

July 23, 2025

## Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	4,527		4,455	
Sales (Rs. m)	1,17,086	1,42,013	1,16,282	1,38,620
% Chng.	0.7	2.4		
EBITDA (Rs. m)	12,467	15,477	12,380	15,103
% Chng.	0.7	2.5		
EPS (Rs.)	90.2	111.8	90.0	110.1
% Chng.	0.2	1.6		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	81,207	97,359	1,17,086	1,42,013
EBITDA (Rs. m)	8,542	9,910	12,467	15,477
Margin (%)	10.5	10.2	10.6	10.9
PAT (Rs. m)	5,811	6,964	8,617	10,687
EPS (Rs.)	64.4	72.9	90.2	111.8
Gr. (%)	20.6	13.2	23.7	24.0
DPS (Rs.)	5.5	4.0	7.5	7.5
Yield (%)	0.1	0.1	0.2	0.2
RoE (%)	20.3	15.6	14.0	15.1
RoCE (%)	27.5	21.5	19.4	20.7
EV/Sales (x)	4.3	3.7	3.1	2.6
EV/EBITDA (x)	41.3	36.5	29.4	23.5
PE (x)	61.7	54.5	44.0	35.5
P/BV (x)	11.4	6.6	5.8	5.0

### Key Data

KEII.BO | KEII IN

52-W High / Low	Rs.4,780 / Rs.2,424
Sensex / Nifty	82,727 / 25,220
Market Cap	Rs.379bn / \$ 4,390m
Shares Outstanding	96m
3M Avg. Daily Value	Rs.1465.36m

### Shareholding Pattern (%)

Promoter's	35.02
Foreign	26.59
Domestic Institution	25.63
Public & Others	12.76
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	5.6	(11.4)	(5.0)
Relative	4.6	(18.0)	(7.6)

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## Exports and Sanand ramp-up to drive growth

### Quick Pointers:

- Reported volume growth of 28-30% in Q1FY26
- Guided for 18%/20%+ revenue growth in FY26/FY27 with commencement of commercial production of LT and HT cables at Sanand plant

**KEII has reported W&C revenue growth of 31.8% driven by strong domestic and export demand. KEII has guided for revenue growth of 18%/20%+ for FY26/FY27 driven by strong demand in domestic & export markets, and EBITDA margin of 11% in FY26 supported by commencement of commercial production at Sanand plant in H1FY26 and completion of the plant by end-H1FY27. Expansion of export markets beyond the Middle East, Australia, and Africa, particularly in the USA and Europe, is expected to help achieve the export contribution guidance of 17-18%. The company aims to improve its EBITDA margin once Sanand plant becomes operational. KEII reported strong revenue growth in HT cables (+50.5% YoY), EHV cables (+55.6% YoY), and housing/winding wires (+29.9% YoY) in Q1FY26. Exports saw a significant increase of 60.5%, while institutional cable exports surged by 122%. We tweak our earnings estimates for FY26/FY27. We estimate revenue/EBITDA/PAT CAGR of 20.8%/25.0%/23.9% for FY25-27E. Maintain 'BUY' at TP of Rs4,527, valuing at 40x FY27 earnings.**

**Revenue grows by 25.7%, PAT up by 30.3%:** Revenue grew by 25.7% YoY to Rs25.9bn (PLe: Rs24.0bn). W&C segment grew by 31.8% YoY to Rs24.8bn, while Stainless Steel Wires declined by 3.6% YoY to Rs521mn, and EPC declined by 56.0% YoY to Rs994mn. EBITDA grew by 20.1% YoY to Rs2.6bn (PLe: Rs2.5bn), but EBITDA margin contracted by 50bps YoY to 10.0%. (PLe: 10.3%). EBIT margin of W&C contracted by 20bps YoY to 10.8%, EPC contracted by 520bps YoY to 8.0%, and Stainless Steel Wires expanded by 620bps to 8.1%. PAT stood at Rs1.9bn (+30.3% YoY, PLe: Rs1.8bn). Domestic institutional W&C sales grew by 26.6% YoY, whereas institutional exports surged by 122.0% YoY. Dealer/distributor driven sales grew by 22.2%. Dealer count stood at ~2,094 vs 2,082 in Q4FY25. Pending order book stood at Rs39.2bn. Net cash stood at Rs15bn.

