

HOLD

TP: Rs 4,200 | ▲ 1%

KEI INDUSTRIES

Consumer Durables

17 October 2025

Exports led utilisation; Sanand unit commencement delayed

- Broadly in-line performance; Revenue/EBITDA/PAT was up 20%/22%/31% on YoY basis
- Strong export growth (+93% YoY); while steady domestic business (+10% YoY); B2B outperformed with 28% YoY (vs B2C +17% YoY)
- Cut estimates; roll forward to Sept-27EPS, arrive at TP of Rs 4,200, retain HOLD

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Revenue in line, margins slightly below expectations: KEI reported a steady Q2FY26 performance with revenue/EBITDA +1%/-4% vs our estimates. Revenue grew 20% YoY (5% QoQ), driven by 23% YoY (6% QoQ) growth in the cables segment, while EPC and stainless-steel wires declined 23% YoY and 10% YoY, respectively. Management highlighted that cable volumes grew 15% YoY, with the balance from higher price realisations. EBITDA margin came in at 9.9%, 53 bps below estimates, but up 20 bps YoY (vs consensus of 10.1%). Lower interest costs and higher other income (interest income from QIP proceeds) supported 31% YoY growth in adjusted PAT to Rs 2.0 bn.

Robust growth in exports sustains (+93% YoY); domestic sales grew 10% YoY:

Exports growth was sustained by strong demand for cables in the Middle East, North Africa, USA and Australia. Domestic demand was steady as domestic sales grew 10% YoY, led by infrastructure and renewables demand. Domestic institutional sales declined 6% YoY as the company decided to utilise capacity for exports, while domestic EHV cables rose 75% YoY. B2C sales (54% of revenue) grew 17% YoY to Rs 14.8bn.

Maintains 18-19% revenue growth guidance; margins to improve post-Sanand:

Management reiterated FY26 revenue growth of 18-19%, with potential to exceed 20% as Sanand Phase-1 becomes operational from Nov 2025. EBITDA margin guidance of 10.5–11% was maintained, with improvement expected post-commissioning on better mix and logistics efficiencies. Management remains confident of sustained demand momentum, driven by renewables, infrastructure, and data centres.

Revised estimates; maintain HOLD: We trim our FY26-27E EPS estimates by 2-4% to reflect the current quarter's performance. We estimate KEI to post a 16%/18%/17% revenue/EBITDA/PAT CAGR over FY25-28E, supported by strong domestic and export demand. Rolling forward to Sep-27 EPS and maintaining an unchanged 40x multiple, we retain our TP of Rs 4,200. Given the limited upside from current levels, we maintain our HOLD rating.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	KEI IN/Rs 4,173
Market cap	US\$ 4.3bn
Free float	61%
3M ADV	US\$ 13.5mn
52wk high/low	Rs 4,706/Rs 2,424
Promoter/FPI/DII	37%/27%/20%

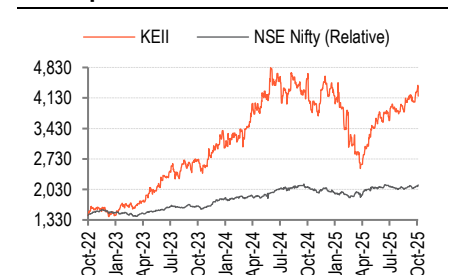
Source: NSE | Price as of 16 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	97,359	1,10,710	1,29,869
EBITDA (Rs mn)	9,910	11,427	13,694
Adj. net profit (Rs mn)	6,964	7,392	9,188
Adj. EPS (Rs)	72.9	77.4	96.2
Consensus EPS (Rs)	70.0	93.0	118.0
Adj. ROAE (%)	15.6	12.0	13.3
Adj. P/E (x)	57.2	53.9	43.4
EV/EBITDA (x)	36.2	31.5	26.1
Adj. EPS growth (%)	19.9	6.1	24.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly & H1FY26 Financial Highlights

