RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD

TP: Rs 5,700 | ▲ 4%

KEI INDUSTRIES | Consumer Durables | 04 August 2026

Mix-led margin beat; guidance intact

- **Revenue missed on export slippage (-7%), though domestic grew 29% YoY; the richer mix drove a 250bps YoY margin expansion**
- **B2C share at 59% vs 51% YoY; Sanand at 50% utilisation, while a new Rs 7bn Salarpur plant keeps capex elevated**
- **Raise estimates, ascribe 40x to Jun'28E EPS to arrive at Jun'27 TP of Rs 5,700; maintain HOLD**

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EBITDA beat; mix and operating leverage drive margin: KEII reported Q1FY27 revenue of Rs 31.85bn (+23% YoY), 5% below our estimate on export slippage. EBITDA at Rs 3.96bn grew 54% YoY and came in 6% ahead, with margin at 12.4% vs 10.0% YoY. PAT grew 40% to Rs 2.74bn despite other income halving to Rs 196mn, as the FDR interest earned on unutilised QIP proceeds fell away with the funds now largely deployed.

Cables drive mix; EPC EBIT turns negative: Cable revenue grew 25% YoY to Rs 30.88bn with EBIT margin at 13.6% (+280bps YoY), a mix-led rather than price-led expansion. EHV sales rose 48% YoY to Rs 1.86bn and carry ~15% margins against 10.5% in institutional and 11% in retail, while dealer/distributor sales grew 42% YoY, lifting B2C to 59.1% of W&C from 51.2%. EPC (ex-cable) revenue declined 30% YoY to Rs 430mn and Segment EBIT turned negative at -Rs 51mn versus 8.0% margin YoY. SS Wire was flat at Rs 530mn, margin at 9.2% up 102 bps YoY.

Exports declined (-7% YoY); 2H recovery guided: Export W&C came in at Rs 3.08bn, contributing 9.7% of sales vs 12.8% YoY, and accounts for the entire revenue miss. Management attributes the decline to non-execution of Middle East orders amid the West Asia conflict and the US tariff overhang; part of the shortfall is timing, with billed-but-undelivered stock reversed into inventory. Export orders stand at Rs 8.22bn within the Rs 42.92bn pending book.

Sanand ramp gradual; Salarpur extends the capex cycle: Sanand is at ~50% utilisation with FY27 revenue guided at Rs 15-20bn, the EHV line commissioning by Mar-27 and utilisation targeted at 70-75% in FY28. Capex stays elevated — Rs 7bn at Salarpur over two years and Rs 6-7bn p.a. for the next 3-4 years.

Raise estimates, maintain HOLD: We raise FY27-28E EBITDA 15%/10%, taking FY27E margin up 130bps to 11.6% on mix shift and operating leverage. Revenue estimates move up only 2%, as we build in only a partial export recovery in 2H. We retain our 40x multiple on Jun-28E EPS to arrive at a TP of Rs 5,700 (Rs 5,140 earlier); given limited upside, we maintain HOLD.

Key changes

Target	Rating
▲	◄►

Ticker/Price	KEII IN/Rs 5,500
Market cap	US$ 5.2bn
Free float	61%
3M ADV	US$ 22.9mn
52wk high/low	Rs 5,708/Rs 3,712
Promoter/FPI/DII	37%/27%/20%

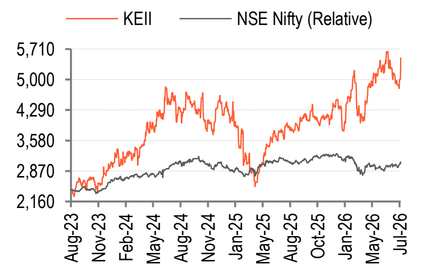
Source: NSE | Price as of 4 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	1,17,478	1,42,940	1,69,691
EBITDA (Rs mn)	12,290	16,526	18,737
Adj. net profit (Rs mn)	9,184	11,437	12,998
Adj. EPS (Rs)	96.1	119.7	136.0
Adj. ROAE (%)	14.8	15.8	15.5
Adj. P/E (x)	57.2	46.0	40.4
EV/EBITDA (x)	39.3	29.6	26.0
Adj. EPS growth (%)	31.9	24.5	13.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Q1FY27 Financial Snapshot