**Con call highlights: 1)** The company has guided for revenue growth of 18%/20%+ for FY26/FY27 and EBITDA margin of 11% in FY26. **2)** W&C volume grew 28%-30% YoY in Q1FY26. **3)** Total capex for Sanand plant is estimated at Rs19-20bn, targeting topline of Rs60bn from the plant. Of this, Rs12bn will be contributed by EHV segment and Rs48bn by low and medium voltage power cables. **4)** In Q1FY26, the company incurred a total capex of Rs4.1bn: Rs2.96bn in Sanand, Rs950mn for land purchase (Sanand & Salarpur) and Rs190mn at other locations. **5)** Till Q1FY26, KEII has incurred total Rs8.8bn on the plant and will be spending another Rs6-7bn in FY26 and Rs3-4bn in FY27. **6)** Commercial production of LT and HT cables will commence by H1FY26 and Sanand project will be completed by the end of H1FY27. **7)** Pending order book, including EPC, stood at Rs39.2bn: EPC at Rs5.4bn, EHV at Rs5.4bn, domestic cables at Rs21.4bn, and export cables at Rs7.0bn. **8)** Capacity utilization for Q1FY25 stood at 75% in Cables. **9)** Export contribution to total revenue is expected to increase to 17-18% over the next 2 years. **9)** The company derived 51.18% of revenue from dealers/distributors Q1FY26. **10)** 70% of dealers/distributors are covered by channel financing.

**Exhibit 1: Q1FY26 Result Overview**

Y/E Mar	Q1FY26	Q1FY25	YoY gr.	Q1FY26E	% Var.	Q4FY25	QoQ gr.	FY26E	FY25	YoY gr.
<b>Net Sales</b>	<b>25,903</b>	<b>20,605</b>	<b>25.7%</b>	<b>24,029</b>	<b>7.8%</b>	<b>29,148</b>	<b>-11.1%</b>	<b>117,086</b>	<b>97,359</b>	<b>20.3%</b>
<b>Expenditure</b>										
Operating & Manufacturing Expenses	19,899	15,580	27.7%	18,214		22,487	-11.5%	89,431	74,766	19.6%
% of Net Sales	76.8%	75.6%		75.8%		77%		76.4%	76.8%	-0.4%
<b>Gross Profit</b>	<b>6,005</b>	<b>5,025</b>	<b>19.5%</b>	<b>5,815</b>	<b>3.3%</b>	<b>6,661</b>	<b>-9.9%</b>	<b>27,656</b>	<b>22,593</b>	<b>22.4%</b>
% of Net Sales	23.18	24.39	-1.21	24.20		22.85	0.33	23.62	23.21	0.41
Personnel Cost	853	729	16.9%	865	-1.4%	821	3.8%	3,513	3,043	15.4%
% of Net Sales	3.3%	3.5%		3.6%		0.03		3.0%	3.1%	-0.1%
Other Expenses	2,572	2,148	19.7%	2,475	3.9%	2,827	-9.0%	11,676	9,640	21.1%
% of Net Sales	9.9%	10.4%		10.3%		0.10		10.0%	9.9%	0.1%
Total Expenditure	23,323	18,457	26.4%	21,554	8.2%	26,135	-10.8%	104,619	87,449	19.6%
<b>EBITDA</b>	<b>2,580</b>	<b>2,148</b>	<b>20.1%</b>	<b>2,475</b>	<b>4.2%</b>	<b>3,013</b>	<b>-14.4%</b>	<b>12,467</b>	<b>9,910</b>	<b>25.8%</b>
Margin (%)	9.96	10.42	-0.46	10.30		10.34	-0.38	10.65	10.18	0.47
Other income	396	178	122.0%	220	80.4%	371	6.8%	1,098	718	52.9%
Depreciation	199	155	28.3%	210	-5.3%	193	2.9%	1,228	701	75.1%
<b>EBIT</b>	<b>2,777</b>	<b>2,171</b>	<b>27.9%</b>	<b>2,484</b>	<b>11.8%</b>	<b>3,191</b>	<b>-13.0%</b>	<b>12,336</b>	<b>9,927</b>	<b>24.3%</b>
Interest	145	142	2.4%	140	3.9%	139	4.5%	751	556	35.0%
<b>PBT before exceptional item</b>	<b>2,632</b>	<b>2,030</b>	<b>29.7%</b>	<b>2,345</b>	<b>12.3%</b>	<b>3,052</b>	<b>-13.8%</b>	<b>11,585</b>	<b>9,370</b>	<b>23.6%</b>
Total Taxes	675	525	28.5%	590	14.3%	786	-14.2%	2,968	2,406	23.4%
ETR (%)	25.6%	25.9%		25.2%		0.26		25.6%	25.7%	-0.1%
<b>Adj. PAT</b>	<b>1,957</b>	<b>1,505</b>	<b>30.1%</b>	<b>1,755</b>	<b>11.6%</b>	<b>2,266</b>	<b>-13.6%</b>	<b>8,617</b>	<b>6,965</b>	<b>23.7%</b>
Exceptional item	0	0				0		0	0	
<b>PAT</b>	<b>1,957</b>	<b>1,505</b>	<b>30.1%</b>	<b>1,755</b>	<b>11.6%</b>	<b>2,266</b>	<b>-13.6%</b>	<b>8,617</b>	<b>6,965</b>	<b>23.7%</b>

