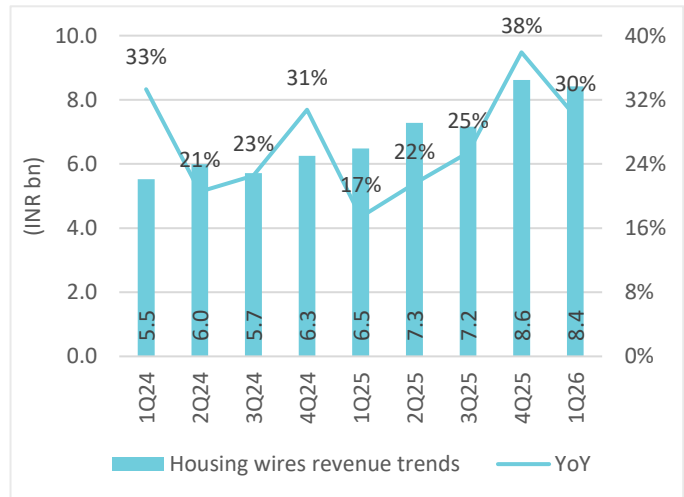
Source: Company, Nuvama Research

Exhibit 5: Sales through dealer/distributors' trend



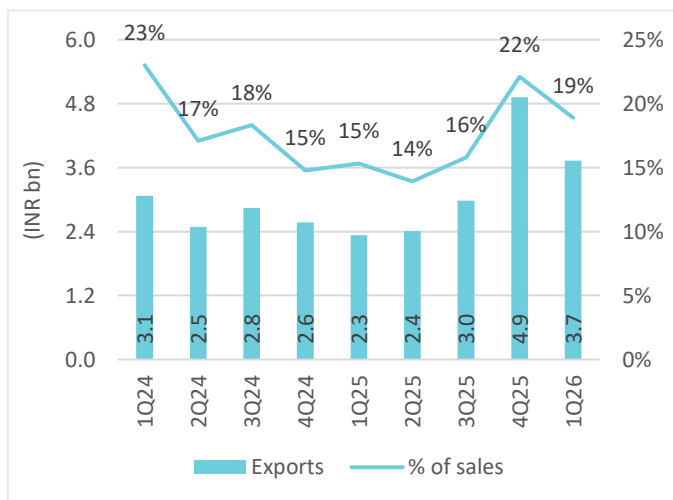
Source: Company, Nuvama Research

Exhibit 6: Housing wires trend



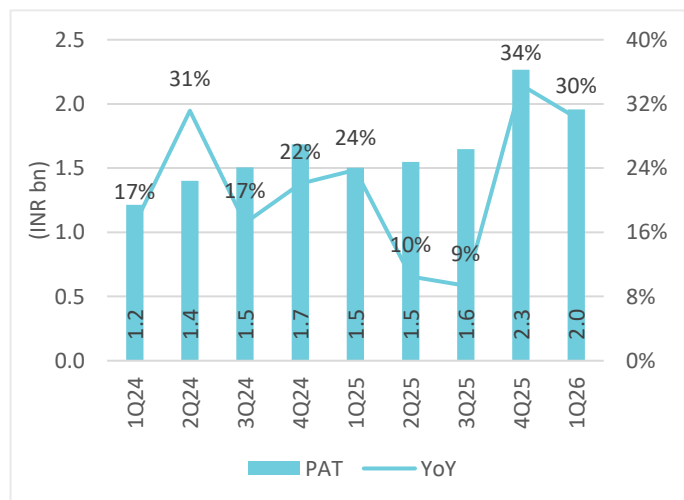
Source: Company, Nuvama Research

Exhibit 7: Export trend



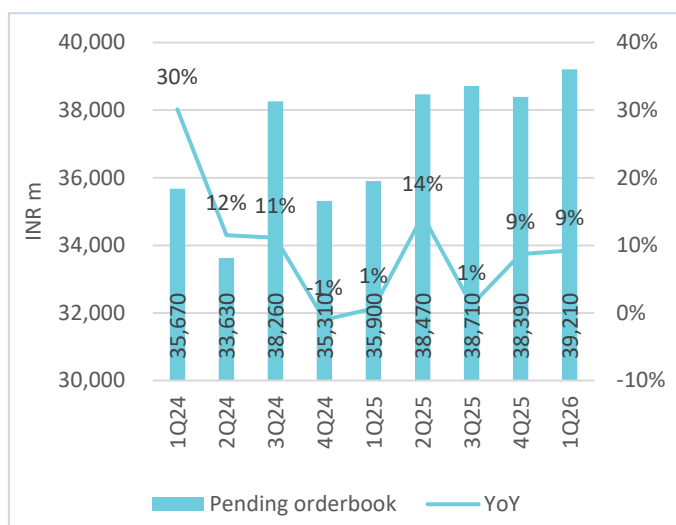
Source: Company, Nuvama Research

Exhibit 8: PAT trend



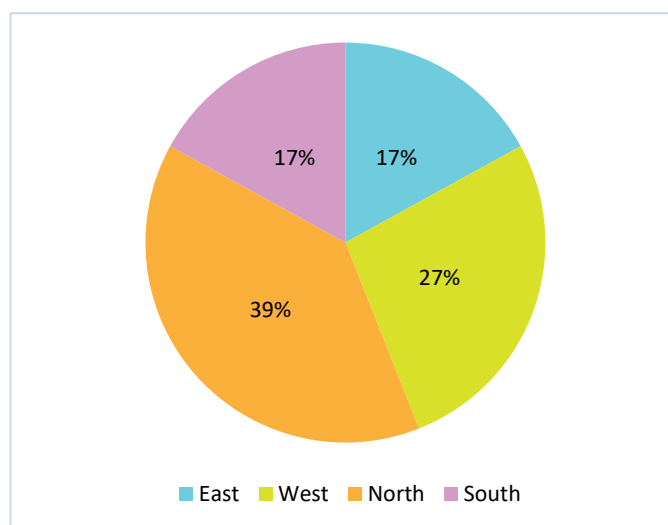
Source: Company, Nuvama Research

Exhibit 9: Pending order book



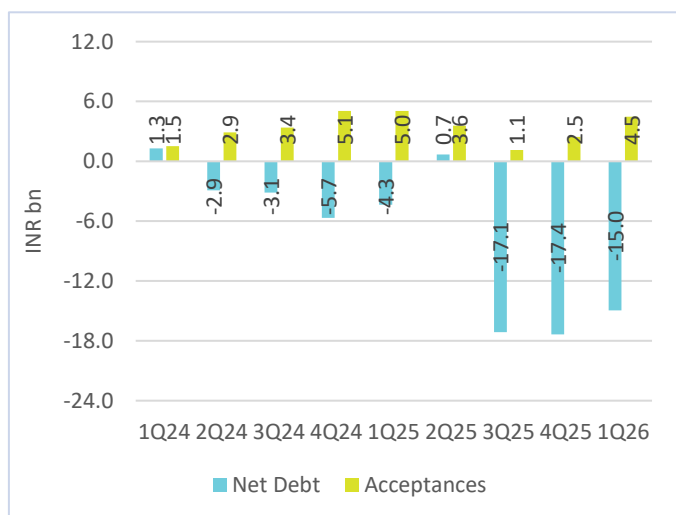
Source: Company, Nuvama Research

Exhibit 10: Geographical split



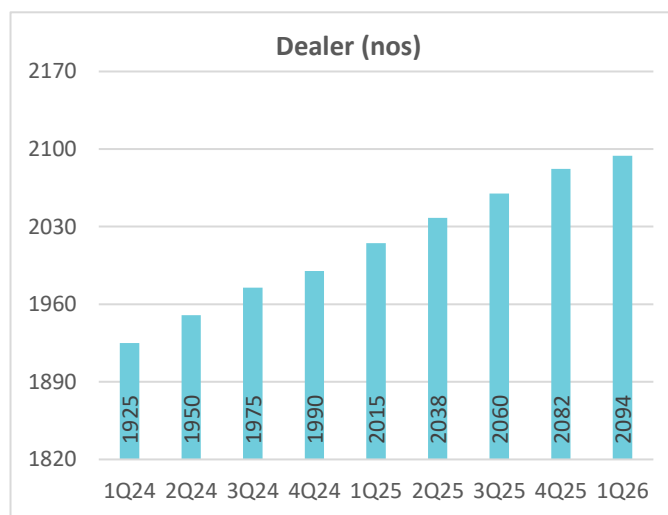
Source: Company, Nuvama Research

Exhibit 11: Net debt and acceptances



Source: Company, Nuvama Research

Exhibit 12: Dealer trends



Source: Company, Nuvama Research

Exhibit 13: Quarterly performance

INR mn	1Q25	1Q26	YoY	6yr CAGR	4Q25	QoQ	1Q26E	Var
Net Sales	20,605	25,903	26%	16%	29,148	-11%	24,136	7%
Raw Material Cost	15,194	19,728	30%	18%	22,250	-11%	17,940	10%
Gross Profit	5,411	6,175	14%	11%	6,898	-10%	6,196	0%
Gross Margin	26.3%	23.8%	-240 bps	-710 bps	23.7%	20 bps	25.7%	-180 bps
Employee cost	731	853	17%	9%	821	4%	841	1%
Other expenses	2,534	2,742	8%	8%	3,064	-11%	2,924	-6%
Total Expenditure	18,459	23,323	26%	16%	26,135	-11%	21,705	7%
EBITDA	2,146	2,580	20%	15%	3,013	-14%	2,431	6%
EBITDA margin	10.4%	10.0%	-50 bps	-60 bps	10.3%	-40 bps	10.1%	-10 bps
Depreciation	155	199	28%	5%	193	3%	200	-1%
EBIT	1,991	2,381	20%	16%	2,819	-16%	2,231	7%