Particulars (Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q4FY26E	Variance (%)
Revenue	31,853	25,903	23	34,764	(8)	33,414	(5)
EBITDA	3,959	2,578	54	3,816	4	3,729	6
EBITDA Margin (%)	12.4	10.0	250bps	11.0	150	11.2	127bps
Depreciation	287	199		285		285	
Interest	177	145		188		190	
Other Income	196	396		428		250	
PBT	3,691	2,630	40	3,772	(2)	3,504	5
Tax	950	675		928		883	
Adjusted PAT	2,741	1,956	40	2,843	(4)	2,621	5
Exceptional item	-	-		-		-	
Reported PAT	2,741	1,956	40	2,843	(4)	2,621	5
Adj. PATM (%)	8.6	7.5	110bps	8.2	40	7.8	76bps
EPS (Rs)	30.4	21.7	40	29.7	2	29.1	4.6

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Segment revenue					
Cables	30,884	24,771	25	32,970	(6)
Stainless Steel Wire	536	521	3	561	(4)
EPC Projects	1,308	994	32	2233	(41)
EBIT					
Cables	4,190	2,665	57	4,104	2
EBIT margin (%)	13.6	10.8	280bps	12.4	110bps
Stainless Steel Wire	49	42	16	50	(2)
EBIT margin (%)	9.2	8.1	110bps	8.9	20bps
EPC Projects	(51)	79	(165)	47	(210)
EBIT margin (%)	(3.9)	8.0	(1190bps)	2	(600bps)

Source: Company, BOBCAPS Research

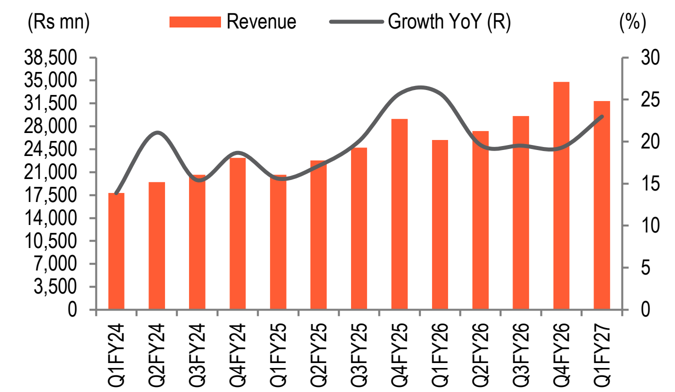
Earnings Call Highlights

- Management highlighted continued strong demand across sectors — power T&D, data centres, renewable energy (solar/wind), EV infrastructure, railway electrification, urban infrastructure, and housing/commercial construction and reiterated guidance to grow revenue by more than 20% over the next two-to-three years.
- Exports declined to Rs 3.41bn (Rs 3.75bn in Q1FY26) due to non-dispatch/non-execution of Middle East orders (Iran conflict-related) and US customs duty disruptions. Management expects a sharp recovery over the remaining nine months as Middle East shipments have resumed (at higher freight cost) and the US market has reopened and reiterated full-year export guidance of 17-18% of sales (vs 16% in FY26).
- **Key export focus areas:** Oil & gas and datacentre / distribution projects in the US; solar/wind and industrial projects in Australia; oil & gas refineries and upstream facilities in the Middle East; and distribution/transmission utilities plus refineries in Africa.
- Sanand: total capex incurred as of 30 June'26 stood at Rs17.22bn (of the Rs20bn total project cost), with the balance to be spent over the next six months. Utilization is currently ~50% and is guided to reach 70–75% next financial year, translating to ~Rs 40bn of revenue.
- Management highlighted Phase 1 (LV/MV cable) is complete, electron beam cable capacity turned operational in Q2, and the EHV line (requiring a 152-metre tower) is under execution, targeted for commissioning by March 2027. Including ~Rs 1-2bn of balancing-of-equipment capex, total Sanand revenue potential is now guided at ~Rs70bn within two years (vs Rs60bn earlier), implying asset turns improving from ~3x to ~4-4.5x; EHV capacity alone accounts for Rs 13bn of this.
- EHV cable total addressable market estimated at over Rs 3bn; KEI's key competitor is Universal Cables, alongside imports. All incremental EHV capacity will continue to be added at Sanand only (the newly announced Salarpur capex is entirely for LV/MV cable).
- New capex announced at Salarpur (Bhiwadi) – Rs 7bn over the next two years for LV/MV power cable capacity, of which Rs 3.0-3.5bn will be spent this financial year (alongside the remaining ~Rs 3bn Sanand capex). Overall capex guidance of Rs 6-7bn per annum for the next three-to-four years was reiterated to sustain 20%+ growth.
- **Capacity utilization in Q1:** Cable division at 72%, House Wire at 61%, Stainless Steel Wire at 91%, and Communication Cable at 45%.
- Management reiterated that the sharp rise in inventory was largely attributed to new Sanand facility building up raw material, WIP and finished goods, along with ~Rs0.6-1.0bn of finished goods tied to delayed export/institutional dispatches (sale billed but not yet delivered, requiring a technical reversal).
- Balance sheet remains debt-free with cash & bank balances at Rs 10.54bn. RoCE stood at 23-24% (would be ~28% if metal purchases were financed via LC rather

