



“KEI Industries Limited  
Q3 FY '26 Earnings Conference Call”  
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**MODERATOR:** **MR. ACHAL LOHADE – NUVAMA INSTITUTIONAL  
EQUITIES**

**Moderator:** Ladies and gentlemen, good afternoon, and welcome to the KEI Industries Q3 FY '26 Earnings Conference Call, hosted by Nuvama Institutional Equities. As a reminder, all participant lines will remain in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Achal Lohade from Nuvama Institutional Equities for opening remarks. Thank you, and over to you.

**Achal Lohade:** Yes. Thank you, Ryan. Good afternoon, everyone. On behalf of Nuvama Institutional Equities, we are glad to host the senior management of KEI Industries Limited. To discuss the Q3 FY '26 earnings, we have with us Mr. Anil Gupta, Chairman and Managing Director of the company; Mr. Rajeev Gupta, Executive Director, Finance and CFO.

We'll start the call with the opening remarks from the management and then move to Q&A session. Thank you, and over to you, sir.

**Anil Gupta:** Yes. Good morning. Thank you for joining this conference call. I'm Anil Gupta, CMD of KEI Industries Limited. The brief of this quarter, the Q3 is net sales. You must have reviewed the numbers, which I'll just brief it.

Net sales in Q3 is INR2,954 crores with a growth in net sales is 19.51%. EBITDA in this quarter is INR354 crores against INR254 crores last year with a growth of 39%. EBITDA/net sales margin is around 12% as against 10.29% in the same period last year. Profit after tax is INR234.86 crores against INR164 crores last year. Growth in PAT is 42.5%. Profit after tax/net sales margin is 7.95% versus 6.67%.

Domestic institutional cable sale, Wires and Cable is INR592 crores and domestic institutional cable sale EHV, extra high-voltage cable is INR127 crores. Export sale in this quarter is INR544 crores and overall growth in the Wire and Cable export is 95% in this quarter. Total institutional cable sale contribution is 41% as against 45% in previous year same period.

Sales through distribution network that is B2C was INR1,612 crores with a growth of 29%. B2C sale contribution is 55% in the third quarter as against 50% in the previous year same period. EPC sale other than cable is INR80 crores against INR60 crores last year. Stainless steel wire INR53 crores against INR54 crores last year.

For 9 months period from April to December, net sales is INR8,271 crores with growth of 21.26%. EBITDA 9 months INR963 crores. The growth in EBITDA in 9 months is around 33%.

EBITDA/net sales margin is 11.64%. Profit after tax in 9 months is INR634 crores. Profit after tax/net sales margin is 7.67%.

Domestic institutional cable sale is INR1,884 crores and extra high-voltage sale is INR371 crores. Export sale in 9 months is INR1,390 crores. So growth overall growth in the export is 79%. Total cable institutional sale contribution in 9 months is 42% as against 41% same period last year, and B2C contribution is INR4,413 crores. So the growth is 23%.

The total active working dealer of the company as on 31st December is 2,114. B2C sales contribution is at par at 53% in 9-month period. EPC sale is INR188 crores and stainless steel wire sale is INR157 crores against INR166 crores last year.

Total order book position as on 31st December '25 is INR3,928 crores, out of which EPC is INR361 crores, extra high-voltage cables INR717 crores, cable domestic INR2,426 crores, export orders INR424 crores and total Wire and Cable segment, INR3,567 crores.

Future outlook. During 9-month period, company has incurred a total capital expenditure of INR928 crores. Out of this capex in Sanand is INR769 crores, Salarpur for buying a land INR72 crores, Sanand another land has been purchased at a cost of INR24 crores and other locations other plants and locations for plant and machinery INR63 crores.

The total capex payment incurred for Sanand until now is total INR1,353 crores. Another INR200 crores will be spent in this quarter and balance will be spent in next financial year. Company is hopeful to achieve 20% plus growth in full year period and also will improve our operating margin in FY '25-'26.

Considering Phase 1 commercial production at Sanand and strong order book of domestic institution for cable sale, export orders and extra high-voltage cable as on date. After completing the Sanand project and the strong demand in domestic and overseas markets, we are hopeful to grow more than 20% in next CAGR in next 3 to 4 years.

