

KEI Industries

05 May 2026

Operator: Good day and welcome to the KEI Industries Ltd. Q4 FY26 earnings conference call hosted by Nuvama Institutional Equities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Please note that this conference is being recorded. I now hand the conference over to Mr. Atul Luthade from Nuvama Institutional Equities. Thank you and over to you, sir.

Atul Luthade – Nuvama Institutional Equities: Thank you. Good afternoon everyone. On behalf of Nuvama Institutional Equities, we are glad to host the senior management of KEI Industries Ltd. to discuss the Q4 FY26 and FY26 earnings. We have with us Mr. Anil Gupta, Chairman and Managing Director of the company, and Mr. Rajeev Gupta, Executive Director of Finance and CFO. I will start the call with the opening remarks from the management and then move to the Q&A session. Thank you and over to you, sir.

Management: Good afternoon friends. I am Anil Gupta, CMD of KEI Industries Ltd. I will give a brief overview of the financial results for this quarter as well as the full year. As you must have received the information already, net sales in Q4 FY26 reached 3,476 crores, growing by approximately 19.27%. The EBITDA to net sales margin achieved was 12.21% as against 11.61% in the same period last year. Profit after tax in this quarter is 284.31 crores, reflecting a PAT growth of 25.5%. The profit after tax to net sales margin is 8.18% versus 7.77%, an improvement of 0.5% over the same period last year.

Domestic institutional cable sales (B2B) stood at 804 crores, up around 6%. Sales from extra high voltage (EHV) cables (B2B) reached 188 crores in the fourth quarter against 115 crores last year, representing growth of 64%.

Management: Export sales in this quarter were 443 crores. Total B2B sale contribution was 40% as against 46% in the same period last year. Sales through the dealer distribution network reached 1,936 crores in the fourth quarter against 1,498 crores, representing a growth of 29% in B2C sales. Distribution sale contribution was 56% in the fourth quarter as against 51% in the same period last year.

EPC sales other than cable were 123 crores compared to 72 crores in the same period last year. Out of the total EPC sales, EHV cable EPC sales were 106 crores against 32 crores last year. Sales of stainless steel wire in Q4 were 55 crores compared to 46 crores in the previous year.

Now I will give a summary of the full financial year 2025–26. Net sales in FY26 was 11,746 crores against 9,735 crores last year, with growth in net sales at 20.66%. However, our wire and cable segment in terms of value in FY26 has grown by 22.32% against the previous year. All our cable plants in Rajasthan were operated at peak capacity during the last financial year. Capacity at our Chinchpada plant was added in Q2 of the previous financial year, which resulted in an overall volume growth in FY26 of 15% for copper cables, while aluminum was flat. So the net volume increase was 6.21%. For the current financial year 2026–27, volume growth will come from Chinchpada for wire capacity and from the Sanand plant for cables.

Management: We are expecting 17–18% volume growth in this current financial year, which will mainly come from the new Sanand facility. You are aware that the first phase of commissioning for

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our Sanand plant was delayed by around 6 months. We commissioned the first phase at the end of December 2025. The second and final phase is expected to be commissioned in Q4 FY27.

In FY26, average copper prices increased by 15.85% and average aluminum prices increased by 9.91%. During FY26, the operating margin improved to 10.46% against 10.18%. EBITDA for the full financial year is 1,387 crores, up by 30.56% compared to last year. The EBITDA to net sales margin is 11.81% as against 10.92% in the previous year. The profit after tax in FY26 is 918 crores, with a PAT margin of 7.82%.

Management: Domestic institutional cable and wire sales have been 2,688 crores. However, the domestic institutional cable sale of EHV cables reached 559 crores against 308 crores in the previous year, with a growth of 82%. Export sales reached 1,833 crores against 1,267 crores, representing a growth of 45%. The total cable institutional sale contribution is 42%, which is at par with the previous year. Sales through the distribution network were 6,349 crores, up by 25%. The total active working dealers of the company as of March 31, 2026, were approximately 2,125. Dealer sale contribution is 54% of overall sales. EPC sales other than cable were 311 crores against 343 crores.

Management: Stainless steel wire sales in FY26 were 212 crores, at par with the previous year. I will now brief you on the demand outlook and the future strategy of the company. The demand outlook continues to remain strong. We are very hopeful that we will achieve our projections for volume growth and plant utilization.

We are bullish about the significant capex coming up in India in the power transmission and distribution sector, data centers, and institutional infrastructure projects like metro rails and railways, as well as the construction sector comprising commercial construction and real estate. The oil and gas sector will continue to remain strong. Specifically, the power generation sector will see substantial growth in the coming financial year, not only in solar and wind but also in thermal power generation. Data centers will also be a major booster.

