

Key Changes	Target		Rating		Earnings	Target	Rs. 4,103
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 3,566
Mid Cap	KEI:IN	75,939	KEI	517569	12 Months	Return	+15%

Data as of : 19-02-2025

Company Data			
Market Cap (Rs. cr)	34,072		
52 Week High — Low (Rs.)	5,040 - 2,884		
Enterprise Value (Rs. cr)	33,880		
Outstanding Shares (cr)	9.6		
Free Float (%)	64.0		
Dividend Yield (%)	0.1		
6m average volume (cr)	0.03		
Beta	1.1		
Face value (Rs.)	2.0		
Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	37.1	37.1	35.0
FII's	30.8	31.1	29.8
MFs/Institutions	16.6	16.0	20.7
Public	13.7	14.0	12.8
Others	1.9	1.9	1.7
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-7.2%	-18.4%	8.8%
Absolute Sensex	-2.1%	-5.6%	4.4%
Relative Return	-5.1%	-12.8%	4.4%

*over or under performance to benchmark index



Y.E March (cr)	FY25E	FY26E	FY27E
Sales	9,559	11,380	13,480
Growth (%)	18.0	19.1	18.5
EBITDA	1,055	1,338	1,662
EBITDA Margin (%)	11.0	11.8	12.3
PAT Adjusted	690	881	1,089
Growth (%)	18.8	27.8	23.6
Adjusted EPS	72.2	92.2	114.0
Growth (%)	12.3	27.8	23.6
P/E	49.4	38.7	31.3
P/B	8.9	7.3	5.9
EV/EBITDA	32.1	25.3	20.2
ROE (%)	18.0	18.8	18.7
D/E	0.0	0.0	0.0

Capacity expansion to drive future growth

KEI Industries Ltd (KEI) is a leading manufacturer of cables and wires. It was established as a partnership firm in 1968 and incorporated as a public limited company in 1992.

- Consolidated revenue from operations increased 19.8% YoY to Rs. 2,467cr, driven by strong demand in the Cables and Wires (C&W) segment, particularly for infrastructure and industrial projects.
- Revenue from the C&W segment grew 26.0% YoY to Rs. 2,352cr, boosted by a substantial increase in domestic institutional cable sales and a notable 31% YoY increase in export sales.
- Revenue from EPC projects plunged 79.9% YoY to Rs. 76cr, in line with the company's strategic decision to scale back its focus on EPC projects and prioritise its C&W segment to capitalise on the robust demand.
- At the operating level, EBITDA was up 11.3% YoY to Rs. 254cr in Q3FY25 and the company targets to eventually reach 11-12.5% in 2-3 years.
- However, the EBITDA margin declined to 10.3% from 11.1% in the last year, primarily owing to fluctuations in raw material costs, thereby increasing the cost of sales.
- PAT was at Rs. 165cr in Q3FY25, up 9.4% YoY, driven by robust top-line growth.

Outlook & Valuation

KEI Industries logged substantial revenue growth during the quarter, driven by strong domestic demand and expanding global opportunities. The company expects sales growth of 19-20% in the upcoming year, driven by capacity expansions, rising domestic demand and strong growth prospects in the export markets. The company's strategic focus on meeting this heightened demand is evident from its ongoing capacity expansion, which positions it to capitalise on future opportunities and improve operational efficiencies. Hence, **we upgrade our rating on the stock to BUY based on 36x FY27E P/E with a rolled-forward target price of Rs. 4,103.**

Quarterly Financials Consol.

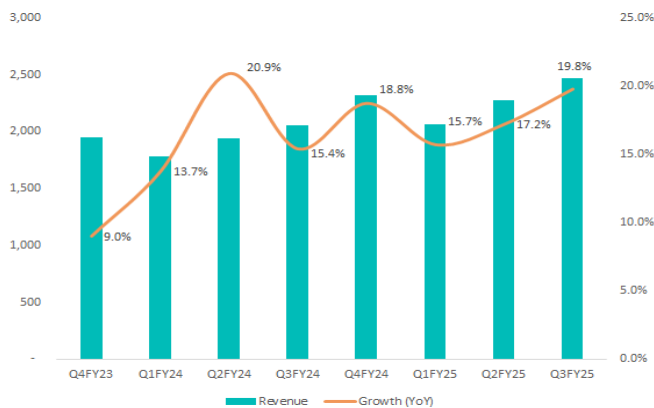
Rs.cr	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
Sales	2,467	2,059	19.8	2,280	8.2	6,807	5,785	17.7
EBITDA	254	229	11.3	238	7.1	724	627	15.6
Margin (%)	10.3	11.1	-80bps	10.4	-10bps	10.6	10.8	-20bps
EBIT	235	213	10.4	221	6.5	674	581	15.9
PBT	221	202	9.3	208	6.4	632	554	14.1
Rep. PAT	165	151	9.4	155	6.5	470	412	14.0
Adj. PAT	165	151	9.4	155	6.5	470	412	14.0
Adj. EPS (Rs.)	17.9	16.7	7.1	17.1	4.2	51.6	45.6	13.1