Other Income	178	396	122%	40%	371	7%	200	98%
PBIT	2,169	2,777	28%	18%	3,190	-13%	2,431	14%
Interest	142	145	2%	-13%	139	4%	120	21%
PBT	2,027	2,632	30%	25%	3,052	-14%	2,311	14%
Tax Expense	525	675	29%	18%	786	-14%	582	16%
Tax Rate	25.9%	25.6%	-30 bps	0 bps	25.8%	-10 bps	25.2%	40 bps
Reported Net Profit	1,502	1,957	30%	28%	2,265	-14%	1,729	13%
Adjusted Net Profit	1,502	1,957	30%	27%	2,265	-14%	1,729	13%
Adj EPS	16.7	20.5	23%	23%	23.7	-14%	18.1	13%

Source: Company, Nuvama Research

Exhibit 14: Segmental performance

INR mn	1Q25	1Q26	YoY	6yr CAGR	4Q25	QoQ	1Q26E	Var
Revenue								
Cables and Wires	18,757	24,771	32%	19%	27,968	-11%	22,320	11%
SS Wires	538	521	-3%	9%	462	13%	581	-10%
Segment - EPC Projects	2,261	994	-56%	-17%	2,234	-56%	1,356	-27%
Less: Intersegment	-950	-368			-1,515		-121	
Total Revenue	20,605	25,918	26%	16%	29,148	-11%	24,136	7%
EBIT								
Cables and Wires	2,067	2,665	29%	20%	3,069	-13%	2,455	9%
SS Wires	10	42	312%	14%	25	69%	29	45%
Segment - EPC Projects	298	79	-73%	-25%	170	-53%	109	-27%
Less: Intersegment	53	24			65		13	
Total EBIT	2,323	2,762	19%	14%	3,199	-14%	2,580	7%
EBIT Margin %								
Cables and Wires	11.0%	10.8%	-30 bps	30 bps	11.0%	-20 bps	11.0%	-20 bps
SS Wires	1.9%	8.1%	620 bps	210 bps	5.4%	270 bps	5.0%	310 bps
Segment - EPC Projects	13.2%	8.0%	-520 bps	-650 bps	7.6%	30 bps	8.0%	0 bps
Total EBIT Margin %	11.3%	10.7%	-520 bps	-90 bps	11.0%	0 bps	10.7%	0 bps

Source: Company, Nuvama Research

Company Description