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)	Q2FY26E	Variance (%)
Revenue	27,263	22,796	20	25,903	5	53,167	43,401	22.5	26,869	1
EBITDA	2,693	2,206	22	2,578	4	5,272	4,352	21.1	2,797	(4)
EBITDA Margin (%)	9.9	9.7	20bps	10.0	(10)	9.9	10.0	-10bps	10.4	(53bps)
Depreciation	202	163		199		401	318		199	1.5
Interest	142	133		145		287	275		155	(8.7)
Other Income	423	169	150	396		819	348	135.5	250	69.2
PBT	2,773	2,079	33	2,630	5	5,403	4,106	31.6	2,693	3.0
Tax	738	531		675		1,412	1,056		679	8.7
Adjusted PAT	2,035	1,548	31	1,956	4	3,991	3,051	30.8	2,014	1
Exceptional item	-	-		-		-	-		-	
Reported PAT	2,035	1,548	31	1,956	4	3,991	3,051	30.8	2,014	1.0
Adj. PATM (%)	7.5	6.8	70bps	7.5	(10)	7.5	7.0	50bps	7.5	(3bps)
EPS (Rs)	22.6	17.2	31	21.7	4	22.1	16.9	30.8	22.4	1.0

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

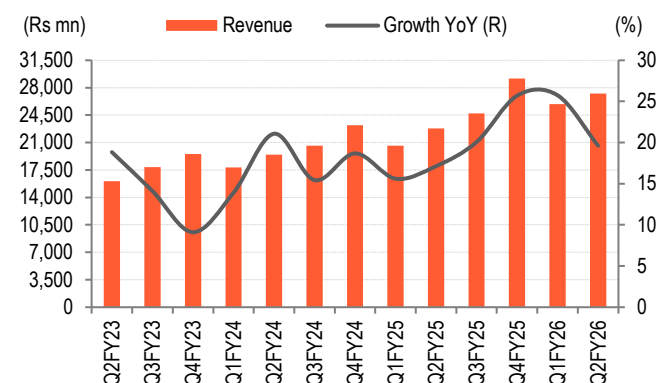
(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Segment revenue								
Cables	26,256	21,402	23	24,771	6	51,027	40,159	27
Stainless Steel Wire	539	598	(10)	521	3	1,060	1,136	(7)
EPC Projects	1,014	1309	(23)	994	2	2,008	3569	(44)
EBIT								
Cables	2,871	2,241	28	2,665	8	5,536	4,309	28
EBIT margin (%)	10.9	10.5	50bps	10.8	20bps	10.8	10.7	10bps
Stainless Steel Wire	44	29	55	42	5	87	39	122
EBIT margin (%)	8.2	4.8	340bps	8.1	10bps	8.2	3.4	470bps
EPC Projects	51	121	(58)	79	(35)	130	419	(69)
EBIT margin (%)	5.1	9.2	(420bps)	8	(290bps)	6.5	11.7	(520bps)