Regarding exports, we have restarted our exports to the United States after a lull in the last financial year caused by tariffs. We hope to achieve substantial sales in the US this year, bringing our exports to approximately 20% of our total sales in the current financial year, which aligns with our previous target. This concludes our summary. We now look forward to answering your questions. Thank you.

Operator: Thank you very much, sir. We will now begin the question and answer session. First question is from the line of Sukritidip Patil from Insight Integrated Private Limited.

Sukritidip Patil – Insight Integrated Private Limited: Good afternoon to the team. I have two questions. My first question to Mr. Anil Gupta is, in your view, how is KEI Industries... hello? Am I audible?

Operator: As there is no response from the current questioner, we will move to the next question from the line of Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni – Goldman Sachs: Sir, thank you for taking my question. Two questions. Firstly, are you witnessing any supply chain issues right now regarding the supply of PVC compound, XLPE, or any

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other materials? You mentioned in a television interview that freight costs have gone up meaningfully and you are sharing part of that with the customer in the export market. Is there anything else you would like to highlight regarding costs and the supply chain?

Management: Thank you. Regarding supply, as of now, none of our plants have suffered because of raw material issues involving imports, thanks to our strong stocking and domestic availability. The only constraint is that imports of XLPE from the Middle East, especially Abu Dhabi, are not happening due to shipping problems.

In March, we witnessed a situation where we were unable to ship our goods to the Middle East because no shipping line was ready to take the deliveries. This has started again in April, albeit at a very high cost, because containers are now going to Fujairah and then by land to various destinations in Abu Dhabi and Qatar. Most customers are bearing 50% of the differential freight cost. In cases where our prices were FOB, the entire freight cost is to their account. They have agreed to this because they need the material. In March, we suffered as we could have achieved 50-60 crores more in exports that did not happen.

Pulkit Patni – Goldman Sachs: Point taken, sir. My second question is that historically we have done a very good job of meeting our guidance, which has always been in the high teens to early 20s in terms of revenue growth. You mentioned target volume growth of 17-18% in FY27 from the Sanand facility. If I assume copper remains at last year's prices, we are talking about at least a 10-15% upside just from copper. Is it fair to assume that, combined, we could look at 30% revenue growth this year, or am I reading too much into this?

Management: If what you are saying happens, then it could happen.

Pulkit Patni – Goldman Sachs: This is clear, sir. Thank you so much.

Operator: Thank you. Next question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati – HSBC: Can you elaborate a bit on what have been the key drivers of your margin expansion this quarter, especially when you face challenges on the freight side and the Middle East supply side?

Management: Our freight issues were only related to the Middle East, and our Middle East sales are relatively low. Therefore, it has had no impact on overall profitability.

Management: As I mentioned, the freight impact on supplies to the Middle East surfaced in April, not in March. In March, the supply simply could not happen due to shipping restrictions.

Puneet Gulati – HSBC: Okay, so no adverse impact there. So whatever 70 basis points margin that you lost is not related to freight?

Management: Whatever extra freight we are bearing in April will be compensated by the higher exchange rate we will receive from our export revenue on those specific orders. Those orders were priced when the rate was between 90 or 91 rupees. Even if we are bearing extra freight, it will be compensated by the exchange rate fluctuation revenue.

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Puneet Gulati – HSBC: Understood. Regarding the 17–18% volumes you guided for the Sanand plant, is that effective from FY27 itself? And what kind of growth should we expect for FY28 based on the second phase?

Management: Similar growth will continue because capacity will keep coming online and the plants will continue to stabilize as more supply originates from them. When we set up a new plant, it takes a little while to get specific plant approvals from customers, so the ramp-up is always gradual.

Puneet Gulati – HSBC: So for FY27 it is 17–18%, and for FY28 it could be a bit more?

Management: Yes, it should be around 20%.

Puneet Gulati – HSBC: Lastly, how do you think about margins for the current year?

Management: On a conservative side, we can expect margins anywhere between 10.5% and 11%.

Puneet Gulati – HSBC: That is all from my side. Thank you and all the best.

Operator: Thank you. Next question is from the line of Aanchal Lohadi from Nuvama Institutional Equities. Please go ahead.

Aanchal Lohadi – Nuvama Institutional Equities: Just a quick clarification, sir. You mentioned that wire growth will come from Chinchpada and cable growth will come from the Sanand plant. Is that 17–18% volume growth for cables or for the company as a whole?

Management: That is for the company as a whole.

