

KEI mulling unit in Middle East

Decision in six months

Shaleen Agrawal, New Delhi

KEI Industries Ltd, the industrial cables and wires maker, is planning to set up a Rs 150-crore production facility in the Middle East to tap the rapidly growing Gulf market, said Anil Gupta, chairman and managing director.

"We will take a decision after about six months, but everything will depend on how the world economy shapes up," Gupta told *DNA Money*. KEI has already spoken to a few players in the region for equity participation in the proposed project.

"We will invite equity participation from a local partner there but we'll have majority shareholding," he said. "The equity portion will be about Rs 50 crore for the Rs 150-crore project. Our equity contribution towards this will be Rs 25-30 crore, which will be entirely through internal accruals."

He said the partners will bring in the rest of the equity contribution and loans will take care of the re-



maining project cost.

KEI chose to set up a base in the Gulf region because of the ease of working there - it's close to India and has a lot of Indians. "Moreover, we know that there is a very long-term market potential there because of growing economies," Gupta said.

The company expects to more than double its revenues to Rs 2,000 crore in the next three years as demand for its existing product line is growing. This increased demand will be met through its recently concluded capacity expansion.

"We have done a capital expenditure of Rs 200 crore in the last two

years and have expanded our capacities by almost 100%," Gupta said.

The growth in revenues will be "primarily from power, infrastructure and industrial sectors", Gupta said. He added that the markets and products will remain the same.

KEI has grown its sales by over nine times in four years to Rs 980 crore in fiscal 2007-08 from Rs 108 crore in 2003-04. It expects exports this fiscal to be between 18% and 20% of total turnover, compared with 15% last year, helped by its new fully export-oriented unit at Chaupanki in Rajasthan.

"We are exporting to 27 countries, which is really helping us protect our business because apart from a much-diversified product range, we have a much-diversified market portfolio as well," Gupta said.

He added that the company's major exports are to Gulf and African countries, where the impact of slowdown is minimal. KEI expects to earn revenues of Rs 1,200 crore this year, with earning before interest, taxes, depreciation and amortisation (Ebitda) of 11% against 12% last fiscal.

KEI Ind eyes Rs 2,000cr turnover in two years

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New Delhi

WIRES and cable manufacturer KEI Industries is aiming a turnover of Rs 2,000 crore in the next two years on the back of increased production capacity, a top official of the company said.

"We are targeting a turnover of Rs 2,000 crore in the coming two years," KEI Industries chairman and managing director Anil Gupta said.

KEI Industries had made a capital expenditure of Rs 200 crore in the last two years and plans to invest Rs 75 crore in the current financial year for production capacity expansion, Gupta said.

"We expect our production to rise by 16 per cent to 58,000 km long wires and cables next year," he added.

The company is undeterred by the global economic downturn and in fact is targeting a seven per cent increase in export by next fiscal.

Commenting on the impact of global economic slowdown on the company, Gupta said, "As far as demand issue is concerned there is no slowdown, but if the capital expenditure goes down it will affect the company in six months time."

KEI INDUSTRIES/BSE Rs 12.57 ▲

NSE Rs 12.65 ▲