Source: Company, BOBCAPS Research

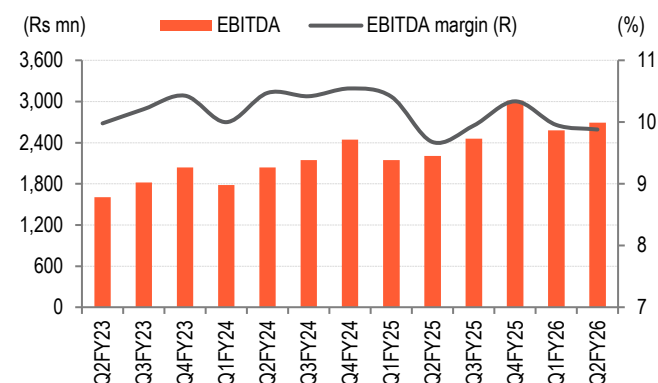
Earnings Call Highlights

- Management highlighted that demand remains strong and broad-based across infrastructure verticals, particularly solar, wind, transmission & distribution, data centres, construction, and real estate. Growth visibility remains healthy, with no slowdown seen in domestic market.
- Management stated that B2C (dealer-network) sales rose 17% YoY to Rs 14.75 bn, contributing 54% of total revenue (vs 55% YoY). The active dealer count stood at ~2,100 as of 30 September 2025. B2C product mix remains stable, with house-wires contributing ~55% and cables ~45%. Advertising and brand-promotion spends are steady at 0.5% of revenue, and IPL sponsorship will continue.
- Domestic institutional cable sales for the quarter stood at Rs 5.8bn, while EHV sales grew 75% YoY to Rs 1.28 bn (vs Rs 0.73 bn YoY). Management noted short execution timelines (typically 3–5 months) and utilisation levels at 78% in cables and 65% in house-wires.
- Exports grew 79% YoY in H1FY26 to Rs 8.46 bn (vs Rs 4.74 bn in H1FY25), driven by strong traction across Australia, the Middle East (Abu Dhabi, Kuwait), Africa, and Europe, with the US contributing Rs 1.6 bn in FY25. Management highlighted once tariff issues in the US are resolved, exports to have strong traction.
- EPC revenues (ex-cables) stood at Rs 470 mn (vs Rs 800 mn YoY). Management reiterated that KEI intends to maintain an annual EPC turnover of Rs 4–5 bn, viewing it as a strategic segment vs volume driver.
- Management clarified that margins across export, retail, and domestic institutional segments are largely comparable, with only a ~50 bps differential, and therefore, capacity utilisation and order execution speed take precedence over mix optimisation.
- Order book, as of 30 September 2025, stood at Rs 38.24 bn, comprising Rs 20.68 bn from domestic cables, Rs 6.36 bn from exports, Rs 6.36 bn from EHV, and Rs 4.84 bn from EPC. Management clarified that B2C orders, which constitute ~54% of sales and are executed within 15 days, are not included in the order book.
- Management guided that Phase-1 of the Sanand plant is now expected to commence commercial production by November 2025, with over 50% of the capacity onstream by December 2025. Delays were attributed to unseasonal rainfall and manpower constraints. Phase-2 (EHV/MV tower project) is delayed by about nine months, but construction progress is steady. The peak revenue potential remains Rs 60 bn, with Phase-1 adding ~Rs 30 bn capacity.
- Management guided for 18-19% revenue growth in FY26, terming it conservative, and expressed confidence of outperforming this target once Sanand Phase-1 starts contributing from Q4FY26. Beyond FY27, 20%+ CAGR growth remains the medium-term aspiration.
- EBITDA margin guidance for FY26 remains at 10.5-11%, with further improvement expected post-Sanand commissioning, driven by mix enrichment (exports, EHV cables), operating leverage, and logistics efficiencies. Management expects 100-150 bps margin expansion by FY28 once full capacity utilisation is achieved.

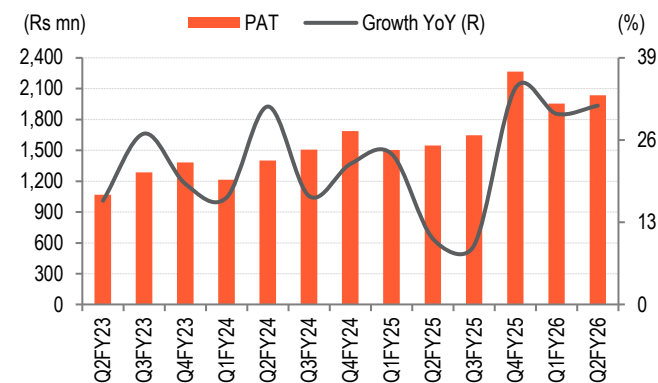
- Management reiterated that retail pricing is revised every 15 days, while institutional orders carry price-variation clauses linked to copper and aluminum, which safeguard margins amid commodity volatility. The company maintains hedged inventory positions that are aligned with its order book.
- Management commented that all existing plants are already equipped with rooftop solar installations, and for Sanand, KEI is finalizing a 15–20-year renewable tie-up (wind-solar hybrid) to optimise power costs, likely to conclude within 2–3 months.

