

We visited the newly incorporated manufacturing facility of KSH International in Supa, Maharashtra. Key takeaways are: 1) Supa doubles installed capacity to ~60,000mt, with room for an additional ~12,000mt expansion within the existing land parcel; 2) KSH remains uniquely positioned to benefit from India's transformer manufacturing upcycle, driven by its leadership in CTC and sole domestic qualification in 400kV HVDC applications; 3) the management expects domestic CTC demand to grow from ~40,000mt currently to ~120,000mt by FY29, supported by transformer capacity additions and renewable energy evacuation projects; 4) the management reiterated FY27 EBITDA/tonne guidance of Rs67,000-74,000; 5) long qualification cycles and technical complexity continue to create meaningful entry barriers; 6) emerging opportunities in EV motor wires, compressor localization, and PEEK products provide additional growth avenues beyond the CTC business.

Higher share of high-voltage transformers to support EBITDA/tonne expansion

The management highlighted that specialized products generate EBITDA/tonne roughly 3x that of standard round wires, with HVDC and 765kV products at the top of this specialized tier. Blended EBITDA/tonne is guided at Rs67,000-74,000 for FY27, aided by a rising HVDC/765kV contribution within the mix. 765kV AC alone has scaled from single digits to ~30% of CTC revenue over the past three years, while EBITDA/tonne increased from Rs33,244 in FY24 to Rs67,625 in FY26, reflecting the shift. The management expects this contribution to increase further as the HVDC project pipeline matures over the next decade.

Lengthy qualification cycles create a durable competitive moat

Product approvals follow a strict sequential path, requiring suppliers to progress through lower voltage classes and then 765kV before qualifying for HVDC, making it structurally difficult for new entrants to leapfrog the approval pathway. KSH is currently the only Indian manufacturer qualified to supply at the 400kV HVDC level, and 800kV qualification remains underway, with no Indian competitor yet approved at that level. Moreover, the management highlighted that the machinery is highly specialized and non-fungible, sourced globally and customized to meet specific customer requirements.

Beyond CTC: compressor, EV, and PEEK

The management indicated that standard round wires are riding two key demand vectors: AC compressors and EV motors. Compressors are witnessing strong demand on the back of ongoing localization efforts. Meanwhile, EVs and premium vehicles are incorporating a higher number of motors across electronic systems, increasing wire intensity per vehicle. KSH is already supplying to top OEMs in India, with particularly strong traction in the two-wheeler space. Separately, at a nascent stage, KSH holds an exclusive PEEK license, with no domestic competitor, targeting premium EV traction motors above 800V.

KSH International: Financial Snapshot

Y/E (Rs mn)	FY22	FY23	FY24	FY25	FY26
Revenue	0	10,495	13,828	19,283	31,070
EBITDA	0	499	715	1,225	1,921
Adj. PAT	0	266	373	680	1,118
Adj. EPS (Rs)	0	3.9	5.5	10.0	16.5
EBITDA margin (%)	0	4.8	5.2	6.4	6.2
EBITDA growth (%)	0	0	43.2	71.5	56.8
Adj. EPS growth (%)	0	0	40.3	82.0	64.4
RoE (%)	0	27.5	17.6	25.7	20.2
RoIC (%)	0	21.0	12.6	17.6	17.9
P/E (x)	0	220.2	156.9	86.2	53.2
EV/EBITDA (x)	0	119.7	84.7	49.4	31.5
P/B (x)	0	30.3	25.4	19.6	7.3
FCFF yield (%)	0	0.7	(0.9)	(2.1)	(3.8)

Source: Company, Emkay Research

Target Price – 12M

Change in TP (%) **NA**

Current Reco. Not Rated

Previous Reco. NA

Upside/(Downside) (%) NA

Stock Data	KSHINTL IN
52-week High (Rs)	909
52-week Low (Rs)	330
Shares outstanding (mn)	67.8
Market-cap (Rs bn)	59
Market-cap (USD mn)	619
Net-debt, (Rs mn)	918,000
ADTV-3M (mn shares)	0.0
ADTV-3M (Rs mn)	406.7
ADTV-3M (USD mn)	4.3
Free float (%)	0.0
Nifty-50	23,824.1
INR/USD	94.7

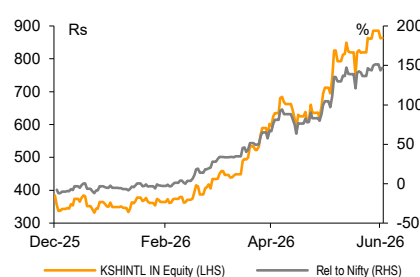
Shareholding, Mar-26

Promoters (%)	74.6
FPIs/MFs (%)	5.1/13.9

Price Performance

(%)	1M	3M	12M
Absolute	21.4	98.9	0.0
Rel. to Nifty	20.9	87.9	0.0

1-Year share price trend (Rs)