Source: Company, PL

**Exhibit 2: Segmental Breakup**

Y/E Mar	Q1FY26	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
<b>Revenues</b>								
Cables	24,771	18,799	31.8%	27,968	-11.4%	113,052	91,770	23.2%
Stainless Steel Wire	521	541	-3.6%	462	12.9%	2,268	2,159	5.1%
EPC	994	2,261	-56.0%	2,234	-55.5%	6,715	6,562	2.3%
Less: Inter-segment result	383	950		950		4,950	3,133	
<b>Revenues</b>	<b>25,903</b>	<b>20,650</b>	<b>25.4%</b>	<b>29,713</b>	<b>-12.8%</b>	<b>117,086</b>	<b>97,359</b>	<b>20.3%</b>
<b>EBIT</b>								
Cables	2,665	2,067	28.9%	3,069	-13.1%	13,001	9,749	33.4%
EBIT margin (%)	10.8%	11.0%	-0.2%	11.0%	-0.2%	11.5%	10.6%	0.9%
Stainless Steel Wire	42	10	312.0%	25	68.7%	136	94	44.2%
EBIT margin (%)	8.1%	1.9%	6.2%	5.4%	2.7%	6.0%	4.4%	1.6%
EPC	79	298	-73.4%	170	-53.5%	336	608	-44.8%
EBIT margin (%)	8.0%	13.2%	-5.2%	7.6%	0.3%	5.0%	9.3%	-4.3%
Less: inter-segment result	24	53	-54.4%	65	-62.9%	-	49	-100.0%
<b>Total</b>	<b>2,763</b>	<b>2,323</b>	<b>18.9%</b>	<b>3,199</b>	<b>-13.6%</b>	<b>13,473</b>	<b>10,402</b>	<b>29.5%</b>
<b>EBIT margin (%)</b>	<b>10.7%</b>	<b>11.2%</b>	<b>-0.6%</b>	<b>10.8%</b>	<b>-0.1%</b>	<b>11.5%</b>	<b>10.7%</b>	<b>0.8%</b>

