

Currents of Growth

KEI's rapid growth is a reflection of the pent up demand of the market, which the industry seems hard pressed to meet



GUPTA: Banking on network expansion

KEI INDUSTRIES LTD, WHICH derives nearly 70% of its business from institutional sales, and another 10% from overseas, is taking significant steps to increase its share of the retail market for household and industrial cables.

The Rs 681-crore company, which saw an over 100% jump in revenues during 2006-07, has realised that while institutional business does come in large doses, retail sales bring in higher margins and regular orders. No wonder, the company wants to triple the size of its dealer network within the next five years, and raise the profile of its brand, particularly in all A-class cities.

"We have witnessed unexpected growth over the last couple of years. The reasons for this can be attributed to our diversified product range, and our ability to continuously invest in new capacities and enhance our product range to suit different sectors of the economy,"

says Anil Gupta (anilgupta@kei-ind.com), the company's chairman and managing director.

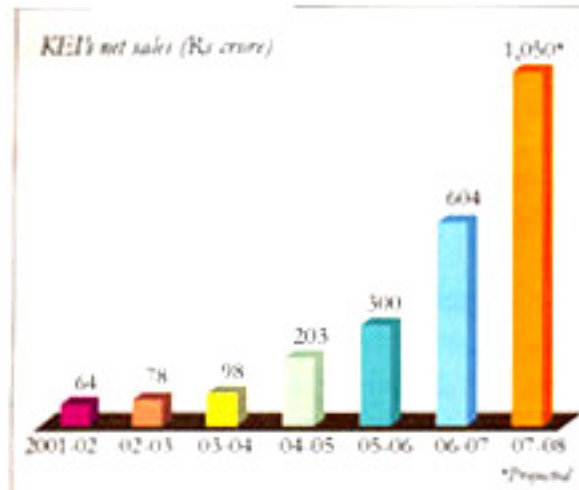
Interestingly, KEI has been manufacturing low-tension cables since 1968, but got into the high-tension business (cables up to 66kV) just a few years back, after it successfully re-engineered its idle jelly-filled telecom cable factory at Silvassa to produce power cables. This had to be done because the telecom industry had shifted to optical fibre technology, leaving JFTC far behind. However, the brighter side of the situation was that now the company would be able to garner higher value contracts and give a wider choice of products to existing clients.

KEI's production capacity

- LT cables 50,000 km
- HT cables 3,000 km
- House wires 2,50,000 km

Gupta says that the Rs 10,000-crore cable industry, including power and telecom, is growing at a rapid clip of 30-35% each year. "Increase in the power generation capacity, transmission and distribution spending, coupled with industrial expansion and the housing sector boom, are the factors resulting in increased demand for cables and wires. The ongoing economic progress has led industries across sectors to rapidly expand. And this requires power cables, be it high tension or low tension," says Gupta.

KEI's manufacturing muscle today consists of four plants in Delhi, Bhiwadi and Chopanki in Rajasthan, and Silvassa, each operating at close to 90% capacity utilisation. The product range ranges from cables of HT and LT class, to control and instrumentation cables, to tailor-made speciality cables for oil and gas sectors. Apart from this the company also produces domestic wires for lighting in houses and large buildings, and rubber cables. Soon, EHV cables of up to 220KV class will be added to the portfolio.



In an industry where technology is fast changing, KEI has remained at the forefront simply due to the use of latest techniques and equipment, such as dry cure and dry cool continuous vulcanisation; online thickness and eccentricity systems on extrusion lines; and online thickness and diameter control.

"All our plants are ISO 9001:2000 certified, and all our products have ISI certification, besides approvals from ERDA and CPRI. Further, KEI products are tested and certified by various international customers and EPC contractors as well," Gupta asserts.

KEI has been fairly successful at the export front as well. Its cables and wires find a ready market in major GCC and African countries, besides Germany, UK, Canada, and some parts of Central America. Following the commissioning of its 100% EOU plant at Chopanki, near Alwar in Rajasthan, by September this year, the company hopes to take its exports to Rs 200 crore within the current financial year.

Despite the spate of successes, spiralling prices of raw materials including copper remain a challenge for KEI, as with the rest of the industry. But the company has shown its penchant for innovating management here as well. By putting in place a team to monitor copper prices on a daily basis, and aggressively hedging on prices through forward contracts for the metal, it has been able to protect its profitability. In addition, it has also integrated backwards by producing some of the key raw materials and compounds in-house.

With a formidable production infrastructure, and an insatiable hunger for growth, KEI's goal of Rs 1,000 crore does not seem too difficult to achieve.

Sales break-up



Product break-up