than cash), with the payment cycle reduced to under 1.5 months from ~3.5 months historically.

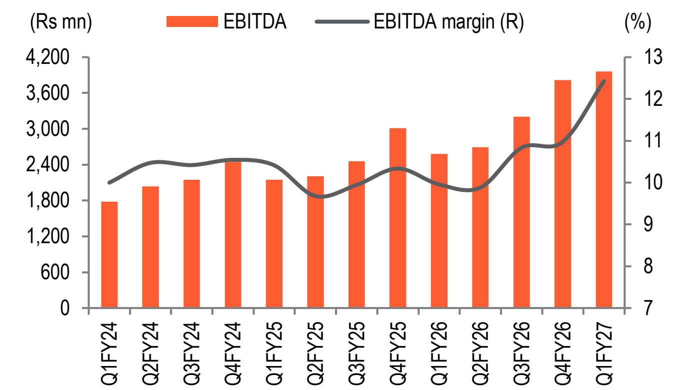
- Management reiterated its discipline of guiding conservatively (20%+ CAGR) even while acknowledging FY27 growth could trend closer to 25% in revenue terms, citing the need to balance growth capex against working capital. It does not see near-term overcapacity risk industry-wide, citing typical 2.5-3-year construction and 3-4-year ramp-up cycles for greenfield cable capacity.

Fig 3 – Revenue growth



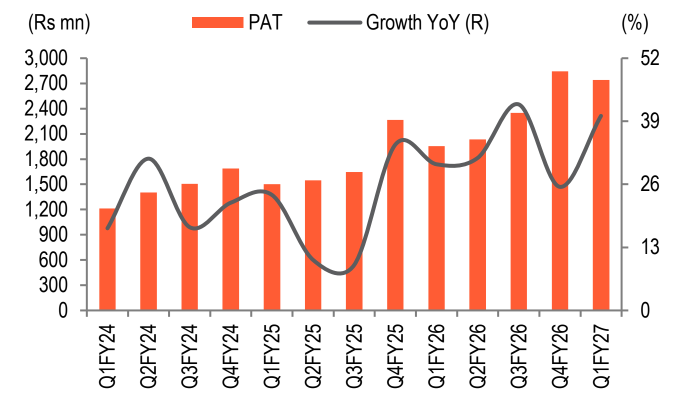
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth



