

BUY**TP: Rs 4,200 | ▲ 27%****KEI INDUSTRIES**

Consumer Durables

08 May 2025

Exports led Q4; outlook remains robust

- **Q4 revenue/EBITDA was 6%/5% respectively ahead of our estimates (6%/4% above consensus), margin broadly in line at 10.3 %**
- **Q4 revenue grew 26% YoY led by 91% YoY growth in exports, while domestic sales grew 18% YoY**
- **Ascribe 40x to FY27EPS to arrive at Mar'26TP of Rs 4,200. Assume coverage with BUY**

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Revenue beat; margin inline: KEI Q4 revenue/EBITDA performance was 6%/5% respectively, ahead of our estimates. Revenue grew by 26% YoY / 18% QoQ led by 35% YoY/19% QoQ growth in cables, while EPC and stainless-steel wires segment revenue declined 34% YoY and 20% YoY respectively. Cables volume grew 21% YoY. EBITDA margin came in at 10.3%, contracting 20bps YoY and broadly in line with our estimates of 10.4% (consensus 10.5%). Lower interest cost and higher Other income led to a significant jump in adjusted PAT by 34% YoY to Rs 2.3bn. For FY25, revenue/EBITDA/ adj. PAT grew 20%/16%/20% YoY respectively.

Growth driven by robust exports, up 91% YoY; domestic sales grew 18% YoY:

KEI's Q4 revenue grew 26% YoY / 18% QoQ, driven by a robust 35% YoY growth in cables — outperforming peers (Havells: 21%, Polycab: 24%, RR Kabel: 27%). Growth was led by a sharp 92% YoY rise in exports, without any one-offs or large orders. Domestic dealer sales grew 42% YoY, while institutional cable sales increased 12% YoY. However, EHV sales declined 48% YoY. In exports, a decline in EPC was offset by strong institutional cable sales of Rs 4.5bn (vs Rs 1.4bn YoY).

Guides for 17-20% revenue growth over FY26-FY27, margin improvement beyond FY27:

Management has guided for 17–18% revenue growth in FY26 and ~20% in FY27, with a strong momentum expected beyond FY27 as the Sanand plant becomes operational. Accordingly, we build in an 18% revenue CAGR over FY25–27E. FY25 EBITDA margin stood at 10.2%, contracting 30bps YoY due to lower EHV cable sales. While EHV is expected to recover in FY26, overall margins may remain under pressure in the near term due to under-absorption of initial costs from the new capacity ramp-up.

Assume coverage with BUY: We estimate KEI to deliver revenue/EBITDA/PAT CAGR of 18%/19%/20% over FY25–27E, driven by a robust domestic and export demand. Ongoing expansion initiatives, including the Sanand plant's first phase expected by FY27E, will aid growth. We assign a 40x FY27E EPS multiple to arrive at a Mar'26 TP of Rs 4,200 and assume BUY.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	KEI IN/Rs 3,295
Market cap	US\$ 3.5bn
Free float	61%
3M ADV	US\$ 36.9mn
52wk high/low	Rs 5,040/Rs 2,424
Promoter/FPI/DII	37%/27%/20%

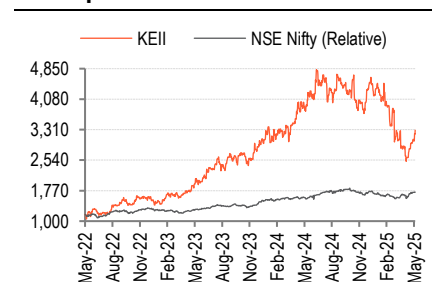
Source: NSE | Price as of 7 May 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	97,359	1,13,884	1,36,029
EBITDA (Rs mn)	9,910	11,453	14,000
Adj. net profit (Rs mn)	6,964	8,123	10,090
Adj. EPS (Rs)	72.9	85.0	105.6
Consensus EPS (Rs)	70.0	93.0	118.0
Adj. ROAE (%)	15.6	13.2	14.3
Adj. P/E (x)	45.2	38.8	31.2
EV/EBITDA (x)	30.6	27.5	22.0
Adj. EPS growth (%)	19.9	16.6	24.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