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>81,207</b>	<b>97,359</b>	<b>1,17,086</b>	<b>1,42,013</b>
YoY gr. (%)	17.5	19.9	20.3	21.3
Cost of Goods Sold	61,843	74,766	89,431	1,08,384
Gross Profit	19,365	22,593	27,656	33,629
Margin (%)	23.8	23.2	23.6	23.7
Employee Cost	2,664	3,043	3,513	4,260
Other Expenses	5,069	5,830	7,518	9,018
<b>EBITDA</b>	<b>8,542</b>	<b>9,910</b>	<b>12,467</b>	<b>15,477</b>
YoY gr. (%)	21.0	16.0	25.8	24.1
Margin (%)	10.5	10.2	10.6	10.9
Depreciation and Amortization	614	701	1,228	1,403
<b>EBIT</b>	<b>7,928</b>	<b>9,208</b>	<b>11,238</b>	<b>14,073</b>
Margin (%)	9.8	9.5	9.6	9.9
Net Interest	439	556	751	774
Other Income	324	718	1,098	983
<b>Profit Before Tax</b>	<b>7,813</b>	<b>9,370</b>	<b>11,585</b>	<b>14,282</b>
Margin (%)	9.6	9.6	9.9	10.1
Total Tax	2,002	2,406	2,968	3,595
Effective tax rate (%)	25.6	25.7	25.6	25.2
<b>Profit after tax</b>	<b>5,811</b>	<b>6,964</b>	<b>8,617</b>	<b>10,687</b>
Minority interest	0	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>5,811</b>	<b>6,964</b>	<b>8,617</b>	<b>10,687</b>
YoY gr. (%)	20.7	19.9	23.7	24.0
Margin (%)	7.2	7.2	7.4	7.5
Extra Ord. Income / (Exp)	(1)	-	-	-
<b>Reported PAT</b>	<b>5,809</b>	<b>6,964</b>	<b>8,617</b>	<b>10,687</b>
YoY gr. (%)	20.7	19.9	23.7	24.0
Margin (%)	7.2	7.2	7.4	7.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,809	6,964	8,617	10,687
<b>Equity Shares O/s (m)</b>	<b>90</b>	<b>96</b>	<b>96</b>	<b>96</b>
<b>EPS (Rs)</b>	<b>64.4</b>	<b>72.9</b>	<b>90.2</b>	<b>111.8</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>11,298</b>	<b>14,212</b>	<b>24,459</b>	<b>30,871</b>
Tangibles	11,214	14,109	24,307	30,699
Intangibles	84	102	152	172
<b>Acc: Dep / Amortization</b>	<b>3,595</b>	<b>4,281</b>	<b>5,509</b>	<b>6,912</b>
Tangibles	3,526	4,189	5,406	6,795
Intangibles	69	92	103	118
<b>Net fixed assets</b>	<b>7,703</b>	<b>9,931</b>	<b>18,950</b>	<b>23,959</b>
Tangibles	7,688	9,920	18,900	23,904
Intangibles	15	11	49	54
Capital Work In Progress	1,209	3,855	3,355	500
Goodwill	-	-	-	-
Non-Current Investments	131	154	178	213
Net Deferred tax assets	(273)	(304)	(304)	(304)
Other Non-Current Assets	547	2,060	2,060	2,060
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	13,427	17,303	19,247	23,345
Trade receivables	15,179	17,972	21,813	26,457
Cash & Bank Balance	7,004	19,153	15,143	17,341
Other Current Assets	1,017	1,454	2,342	2,840
<b>Total Assets</b>	<b>46,565</b>	<b>72,346</b>	<b>83,805</b>	<b>97,572</b>
<b>Equity</b>				
Equity Share Capital	180	191	191	191
Other Equity	31,302	57,666	65,430	75,401
<b>Total Networth</b>	<b>31,483</b>	<b>57,858</b>	<b>65,622</b>	<b>75,592</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	173	204	176	213
Other non current liabilities	64	192	231	280
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	1,342	1,783	1,779	2,158
Trade payables	10,079	7,792	10,781	13,066
Other current liabilities	2,892	3,906	4,561	5,533
<b>Total Equity &amp; Liabilities</b>	<b>46,565</b>	<b>72,346</b>	<b>83,805</b>	<b>97,572</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	7,813	9,370	11,585	14,282
Add. Depreciation	614	701	1,228	1,403
Add. Interest	439	556	751	774
Less Financial Other Income	324	718	1,098	983
Add. Other	(26)	(461)	(1,115)	(931)
Op. profit before WC changes	8,839	10,166	12,450	15,528
Net Changes-WC	(689)	(8,227)	(3,259)	(6,136)
Direct tax	(2,045)	(2,261)	(2,968)	(3,595)
<b>Net cash from Op. activities</b>	<b>6,105</b>	<b>(322)</b>	<b>6,222</b>	<b>5,797</b>
Capital expenditures	(2,554)	(6,912)	(9,747)	(3,558)
Interest / Dividend Income	209	264	1,098	983
Others	(1,181)	(8,359)	4,007	4,000
<b>Net Cash from Invst. activities</b>	<b>(3,526)</b>	<b>(15,007)</b>	<b>(4,643)</b>	<b>1,425</b>
Issue of share cap. / premium	11	20,011	-	-
Debt changes	(36)	117	17	466
Dividend paid	(281)	(418)	(717)	(717)
Interest paid	(412)	(525)	(751)	(774)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(718)</b>	<b>19,185</b>	<b>(1,451)</b>	<b>(1,025)</b>
<b>Net change in cash</b>	<b>1,861</b>	<b>3,856</b>	<b>129</b>	<b>6,197</b>
Free Cash Flow	3,551	(7,234)	(3,525)	2,240

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	64.4	72.9	90.2	111.8
CEPS	71.2	80.2	103.0	126.5
BVPS	348.9	605.5	686.7	791.1
FCF	39.4	(75.7)	(36.9)	23.4
DPS	5.5	4.0	7.5	7.5
<b>Return Ratio(%)</b>				
RoCE	27.5	21.5	19.4	20.7
ROIC	25.6	25.3	17.3	19.1
RoE	20.3	15.6	14.0	15.1
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.2)	(0.3)	(0.2)	(0.2)
Net Working Capital (Days)	83	103	94	94
<b>Valuation(x)</b>				
PER	61.7	54.5	44.0	35.5
P/B	11.4	6.6	5.8	5.0
P/CEPS	55.8	49.5	38.5	31.4
EV/EBITDA	41.3	36.5	29.4	23.5
EV/Sales	4.3	3.7	3.1	2.6
Dividend Yield (%)	0.1	0.1	0.2	0.2