KEI was established in 1968 as a partnership firm Krishna Electrical Industries with prime business of manufacturing house wiring rubber cables. It was converted into a public limited company with the corporate name KEI Industries in December 1992. In 1996, KEI acquired Matchless, a company under same management, which manufactured stainless steel wires. KEI has, over the years, invested in building flexible manufacturing facilities and expanded capacities. The company manufactures and supplies power and other industrial cables. It operates through three segments—cables, stainless steel wires and turnkey projects. KEI also focuses on EPC business.

Investment Theme

Government's infra push: Potent demand catalyst - Housing for All and improving power availability, in our view, will be key drivers of the domestic cables & wires industry. With the government sharpening focus on power generation, transmission and distribution, demand for cables as part of T&D equipment is expected to expand significantly. KEI's expertise in EPC projects and excellent track record have rendered it the preferred candidate for such projects. Huge scope to leverage cables business with forward integration in EPC - In EPC, KEI has the advantage of manufacturing (in house) EHV, HV and LT cables, which account for product pull through of ~20-30%, leading to superior margin. Also, technological collaboration with Switzerland-based Brugg Kabel AG has helped the company gain faster entry in the EHV cable market with designs and process back up—services sought by end users. Rising focus on B2C: KEI has sharpened focus on branding of its retail wires, complemented by rising distribution.

