Investorstack Research Report

KEI Industries Limited

What KEI Industries Limited does

KEI Industries Limited manufactures wires and cables, a business it has been in since 1968. The company is one of the top three players in India's organized wire and cable sector, operating 8 manufacturing plants -- 6 dedicated to wires and cables and 2 backward integration plants that produce PVC compound. It employs over 2,050 permanent staff and sells through a network of 2,082 active dealers. KEI exports to more than 60 countries and maintains 4 international offices.

The product range covers low tension (LT), high tension (HT), and extra high voltage (EHV) cables, plus house wires, winding wires, stainless steel wires, and specialty products like solar cables and EV charging cables. KEI also executes turnkey EPC projects for power transmission and distribution. Revenue is split across three segments -- retail contributes 52%, institutional 35%, and exports 13%.

Business segments

Retail (52% of revenue)

The retail segment sells house wires, LT cables, and HT cables through a dealer and distributor network to end consumers. End markets are residential and commercial real estate and general construction. Management has focused on building this segment because it offers better working capital cycles and brand stickiness. Sales through the distribution network grew 25% in FY26, and the company had 2,125 active dealers as of March 2026.

> *"Dealer sales contribution is 54% in overall sales."*
>
> ANIL GUPTA, Q4 FY26 CONCALL (MAY 2026)

The dealer network is tiered. About 100 top dealers contribute 70% to 80% of retail sales, while the rest operate in smaller towns. The annual dealer churn is 10% to 12%.

Institutional (35% of revenue)

The institutional segment supplies LT, HT, and EHV cables, stainless steel wires, and turnkey EPC project execution to government and private enterprises. End markets include power transmission and distribution, oil and gas, railways, metro systems, data centers, renewables, cement, steel, and fertilizers. This segment requires technical pre-qualifications and a track record -- barriers that take years for new entrants to overcome.

Domestic institutional cable sales in FY26 were INR 2,688 crore, with EHV cables growing 82% year-on-year to INR 559 crore. The total institutional order book stood at INR 3,585 crore as of March 2026, including INR 625 crore in EHV cables and INR 2,154 crore in domestic cable orders.

Exports (13% of revenue)

KEI exports LT, HT, and EHV cables, plus control and instrumentation cables, to markets in the Middle East, Australia, Africa, the United States, and Europe. Exports in FY26 reached INR 1,833 crore, growing 45% year-on-year. The company aims to increase export contribution to 20% of total sales in FY27.

Exports to the United States stalled during FY26 due to tariff uncertainty but restarted in April 2026. Management expects a substantial recovery in US sales as the marketing team recaptures existing customers and adds new ones.

Products and business detail

KEI manufactures a comprehensive range of cables and wires across voltage classes and applications.

Low Tension (LT) Cables -- Power cables for applications up to 1.1 kV. Used in infrastructure, real estate, and industries. This is the highest volume product line and is sold through both retail and institutional channels.

High Tension (HT) Cables -- Medium voltage cables up to 33 kV. Used by power distribution companies, railways, and industries. HT cables are a key product in the institutional segment.

Extra High Voltage (EHV) Cables -- Cables for voltages above 33 kV up to 400 kV. Used in power transmission, renewable energy evacuation, and utility networks. KEI is one of the few Indian companies capable of manufacturing 400 kV EHV cables. The company has supplied 330 kV cables to Australia and 220 kV cables to UAE and Spain. It is the only Indian company qualified in National Grid UK's framework agreement for cables up to 400 kV.

House Wires -- Wires for residential and commercial electrical wiring. Sold entirely through the dealer network. This product has been a key growth driver, with the retail segment growing over 25% annually in recent years.

Winding Wires -- Enameled copper or aluminum wires used in motors, transformers, and generators. A smaller product line tied to agriculture and motor manufacturing.

Stainless Steel Wires -- High-strength wires for automotive, manufacturing, and infrastructure applications. Contributed INR 212 crore in FY26.

Solar Cables -- Cables designed for photovoltaic systems. KEI has set up electron beam (E-beam) capacity at the Sanand plant to manufacture solar wires. The contribution is small but growing quarter after quarter.

EV Charging Cables -- Cables and charging guns for electric vehicle charging infrastructure. Developed and launched recently.

Control and Instrumentation Cables -- Used in oil and gas refineries, chemical plants, and fertilizer plants for process control and data transmission. A significant export product.

Fire Survival/Resistant Cables -- Designed to maintain circuit integrity during fires. Used in high-rise buildings, metros, tunnels, and airports.