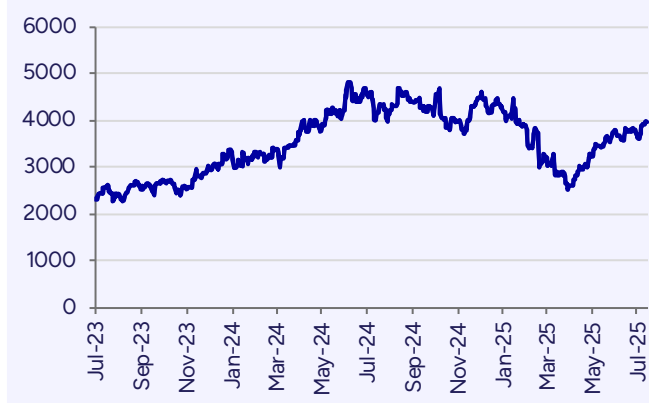
Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
<b>Net Revenue</b>	<b>22,796</b>	<b>24,673</b>	<b>29,148</b>	<b>25,903</b>
YoY gr. (%)	17.1	19.8	25.7	25.7
Raw Material Expenses	17,627	19,072	22,487	19,899
Gross Profit	5,170	5,601	6,661	6,005
Margin (%)	22.7	22.7	22.9	23.2
<b>EBITDA</b>	<b>2,206</b>	<b>2,408</b>	<b>3,013</b>	<b>2,580</b>
YoY gr. (%)	8.2	12.3	23.2	20.1
Margin (%)	9.7	9.8	10.3	10.0
Depreciation / Depletion	163	190	193	199
<b>EBIT</b>	<b>2,043</b>	<b>2,219</b>	<b>2,820</b>	<b>2,381</b>
Margin (%)	9.0	9.0	9.7	9.2
Net Interest	133	143	139	145
Other Income	169	136	371	396
<b>Profit before Tax</b>	<b>2,079</b>	<b>2,212</b>	<b>3,052</b>	<b>2,632</b>
Margin (%)	9.1	9.0	10.5	10.2
Total Tax	531	564	786	675
Effective tax rate (%)	25.5	25.5	25.8	25.6
<b>Profit after Tax</b>	<b>1,548</b>	<b>1,648</b>	<b>2,266</b>	<b>1,957</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>1,548</b>	<b>1,648</b>	<b>2,266</b>	<b>1,957</b>
YoY gr. (%)	10.4	9.4	34.2	30.1
Margin (%)	6.8	6.7	7.8	7.6
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>1,548</b>	<b>1,648</b>	<b>2,266</b>	<b>1,957</b>
YoY gr. (%)	10.4	9.4	34.4	30.1
Margin (%)	6.8	6.7	7.8	7.6
Other Comprehensive Income	1	1	-	-
<b>Total Comprehensive Income</b>	<b>1,549</b>	<b>1,649</b>	<b>2,266</b>	<b>1,957</b>
Avg. Shares O/s (m)	90	96	96	96
<b>EPS (Rs)</b>	<b>17.1</b>	<b>17.2</b>	<b>23.7</b>	<b>20.5</b>

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	04-Jul-25	BUY	4,455	3,841
2	07-May-25	BUY	4,278	3,295
3	03-Apr-25	BUY	4,278	2,880
4	05-Mar-25	BUY	4,280	3,141
5	22-Jan-25	BUY	5,041	4,128
6	08-Jan-25	BUY	5,265	4,313
7	20-Oct-24	BUY	5,265	4,058
8	08-Oct-24	BUY	5,265	4,200
9	31-Jul-24	Hold	4,688	4,307

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	Accumulate	1,630	1,494
2	Avalon Technologies	Accumulate	927	838
3	Bajaj Electricals	Hold	641	610
4	Cello World	BUY	746	621
5	Century Plyboard (I)	Hold	775	749
6	Cera Sanitaryware	Accumulate	7,389	6,788
7	Crompton Greaves Consumer Electricals	BUY	423	350
8	Cyient DLM	Accumulate	540	480
9	Finolex Industries	Hold	222	217
10	Greenpanel Industries	BUY	310	271
11	Havells India	Accumulate	1,645	1,532
12	Kajaria Ceramics	Hold	1,192	1,242
13	Kaynes Technology India	Hold	6,068	6,176
14	KEI Industries	BUY	4,455	3,841
15	Polycab India	BUY	8,091	6,926
16	R R Kabel	Accumulate	1,485	1,393
17	Supreme Industries	Hold	4,346	4,376
18	Syrma SGS Technology	Hold	625	607
19	Voltas	Hold	1,350	1,367

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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