Key concall highlights

- The company has set a target sales growth rate of 19-20% in the next financial year, driven by strong market demand for its products, particularly HT power cables, with order booking exceeding capacity in the last two quarters.
- KEI completed expansions at its Chinchpada and Pathredi plants, adding further capacity for wires and power cables. The company has further planned an investment of Rs. 800-1,000cr in a new manufacturing plant in Sanand, Gujarat, which will enhance KEI's capacity in low-tension (LT), high-tension (HT) and extra-high voltage (EHV) cables.
- As on 28 November 2024, the company had raised Rs. 2,000cr through QIP to repay its debt and fund the Sanand project.
- To complete the greenfield expansion project, KEI expects to spend ~Rs. 700cr in FY26.
- The company is in the process of developing HVDC cable capabilities at its Sanand project, with the facility expected to start by March 2026. It aims to cover all types of cable products, from 1kV to 400kV (or 500kV) and HVDC.
- KEI Industries has a pending order of Rs. 3,871cr as of Q3FY25. This healthy pipeline, primarily comprises institutional and export orders.
- KEI managed to maintain healthy profitability despite inflationary pressures and higher raw material costs, reflecting its operational efficiency and pricing power.

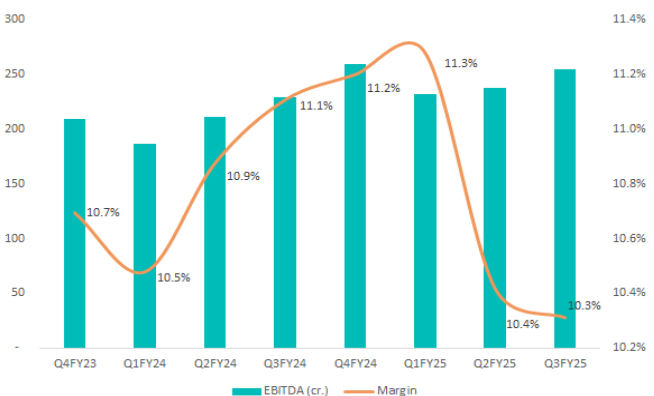
Revenue



EBIT



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates			Change -%	
Year / Rs cr	FY25E	FY26E	FY25E	FY26E	FY27E	FY26E	FY26E
Revenue	9,523	11,345	9,559	11,380	13,480	0.4	0.3
EBITDA	1,115	1,395	1,055	1,338	1,662	-5.4	-4.0
Margins (%)	11.7	12.3	11.0	11.8	12.3	-70bps	-50bps
Adj. PAT	734	920	690	881	1,089	-6.1	-4.2
EPS	81.2	101.7	72.2	92.2	114.0	-11.1	-9.3



Consolidated Financials

Profit & Loss

Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Sales	6,908	8,104	9,559	11,380	13,480
% change	20.6	17.3	18.0	19.1	18.5
EBITDA	734	887	1,055	1,338	1,662
% change	21.6	20.8	19.0	26.8	24.1
Depreciation	57	61	76	98	131
EBIT	677	825	979	1,241	1,530
Interest	35	44	54	58	68
Other Income	-	-	-	-	-
PBT	642	781	926	1,183	1,462
% change	26.5	21.7	18.5	27.8	23.6
Tax	165	200	236	302	373
Tax Rate (%)	25.6	25.7	25.5	25.5	25.5
Reported PAT	477	581	690	881	1,089
PAT att. to common shareholders	477	581	690	881	1,089
Adj.*	-	-	-	-	-
Adj. PAT	477	581	690	881	1,089
% change	26.9	21.6	18.8	27.8	23.6
No. of shares (cr)	9.0	9.0	9.6	9.6	9.6
Adj EPS (Rs.)	52.9	64.3	72.2	92.2	114.0
% change	27.2	21.6	12.3	27.8	23.6
DPS (Rs.)	3.0	3.5	4.0	4.5	5.0

