KSH International Limited

Rating HOLD with a TP of INR 930

KSH International Limited (KSHINTL) yet again delivers a clean sweep, beats on all counts in 1QFY27, with no misses across revenue, EBITDA and PAT. 1QFY27 revenue from operations stood at INR 1,164 Cr (up 108% YoY) driven by volume growth, favourable product mix, while PAT of INR 42 Cr grew 86% YoY. EBITDA/ton improved sharply to INR 93,322 in 1QFY27 (+41.7% YoY and +26% YoY), driven by operating leverage from higher capacity utilization, record high CTC volumes, improved mix of higher KV class wires volumes, and a stable share of exports in the revenue mix. Specialized wires grew 113% YoY in 1Q and 14% QoQ, outpacing standard wire growth at 83% YoY. Export revenue surged 75.5% YoY in 1QFY27, keeping share in export largely stable QoQ. Installed capacity 1Q2027 stands at 43,445 MTs with the company on track to exit FY27 at 59,045 MT. Debt/Equity increased to 0.57x due to working capital requirements. **We maintain a HOLD on KSH International Limited with a TP of INR 930, as the company is on track to deliver strong volume and earnings growth underpinned by capacity expansion, specialized wire mix improvement, and accelerating export momentum.**

Key Business Highlights

- **Revenue Growth & Customer Momentum:** 1QFY27 revenue grew 108% YoY to INR 1,164 Cr (up 14% QoQ), driven by volumes, mix, and copper prices. Export revenue up 75.5% YoY vs 12% up QoQ, reaching INR 283.5 Cr for 1QFY27 (~24% of revenues), driven by new geographies and new transformer OEM additions in existing markets.
- **Volume Growth & Capacity Expansion**: Volumes grew 30% YoY to 7,969 MT in 1QFY27 and 4.7% QoQ. Installed capacity stands at 43,445 MT at 1Q27, on track to reach 59,045 MT by end of FY27. Utilization was 73% in 1QFY27, a sequential improvement over 4QFY26, with management guiding for at least 26% volume growth in FY27.
- **EBITDA/Ton - Structural Improvement**: EBITDA/ton improved 41.6% YoY to INR 93,325 in 1QFY27 and 26% YoY, record high CTC volumes, higher share of volumes in the specialized mix from 765KV and HVDC orders and forex gains. Management views INR 75,000/ton as sustainable long-term
- **Working Capital**: Net working capital days improved to 60 days from 71 days in 1QFY26 and 65 days in 4QFY26
- **Future Expansion:** Board approved the acquisition of ~10 acres of industrial land in Supa for long-term growth.

Valuation at a Glance

- We maintain HOLD rating on KSH International Limited with a target price of INR 930, based on a multiple of 30x FY28E EPS of INR 31. We see limited upside from current trading levels. The stock is presently trading at a premium 49x TTM P/E, which fairly prices in the near-term optimism. We continue to be positive on KSH's structural positioning as India's leading CTC supplier, exceptional EBITDA/ton, and long-term demand visibility from India's T&D capex and global export ramp up.

Key Financial Snapshot

Particulars (INR Cr)	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E
Revenue	1057	1390	1938	3128	4049	5059
Revenue YoY %		32%	39%	61%	29%	25%
EBITDA (₹ Cr)	50	71	123	192	277	347
EBITDA Margin %	4.75%	5.17%	6.35%	6.18%	6.87%	6.87%
PAT (₹ Cr)	27	37	68	110	166	210
PAT Margin %	2.54%	2.70%	3.53%	3.55%	4.11%	4.16%
EPS (₹)	5	7	12	18	24	31
P/E (x) @CMP	192	137	75	49	37	29
ROCE %	13%	14%	16%	15%	18%	19%
ROE %	14%	16%	23%	14%	17%	18%

Result Update

HOLD

Stock Data

CMP (INR)	900
Target	930
Upside (%)	3.33%
BSE code	544664
NSE code	KSHINTL
Bloomberg Code	KSHINTL:IN
Face Value	5.0
Market Capitalization (Cr)	6,527
1M Average Daily Volume	310,966
52-week H/L	1,037/330

Shareholding Pattern (%)

Period	Mar'26	June'26
Promoters	74.58	74.58
FII	5.05	5.71
DII	13.89	10.87
Others	6.47	8.87