Ashwani Sharma

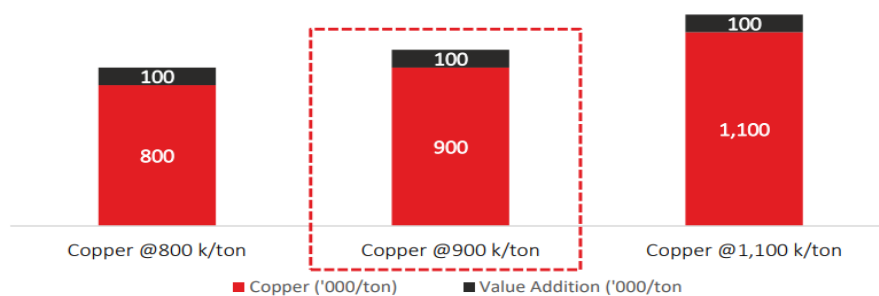
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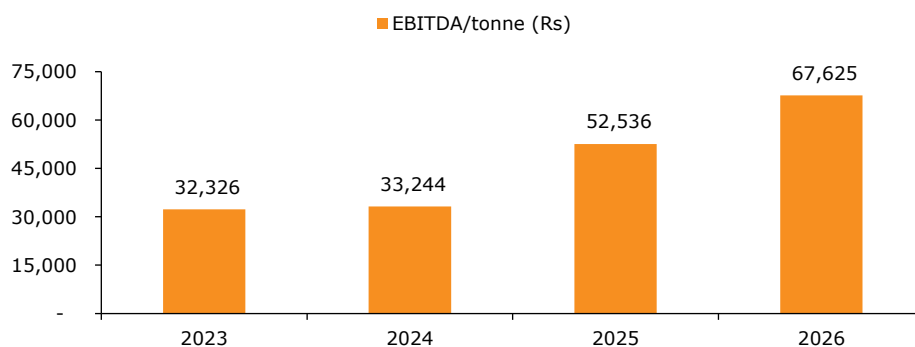
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Exhibit 1: Copper cost is a complete pass-through; emphasis is on EBITDA/tonne

('000/ton)	800 k/ton	900 k/ton	1,100 k/ton
Revenue (Copper)	800	900	1,100
Value Addition/ton*	100	100	100
Operating cost/ton*	40	40	40
EBITDA/ton	60	60	60
EBITDA%	7.5%	6.7%	5.5%

Source: Company, Emkay Research

Exhibit 2: EBITDA/tonne on an increasing trend over the years

Source: Company, Emkay Research

KSH International: Financials and Valuations

Profit & Loss					
Y/E (Rs mn)	FY22	FY23	FY24	FY25	FY26
Revenue	0	10,495	13,828	19,283	31,070
Revenue growth (%)	0	0	31.8	39.4	61.1
EBITDA	0	499	715	1,225	1,921
EBITDA growth (%)	0	0	43.2	71.5	56.8
Depreciation & Amortization	-	82	110	140	219
EBIT	0	417	605	1,085	1,702
EBIT growth (%)	0	0	45.1	79.4	56.8
Other operating income	0	0	0	0	0
Other income	0	71	77	99	214
Financial expense	0	134	176	280	440
PBT	0	355	506	904	1,476
Extraordinary items	0	0	0	0	(16)
Taxes	0	0	0	0	0
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	0	266	373	680	1,101
PAT growth (%)	0	0	40.3	82.0	62.0
Adjusted PAT	0	266	373	680	1,118
Diluted EPS (Rs)	0	3.9	5.5	10.0	16.5
Diluted EPS growth (%)	0	0	40.3	82.0	64.4
DPS (Rs)	0	0	0	0	0
Dividend payout (%)	0	0	0	0	0
EBITDA margin (%)	0	4.8	5.2	6.4	6.2
EBIT margin (%)	0	4.0	4.4	5.6	5.5
Effective tax rate (%)	0	25.0	26.2	24.8	24.3
NOPLAT (pre-IndAS)	0	313	446	816	1,289
Shares outstanding (mn)	68	68	68	68	68