I would like to highlight that at present, we are very strong in the institutional cable market, whether it is domestic or export. KEI is the first Indian company to supply several projects of extra high-voltage cables, 330 kV cables to Australia and also supplied 220 kV cables to UAE and Spain. KEI is the only Indian company to qualify in National Grid UK framework agreement for maximum voltages up to 400 kV.

We have expanded our reach to Caribbean islands and supplying to West Indies and many other neighboring countries. In domestic market, we are supplying to entire solar power chain, including Reliance polysilicon factory at Jamnagar. In UAE, KEI has bagged three contracts for supply of 132 kV cables and gaining acceptance as a EHV, extra high-voltage cable manufacturer in Middle East.

So this is a brief summary about the results from my side. And now request to put your questions, glad to answer.

- Moderator:** Thank you. We take the first question from the line of Rahul Agarwal from Ikigai Asset. Please go ahead.
- Rahul Agarwal:** Sir, three questions. Firstly, to understand the Sanand ramp-up plan. And if you could elaborate between the segments. I understand that LTHT is going to be a larger portion of this plant and EHV will add another INR1,200 crores of peak sales. So over '27, '28, '29, just wanted to know next 3 years, how do you plan to ramp-up Sanand sales? What products come first? What comes later? If you could just break it into 3 years, that will help. That's the first question.
- Anil Gupta:** Okay. So LTHT, we have just started trial production in December. And gradually in this quarter, January, February, March, we ramped up. By April, we expect that our electron beam equipment to manufacture, electron beam pure solar wires will be commissioned, and that will add another boost to this plant.
- So far as extra high-voltage cable is concerned, and we will also be ramping up our medium voltage cable capacities further by July or August. But an extra high-voltage cable facilities will come up by March '27. So this is going to be the ramp-up. So in next financial year, this project will be complete in all respects.
- Rahul Agarwal:** Got it, sir. So overall, should I assume that to achieve this, you've spent -- your plan is to spend INR2,000 crores. This should make at least 3x, 3.5x asset turns. We were talking about INR6,000 crores top line, should happen sometime in March '29. By FY '29, we should achieve this entire INR6,000 crores incremental top line. Is that fair understanding?
- Anil Gupta:** Yes, yes. Absolutely.
- Rahul Agarwal:** Okay. And second question was on the capitalization of the capex. I understand that, as you said, LTHT trial production started in December, and we have incurred a capex of about INR800 crores in 9 months on Sanand, right?
- Anil Gupta:** Yes.
- Rahul Agarwal:** The balance INR500 crores was last year. So, about INR1,300 crores of capex is done till date. How much is capitalized till December of '25?
- Rajeev Gupta:** So basically, we capitalized around INR550 crores and balance will be capitalized when this machinery will get start as Anil ji had spoken about the control cable of the electron beam in April and then more machinery in medium voltage in the month of July or August. So accordingly, it will be capitalized in the books of account. But the whole plant will be capitalized by March 2027.
- Rahul Agarwal:** Okay. So out of the entire INR2,000 crores, how much would be the land cost, sir? I mean, we will exclude that for capitalization, right?
- Rajeev Gupta:** Land cost was originally INR140 crores.

