ADD (Downgrade from BUY)

CMP: **INR 863** Target Price: **INR 950 (INR 900)** ▲ 10%

ICICI Securities

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23 June 2026

India | Equity Research | Company Update

KSH International

Capital Goods

Building scale, structural drivers intact

Our visit to KSH's Supa facility reaffirmed the structural growth story underpinning the specialised magnetic winding wire leader. The plant is a full-range unit spanning flat, round, CTC, EV and PEEK wires, with ample headroom for expansion. Capacity stands at ~43kt and is set to reach 59kt by FY27-end, with a further ~12kt of expansion headroom should demand warrant. The current build plan of 59kt is specialised-skewed (~65% of capacity) and reinforces KSH's moat in a tightening transformer supply chain. Management sees domestic CTC demand climbing from ~40kt in FY25 toward 70–75kt by FY27 and ~120kt by FY29, with top 3 players, incl. KSH, holding ~75% market share. Further, large clients are sensing a potential supply crunch and are exploring longer supply agreements, lending higher visibility. Given multi-year transmission tailwinds, KSH's capacity expansion and utilisation ramp-up, we see a long runway for value-accretive growth.

Supa: Scaling up the capacity engine

The 300k sq. ft. Supa plant anchors KSH's next leg of growth, with ~14kt capacity commissioned and ~16kt on track for FY27-end completion, taking total capacity across all plants to ~59kt. The site offers further headroom of ~12kt, achievable in ~9 months vs. ~1.5 years for greenfield capacity. Current Supa utilisation is ~70% (optimum utilisation at ~85%), leaving a meaningful volume runway as the new capacity ramps up over FY27-28E.

Expects strong growth trajectory for specialised wires

The 65/35 specialised/standard capacity split (on 59kt expanded capacity) anchors KSH in the higher-value end of the market, with standard wires aiding scale economies and supplier negotiation. For specialised products, especially CTC, multi-year voltage-class approval cycles favour early movers and create durable entry barriers. KSH's approval stacks up to 400kV HVDC and its strong track record gives it a competitive edge. It is also working on two new premium additions to its portfolio—1) 800kV HVDC products and 2) PEEK insulated winding wires (for EVs)— a globally patented product for which KSH holds the exclusive licencing in India. This could further expand its TAM and potentially aid margins.

An optionality could augment visibility

KSH is evaluating customer proposals for longer supply contracts spanning 2-3 years vs. the prevailing one-year tenure. With major transformer players on a capacity expansion spree, this optionality could improve demand visibility.

Downgrade to ADD on the recent run-up in the stock price

Downgrade to **ADD** from Buy, with a revised TP of INR 950 (INR 900 earlier).

Financial Summary

Y/E Mar-31 (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	19,280	31,070	36,961	44,212
EBITDA	1,212	1,921	2,451	3,115
EBITDA Margin (%)	6.3	6.2	6.6	7.0
Net Profit	686	1,116	1,588	2,142
EPS (INR)	10.1	16.5	23.4	31.6
EPS % Chg YoY	83.7	62.6	42.4	34.8
P/E (x)	85.2	52.4	36.8	27.3
EV/EBITDA (x)	51.1	31.6	24.2	18.6
RoCE (%)	23.0	20.2	18.2	19.6
RoE (%)	26.3	20.3	17.9	19.9

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Market Data

Market Cap (INR)	58bn
Market Cap (USD)	618mn
Bloomberg Code	KSHINTL IN
Reuters Code	KSHN.BO
52-week Range (INR)	909 /330
Free Float (%)	24.0
ADTV-3M (mn) (USD)	4.3

Price Performance (%)	3m	6m	12m
Absolute	98.6	124.6	0.0
Relative to Sensex	95.2	134.5	0.0

ESG Score	2024	2025	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	(4)	(3)
EBITDA	1	3
EPS	1	4

Previous Reports

27-05-2026: Q4FY26 results review

11-03-2026: Initiating Coverage

Key highlights from the plant visit

Capacity and manufacturing footprint

- KSH has scaled to multi-plant operations, with the Supa facility adding 30kt capacity (Phase-I of ~14kt is already commissioned, with Phase-II of ~16kt currently under execution).
- Current capacity stands at 43.45kt and KSH expects to commission the remaining ~16kt of capacity at the Supa facility by FY27-end, taking total capacity to ~59kt.
- The Supa facility occupies 300k sq.ft., with headroom for further expansion over and above the 30kt planned to date. KSH has an estimated potential to add another ~12 kt on the existing site; while a greenfield build would take roughly 1.5 years, the company estimates the brownfield expansion timeline to be ~9 months.
- Supa is a full-range plant manufacturing flat, round, CTC, EV and PEEK insulated winding wires. The building is IGBC Gold-certified and has a 3.2MW solar rooftop for power supply.
- The business is entirely make-to-order with a short order-to-dispatch cycle of ~15-days maximum (varying across products), and capacity is largely non-fungible across product types, except for some shared processes.