Source: Company, Emkay Research

Balance Sheet					
Y/E (Rs mn)	FY22	FY23	FY24	FY25	FY26
Share capital	0	57	57	284	339
Reserves & Surplus	0	1,880	2,253	2,701	7,742
Net worth	0	1,937	2,309	2,985	8,081
Minority interests	-	-	-	-	-
Non current liabilities & prov.	0	156	129	103	115
Total debt	0	1,204	2,068	3,600	3,162
Total liabilities & equity	0	3,296	4,507	6,689	11,359
Net tangible fixed assets	0	0	0	0	0
Net intangible assets	-	-	-	-	-
Net ROU assets	0	0	0	0	0
Capital WIP	0	94	74	1,078	521
Goodwill	0	0	0	0	0
Investments [JV/Associates]	0	0	0	0	0
Cash & equivalents	0	68	178	110	845
Current assets (ex-cash)	0	2,296	3,097	4,639	8,048
Current Liab. & Prov.	0	296	320	760	1,867
NWC (ex-cash)	0	2,000	2,777	3,879	6,181
Total assets	0	3,296	4,507	6,689	11,359
Net debt	0	1,135	1,890	3,490	2,317
Capital employed	0	3,140	4,378	6,586	11,243
Invested capital	0	2,984	4,104	5,148	9,255
BVPS (Rs)	0	28.6	34.1	44.1	119.3
Net Debt/Equity (x)	0	0.6	0.8	1.2	0.3
Net Debt/EBITDA (x)	0	2.3	2.6	2.8	1.2
Interest coverage (x)	0	3.7	3.9	4.2	4.4
RoCE (%)	0	31.1	18.1	21.6	21.5

Source: Company, Emkay Research

Cash flows					
Y/E (Rs mn)	FY22	FY23	FY24	FY25	FY26
PBT (ex-other income)	0	355	506	904	1,459
Others (non-cash items)	0	8	(1)	(21)	(66)
Taxes paid	0	(86)	(122)	(207)	(316)
Change in NWC	0	132	(834)	(1,191)	(2,387)
Operating cash flow	0	621	(172)	(98)	(650)
Capital expenditure	0	(221)	(397)	(1,202)	(1,628)
Acquisition of business	0	0	0	0	0
Interest & dividend income	0	0	0	0	0
Investing cash flow	0	(200)	(388)	(1,184)	(1,791)
Equity raised/(repaid)	0	0	0	0	3,975
Debt raised/(repaid)	0	(259)	865	1,532	(438)
Payment of lease liabilities	0	(27)	(29)	(33)	(40)
Interest paid	0	(120)	(161)	(271)	(439)
Dividend paid (incl tax)	0	0	0	0	0
Others	0	-	-	-	-
Financing cash flow	0	(406)	675	1,229	3,058
Net chg in Cash	0	15	114	(52)	618
OCF	0	621	(172)	(98)	(650)
Adj. OCF (w/o NWC chg.)	0	489	662	1,093	1,738
FCFF	0	400	(569)	(1,299)	(2,278)
FCFE	0	266	(745)	(1,579)	(2,718)
OCF/EBITDA (%)	0	124.4	(24.1)	(8.0)	(33.8)
FCFE/PAT (%)	0	99.9	(199.4)	(232.3)	(246.8)
FCFF/NOPLAT (%)	0	127.7	(127.4)	(159.2)	(176.7)

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E	FY22	FY23	FY24	FY25	FY26
P/E (x)	0	220.2	156.9	86.2	53.2
P/CE(x)	0	168.4	121.3	71.5	43.8
P/B (x)	0	30.3	25.4	19.6	7.3
EV/Sales (x)	0	5.7	4.4	3.1	1.9
EV/EBITDA (x)	0	119.7	84.7	49.4	31.5
EV/EBIT(x)	0	143.2	100.0	55.7	35.5
EV/IC (x)	0	20.0	14.7	11.8	6.5
FCFF yield (%)	0	0.7	(0.9)	(2.1)	(3.8)
FCFE yield (%)	0	0.5	(1.3)	(2.7)	(4.6)
Dividend yield (%)	0	0	0	0	0
DuPont-RoE split					
Net profit margin (%)	0	2.5	2.7	3.5	3.6
Total asset turnover (x)	0	6.4	3.5	3.4	3.4
Assets/Equity (x)	0	1.7	1.8	2.1	1.6
RoE (%)	0	27.5	17.6	25.7	20.2
DuPont-RoIC					
NOPLAT margin (%)	0	3.0	3.2	4.2	4.1
IC turnover (x)	0	7.0	3.9	4.2	4.3
RoIC (%)	0	21.0	12.6	17.6	17.9
Operating metrics					
Core NWC days	0	69.6	73.3	73.4	72.6
Total NWC days	0	69.6	73.3	73.4	72.6
Fixed asset turnover	0	21.3	12.0	14.9	14.3
Opex-to-revenue (%)	0	6.0	5.8	4.7	4.1

Source: Company, Emkay Research