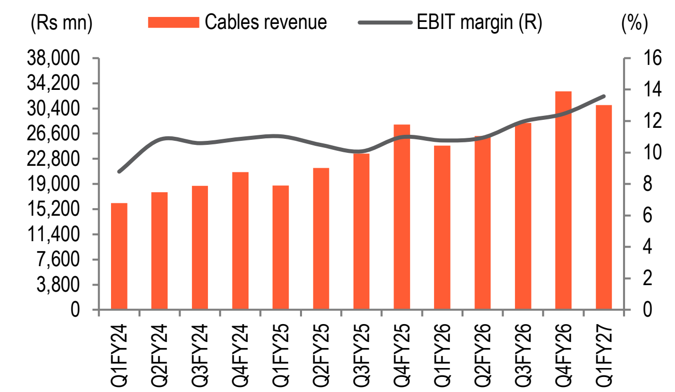
Source: Company, BOBCAPS Research

Fig 5 – Profit growth



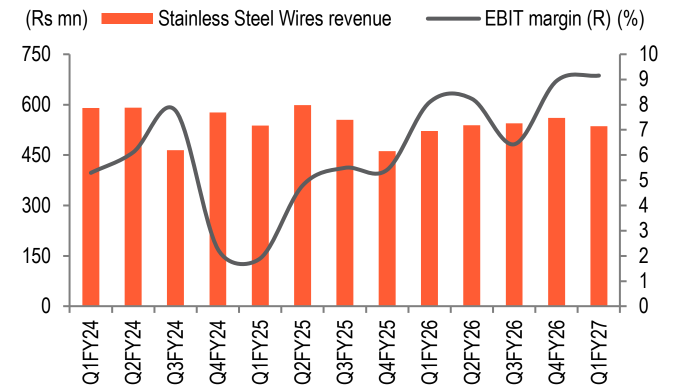
Source: Company, BOBCAPS Research

Fig 6 – Cables division growth



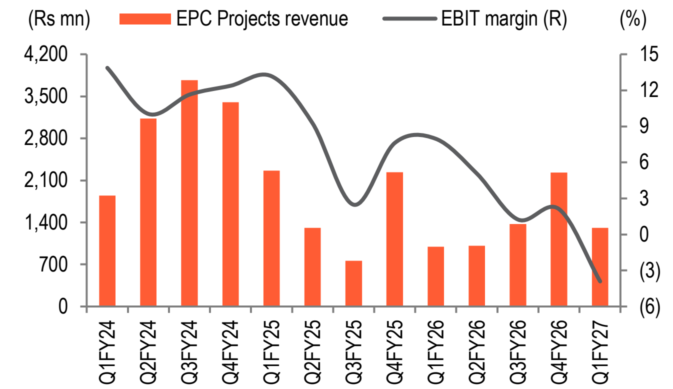
Source: Company, BOBCAPS Research

Fig 7 – Stainless steel growth



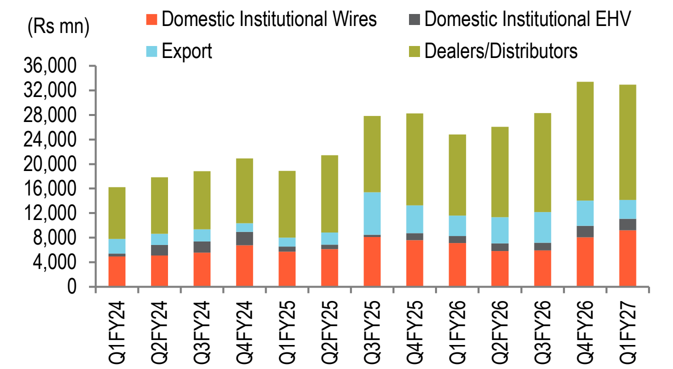
Source: Company, BOBCAPS Research

Fig 8 – EPC projects division growth



Source: Company, BOBCAPS Research

Fig 9 – Wire segment revenue: Channel mix



Source: Company, BOBCAPS Research

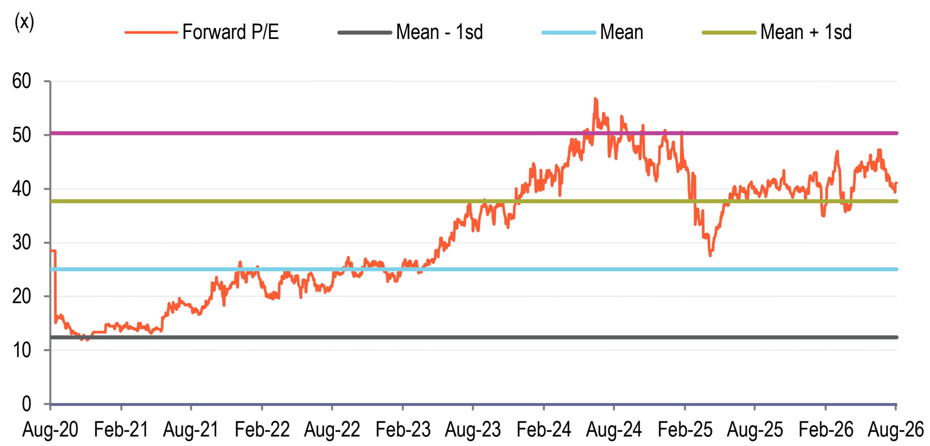
Fig 10 – Segmental order-book composition (as on Jun'26)