KEI operates 6 wire and cable plants plus 2 backward integration plants that produce PVC compound and LT XLPE compound in-house. Medium voltage XLPE compound is currently imported, but the company is working on manufacturing it in-house, a project that will take a minimum of 2 years. EHV compound will continue to be imported.

The company's manufacturing facilities hold certifications including ISO 9001, ISO 14001, ISO 45001, NABL accreditation for testing labs, UL (USA), BASEC (UK), and various country-specific approvals. These certifications are critical for winning institutional and export contracts.

The EPC segment is a supporting business, contributing about 2.6% of revenue in FY26. Management's strategy is to keep EPC at 2% to 3% of total sales because the working capital cycle is long. EPC is mostly used to support EHV cable projects where the cable value exceeds 80% of the contract.

Customers

KEI's customer base is diverse and fragmented. The top 10 customers accounted for only 12% of sales in FY24-25 (annual report). There are over 2,000 institutional customers and 2,082 active dealers.

Institutional customers include government power utilities like PGCIL and state electricity boards, EPC contractors for power and infrastructure projects, oil and gas companies, renewable energy developers, data center operators, and railway and metro corporations. These customers award contracts through competitive tenders. The decision-maker is typically a procurement or project team that evaluates technical compliance, pre-qualifications, delivery track record, and price.

Switching costs are high in institutional business because KEI has spent years obtaining product approvals and pre-qualifications. A new entrant needs 5 to 7 years to build the brand image and product performance required for large projects. Institutional orders are executed in 3 to 4 months on average, with EPC contracts extending to 18 months.

Retail customers are end consumers buying through dealers and distributors. The buying decision is influenced by brand recognition, electrician recommendations, and price. KEI invests in branding through IPL sponsorship (Royal Challengers Bengaluru), television advertising with brand ambassador Virat Kohli, and influencer campaigns. Channel financing covers about 70% of dealer sales, helping dealers manage working capital and improving KEI's receivable cycle.

Export customers are primarily EPC contractors and utilities in over 60 countries. About 90% of export business comes directly from project customers, with only 10% to 15% through distributors (mainly in the US). Contracts are project-based and short-term, typically 4 to 5 months.

Competitive landscape

The Indian wires and cables industry is large and fragmented, with organized players holding a growing share. KEI competes across multiple product segments against different sets of players.

EHV cables -- The competitive set is narrow. Universal Cables, Sterlite Technologies, and LS Cable are the main players. KEI estimates it holds about 25% of the EHV capacity in the country. No new major EHV capacity is coming up from competitors in the near term. Management sees no threat from Chinese imports in this segment because of cost and quality disadvantages.

LT and HT cables -- Competition is broader. Polycab is the largest overall player in wires and cables. Havells is strong in the retail segment. These companies have established brands and distribution networks. KEI competes on product quality, approvals, and pricing. The company's pre-qualifications for institutional projects give it an edge in the B2B segment.

House wires -- This segment has seen intense competition from new entrants. Torrent Cables, Surya Roshni, Luker, and Bajaj Electricals (through an outsourcing model) have entered the wires market. Management views this competition seriously but believes the outsourcing model will not work in wires because margins are thin after paying a contract manufacturer.

> *"Our major strength is product performance and brand image. Any newcomer takes around 5 to 7 years to build up that brand image and product performance."*
>
> ANIL GUPTA, Q3 FY26 CONCALL (FEB 2026)

KEI's distribution network of 2,082 dealers and over 20,000 retailers provides a barrier. The company took more than a decade to reach INR 3,500 crore to INR 4,000 crore in wire sales. New entrants face similar timeframes. The overall market is growing at 13% to 14%, which accommodates new players while still allowing incumbents to grow.

KEI wins because of its full product basket (cables, wires, flexible, solar, communication cables), approvals from leading consultants and architects, large manufacturing scale that keeps fixed overheads low, and strong purchasing power for raw materials. It loses when capacity constraints limit volume growth -- a situation that occurred in FY26 when the Sanand plant was delayed by 6 months.

Industry

The wires and cables industry accounts for approximately 39% of India's electrical equipment sector (annual report). The market is projected to grow at a CAGR of 11% to 13% through FY2028-29, reaching an estimated INR 1,20,000 crore. Exports have doubled over five years to INR 16,765 crore in FY23-24.

Demand drivers are structural. India's target of 500 GW of non-fossil fuel capacity by 2030 requires massive cable deployment for renewable energy evacuation. Data centers are growing at roughly 30% CAGR. The government's housing schemes (PMAY, SWAMIH), metro rail expansion, railway electrification, smart metering, and EV charging infrastructure all create cable demand. The power transmission and distribution sector is expected to see investment of INR 24.5-25.5 trillion between FY2025 and FY2029.