(Rs mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)	Q4FY25E	Variance (%)
Revenue	29,148	23,193	26	24,723	18	97,359	81,207	19.9	27,611	6
EBITDA	3,013	2,446	23	2,458	23	9,910	8,542	16.0	2,873	5
EBITDA Margin (%)	10.3	10.5	(20bps)	9.9	40	10.2	10.5	(30 bps)	10.4	(7bps)
Depreciation	193	158		190		701	614		167	15.9
Interest	139	165		143		556	439		156	(11.3)
Other Income	371	152		86		718	324		104	255.1
PBT	3,052	2,274	34	2,212	38	9,370	7,813	19.9	2,654	15.0
Tax	786	587		564		2,406	2,002		642	22.5
Adjusted PAT	2,265	1,687	34	1,648	37	6,964	5,807	19.9	2,013	13
Exceptional item	-	2		-		-	2		-	
Reported PAT	2,265	1,685	34	1,648	37	6,964	5,807	19.9	2,013	12.6
Adj. PATM (%)	7.8	7.3	50bps	6.7	110	7.2	7.2	0 bps	7.3	48bps
EPS (Rs)	25.1	18.7	34	18.3	37	72.9	64.4	13.2	22.3	12.6

Source: Company, BOBCAPS Research

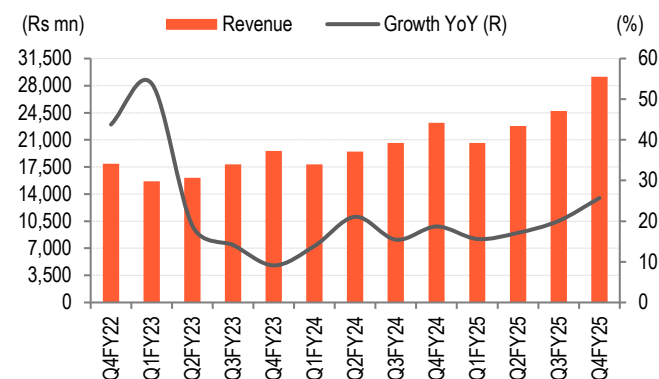
Fig 2 – Segmental performance

(Rs mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Segment revenue								
Cables	27,968	20,691	35	23,563	19	91,770	73,207	25
Stainless Steel Wire	462	572	(19)	555	(17)	2,159	2,206	(2)
EPC Projects	2,234	3405	(34)	759	194	6562	12151	(46)
EBIT								
Cables	3,069	2,258	36	2,372	29	9,749	7,570	29
EBIT margin (%)	11.0	10.9	10bps	10.1	90bps	10.6	10.3	30bps
Stainless Steel Wire	25	13	91	30	(18)	94	117	(19)
EBIT margin (%)	5.4	2.3	310bps	5.5	(10bps)	4.4	5.3	(90bps)
EPC Projects	170	422	(60)	19	809	608	1,431	(58)
EBIT margin (%)	7.6	12.4	(480bps)	2	510bps	9.3	11.8	(250bps)