Source: Company, BOBCAPS Research

Valuation methodology

We raise FY27/FY28E revenue 2% and FY27-28E PAT ~16%/11%. We now build in a 19%/22%/18% revenue/EBITDA/PAT CAGR over FY26-29E, underpinned by sustained domestic demand and an export recovery from 2H. We retain our 40x multiple and roll forward to Mar-28E EPS to arrive at a TP of Rs 5,700; given limited upside, we maintain HOLD.

Fig 11 – KEII 1YF PE band chart



Source: Company, BOBCAPS Research

Fig 12 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	1,42,940	1,69,691	1,99,328	1,40,495	1,66,212	1,95,173	2	2	2
EBITDA	16,526	18,737	22,206	14,347	17,068	20,263	15	10	10
EBITDA Margin (%)	11.6	11.0	11.1	10.2	10.3	10.4	130bps	80bps	80bps
PAT	11,437	12,998	15,220	9,848	11,762	13,782	16	11	10

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**97,359**	**1,17,478**	**1,42,940**	**1,69,691**	**1,99,328**
EBITDA	9,910	12,290	16,526	18,737	22,206
Depreciation	701	912	1,167	1,262	1,612
EBIT	9,208	11,379	15,359	17,475	20,594
Net interest inc./(exp.)	556	641	758	848	997
Other inc./(exp.)	718	1,586	750	750	750
Exceptional items	0	0	0	0	0
EBT	9,370	12,323	15,351	17,377	20,347
Income taxes	2,406	3,139	3,915	4,379	5,128
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**6,964**	**9,184**	**11,437**	**12,998**	**15,220**
Adjustments	0	0	0	0	0
Adjusted net profit	**6,964**	**9,184**	**11,437**	**12,998**	**15,220**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	7,792	13,346	13,707	16,272	19,114
Other current liabilities	3,825	5,478	4,699	5,579	6,553
Provisions	0	0	0	0	0
Debt funds	1,864	1,953	1,203	703	203
Other liabilities	1,008	2,133	2,596	3,081	3,620
Equity capital	191	191	191	191	191
Reserves & surplus	57,666	66,458	77,494	90,061	1,04,851
Shareholders' fund	57,858	66,649	77,685	90,253	1,05,042
Total liab. and equities	**72,346**	**89,560**	**99,889**	**1,15,888**	**1,34,532**
Cash and cash eq.	19,153	15,126	7,690	9,347	11,356
Accounts receivables	17,972	18,417	23,497	26,500	31,674
Inventories	17,303	24,008	30,155	34,868	40,958
Other current assets	1,917	4,017	4,720	5,603	6,582
Investments	17	17	21	25	29
Net fixed assets	9,931	13,069	18,902	24,640	29,028
CWIP	3,855	10,023	10,023	10,023	10,023
Intangible assets	0	0	0	0	0
Deferred tax assets, net	0	0	0	0	0
Other assets	2,197	4,882	4,882	4,882	4,882
Total assets	**72,346**	**89,560**	**99,889**	**1,15,888**	**1,34,532**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**(322)**	**8,400**	**256**	**9,105**	**8,405**
Capital expenditures	(6,943)	(12,521)	(7,000)	(7,000)	(6,000)
Change in investments	0	0	(4)	(4)	(4)
Other investing cash flows	(8,065)	9,026	462	486	538
Cash flow from investing	**(15,007)**	**(3,495)**	**(6,541)**	**(6,518)**	**(5,466)**
Equities issued/Others	19,719	11	0	0	0
Debt raised/repaid	441	79	(750)	(500)	(500)
Interest expenses	0	0	0	0	0
Dividends paid	0	0	0	0	0
Other financing cash flows	(974)	(1,071)	(401)	(430)	(430)
Cash flow from financing	**19,185**	**(982)**	**(1,151)**	**(930)**	**(930)**
Chg in cash & cash eq.	**3,856**	**3,923**	**(7,436)**	**1,657**	**2,009**
Closing cash & cash eq.	**19,153**	**15,126**	**7,690**	**9,347**	**11,356**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	72.9	96.1	119.7	136.0	159.3
Adjusted EPS	72.9	96.1	119.7	136.0	159.3
Dividend per share	4.0	4.5	4.2	4.5	4.5
Book value per share	605.5	697.5	813.0	944.6	1,099.3