Estimates & Actuals

Particulars	FY26A	FY27E	FY28E
EBITDA	192	277	347
PAT	110	166	210
PAT Margin	3.55%	4.11%	4.16%
EPS	18	24	31

Price Chart

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Key Takeaways from Earnings Call

1. **Financial Performance**
   - Revenue from Operations: INR 1,164 up 14% QoQ & up 108% YoY
   - EBITDA: INR 74 Cr, up 32% QoQ & up 85% YoY
   - EBITDA margin at 6.39% vs 5.53% in 4QFY26 & 7.21% in 1QFY26
   - EBITDA/Ton: INR 93,322, up 26% QoQ (INR 74,043) & up 41.7% YoY (INR 65,864) driven by record high CTC volumes, high KV class transformer volumes and forex gains. Marginal improvement in the margins for standard wires as well. 50-75% volumes of specialized wires come from CTC and out of which 25% is from 765KV and HVDC wires.
   - PAT: INR 42 Cr, up 22% QoQ, up 86% YoY

2. **Operational Performance**
   - **Production Volume:** Volumes grew 30.3% YoY to 7,969 MTs in 1Q FY27 and 4.7% QoQ. Specialized wires dipped slightly ~74.3% revenue share, growing 14.3% QoQ and 113% YoY. Full year guidance for volume growth is 26%.
   - **Utilization:** Company-level utilization was 73% in 1QFY27, a sequential improvement over 70% in 4QFY26.
   - **Backward Integration:** Successfully commissioned an upcast backward integration facility in Chakan with a 5,000 MT capacity. This facility recycles internal copper scrap, driving operating efficiencies and sustainability.
   - **Working Capital**: Net working capital days improved to 60 days from 71 days in 1QFY26 and 65 days in 4QFY26. However, management noted that the industry standard operates at around **30 to 35 days**, which remains their ultimate long-term target as they continue to optimize payables and receivables.
   - **Future Expansion**: Board approved the acquisition of ~10 acres of industrial land in Supa for long-term growth. No further disclosure.
   - Managing Director Rajesh K. Hegde highlighted that higher value-addition Specialized Wires (specifically CTC) meaningfully outpaced Standard Wires, driving volumes, exports, and unit economic profitability
   - Phase 2 capacity expansion remains on track to come online in Q2 FY27. Post which there can be an uptick in the fixed cost. This expansion has higher share of Standard wires which can reduce the average EBITDA/ton. Full year guidance for EBITDA/ton increased to INR 75,000
   - Management also mentioned that they were able to negotiate better margins agreements with the new customers.
   - Large OEMs are moving towards multi-year agreements to ensure predictability and security of their supply chains

3. **Strategic Highlights**
   - **Export:** Export revenue accelerated 76% YoY in 1QFY27 & 12% QoQ. Share of revenue remained stable and Management wants to increase the contribution to 40%.
   - **Export Geography Mix:** On an annualized basis, the company's key export markets are highly diversified, with the **Middle East, Europe, and the US** each contributing roughly **8% to 11%** of total revenue.
   - Signed a 5-year global framework agreement with Hitachi energy to supply their international facilities as well as their domestic facilities
   - **Emerging Sectors:** Outside of the traditional T&D (Transmission and Distribution) space, the company is seeing surging demand and onboarding new OEM clients in high-growth, precision-heavy sectors like **Electric Vehicles (EVs)**, **Air Conditioning (AC) compressors**, and **data centre backup generators (DG sets)**.

Valuation Thesis

HOLD at 30x FY28E P/E with a TP INR 930

We maintain a HOLD on KSH International Limited with a 12-month Target Price of INR 930, based on a multiple of 30x FY28E earnings per share of INR 31. The 30x FY28E P/E is justified by: (1) 27/34/38% Revenue/EBITDA/PAT CAGR from FY26-FY28E; (2) HVDC sole approved vendor - creating structural pricing power; (3) highest EBITDA/ton in the winding wires universe and expected to be stable.