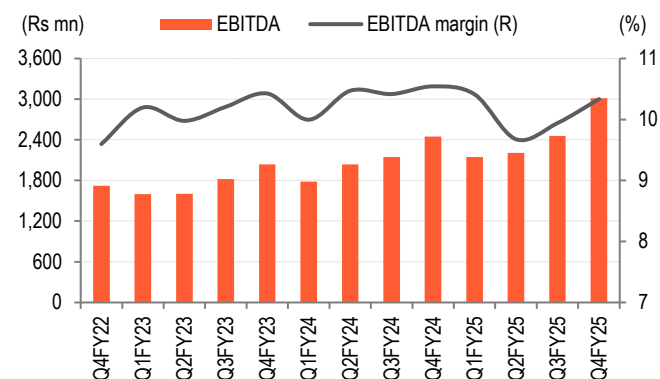
Source: Company, BOBCAPS Research

Earnings call highlights

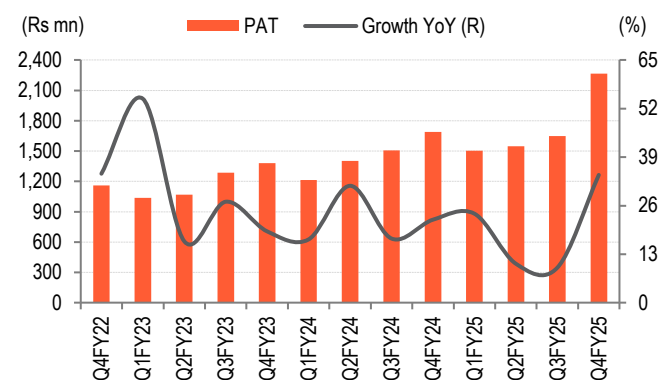
- Growth in infrastructure, renewable power (solar, wind), and industrial capex continues to drive robust demand for cables. Additional traction was noted from sectors like data centres, EV infrastructure, and power distribution, with solar being a particularly high-growth contributor in FY25.
- B2C distribution channel sales grew 42% YoY, with W&C now contributing over 51% of total sales (vs 45% YoY). 70% of these sales are now backed by channel financing, helping improve working capital efficiency. Dealer-distributor network witnessed strong growth, especially in South and East India.
- Export sales were driven by a broad-based order book across multiple geographies, not a one-off order. The US contributed Rs 1.6 bn in FY25 (~13% of exports), with further growth expected as global approvals scale. Tariff risks remain, but contracts are structured on an FOB basis with the customers bearing all duties.
- Management acknowledged a YoY decline in EHV sales on execution delays but noted that recovery is underway with a Rs 6 bn order book, and capacity is expected to be fully utilised in FY26.
- EPC sales declined due to lower execution, particularly in Gambia and domestic EHV projects. However, management expects improvement in FY26, supported by Rs 4.2 bn of pending EPC orders. About 50% of EHV EPC orders are directly from utilities, while the rest come via EPC contractors.
- During FY24–25, the company incurred a total capex of Rs 6.2 bn, with key spends towards Sanand (Rs 3.8 bn), Chinchpada in Silvassa (Rs 0.7 bn), Bhiwadi (Rs 0.3 bn), Pathredi expansion (Rs 0.6 bn), and land acquisition at Salarpur (Rs 0.2 bn). The balance Rs 0.5 bn was spent across other locations. Brownfield expansions at Chinchpada and Pathredi, aimed at enhancing wire and power cable capacity, were completed during the year.
- Management reiterated that Rs 13bn from the unutilised QIP proceeds will be deployed in FY26 to complete the Sanand project. Phase 1 will begin commercial operations for LT and HT cables by Q1FY26-end, with full ramp-up by FY27. This facility will expand capacity for LT/HT/EHV cables and improve margins by 50–100 bps from FY28 onwards, driven by economies of scale. Sanand plant's Phase 2 (to be commissioned by FY27) will further unlock the export potential by enabling longer drum lengths.
- Management guided for 17-18% revenue growth in FY26 and 19-20% from FY27 onwards, once Sanand is fully operational. EBITDA margins likely to remain in the 10.5–11% range in FY26, with potential upside from FY28.