Utilisation and product mix

- Current utilisation for Supa is ~70%, with optimum utilisation at around 85% and the ability to stretch to 95%, if required.
- Product capacity mix split roughly 65/35 for specialised/standard products on 59kt base.
- Standard wires, while lower-margin, deliver economies of scale and provide leverage in negotiating with suppliers, thereby supporting EBITDA/t.

Demand drivers and market outlook

- Domestic CTC demand is expected to climb from ~40kt in FY25 (against a ~450kt global market) to 70–75kt by FY27, with a step-change jump to ~120kt projected in FY29, driven by transformer capacity additions from OEMs.
- KSH, Apar and Precision are leading capacity expansion, representing roughly 75% of the domestic market.
- Enamelled conductors serve EV applications up to 800V, with PEEK insulated wires offering superior performance above that threshold.
- Chinese imports filled a domestic non-availability gap for the last couple of years. KSH competes with Chinese players in Japan and European markets, while Chinese competition is absent in the US. For the Middle East, India remains the preferred choice over China, given its geographical positioning.

New products and differentiation

- PEEK wires are a globally patented product for which KSH holds the exclusive Indian licence, with no other domestic player present in this niche. The company expects production and testing to begin within FY27; some of the machines are already on site.
- The company supplies CTC for HVDC transformers at 400kV, with an 800kV version currently under development.

- Approval timelines vary by application—faster for LV motors and auto, longer for EV applications, and longest for CTCs. These approvals are generally received incrementally for different voltage classes and can take multiple years to reach the 765kV level, providing an advantage to early movers such as KSH.

Backward integration, supply contracts and working capital

- Backward integration—KSH expects its copper scrap recycling to start soon and be available in H2FY27.
- The working-capital cycle is currently elevated at over 60 days vs. competitors at around 30 days. Management is actively addressing this by shifting payables from advance payments to credit terms and tightening receivables and inventory.
- Price hikes—KSH emphasises on long-standing, relationship-led pricing (some ties span 40 years) rather than opportunistic hikes. However, the company highlighted that price escalation is factored in upon contract renewals.
- KSH is evaluating customer proposals for longer tenure contracts of 2–3-years vs. 1 year currently.

Others

- The Middle East conflict caused some logistics disruption, but alternate routes were secured and a Middle East supplier was replaced with an Indian one; higher freight costs were compensated by customers.
- BIS norms and higher import duties on standard-wire end-products (AC compressors) are reshaping the competitive landscape, providing an advantage to domestic manufacturers.
- KSH's top 10 customers (including Hitachi, BHEL, CG Power and Bharat Bijlee) account for ~50% of business. Management reiterated its earlier guidance of FY27 EBITDA/t at INR 67–74k.

Valuation and outlook

India's transmission and distribution (T&D) sector is in its revival phase. The growing need for power is driven by electrification, industrialisation and data centre capacity additions. Coupled with an increasing share of renewables in power capacity additions, the need for upgrading and stabilising the grid has become pronounced. The demand for transmission equipment is accelerating, leading many key equipment players to ramp up their capacities. KSH Industries, with its specialised wires business, is well placed to cater to this growing domestic demand.

KSH also stands to benefit from growing demand in export markets. Countries around the world are faced with the need to strengthen their power grids, yet many lack manufacturing capacities for critical power transmission equipment. Amid global shortages, India has become a viable, cost-efficient and technically advanced alternative.

With its strong presence in domestic as well as export markets, KSH is poised to be a beneficiary of the industry-wide tailwinds. Given the demand momentum, it is expanding its capacity to ~59kt from ~43.5kt. We downgrade to **ADD** (from Buy) with a revised TP of **INR 950** (INR 900 earlier), based on 30x FY28E earnings. We have revised the earnings estimates upwards given better near-term growth visibility, which is driven by a healthy volume trajectory aided by domestic transmission tailwinds, exports and a better-than-expected EBITDA/t.

Key risks: 1) Lower-than-expected volume growth; 2) lower-than-expected margins; and 3) a material increase in working capital days.

Exhibit 1: Valuation

FY28E PAT (INR mn)	FY28E EPS (INR/share)	Multiple (x)	TP (INR/share)
2,142	31.6	30	950

Source: I-Sec research, Company data

Exhibit 2: Earnings revision table

Earnings Change	FY27E			FY28E		
	New	Old	Chg	New	Old	Chg
Revenues	36,961	38,396	-4%	44,212	45,428	-3%
EBITDA	2,451	2,434	1%	3,115	3,022	3%
PAT	1,588	1,571	1%	2,142	2,067	4%

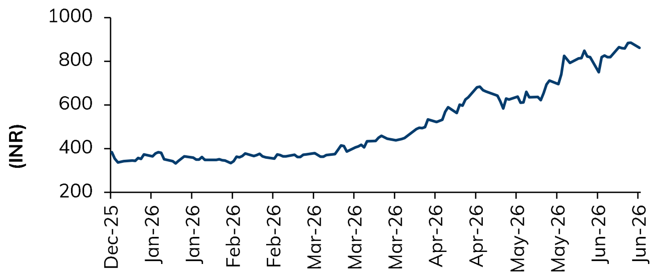
Source: I-Sec research, Company data

Exhibit 3: Shareholding pattern

%	Dec'25	Mar'26
Promoters	74.6	74.6
Institutional investors	16.8	18.9
MFs and other	11.6	11.6
Banks/ FIs	60.7	1.8
Insurance Cos.	0.9	0.5
FIIs	3.7	5.0
Others	8.6	6.5