Fig 3 – Revenue growth

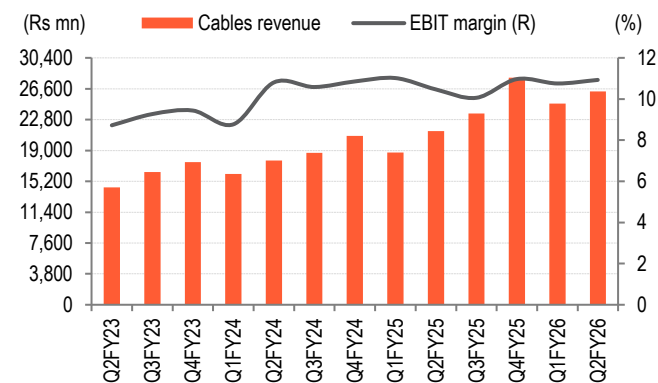
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth

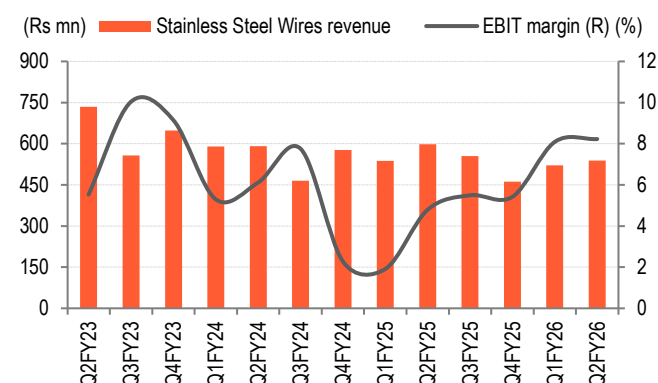
Source: Company, BOBCAPS Research

Fig 5 – Profit growth

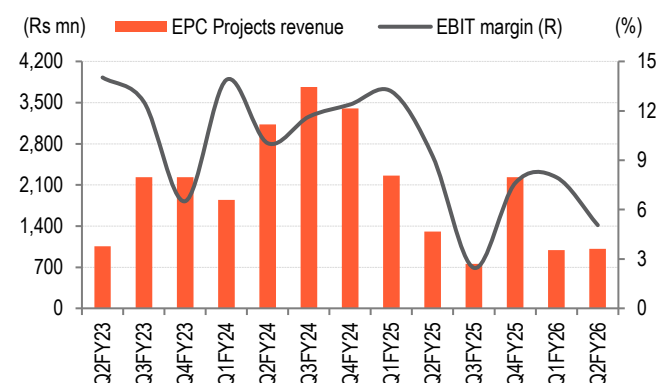
Source: Company, BOBCAPS Research

Fig 6 – Cables division growth

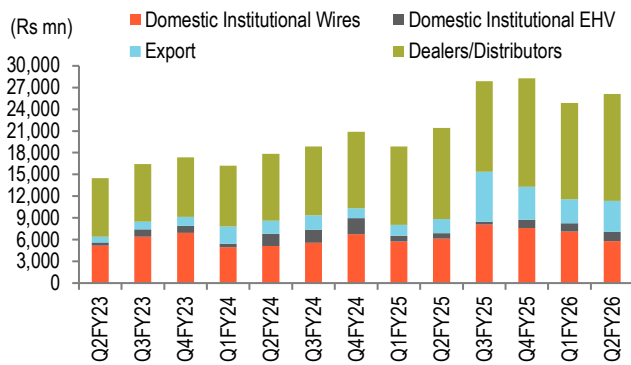
Source: Company, BOBCAPS Research

Fig 7 – Stainless steel growth

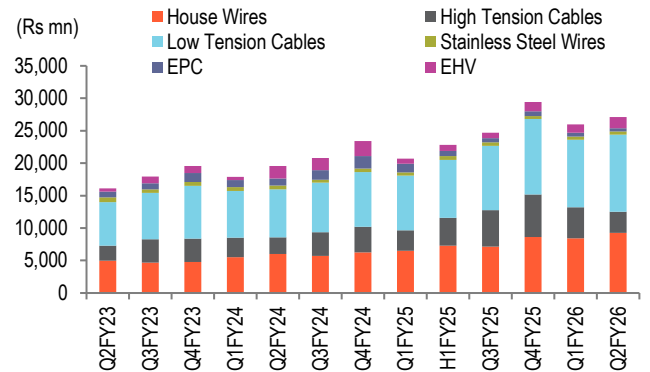
Source: Company, BOBCAPS Research

Fig 8 – EPC projects division growth

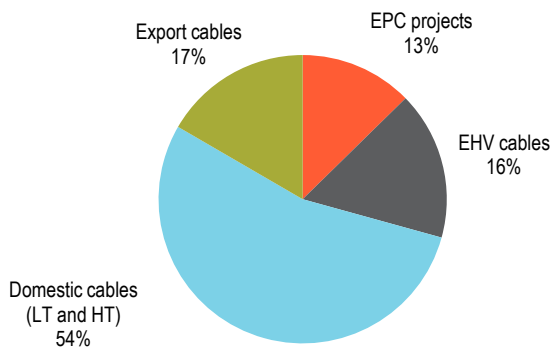
Source: Company, BOBCAPS Research

Fig 9 – Wire segment revenue: Channel mix

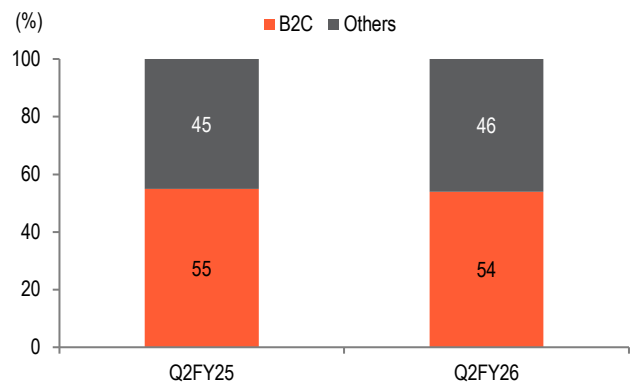
Source: Company, BOBCAPS Research