Fig 3 – Revenue growth

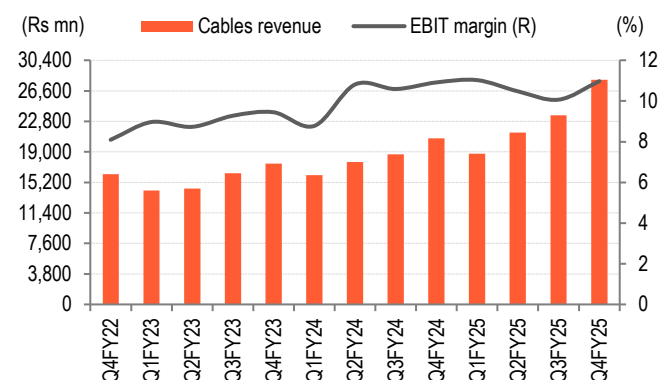
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth

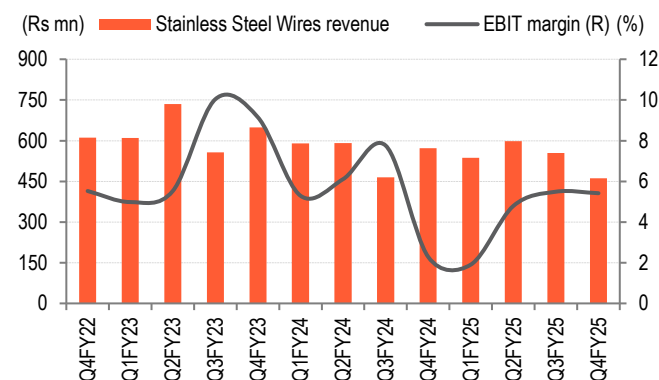
Source: Company, BOBCAPS Research

Fig 5 – Profit growth

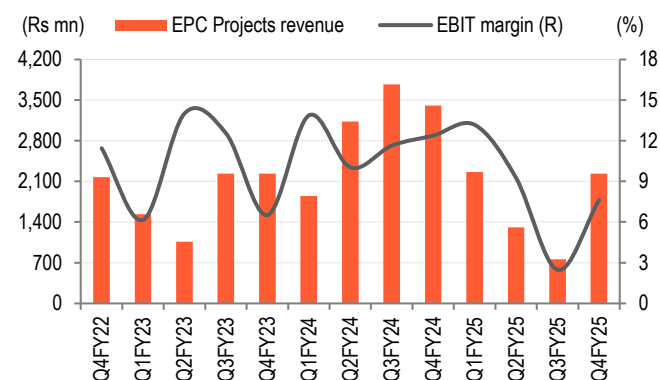
Source: Company, BOBCAPS Research

Fig 6 – Cables division growth

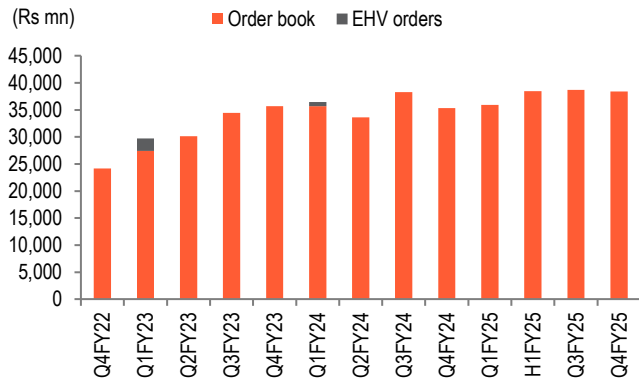
Source: Company, BOBCAPS Research

Fig 7 – Stainless steel wires division growth

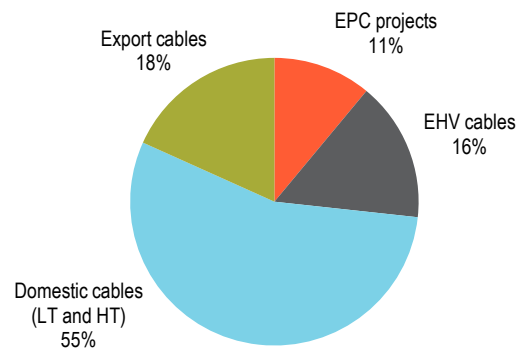
Source: Company, BOBCAPS Research

Fig 8 – EPC projects division growth

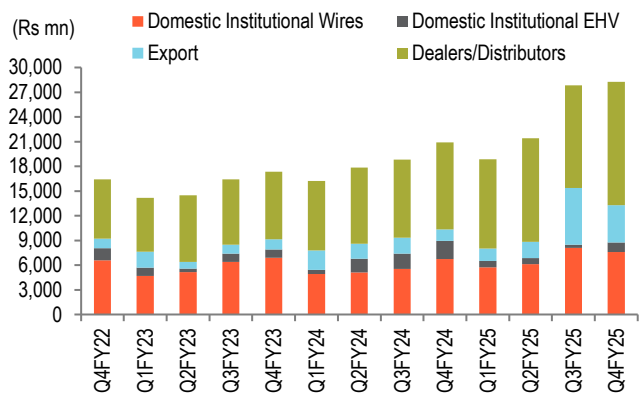
Source: Company, BOBCAPS Research

Fig 9 – Order book trend

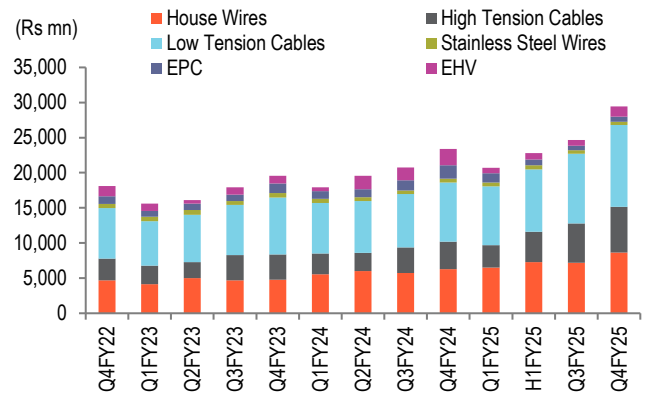