- Rahul Agarwal:** Right. The balance will get depreciated on a full capex basis from fiscal '28. Is that correct?
- Rajeev Gupta:** '28. Yes, yes.
- Rahul Agarwal:** Okay. Perfect, sir.
- Rajeev Gupta:** So the depreciation load will not come in 1 year actually, next financial year because it is in the phased manner. So it will be completely will come only in '28.
- Rahul Agarwal:** And that would be about 5% of INR2,000 crores, right? About INR100 crores is that fair?
- Rajeev Gupta:** But in '28, the top line will also be from there alone will be close to INR5,000 crores.
- Rahul Agarwal:** Yes, I understand that. Yes.
- Rajeev Gupta:** Yes.
- Rahul Agarwal:** Sir, third question was just to go back to the Anilji's commentary, we're expecting 20% growth for top line full year. I think we've done like similar 21% in 9 months, and we've seen very sharp rise in copper in December. So just to understand why are we conservative here?
- Anil Gupta:** No, I think the growth in this quarter should be anywhere between around 25% plus. So we are trying to quantify it in a better manner. But definitely, because of the increase in the copper prices, it will be anywhere -- more than 25% in this quarter.
- Rahul Agarwal:** Right, right. Got it, sir. Got it. And margins, you've already mentioned that 2 years' time, you should see about 100 bps adding up at EBITDA level. Do you retain that guidance?
- Anil Gupta:** Yes, yes. I think we have already given a guidance that next year, we expect to achieve EBITDA margins of around 11% overall for the full year.
- Moderator:** Thank you. We take the next question from the line of Nattasha Jain from Phillip Capital. Please go ahead.
- Nattasha Jain:** Thank you for the opportunity, sir. Sir, my first question is on the hedging side. So assuming that 50% or rather 40% of your entire raw material cost is metal cost and you are exporting approximately 20%, so that's naturally hedged. For the remaining 20%, I would like to know, do we purchase at spot or do we hedge the entire exposure?
- Rajeev Gupta:** No, we don't hedge. We are working under natural hedge. We are carrying 3 to 4 months inventory 3 to 4 months pending order from the institution side. And we are carrying 2.5 months plus inventory in our floor and 1-month inventory during the transit period because we are importing.

- Anil Gupta:** And also, we are mainly 85% of our metals, we are buying from Hindalco and Vedanta domestically. So it is the purchase is in rupees. So here, the foreign exchange exposure doesn't come into picture.
- Rajeev Gupta:** So we are working under natural hedge as we were guiding you in the past also.
- Nattasha Jain:** Got it. Sir, now if I sequentially see your number, the growth has been moderate. I understand there has been a volume constraint. But then if I see your EBIT margin, sequentially also, there's a sharp increase. Now you have historically mentioned your EBITDA margin is usually in a range across your categories.
- So if I then calculate the EBITDA just sequentially, the growth is still very high. So could it be possible that because you just said that you have inventory for a longer period of time, so did we also get a benefit of low-cost inventory in this quarter?
- Rajeev Gupta:** Madam, normally, whenever we talk of a particular quarter in the past also, when the sudden movement of the price of the copper, either upside or downside, there may be increase or decrease by 0.5% to 1%. But for a full year basis, as we have earlier guided that we will improve our operating margin, which you are seeing from the last year.
- And year after year, we are going to improve because of the capacity we are getting increased and the product mix like extra high voltage and the segment like export is increasing. So it is helping us to improve our EBITDA margin.
- Nattasha Jain:** Understood. And sir, one last question. In terms of wires, how do you see the channel right now? Is it stuffed to more than which is required? Or do you think that fourth quarter will continue to see margin in growth for wires?
- Rajeev Gupta:** Year after year, in the wiring segment also, we are growing more than 22-23%. So that will remain continue for a full year basis.
- Moderator:** Thank you. We take the next question from the line of Saumil Mehta from Kotak Mutual Fund. Please go ahead.
- Saumil Mehta:** Yes. So, thanks for the opportunity. So first thing, what is the total inflation, what we saw on the raw material side for the last quarter? And how much was already passed on to the cables and wires clients? If you can just broadly quantify?
- Rajeev Gupta:** Sir, as we said that we always carry 2.5-month inventory in floor and 1-month inventory in transit as against that 3 to 4 months pending order position from the institution side, either from domestic or export. So practically, old orders served with the old inventory. But with the retail market, in every 15 days, the retail price goes up or down depending on the price movement. So practically, everything is passed on.