Fig 10 – Revenue breakup: Product mix

Source: Company, BOBCAPS Research

Fig 11 – Segmental order book composition (as on Sep-25)

Source: Company, BOBCAPS Research

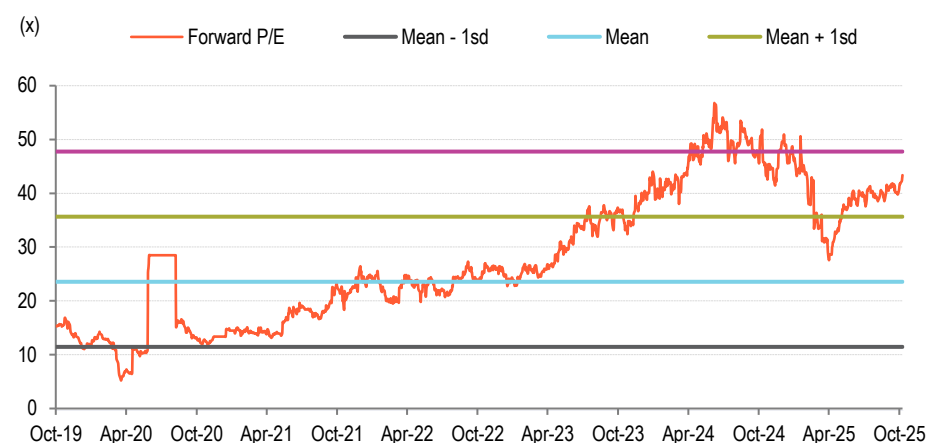
Fig 12 – Channel-wise sales mix

Source: Company, BOBCAPS Research

Valuation Methodology

We cut our FY26–27E EPS estimates by 2-4% to reflect the current quarter's performance. We estimate KEI to deliver a 16%/18%/17% revenue/EBITDA/PAT CAGR over FY25–28E, supported by strong domestic and export demand. At the CMP, the stock trades at 39x Sep-27 EPS. With a limited scope for further re-rating, we assign an unchanged 40x multiple to arrive at TP of Rs 4,200. We maintain HOLD, given the limited upside.