Source: Bloomberg, I-Sec research

Exhibit 4: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 5: Profit & Loss

(INR mn, year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Net Sales	**19,280**	**31,070**	**36,961**	**44,212**
Operating Expenses	924	1,284	1,546	1,913
EBITDA	**1,212**	**1,921**	**2,451**	**3,115**
EBITDA Margin (%)	6.3	6.2	6.6	7.0
Depreciation & Amortization	140	219	278	333
EBIT	1,072	1,702	2,173	2,782
Interest expenditure	274	440	319	223
Other Non-operating Income	105	214	236	259
Recurring PBT	**903**	**1,476**	**2,090**	**2,818**
Profit / (Loss) from Associates	**-**	**-**	**-**	**-**
Less: Taxes	217	360	502	676
PAT	686	1,116	1,588	2,142
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	**686**	**1,116**	**1,588**	**2,142**
Net Income (Adjusted)	**686**	**1,116**	**1,588**	**2,142**

Source Company data, I-Sec research

Exhibit 6: Balance sheet

(INR mn, year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Total Current Assets	4,476	8,893	8,803	11,016
of which cash & cash eqv.	87	845	1,151	1,914
Total Current Liabilities & Provisions	318	1,867	1,264	1,705
Net Current Assets	**4,158**	**7,025**	**7,539**	**9,311**
Investments	-	-	-	-
Net Fixed Assets	1,297	3,595	4,118	3,784
ROU Assets	-	-	-	-
Capital Work-in-Progress	1,070	43	-	-
Total Intangible Assets	-	-	-	-
Other assets	81	694	81	81
Deferred Tax Assets	-	-	-	-
Total Assets	**6,606**	**11,359**	**11,737**	**13,176**
Liabilities				
Borrowings	**3,607**	**3,162**	**2,000**	**1,300**
Deferred Tax Liability	**-**	**-**	**-**	**-**
provisions	-	-	-	-
other Liabilities	98	115	68	65
Equity Share Capital	284	339	339	339
Reserves & Surplus	2,617	7,742	9,331	11,472
Total Net Worth	**2,901**	**8,081**	**9,669**	**11,811**
Minority Interest	-	-	-	-
Total Liabilities	**6,606**	**11,359**	**11,737**	**13,176**

Source Company data, I-Sec research

Exhibit 7: Cashflow statement

(INR mn, year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Operating Cashflow	**(608)**	**(994)**	**1,381**	**1,133**
Working Capital Changes	(1,294)	(2,110)	(208)	(1,009)
Capital Commitments	(909)	(1,272)	(479)	333
Free Cashflow	**301**	**278**	**1,860**	**799**
Other investing cashflow	**-**	**-**	**-**	**-**
Cashflow from Investing Activities	(909)	(1,272)	(479)	333
Issue of Share Capital	-	-	-	1
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	1,539	(445)	(1,162)	(700)
Dividend paid	-	4,064	0	0
Others	(113)	(596)	566	(3)
Cash flow from Financing Activities	1,426	3,024	(596)	(703)
Chg. in Cash & Bank balance	**(91)**	**758**	**306**	**763**
Closing cash & balance	87	845	1,151	1,914

Source Company data, I-Sec research

Exhibit 8: Key ratios

(Year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	10.1	16.5	23.4	31.6
Adjusted EPS (Diluted)	10.1	16.5	23.4	31.6
Cash EPS	12.2	19.7	27.5	36.5
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	42.8	119.3	142.7	174.3
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	39.4	61.2	19.0	19.6
EBITDA	69.6	58.5	27.6	27.1
EPS (INR)	83.7	62.6	42.4	34.8
Valuation Ratios (x)				
P/E	85.2	52.4	36.8	27.3
P/CEPS	70.7	43.8	31.3	23.6
P/BV	20.1	7.2	6.0	4.9
EV / EBITDA	51.1	31.6	24.2	18.6
P / Sales	3.0	1.9	1.6	1.3
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	11.1	10.3	10.8	11.4
EBITDA Margins (%)	6.3	6.2	6.6	7.0
Effective Tax Rate (%)	24.0	24.4	24.0	24.0
Net Profit Margins (%)	3.6	3.6	4.3	4.8
NWC / Total Assets (%)	0.1	-	-	-
Net Debt / Equity (x)	1.2	0.3	0.1	(0.1)
Net Debt / EBITDA (x)	2.9	1.2	0.3	(0.2)
Profitability Ratios				
RoCE (%)	23.0	20.2	18.2	19.6
RoE (%)	26.3	20.3	17.9	19.9
RoIC (%)	16.4	16.3	16.0	18.7
Fixed Asset Turnover (x)	14.4	12.7	9.6	11.2
Inventory Turnover Days	43	62	38	38
Receivables Days	49	48	41	41
Payables Days	4	18	7	10

Source Company data, I-Sec research

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