Key Risks to Our Thesis

- **Capacity Ramp-Up Risk**: Supa capacity ramp-up slower than anticipated could keep utilization and operating leverage below expectations, pressuring EBITDA/ton improvement trajectory.
- **Demand Slowdown Risk:** Any moderation in domestic T&D capex or global transformer demand could impair volume growth assumptions and delay utilization ramp at Supa.
- **Working Capital Elongation**: Working capital days could elongate beyond guided levels given lumpy order execution, higher inventory buildup, and potential delays in receivable collections from export customers.
- **Customer concentration**- Top 10 customers contribute 50% to the revenue, losing any customer would have a material impact on the volumes.

Summary of Financials

P&L

Particulars (INR Cr)	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E
Revenue from Operations	1,057	1,390	1,938	3,128	4,049	5,059
YoY Growth %	0.00%	31.60%	39.39%	61.41%	29.43%	24.94%
Raw Material Costs	937	1232	1714	2786	3599	4504
Employee Expenses	24	34	40	53	69	86
Manufacturing & Other Exp.	39	46	52	76	94	113
EBITDA	50	71	123	192	277	347
EBITDA Margin %	4.75%	5.17%	6.35%	6.18%	6.87%	6.87%
Depreciation	8	11	14	22	33	38
EBIT	42	61	109	170	245	309
Interest Expense	13	18	28	44	33	39
Other Income	7	8	10	21	10	10
PBT	35	51	90	148	221	280
Tax (25%)	9	13	22	36	55	70
PAT	27	37	68	110	166	210
PAT Margin %	2.54%	2.70%	3.53%	3.55%	4.11%	4.16%
EPS (₹)	4.68	6.57	11.96	18.38	24.50	30.98

Balance Sheet

Particulars (INR Cr)	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E
PPE + CWIP	119	149	244	377	435	437
Other NC Assets	4	6	26	56	56	56
Total NC Assets	123	155	270	433	491	493
Inventories	109	133	211	425	444	555
Trade Receivables	109	159	224	333	465	581
Cash & Equivalents	7	18	11	84	183	330
Other Current Assets	11	18	29	47	61	76
Total Current Assets	236	327	475	889	1153	1542
Total Assets	359	483	745	1323	1643	2034
Equity Share Capital	6	6	28	34	34	34
Other Equity	188	225	270	774	940	1150
Total Equity	194	231	298	808	974	1184
LT Borrowings	8	34	116	26	26	26
Other NC Liabilities	16	13	10	12	12	12
ST Borrowings	117	180	260	325	398	464
Trade Payables	20	18	33	124	199	308
Other Current Liabilities	5	6	27	29	35	41
Total Liabilities	166	252	447	514	669	850
Total Liabilities & Equity	359	483	745	1323	1643	2034

Cash Flow

Particulars (INR Cr)	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E
CFO (Operating)	62	-17	-10	-65	138	150
PBT	35	51	90	148	221	280
D&A add-back	22	28	40	58	56	67
WC changes	13	-83	-119	-239	-84	-127
Taxes paid	-9	-12	-21	-32	-55	-70
CFI (Investing)	-20	-39	-118	-179	-80	-30
Capex	-22	-40	-120	-163	-90	-40
Other Income	2	1	0	1	10	10
CFF (Financing)	-41	67	123	306	40	27
Net Borrowings	-29	84	150	-48	73	66
IPO Proceeds	0	0	0	397	0	0
Interest Paid	-12	-16	-27	-44	-33	-39
Net Cash Change	1	11	-5	62	99	147
Closing Cash	4	16	11	73	171	318

Quarterly P&L

Particulars (INR Cr)	1QFY27	4QFY26	QoQ	4QFY26	YoY
Revenue from Operations	1,164	1,018	14%	559	108%
Raw Material Costs	1048	921	14%	494	112%
Employee Expenses	14	15	-7%	11	27%
Manufacturing & Other Exp.	28	25	10%	13	105%
EBITDA	74	56	32%	40	85%
EBITDA %	6.39%	5.53%	85 bps	7.21%	-82 bps
Depreciation	8	8	9%	3	152%
EBIT	66	49	36%	37	79%
Interest Expense	17	13	31%	7	136%
Other Income	8	9	-12%	4	111%
PBT	57	45	27%	34	70%
Tax (25%)	15	10	45%	11	35%
PAT	42	35	22%	23	86%
PAT Margin %	3.63%	3.39%	34 bps	4.06%	25 bps
EPS (₹)	6.23	5.10	22%	3.99	56%

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Buy	The stock's total return is expected to exceed 20% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Sell	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.