Aanchal Lohadi – Nuvama Institutional Equities: Perfect. Regarding exports, could you elaborate on where we are currently, the types of products we are exporting, and incremental new product categories? Could you provide more detail on the growth drivers and geographies for exports?

Management: We are mainly exporting LT, HT, and extra high voltage cables. Apart from that, we export control and instrumentation cables for oil and gas refineries. Our product mix for the export basket is not different from our domestic supply.

Aanchal Lohadi – Nuvama Institutional Equities: Understood. And what are the key geographies as of the FY26 export mix?

Management: Our major export destinations are the Middle East, Australia, Africa, and now the United States. We are also exporting to Europe.

Aanchal Lohadi – Nuvama Institutional Equities: Understood. Is it possible to know the solar cables mix for FY26 at the company level?

Management: For solar, we are manufacturing power cables and now solar wires using the electron beam process. We have set up the electron beam facility at our Sanand plant, which has started operations.

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Aanchal Lohadi – Nuvama Institutional Equities: Got it. So the contribution will be relatively small at this stage?

Management: It will keep growing quarter after quarter. FY26 will be smaller, and FY27 will see substantial growth.

Aanchal Lohadi – Nuvama Institutional Equities: And would this be a value-added product in terms of margins?

Management: It will have a similar margin. When we talk of EBITDA margins, we consider all products averaged together.

Aanchal Lohadi – Nuvama Institutional Equities: Thank you so much.

Operator: Thank you. Next question is from the line of Balasubramanyam from Arihant Capital. Please go ahead.

Balasubramanyam – Arihant Capital: Good afternoon, sir. We have planned around 2,000 crores of investment over the next 3 to 4 years through Sanand. I believe we also purchased land in Vapi for 22 crores and 70 acres in Baroda. What is the use case for this land and what products are being targeted? Are there plans for backward integration into compounds, as you currently import high voltage compounds?

Management: We currently manufacture PVC compounds and low tension XLPE compounds ourselves. We procure medium voltage compounds domestically or through imports, while extra high voltage compounds are all imported. EHV will continue to be imported. However, we are working on manufacturing medium voltage compounds ourselves. This project will take a minimum of 2 years because factory setup and construction take time.

Similarly, we are considering manufacturing our own galvanized steel wire and cable armor wire. We have a substantial consumption of nearly 5,000 tonnes a month, so it makes economic sense. Regarding other products, we will continue to add missing electrical cable products and newer capacities in our new facilities over the next few financial years.

Balasubramanyam – Arihant Capital: My second question involves our 2,125 active dealers, where roughly 100 top dealers contribute 70–80% of sales. It seems 5% of dealers bring in 70–80% of sales, and dealer inventory is typically 15 to 20 days. Are the remaining dealers inactive or just low-productivity? Also, what is your annual dealer churn rate?

Management: It is not that they are inactive. The portion of dealers doing 20% of total sales generally brings in anywhere between 50 lakhs to 1 crore. They operate in smaller towns or retail segments and primarily deal in the 90-meter wire segment. In that segment, you need many dealers at every corner to generate sales. Regarding churning, we see about 10–12% churn annually; some dealers leave and new ones are added.

Balasubramanyam – Arihant Capital: Thank you so much.

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Operator: Thank you. Next question is from the line of Patanjali Srinivasan from Sundaram Mutual Fund. Please proceed.

Patanjali Srinivasan – Sundaram Mutual Fund: What was the price and volume growth for this quarter? And for the full year, what is the price increase we had to take? Would 8–9% be the right number?

Management: For the full year, copper prices increased by 16.85% and aluminum by 9.91%. Overall volume growth for copper was 15%, but aluminum consumption was flat. The net volume growth for metals was 6.21%.

Regarding pricing, we work on a pass-on mechanism. Any price change is basically a pass-on. When we quote for institutional orders, we quote based on the prevailing market price on that date.

Patanjali Srinivasan – Sundaram Mutual Fund: You mentioned 15–17% volume growth for FY27. Is this from new capacity or the entire company? And do you stick to 20% growth for FY27?

Management: Our Rajasthan plants are already working at peak capacity. Only the Chinchpada plant and the new Sanand plant will add to the volume. If prices remain at this level and we achieve 17–18% volume growth, the value will grow more. If prices go down, we will still maintain 20% because of the 17–18% volume addition. If metal prices remain bullish, revenue growth will be much higher.

Patanjali Srinivasan – Sundaram Mutual Fund: My concern is that volume growth seems a bit lower given the strong base of the last few years and the new capacity. Will we see any challenges in volume growth?

Management: Volume growth is based on capacity addition. As we add capacity in a phased manner, volume growth will remain in this range, which will result in value growth of more than 20%.

