

# KEI Industries | BUY

## On course to achieve FY26 guidance and ramp up capacities

We recently met the management of KEI Industries. During our interaction, the company reiterated (1) its confidence in achieving 18-20% growth in revenue through FY26-28, and margin of 10.5-11% with 50bps improvement through FY28; (2) its Sanand plant capex is on track and operations in Phase 1 should commence by Oct'25; the entire plant is expected to commence operations from Sep'26; and (3) its strategy for the next round of capex in Bhiwadi (INR 5bn), wherein construction should begin around end-FY26/1QFY27, and commence operations within 2 years post that. While our estimates are unchanged, we roll-forward to Sep'27E (from Jun'27E earlier). Our target price is now INR 4,775 (INR 4,550 earlier); we maintain BUY.

- **Guidance unchanged at 18-20% revenue growth and ~10.5% EBITDA margin:** The management reiterated its confidence in achieving 18-20% revenue growth over the next few years. EBITDA margin (including other income) should hover ~10.5-11%, and see a 50bps expansion through FY28 as the Sanand plant scales, economies of scale come in and newly added EHV capacities (inherently higher margin) scale up. Further, we understand that this guidance factors in any possible negativities including demand destocking, and input cost fluctuations, which the management views as activities in the normal course of business.
- **Sanand capacity expansion on track:** Total investment in Sanand will be ~INR 20bn, inclusive of all phases. This includes INR 7-8bn towards EHV capacities, and the rest towards other cable products (predominantly MV and HV cables). Until 1Q, we understand that KEI has incurred INR 10bn in capex here, and in the balance 9 months of FY26 it is likely to incur an incremental INR 6-7bn. The balance INR 3-4bn will be incurred in 1QFY27. Completion and commencement of operations in Phase 1 of the Sanand plant by Oct'25 is on track; the entire plant, including newly added EHV capacities, is expected to commence operations by Sept'26.
- **Revenue potential from the Sanand capacity expansion:** Asset turns for EHV capacities hover around 2x, hence, the INR 7bn-8bn of capex towards EHV could yield revenue of INR 12-13bn at its peak, while the balance INR 12-13bn directed towards other products, at ~4x asset turns, can drive incremental revenue of INR 48bn. Consequently, Sanand capacity expansion should drive incremental revenue of INR 55-60bn.
- **Capex plans beyond Sanand:** To avoid capacity constraints in future, the company has planned its next leg of capex in Bhiwadi. Here, KEI will undertake capex of INR ~5bn, of which INR 950mn on land acquisition has already been spent. Construction is slated to begin by end-FY26/1QFY27 and will take 2 years to ramp up, i.e., the facility should be fully operational by end-FY28. We understand that the Sanand facility, which will commence full operations by mid-FY27, should have achieved 60-70% utilisation by the time operations at the new Bhiwadi set-up begin.



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	4,775
Upside/(Downside)	15.1%
Previous Price Target	4,550
Change	4.9%

### Key Data – KEI IN

Current Market Price	INR4,150
Market cap (bn)	INR396.5/US\$4.5
Free Float	62%
Shares in issue (mn)	95.6
Diluted share (mn)	95.6
3-mon avg daily val (mn)	INR1,266.5/US\$14.4
52-week range	4,725/2,424
Sensex/Nifty	83,014/25,424
INR/US\$	88.1

### Price Performance

%	1M	6M	12M
Absolute	6.4	27.1	-7.8
Relative*	4.6	15.5	-7.6

\* To the BSE Sensex

### Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	81,041	97,359	1,16,831	1,41,365	1,71,052
Sales Growth (%)	17.2	20.1	20.0	21.0	21.0
EBITDA	8,375	9,910	11,917	14,773	18,303
EBITDA Margin (%)	10.3	10.2	10.2	10.5	10.7
Adjusted Net Profit	5,807	6,964	8,449	10,181	12,443
Diluted EPS (INR)	64.4	72.9	88.4	106.5	130.2
Diluted EPS Growth (%)	21.6	13.3	21.3	20.5	22.2
ROIC (%)	23.9	20.4	16.9	16.5	17.6
ROE (%)	20.2	15.6	13.6	14.3	15.0
P/E (x)	64.5	56.9	46.9	38.9	31.9
P/B (x)	11.9	6.9	6.0	5.2	4.5
EV/EBITDA (x)	46.9	38.5	32.5	26.1	20.9
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.1