Cashflow

Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Depn.	534	642	765	979	1,221
Non-cash adj.	11	28	44	50	6
Other adjustments					
Changes in W.C	-31	-59	-336	-269	-571
C.F. Operation	514	611	474	760	655
Capital exp.	-98	-400	-813	-660	-403
Change in inv.	-55	27	-	-	-
Other invest.CF	16	21	-	-	-
C.F - Investment	-137	-353	-813	-660	-403
Issue of equity	2	1	-	-	-
Issue/repay debt	-196	-1	13	15	6
Dividends paid	-27	-28	-38	-43	-48
Other finance.CF	-35	-44	3	4	4
C.F - Finance	-256	-72	-22	-25	-37
Chg. in cash	121	186	-360	75	214
Closing Cash	537	700	340	415	630

Balance Sheet

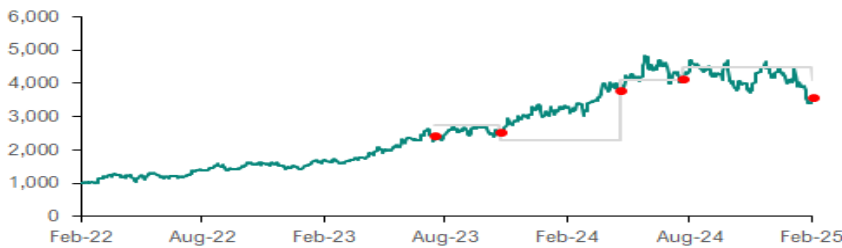
Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	537	700	340	415	630
Accts. Receivable	1,388	1,518	1,797	2,162	2,602
Inventories	1,102	1,343	1,529	1,684	2,089
Other Cur. Assets	134	136	147	155	218
Investments	1	2	2	2	2
Gross Fixed As-sets	706	760	1,572	2,232	2,635
Net Fixed Assets	566	769	1,500	2,056	2,321
CWIP	15	121	127	133	140
Intangible Assets	2	2	2	2	2
Def. Tax -Net	-	-	-	-	-
Other Assets	26	66	72	78	84
Total Assets	3,770	4,656	5,515	6,686	8,087
Current Liabilities	982	1,297	1,455	1,736	1,994
Provisions	15	17	19	21	23
Debt Funds	135	134	148	162	169
Other Liabilities	49	60	67	79	92
Equity Capital	18	18	18	18	18
Res. & Surplus	2,571	3,130	3,808	4,670	5,791
Shareholder Funds	2,589	3,148	3,826	4,688	5,809
Minority Interest	-	-	-	-	-
Total Liabilities	3,770	4,656	5,515	6,686	8,087
BVPS	287	348	400	491	608

Ratio

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	10.6	10.9	11.0	11.8	12.3
EBIT margin (%)	9.8	10.2	10.2	10.9	11.4
Net profit mgn.(%)	6.9	7.2	7.2	7.7	8.1
ROE (%)	18.4	18.4	18.0	18.8	18.7
ROCE (%)	24.8	25.1	24.6	25.6	25.6
W.C & Liquidity					
Receivables (days)	73.3	68.4	68.6	69.4	70.4
Inventory (days)	76.0	79.2	76.0	69.7	72.5
Payables (days)	51.6	59.5	56.6	57.5	57.7
Current ratio (x)	2.8	2.6	2.4	2.3	2.6
Quick ratio (x)	1.7	1.5	1.3	1.4	1.5
Turnover & Leverage					
Gross asset T.O (x)	10.1	10.7	6.1	5.1	5.1
Total asset T.O (x)	1.9	1.7	1.7	1.7	1.7
Int. covge. ratio (x)	19.5	18.8	18.2	21.5	22.4
Adj. debt/equity (x)	0.1	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	2.2	3.8	3.5	3.0	2.5
EV/EBITDA (x)	20.4	34.6	32.1	25.3	20.2
P/E (x)	32.1	53.8	49.4	38.7	31.3
P/BV (x)	5.9	9.9	8.9	7.3	5.9






Recommendation Summary - (last 3 years)



Dates	Rating	Target
04-Aug-23	ACCUMULATE	2,757
09-Nov-23	SELL	2,306
08-May-24	HOLD	4,085
08-Aug-24	HOLD	4,475
20-Feb-25	BUY	4,103

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral Definition: Buy: Acquire at Current Market Price -CMP, with the target mentioned in the research note; Accumulate: Partial buying or to accumulate as CMP dips in the future; Hold: Hold the stock with the expected target mentioned in the note.; Reduce: Reduce your exposure to the stock due to limited upside.; Sell: Exit from the stock; Not rated/Neutral: The analyst has no investment opinion on the stock. Symbols definition:  Upgrade  No Change  Downgrade			

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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ANIL R

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