Source: Company, BOBCAPS Research

Fig 10 – Order book bifurcation, Q4FY25

Source: Company, BOBCAPS Research

Fig 11 – Wire segment revenue: Channel mix

Source: Company, BOBCAPS Research

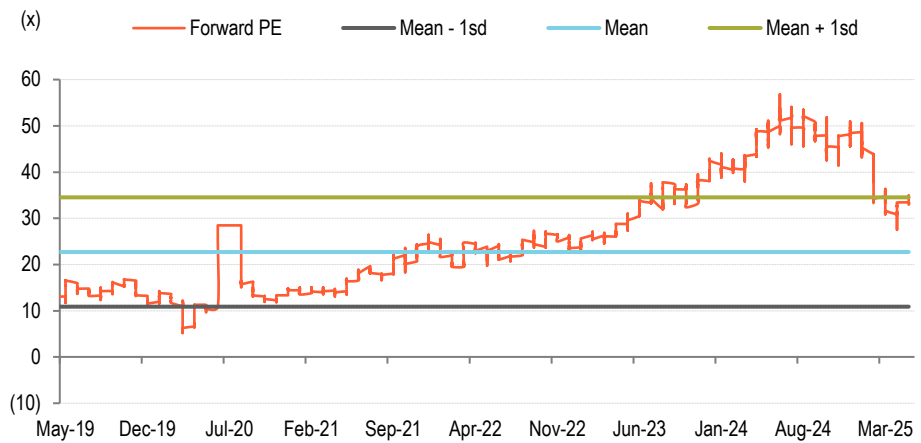
Fig 12 – Revenue breakup: Product mix

Source: Company, BOBCAPS Research

Valuation methodology

We estimate KEI to deliver revenue/EBITDA/PAT CAGR of 18%/19%/20% over FY25–27E, driven by a robust domestic and export demand. At the current market price, the stock trades at 31x FY27E EPS. Ongoing expansion initiatives, including the Sanand plant's first phase expected by FY27E, will aid growth. We assign a 40x FY27E EPS multiple to arrive at a Mar'26 TP of Rs 4,200; we assume coverage with a BUY rating.