Source: Company data, JM Financial. Note: Valuations as of 18/Sep/2025

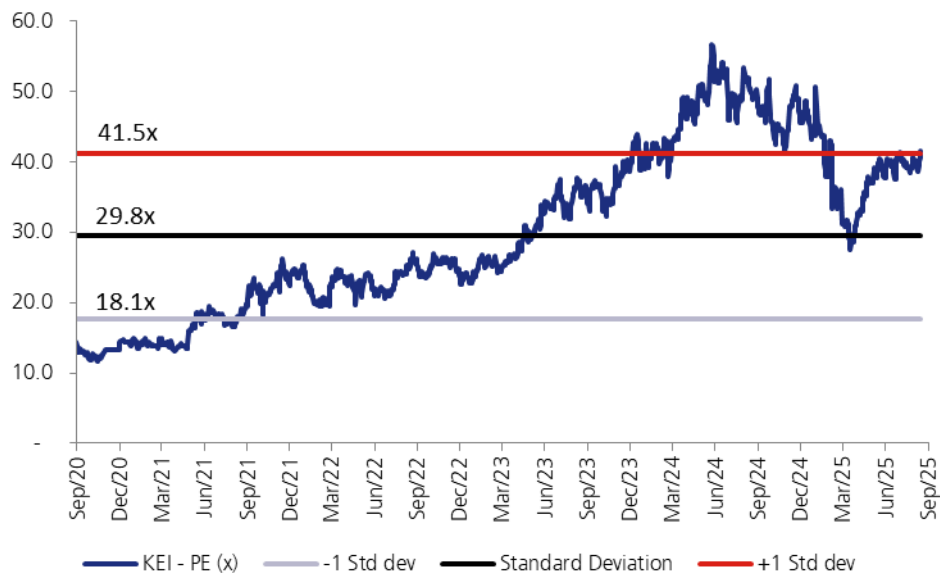
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**Exhibit 1. KEI Industries - EPS revision table**

Particulars (INR mn)	FY26E	FY27E	FY28E
<b>Revenue</b>			
New	1,16,831	1,41,365	1,71,052
Old	1,16,831	1,42,533	1,73,891
Change	0.0%	-0.8%	-1.6%
<b>EBITDA</b>			
New	11,917	14,773	18,303
Old	11,917	14,823	18,432
Change	0.0%	-0.3%	-0.7%
<b>EBITDA Margin %</b>			
New	10.2%	10.5%	10.7%
Old	10.2%	10.4%	10.6%
Change	-	5	10
<b>PAT</b>			
New	8,449	10,181	12,443
Old	8,449	10,215	12,527
Change	0.0%	-0.3%	-0.7%
<b>EPS</b>			
New	88.4	106.5	130.2
Old	88.4	106.9	131.1
Change	0.0%	-0.3%	-0.7%

Source: Company, JM Financial

**Exhibit 2. KEI Industries – 1-yr forward P/E band chart (last 5 years)**

Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	81,041	97,359	1,16,831	1,41,365	1,71,052
Sales Growth	17.2%	20.1%	20.0%	21.0%	21.0%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>81,041</b>	<b>97,359</b>	<b>1,16,831</b>	<b>1,41,365</b>	<b>1,71,052</b>
Cost of Goods Sold/Op. Exp	60,774	73,619	88,324	1,07,013	1,29,473
Personnel Cost	2,671	3,043	3,530	4,059	4,668
Other Expenses	9,220	10,788	13,060	15,520	18,608
<b>EBITDA</b>	<b>8,375</b>	<b>9,910</b>	<b>11,917</b>	<b>14,773</b>	<b>18,303</b>
EBITDA Margin	10.3%	10.2%	10.2%	10.5%	10.7%
EBITDA Growth	18.6%	18.3%	20.3%	24.0%	23.9%
Depn. & Amort.	614	701	1,081	1,663	2,308
EBIT	7,762	9,208	10,835	13,109	15,994
Other Income	490	718	984	908	1,038
Finance Cost	439	556	535	421	416
PBT before Excep. & Forex	7,813	9,370	11,284	13,596	16,617
Excep. & Forex Inc./Loss(-)	-3	0	0	0	0
PBT	7,810	9,370	11,284	13,596	16,617
Taxes	2,002	2,406	2,834	3,415	4,174
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	5,807	6,964	8,449	10,181	12,443
<b>Adjusted Net Profit</b>	<b>5,807</b>	<b>6,964</b>	<b>8,449</b>	<b>10,181</b>	<b>12,443</b>
Net Margin	7.2%	7.2%	7.2%	7.2%	7.3%
Diluted Share Cap. (mn)	90.2	95.6	95.6	95.6	95.6
<b>Diluted EPS (INR)</b>	<b>64.4</b>	<b>72.9</b>	<b>88.4</b>	<b>106.5</b>	<b>130.2</b>
Diluted EPS Growth	21.6%	13.3%	21.3%	20.5%	22.2%
Total Dividend + Tax	316	382	334	382	430
Dividend Per Share (INR)	3.5	4.0	3.5	4.0	4.5