Operator: Thank you. Next question is from the line of Praveen Sahay from PL Capital. Please go ahead.

Praveen Sahay – PL Capital: From Q3 to Q4, the acceptance number has been on the higher side and trade payables have increased significantly year-over-year. How should we read these numbers going forward?

Management: This is a factor of pricing and metal prices already increasing. The volume of the company is also increasing with production, so these numbers will remain in this range. It is also due to the Sanand plant's inventory increasing.

Praveen Sahay – PL Capital: Regarding housing wire and winding wire, the contribution has increased continuously over three years to 33% in FY26. With wire production increasing, where do you see this contribution going?

Management: The dealer distribution contribution is 54%. As cable capacity increases in Sanand, we expect the dealer distributor contribution to remain around 53–55%. While housing wire sales to dealers are increasing, cable sales are also increasing because of the Sanand plant, so the ratio will

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stabilize at this level.

Praveen Sahay – PL Capital: Could you provide the breakup of the order book?

Management: As of March 31, 2026, the EPC division order book is 309 crores. The EHV power cable order book is 625 crores, and we are LI for another 233 crores in EHV orders. The domestic institutional cable order book is approximately 2,154 crores and the export order book is 497 crores. The total order book is approximately 3,585 crores. Orders from dealer distributors are not reflected here because we supply those within 3 to 7 days.

Praveen Sahay – PL Capital: And clarified volume growth for the quarter is 2% and the full year is 6.2%?

Management: That is correct.

Operator: Thank you. Next question is from the line of Shreyas Kejriwal from Moneyvesta Capital. Please go ahead.

Shreyas Kejriwal – Moneyvesta Capital: EPC contributes around 2.6% of FY26 revenue. Does the company plan to scale this up or keep it as a supporting business?

Management: We guided three or four years ago that the EPC business would decrease toward a 2–3% share because the working capital cycle is very long. We are focusing on increasing retail where working capital is lower. It is mostly a supporting business to facilitate our EHV cable projects, where the cable value is more than 80%.

Shreyas Kejriwal – Moneyvesta Capital: Regarding the QIP proceeds, roughly 400–500 crores remain unutilized. What is the deployment plan?

Management: The second phase of EHV power cable at Sanand will be completed by Q4 of the current financial year. The remaining 385 crores of unutilized QIP money will be used within this current financial year.

Operator: Thank you. Next question is from the line of Ashish Agarwal from IndusInd Nippon Life. Please go ahead.

Ashish Agarwal – IndusInd Nippon Life: What are the capex plans for FY27? Also, EHV revenues grew nearly 66%. Since the new EHV capacity comes at the end of the year, how should we look at EHV growth?

Management: In the EHV segment, we expect growth of around 20%. A small portion will come from existing facilities, which are at nearly full capacity, and the rest from Sanand. Regarding capex, we will be investing around 600–700 crores annually for the next 2 to 3 years.

Operator: Thank you. Next question is from the line of Christopher Hartkopf from Pictet. Please go ahead.

Christopher Hartkopf – Pictet: Was the quarterly volume growth capacity constrained? And what was Sanand's contribution to volume growth in Q4?

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Management: In Q4, sales from Sanand were less than 100 crores because the ramp-up takes time. From the first quarter of the current financial year, sales from Sanand will be visible to a much greater extent. The low volume growth in Q4 was mainly due to capacity constraints.

Operator: Thank you. Next question is from the line of Rahul Agarwal from Itiguy Asset. Please go ahead.

Rahul Agarwal – Itiguy Asset: On a sustainable basis over the next two or three years, should the working capital cycle remain between 85 to 90 days?

Management: The net working capital cycle is reducing year after year because receivables in the B2C business are decreasing. This is primarily due to channel financing. Receivables have reduced from 2.2 months to 1.88 months and may reduce further to 1.75 months. Total inventory plus debtors minus creditors is now 2.97 months, compared to 3.69 months last year.

Rahul Agarwal – Itiguy Asset: Regarding capex and internal accruals, with 1,300 crores of net cash, how will you reinvest this since capex is funded by accruals?

Management: We will do all future capex from internal accruals. We will allocate roughly 60–70% of accruals to capex to maintain a CAGR of 20% and use the remaining 30% for incremental working capital needs. We need to carry 500 to 600 crores of cash in the balance sheet at any given point of time to manage fluctuations in raw material prices since we are a debt-free company.

Rahul Agarwal – Itiguy Asset: To follow up on the 2% volume growth in Q4, how was the performance versus your expectations?