Fig 13 – KEI 1YF PE multiple band chart



Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Total revenue	69,081	81,207	97,359	1,13,884	1,36,029
EBITDA	7,019	8,542	9,910	11,453	14,000
Depreciation	571	614	701	715	730
EBIT	6,449	7,928	9,208	10,738	13,270
Net interest inc./(exp.)	347	439	556	911	1,088
Other inc./(exp.)	318	324	718	790	869
Exceptional items	0	0	0	0	0
EBT	6,419	7,813	9,370	10,859	13,490
Income taxes	1,647	2,002	2,406	2,737	3,399
Extraordinary items	0	2	0	0	0
Min. int./Inc. from assoc.	0	(1)	0	0	0
Reported net profit	4,773	5,807	6,964	8,123	10,090
Adjustments	0	2	0	0	0
Adjusted net profit	4,773	5,809	6,964	8,123	10,090

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Accounts payables	7,482	10,079	7,792	9,360	13,044
Other current liabilities	2,295	2,830	3,825	6,240	7,454
Provisions	0	0	0	0	0
Debt funds	1,399	1,404	1,864	564	64
Other liabilities	634	769	1,008	1,180	1,409
Equity capital	180	180	191	191	191
Reserves & surplus	25,711	31,302	57,666	65,407	75,115
Shareholders' fund	25,892	31,483	57,858	65,598	75,306
Total liab. and equities	37,702	46,565	72,346	82,942	97,276
Cash and cash eq.	5,372	7,006	19,153	11,682	13,751
Accounts receivables	13,878	15,179	17,972	21,217	25,342
Inventories	11,023	13,427	17,303	20,593	24,970
Other current assets	1,341	1,365	1,917	2,517	3,007
Investments	13	16	17	20	24
Net fixed assets	5,673	7,703	9,931	21,215	26,486
CWIP	146	1,209	3,855	3,500	1,500
Intangible assets	0	0	0	0	0
Deferred tax assets, net	0	0	0	0	0
Other assets	257	659	2,197	2,197	2,197
Total assets	37,702	46,564	72,346	82,942	97,276

Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash flow from operations	5,139	6,105	(322)	5,688	6,725
Capital expenditures	(977)	(4,000)	(6,943)	(12,000)	(6,000)
Change in investments	9	3	0	352	1,996
Other investing cash flows	(404)	472	(8,065)	171	229
Cash flow from investing	(1,371)	(3,526)	(15,007)	(11,477)	(3,775)
Equities issued/Others	20	11	19,719	0	0
Debt raised/repaid	(1,961)	(9)	441	(1,300)	(500)
Interest expenses	0	0	0	0	0
Dividends paid	0	0	0	0	0
Other financing cash flows	(618)	(720)	(974)	(382)	(382)
Cash flow from financing	(2,559)	(718)	19,185	(1,682)	(882)
Chg in cash & cash eq.	1,208	1,862	3,856	(7,471)	2,068
Closing cash & cash eq.	5,372	7,006	19,153	11,682	13,751

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25A	FY26E	FY27E
Reported EPS	52.9	64.4	72.9	85.0	105.6
Adjusted EPS	52.9	64.4	72.9	85.0	105.6
Dividend per share	3.0	3.5	4.0	4.0	4.0
Book value per share	287.1	349.0	605.5	686.5	788.1

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25A	FY26E	FY27E
EV/Sales	4.3	3.7	3.1	2.8	2.3
EV/EBITDA	42.4	35.3	30.6	27.5	22.0
Adjusted P/E	62.3	51.2	45.2	38.8	31.2
P/BV	11.5	9.4	5.4	4.8	4.2