Key Risk

Cyclical nature of business: KEI's products are used primarily by power utilities, infrastructure, real estate, and industrial segments. Any slowdown in these sectors can significantly impact demand for KEI's products. High competition: A majority of KEI's products are highly competitive in nature and face strong threat from other large players. WC challenges: KEI's exposure to turnkey segment is significant which is working capital intensive and is prone to cyclical challenges thereby impacting overall cash flows. Forex volatility: KEI has significant foreign currency exposure both on the debt side and on the exports revenue/raw material side. Sharp currency volatility could impact quarterly performance for KEI.

Additional Data

Management

CMD	Anil Gupta
CFO	Rajeev Gupta
ED	Akshit Diviaj Gupta
Non Executive	K G Somani

Holdings – Top 10*

	% Holding		% Holding
Kotak Fund	3.42	Government Pens	1.74
Motilal Oswal	2.82	Axis MF	1.63
Canara Robecco	2.35	HDFC MF	1.27
Smallcap Fund	2.10	ICICI Pru	1.13
HSBC Fund	2.08	Edelweiss Fund	1.01

*Latest public data

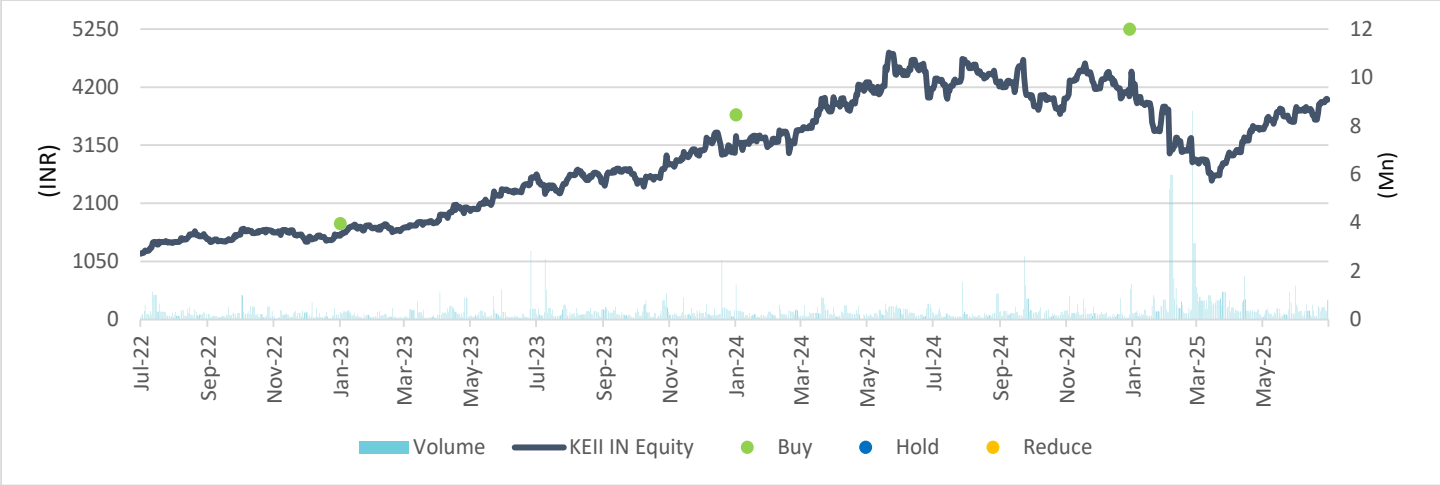
Recent Company Research

Date	Title	Price	Reco
22-Jul-25	Solid quarter; exports scale up sustains; <i>Oven fresh</i>	3990	Buy
07-May-25	Robust growth; all-round beat; <i>Result Update</i>	3295	Buy
06-May-25	Significant outperformance to C&W peers; <i>Oven fresh</i>	3194	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
22-Jul-25	Dixon	Components JVs to offset PLI in medium t; <i>Result Update</i>
21-Jul-25	Havells India	Summer shock; near-term outlook muted; <i>Result Update</i>
18-Jul-25	Polycab India	Blockbuster performance yet again; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36

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