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	4.9	4.1	3.4	2.9	2.4
EV/EBITDA	48.3	39.3	29.6	26.0	21.8
Adjusted P/E	75.5	57.2	46.0	40.4	34.5
P/BV	9.1	7.9	6.8	5.8	5.0

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	74.3	74.5	74.5	74.8	74.8
Interest burden (PBT/EBIT)	101.8	108.3	100.0	99.4	98.8
EBIT margin (EBIT/Revenue)	9.5	9.7	10.7	10.3	10.3
Asset turnover (Rev./Avg TA)	163.8	145.1	150.9	157.3	159.2
Leverage (Avg TA/Avg Equity)	1.3	1.3	1.3	1.3	1.3
Adjusted ROAE	15.6	14.8	15.8	15.5	15.6

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	19.9	20.7	21.7	18.7	17.5
EBITDA	16.0	24.0	34.5	13.4	18.5
Adjusted EPS	19.9	31.9	24.5	13.6	17.1
Profitability & Return ratios (%)					
EBITDA margin	10.2	10.5	11.6	11.0	11.1
EBIT margin	9.5	9.7	10.7	10.3	10.3
Adjusted profit margin	7.2	7.8	8.0	7.7	7.6
Adjusted ROAE	15.6	14.8	15.8	15.5	15.6
ROCE	15.6	16.5	19.1	18.7	19.0
Working capital days (days)					
Receivables	67	57	60	57	58
Inventory	65	75	77	75	75
Payables	29	41	35	35	35
Ratios (x)					
Gross asset turnover	6.9	6.4	5.7	5.3	5.2
Current ratio	4.2	3.0	3.4	3.4	3.5
Net interest coverage ratio	16.5	17.8	20.3	20.6	20.7
Adjusted debt/equity	(0.3)	(0.2)	(0.1)	(0.1)	(0.1)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

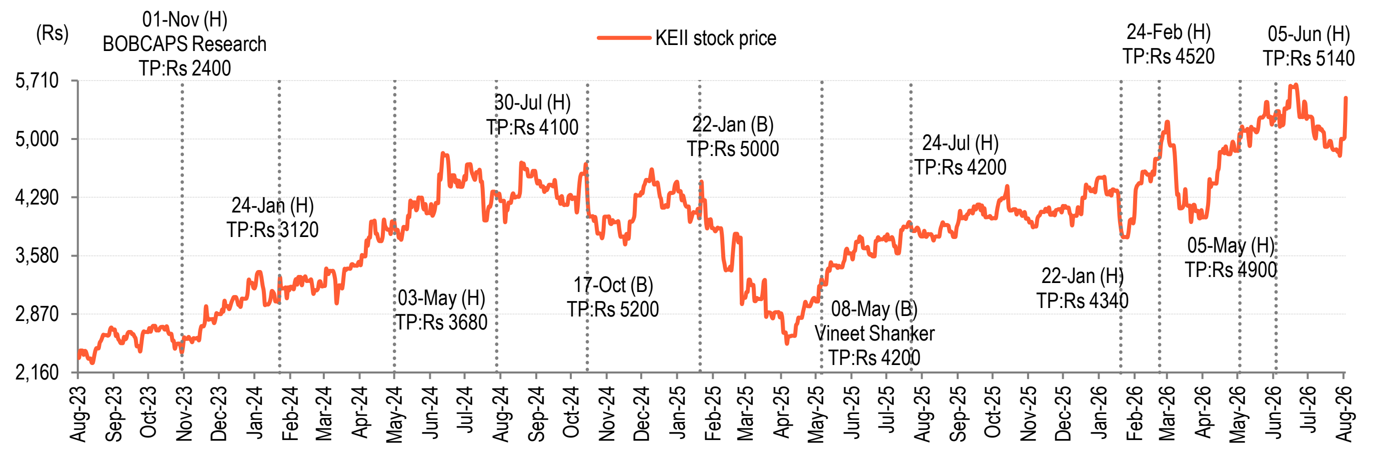
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): KEI INDUSTRIES (KEII IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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