Cyclicality exists -- the industry is linked to economic cycles and government infrastructure spending. But management considers the long-term demand structural, not cyclical. In the Q4 FY26 concall, management stated "the demand outlook continues to remain strong."

Regulation requires BIS certification for domestic sales. Export markets require country-specific approvals like UL (USA), BASEC (UK), and various construction protocol approvals in Europe. These certifications take months to years to obtain and are a barrier to entry.

India's position in the global supply chain has strengthened. The China Plus One strategy and Production-Linked Incentive schemes have made India a preferred manufacturing destination for cables. Indian manufacturers have cost advantages over Chinese competitors in many segments due to raw material proximity, power costs, and labor. India is a net exporter of cables.

Import substitution is happening gradually. Medium voltage XLPE compound is still largely imported, but KEI plans to manufacture it in-house within 2 years. EHV compound will remain imported because no domestic manufacturer produces it.

Competitive dynamics are evolving. New entrants in the wires segment are well-capitalized groups, but management believes they face significant hurdles in building brand equity, distribution, and scale. The industry has room for growth -- "the market is also growing," as management noted in the Q3 FY26 concall.

Growth triggers

- **Sanand Phase 1 commercial production**: The greenfield plant at Sanand (LT/HT cables) commissioned in December 2025, six months behind schedule but now operational. Phase 2 (EHV cables) expected by March 2027. The plant adds ~₹6,000 crore of peak capacity and is located near a Gujarat port, reducing logistics costs for exports. (Q4 FY26 concall, May 2026)

- **Volume growth of 17-18% in FY27**: Management guided that volume growth will come from Chinchpada (wires) and Sanand (cables). Existing Rajasthan plants are already at peak capacity, so Sanand is the sole source of incremental cable volume. (Q4 FY26 concall, May 2026)
- **Exports target of 20% of sales in FY27**: Exports were 15.6% of FY26 sales. The company restarted US exports in April 2026 after tariff uncertainty and expects to scale from ₹160 crore in FY25 to a material share. Management sees strong demand across Middle East, Australia, Africa, and Europe. (Q4 FY26 concall, May 2026)
- **EBITDA margin expansion of 1-1.5% from Sanand**: Once Sanand reaches full capacity, economies of scale should improve margins. The CFO stated this would come from operating leverage and a higher share of retail (52% of sales) and exports, both of which carry slightly better margins. (Q2 FY26 concall, Nov 2025)
- **Backward integration into medium-voltage XLPE compound**: KEI currently imports medium-voltage XLPE compound. In-house production would take minimum two years but would reduce import dependency and improve cost control. Galvanized steel wire (5,000 tons/month consumption) is also being considered. (Q4 FY26 concall, May 2026)
- **Demand tailwinds from infrastructure and energy transition**: The company cited power T&D, data centers (~30% CAGR), renewable energy (500 GW target by 2030), metro/railways, and real estate as structural drivers. The Union Budget allocation of ₹11.21 lakh crore for infrastructure in FY26 reinforces this. (Annual report FY25; Q4 FY26 concall, May 2026)
- **Channel financing deepening dealer stickiness**: With ~62% of dealer sales covered by channel financing, KEI has created a switching cost for dealers. Working capital days reduced from 3.39 months to 2.97 months in FY26, improving cash conversion. (Q4 FY26 concall, May 2026)

Key risks

- **Raw material price volatility**: Copper and aluminum constitute the largest input cost (copper up 16.85% in FY26, aluminum up 9.91%). KEI has pass-through mechanisms in institutional contracts and revises retail prices every 15 days. The risk is not margin compression but demand destruction if sustained high prices slow project execution. Inventory management buffers short-term fluctuations.
- **Capacity constraints limiting volume growth**: Sanand was delayed six months (Phase 1 commissioned December 2025 vs. September 2025 target). For FY26, this meant volume growth was just 6.21% for copper cables (aluminum was flat). Any further delays in Phase 2 (EHV) would push the 17-18% volume growth guidance for FY27 into FY28.
- **US tariff uncertainty**: Exports to the US were halted during FY26 due to tariff issues, costing ~₹50-60 crore of potential monthly sales. While the US is only ~₹160 crore of FY25 revenue, the export growth target of 20% of sales depends on US recovery. The restart in April 2026 is encouraging but tariffs remain unpredictable.
- **Supply chain disruptions in the Middle East**: Shipping lines refused cargo to Middle Eastern ports in March 2026, delaying ~₹50-60 crore of exports. Freight costs have risen and are being partially passed to customers (50% sharing). KEI relies on imports for XLPE compound from Abu Dhabi. These disruptions are operational, not structural, but they compress margins.
- **Competition from new entrants in wires**: Torrent, Surya Roshni, Luker, and Bajaj Electricals have entered the wire segment. Bajaj is using an outsourcing model, which management believes will not work due to thin margins.