Fig 13 – KEI 1YF PE band chart



Source: Company, BOBCAPS Research

Fig 14 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	1,10,710	1,29,869	1,52,704	1,10,710	1,31,228	1,54,775	0	(1)	(1)
EBITDA	11,427	13,694	16,129	11,392	13,779	16,343	0	(1)	(1)
EBITDA margin	10.3	10.5	10.6	10.3	10.5	10.6	0bps	0bps	0bps
PAT	7,392	9,188	11,058	7,990	9,541	11,265	(7)	(4)	(2)

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	81,207	97,359	1,10,710	1,29,869	1,52,704
EBITDA	8,542	9,910	11,427	13,694	16,129
Depreciation	614	701	851	1,310	1,359
EBIT	7,928	9,208	10,575	12,384	14,770
Net interest inc./(exp.)	439	556	620	649	764
Other inc./(exp.)	324	718	1,300	750	750
Exceptional items	0	0	0	0	0
EBT	7,813	9,370	9,895	12,284	14,784
Income taxes	2,002	2,406	2,503	3,095	3,725
Extraordinary items	2	0	0	0	0
Min. int./Inc. from assoc.	(1)	0	0	0	0
Reported net profit	5,807	6,964	7,392	9,188	11,058
Adjustments	2	0	0	0	0
Adjusted net profit	5,809	6,964	7,392	9,188	11,058

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	10,079	7,792	10,780	12,453	14,643
Other current liabilities	2,830	3,825	3,731	4,270	5,020
Provisions	0	0	0	0	0
Debt funds	1,404	1,864	1,764	1,014	514
Other liabilities	769	1,008	1,147	1,345	1,582
Equity capital	180	191	191	191	191
Reserves & surplus	31,302	57,666	64,676	73,482	84,158
Shareholders' fund	31,483	57,858	64,867	73,673	84,349
Total liab. and equities	46,565	72,346	82,288	92,755	1,06,107
Cash and cash eq.	7,006	19,153	17,933	19,630	20,138
Accounts receivables	15,179	17,972	16,622	19,925	23,428
Inventories	13,427	17,303	21,080	23,839	28,031
Other current assets	1,365	1,917	3,357	2,871	3,375
Investments	16	17	20	23	27
Net fixed assets	7,703	9,931	20,079	23,769	28,411
CWIP	1,209	3,855	1,000	500	500
Intangible assets	0	0	0	0	0
Deferred tax assets, net	0	0	0	0	0
Other assets	659	2,197	2,197	2,197	2,197
Total assets	46,564	72,346	82,288	92,755	1,06,107

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	6,105	(322)	7,271	7,135	7,157
Capital expenditures	(4,000)	(6,943)	(11,000)	(5,000)	(6,000)
Change in investments	3	0	2,852	497	(4)
Other investing cash flows	472	(8,065)	138	198	237
Cash flow from investing	(3,526)	(15,007)	(8,009)	(4,305)	(5,768)
Equities issued/Others	11	19,719	0	0	0
Debt raised/repaid	(9)	441	(100)	(750)	(500)
Interest expenses	0	0	0	0	0
Dividends paid	0	0	0	0	0
Other financing cash flows	(720)	(974)	(382)	(382)	(382)
Cash flow from financing	(718)	19,185	(482)	(1,132)	(882)
Chg in cash & cash eq.	1,862	3,856	(1,220)	1,698	508
Closing cash & cash eq.	7,006	19,153	17,933	19,630	20,138

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	64.4	72.9	77.4	96.2	115.7
Adjusted EPS	64.4	72.9	77.4	96.2	115.7
Dividend per share	3.5	4.0	4.0	4.0	4.0
Book value per share	349.0	605.5	678.9	771.0	882.8