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	3,814	4,653	5,615	6,766	8,268
Depn. & Amort.	561	649	1,081	1,663	2,308
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	-596	-8,515	-3,948	-5,619	-7,026
Others	59	83	0	0	0
Taxes Paid	1,993	2,311	2,834	3,415	4,174
<b>Operating Cash Flow</b>	<b>5,832</b>	<b>-819</b>	<b>5,583</b>	<b>6,225</b>	<b>7,725</b>
Capex	-2,249	-5,488	-11,545	-5,000	-3,500
Free Cash Flow	3,583	-6,307	-5,962	1,225	4,225
Inc (-) / Dec in Investments	-3	-1	0	0	0
Others	-1,775	-1,463	100	100	100
<b>Investing Cash Flow</b>	<b>-4,027</b>	<b>-6,952</b>	<b>-11,445</b>	<b>-4,900</b>	<b>-3,400</b>
Inc / Dec (-) in Capital	-217	19,411	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	44	510	-230	-230	-230
Others	0	0	0	0	0
<b>Financing Cash Flow</b>	<b>-172</b>	<b>19,921</b>	<b>-230</b>	<b>-230</b>	<b>-230</b>
<b>Inc / Dec (-) in Cash</b>	<b>1,632</b>	<b>12,149</b>	<b>-6,092</b>	<b>1,095</b>	<b>4,095</b>
Opening Cash Balance	5,372	7,004	19,153	13,061	14,155
Closing Cash Balance	7,004	19,153	13,061	14,155	18,250

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	31,483	57,858	66,307	76,488	88,930
Share Capital	180	191	191	191	191
Reserves & Surplus	31,302	57,666	66,116	76,297	88,739
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	1,662	2,172	1,942	1,712	1,482
Def. Tax Liab. / Assets (-)	273	304	304	304	304
<b>Total - Equity &amp; Liab.</b>	<b>33,418</b>	<b>60,333</b>	<b>68,553</b>	<b>78,504</b>	<b>90,716</b>
Net Fixed Assets	6,636	11,422	21,886	25,223	26,415
Gross Fixed Assets	8,731	11,573	24,473	30,973	34,973
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	3,303	4,005	5,086	6,749	9,058
Capital WIP	1,209	3,855	2,500	1,000	500
Investments	16	17	17	17	17
Current Assets	39,912	60,906	60,688	69,957	84,352
Inventories	13,427	17,303	20,764	25,124	30,400
Sundry Debtors	15,179	17,972	20,485	24,400	29,524
Cash & Bank Balances	7,004	19,153	13,061	14,155	18,250
Loans & Advances	21	18	18	18	18
Other Current Assets	4,281	6,460	6,360	6,260	6,160
Current Liab. & Prov.	13,146	12,013	14,038	16,694	20,068
Current Liabilities	10,144	7,984	10,010	12,665	16,039
Provisions & Others	3,003	4,029	4,029	4,029	4,029
Net Current Assets	26,766	48,894	46,649	53,264	64,284
<b>Total - Assets</b>	<b>33,418</b>	<b>60,333</b>	<b>68,553</b>	<b>78,504</b>	<b>90,716</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	7.2%	7.2%	7.2%	7.2%	7.3%
Asset Turnover (x)	2.6	2.1	1.8	1.9	2.0
Leverage Factor (x)	1.1	1.1	1.0	1.0	1.0
RoE	20.2%	15.6%	13.6%	14.3%	15.0%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	348.9	605.5	693.9	800.5	930.7
ROIC	23.9%	20.4%	16.9%	16.5%	17.6%
ROE	20.2%	15.6%	13.6%	14.3%	15.0%
Net Debt/Equity (x)	-0.2	-0.3	-0.2	-0.2	-0.2
P/E (x)	64.5	56.9	46.9	38.9	31.9
P/B (x)	11.9	6.9	6.0	5.2	4.5
EV/EBITDA (x)	46.9	38.5	32.5	26.1	20.9
EV/Sales (x)	4.9	3.9	3.3	2.7	2.2
Debtor days	68	67	64	63	63
Inventory days	60	65	65	65	65
Creditor days	51	33	34	36	0

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
12-Jul-25	Buy	4,500	
22-Jul-25	Buy	4,500	0.0
23-Jul-25	Buy	4,550	1.1
18-Sep-25	Buy	4,775	4.9

Recommendation History



## APPENDIX I

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Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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