However, new entrants with existing distribution (Bajaj, Havells) could pressure pricing in the retail segment, which is 52% of sales.

- **Execution risk for EHV capacity**: The EHV vertical tower at Sanand (158 meters) faced construction complexities because contractors lacked experience. Phase 2 is delayed by nine months from initial plans. Any further delays would mean KEI misses the window for EHV export orders that require long-length drums.
- **Foreign exchange fluctuations**: Exports (13% of sales) create a natural hedge against imports. KEI carries 3-4 months of inventory and equivalent pending orders, providing a buffer. But a sharp rupee appreciation would squeeze export margins. Management does not hedge but relies on this natural offset.

Walk the talk

KEI's management has a strong track record of delivering on guidance, but the Sanand plant delays show where reality diverged from initial timelines.

In the Q1 FY26 concall (Aug 2025), management stated:

> *"Commercial production of first phase of LT and HT cable in Sanand will commence in quarter 2 of – by September '25."*

By the Q3 FY26 concall (Feb 2026), it was clear the timeline had slipped. Management said the first phase was delayed by around four months due to rains in Gujarat and contractor labor shortages. By the Q4 FY26 call (May 2026), they acknowledged the full extent:

> *"Our Sanand plant was commissioning of first phase was delayed by around 6 months."*

Phase 1 was commissioned in December 2025. Phase 2 (EHV) was initially expected by mid-FY27; now it is March 2027. The delay was disclosed incrementally, not in a single announcement. That pattern is worth noting for any future greenfield project.

On the revenue growth front, management's track record is stronger. In Q2 FY26 (Nov 2025), they said:

> *"We will definitely cross 20% growth over and above last year."*

FY26 net sales grew 20.66% — they delivered. In Q1 FY26 (Aug 2025), they guided for EBITDA margins of around 11%:

> *"We are aiming to close this year with 11% EBITDA margin."*

FY26 EBITDA margin came in at 11.81%, above the initial guidance. The Q3 FY26 call (Feb 2026) had refined this to "around 11% overall for the full year" and that too was beaten.

On exports, the Q3 FY26 call (Feb 2026) noted:

> *"Export, Anilji has earlier said we will be around 15-18% of our top sales coming through exports in next 2 years."*

Exports were 15.6% of sales in FY26 — within the range. The restart of US exports in April 2026 supports the next milestone of 20%. Management's credibility on guidance is high. The risk is not missing revenue or margin targets — it is underestimating execution complexity on capex projects.

Scenarios

Bull case

The Sanand plant ramps faster than guided, hitting 50% utilization within 12 months. Exports to the US recover fully, pushing the export share to 20% of sales by FY27. The domestic demand super-cycle — data centers, renewables, T&D, real estate all firing simultaneously — keeps KEI's existing plants at peak utilization. Channel financing deepens, reducing working capital days to 2.5 months. Backward integration into medium-voltage XLPE compound succeeds, adding another 50-75 bps to margins. KEI becomes the preferred supplier for National Grid UK, Australia, and US utilities, compounding the export moat. The 17-18% volume guidance becomes a floor, not a ceiling.

Base case

Sanand Phase 1 ramps gradually, contributing ~₹2,700 crore in FY27. Phase 2 EHV comes online in March 2027 as guided. Volume growth holds at 17-18% for FY27. Exports reach 18% of sales as US business resumes but does not double. Margins stay in the 10.5-11% range as the company absorbs depreciation from Sanand. New wire entrants (Torrent, Surya, Bajaj) add noise but do not materially erode KEI's market share in retail, which remains at 50-52% of sales. The company invests ~₹600-700 crore annually in capex, maintaining a debt-free balance sheet. Revenue grows at 18-20% in value terms, driven by volume and stable copper prices.

Bear case

Sanand Phase 2 faces another 6-9 month delay due to the 158-meter tower construction. Volume growth stalls at 10-12% as existing plants have no headroom. US tariffs escalate further or become unpredictable, stalling export growth below 15% of sales. New entrants in wires engage in aggressive pricing, compressing retail margins. The East and South India dealer expansion fails to gain traction because competitors pre-empt KEI in those geographies. Copper prices remain elevated, causing project delays in institutional segment. EBITDA margin dips below 10% as fixed costs from Sanand come on the books before revenue ramps, and working capital expands to fund the new plant. Management's growth trajectory slips to 12-14%, below the 20% CAGR they have maintained for 15 years.