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.6	3.7	3.3	2.8	2.3
EV/EBITDA	43.4	36.2	31.5	26.1	22.1
Adjusted P/E	64.8	57.2	53.9	43.4	36.1
P/BV	12.0	6.9	6.1	5.4	4.7

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.4	74.3	74.7	74.8	74.8
Interest burden (PBT/EBIT)	98.5	101.8	93.6	99.2	100.1
EBIT margin (EBIT/Revenue)	9.8	9.5	9.6	9.5	9.7
Asset turnover (Rev./Avg TA)	192.7	163.8	143.2	148.4	153.6
Leverage (Avg TA/Avg Equity)	1.5	1.3	1.3	1.3	1.3
Adjusted ROAE	20.3	15.6	12.0	13.3	14.0

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	17.6	19.9	13.7	17.3	17.6
EBITDA	21.7	16.0	15.3	19.8	17.8
Adjusted EPS	21.7	19.9	6.1	24.3	20.4

Profitability & Return ratios (%)

EBITDA margin	10.5	10.2	10.3	10.5	10.6
EBIT margin	9.8	9.5	9.6	9.5	9.7
Adjusted profit margin	7.2	7.2	6.7	7.1	7.2
Adjusted ROAE	20.3	15.6	12.0	13.3	14.0
ROCE	24.6	15.6	16.0	16.5	17.2

Working capital days (days)

Receivables	68	67	55	56	56
Inventory	60	65	70	67	67
Payables	45	29	36	35	35

Ratios (x)

Gross asset turnover	7.2	6.9	4.4	4.3	4.2
Current ratio	2.6	4.2	3.6	3.7	3.7
Net interest coverage ratio	18.1	16.5	17.1	19.1	19.3
Adjusted debt/equity	(0.2)	(0.3)	(0.2)	(0.3)	(0.2)

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

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SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

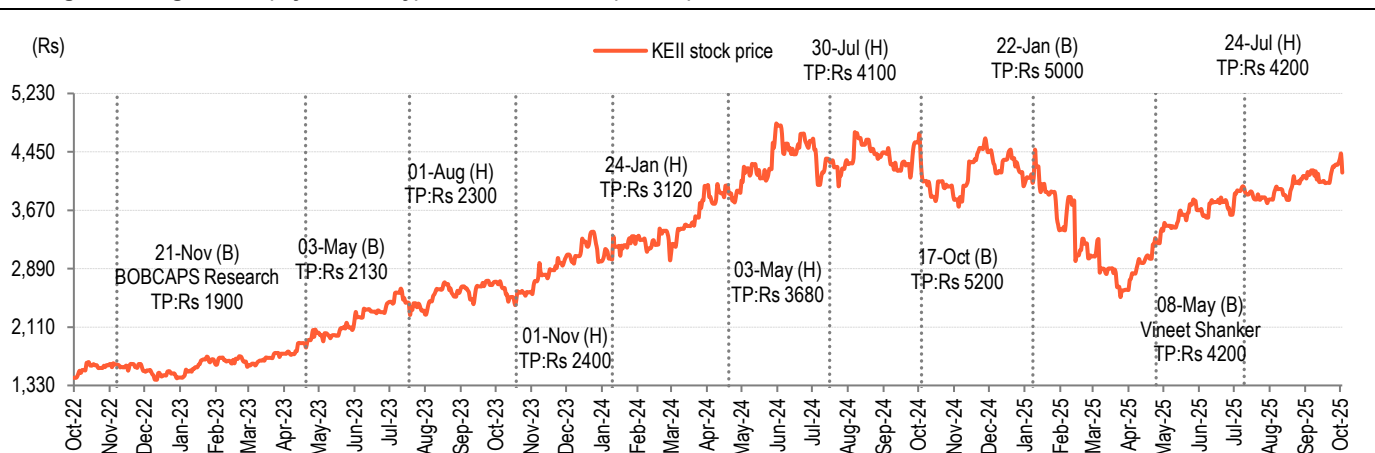
HOLD – Expected return from -6% to +15%

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 (KEI IN)



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

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