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25A	FY26E	FY27E
Tax burden (Net profit/PBT)	74.3	74.4	74.3	74.8	74.8
Interest burden (PBT/EBIT)	99.5	98.5	101.8	101.1	101.7
EBIT margin (EBIT/Revenue)	9.3	9.8	9.5	9.4	9.8
Asset turnover (Rev./Avg TA)	189.3	192.7	163.8	146.7	151.0
Leverage (Avg TA/Avg Equity)	1.5	1.5	1.3	1.3	1.3
Adjusted ROAE	20.2	20.3	15.6	13.2	14.3

Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25A	FY26E	FY27E
YoY growth (%)					
Revenue	20.6	17.6	19.9	17.0	19.4
EBITDA	19.2	21.7	16.0	15.6	22.2
Adjusted EPS	26.9	21.7	19.9	16.6	24.2

Profitability & Return ratios (%)

EBITDA margin	10.2	10.5	10.2	10.1	10.3
EBIT margin	9.3	9.8	9.5	9.4	9.8
Adjusted profit margin	6.9	7.2	7.2	7.1	7.4
Adjusted ROAE	20.2	20.3	15.6	13.2	14.3
ROCE	24.3	24.6	15.6	16.1	17.3

Working capital days (days)

Receivables	73	68	67	68	68
Inventory	58	60	65	66	67
Payables	40	45	29	30	35

Ratios (x)

Gross asset turnover	8.0	7.2	6.9	4.3	4.2
Current ratio	2.8	2.6	4.2	3.5	3.3
Net interest coverage ratio	18.6	18.1	16.5	11.8	12.2
Adjusted debt/equity	(0.2)	(0.2)	(0.3)	(0.2)	(0.2)

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

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BUY – Expected return >+15%

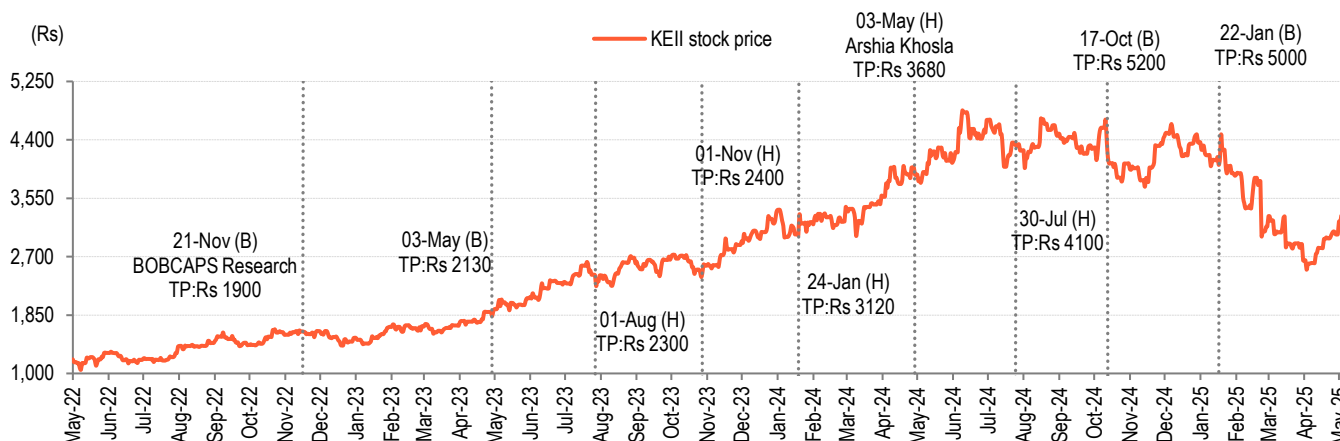
HOLD – Expected return from -6% to +15%

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 (KEI IN)



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

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