Management: Our Rajasthan plants were running at peak capacity. The 6-month delay in the Sanand plant meant that those volumes could not be added to FY26 sales. Only the capacity from the Chinchpada plant in the second half of the previous year contributed to volume growth. Now that Sanand is operational and Chinchpada has wire capacity, we will return to 17–18% volume growth.

Operator: Thank you. Next question is from the line of Umang Mehta from Kotak Securities. Please proceed.

Umang Mehta – Kotak Securities: We previously discussed a target of 2,700 crores from the Sanand plant in FY27. Are you sticking to that?

Management: Growth will come from both the Sanand plant and Chinchpada for wire, mainly in copper.

Umang Mehta – Kotak Securities: So 17–18% volume growth plus currently sustained prices suggests 25% plus top-line growth?

Management: Yes, if prices remain at these levels, the value growth will automatically follow.

Operator: Thank you. Next question is from the line of Akshay Gatani from UBS. Please proceed.

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Akshay Gatani – UBS: Export revenue share guidance is 25% for FY27. This implies export revenue growing more than 50%. Are there specific geographies contributing to this?

Management: The geographies and product mix will remain largely the same. The increased volume will come from the same regions and similar types of projects. It is a broad-based rise in the acceptability of Indian products in export markets.

Akshay Gatani – UBS: Will the acceleration of volume growth to 16–18% in FY27 impact operating leverage?

Management: We have guided that when Sanand reaches full capacity in FY28, the EBITDA margin should improve by another 0.5% due to economies of scale. In the current year, the operating margin has already improved from 10.18% to 10.46% and will increase by another 20–25 basis points annually.

Operator: Thank you. Next question is from the line of Anuj Sharma from Philips Capital. Please go ahead.

Anuj Sharma – Philips Capital: Could you reiterate the breakup of the order book?

Management: EPC is 309 crores. EHV power cable is 625 crores. Domestic cable is 2,154 crores. Export cable is 497 crores. Total is 3,585 crores as of March 31, 2026. LI in EHV is an additional 233 crores.

Operator: Thank you. Next question is from the line of Harsh Shah from Metay Equities PMS. Please go ahead.

Harsh Shah – Metay Equities PMS: Regarding the export business in the US, what kind of orders or products are you expecting, particularly in data centers?

Management: For data centers, we expect to supply HT cables and copper flexibles. Currently, our focus is on medium voltage HT cables. We are competing with the US domestic industry and will provide more details in the next quarter as market development has restarted.

Harsh Shah – Metay Equities PMS: What is the current order book and margin for the US market?

Management: The US order book was approximately 50–60 crores as of March 31, 2026. We previously reached 40 crores per month in sales and hope to return to that level soon. The average EBITDA margin for exports is approximately 11%.

Operator: Thank you. Next question is from the line of Ankit Soni from Sharekhan. Please go ahead.

Ankit Soni – Sharekhan: Has the second phase of the Sanand facility been delayed to Q4?

Management: The entire Sanand plant was delayed by 6 months, so Phase 2 was also delayed. EHV power cable production will start there by March 2027.

Ankit Soni – Sharekhan: And Phase 2 will support another 17–18% volume growth for FY28?

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Management: Yes, that is correct.

Operator: Thank you. Next question is from the line of Nikhil Purohit from Fident Asset Management. Please proceed.

Nikhil Purohit – Fident Asset Management: Can you tell me the cable versus wire share in both the institutional and distribution segments?

Management: Institutional business is predominantly cables. In the dealer distribution business, approximately 55% is wire and 45–50% is cables.

Operator: Thank you. Next question is from the line of Devrishi Jani, an individual investor. Please go ahead.

Devrishi Jani – Individual Investor: EHV domestic sales increased from 115 crores to 188 crores this quarter. Is this where you anticipate future institutional growth?

Management: Institutional sales encompass both domestic and export markets. If exports increase, domestic institutional sales might decrease due to capacity constraints. However, both markets are very strong. EHV sales increased in FY26 compared to a lower base in FY25.

Operator: Thank you. Next question is from the line of Archit Shah from 360 Capital. Please proceed.

Archit Shah – 360 Capital: Could you give the split in volume growth for retail cables versus wires?

Management: That data is not available separately because we produce both wire and cable in the same factories. Demand is strong in both Indian and overseas markets. Our Rajasthan plants were running at peak capacity, and since the Sanand plant was delayed, we grew primarily through value rather than volume in FY26.

Operator: Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference over to the management for closing comments.

Management: Thank you very much for joining this conference call. I hope we have been able to answer most of your questions. If you have any remaining queries, please refer them back to us. Thank you.

Operator: Thank you, sir. On behalf of Nuvama Institutional Equities, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

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