- Saumil Mehta:** Okay. And if you can just tell in the quarter which is currently going on, Jan, Feb, March, what are the kind of price hikes you've taken in the retail markets, given copper is on an inflationary trend?
- Anil Gupta:** The required increase in the list prices of cables and wires has already been done. And now effectively, the sale is happening at the current average prices of copper and aluminium prevailing in January.
- Rajeev Gupta:** This is a normal routine actually. Whenever copper goes up, price goes up; copper goes down, price goes down. It's a normal practice adopted by all the industry players.
- Saumil Mehta:** Rajeev ji, that I understand. Just want to understand how many price hikes have happened? I'm not worried about whether the price hike will pass on or not. I'm just trying to understand how many prices have increased in the retail markets.
- Anil Gupta:** If I look at the price of house wire, in the last 2 months, the price has risen by around 15% in the selling prices. And in cables, effective December, actually, major price increases have started from December. So, December or January, overall, I can see that 10% rise has occurred in the price of cables.
- Saumil Mehta:** 10% in the price of cables and more in the wire. And, sir, my last question is, in terms of when you're giving the 20% plus guidance for next year and a 25% plus for Q4, is this more of a volume guidance or a value? And broadly, what is the copper price increase what we are building?
- Anil Gupta:** See, I can say that volume guidance will be there between anywhere between 16 - 18%. And plus the price inflation in the inputs will be added. So the actual growth should come more than that.
- Moderator:** Thank you. We take the next question from the line of Anupam Goswami from SUD Life Insurance. Please go ahead.
- Anupam Goswami:** Hi, sir. Good morning. Sir, just one overall, what we've seen in the industry of a growth of more than 20-30%, while our growth has been 20%. How do we see this versus the inventory -- industry and volume growth and value breakup, how it looks like, sir, in this quarter?
- Anil Gupta:** Sir, our capacities in Cables was almost at the peak level. So whatever so we could not grow much in Cable segment. We just we grew our volumes by around 10% in Cables and in Wires, more than that.
- Maybe in the other piece like Havells, they commissioned their Tumkur new cable factory around 9 months or 1-year back. So they could increase their volumes from there. We have been able to commission our Sanand facility and the contribution from that will come in this quarter, into our Q4.
- Anupam Goswami:** Okay. Sir, if you can just quantify how much capacity has been added by the Sanand?

- Anil Gupta:** The capacity what we have commissioned is around at the moment is around INR250 crores a month in Sanand, half of the capacity has been commissioned. And this capacity will come into production gradually as we are doing the ramp-up with the induction of manpower in all the departments and also one by one machines are being commissioned and put into production.
- Secondly, initial 1 or 2 months in any cable factory goes into the obtaining a lot of type tests conducted on cables by different agencies, visits by the customers and also obtaining BIS license. So that.
- Moderator:** Ladies and gentlemen, we have lost the line of the management. Please stay connected while I reconnect the management. Thank you. Ladies and gentlemen, we have reconnected the management. Sir, you may proceed.
- Anil Gupta:** Some question was there.
- Moderator:** Anupam, if you can please repeat your question?
- Anupam Goswami:** Hi, sir. Sir, capacity, what we have added, you were saying about INR250 crores a month and BIS certification what is required and would be ramped up gradually as you were saying?
- Anil Gupta:** Yes, yes. So we have already obtained the BIS license for low tension cables already, which have come. And for HT cable, it is expected to be received by end of January. So we are doing all possible things to bring the contribution from new facility.
- And I can assure you that with our experience of running a cable industry for last around 50 years, it will be ramped up very shortly. It is just we need some basic approvals, which are bare essential to sell.
- Moderator:** Thank you. We take the next question from the line of Keyur Pandya from ICICI Prudential Life Insurance Company Limited. Please go ahead.
- Keyur Pandya:** Thank you for the opportunity. Sir, two questions. First, on this INR250 crores a month kind of capacity and that would get added gradually. I mean there will be some addition during FY '27. Now just based on this INR250 crores capacity, when do you think that you would be able to utilize a significant proportion by what time? That is first question.
- And second, since the plant has come or the opex may be upfront and ramp-up may be gradual, do you think at the segment EBIT level, that is Cable and Wire segment level, our EBIT margin can come down because of the depreciation and some opex during FY '27?
- Rajeev Gupta:** So next year also from the Sanand itself, we will have the turnover close to INR2,700 crores from the Sanand itself. And whatever deficient will be there, it will be absorbed. So we don't guide or we don't think that our EBIT margin will go down.
- Keyur Pandya:** Understood. And just last question on the demand side, are you seeing any deceleration in T&D or any other large consumption industry capex? I'm not talking about degrowth, but deceleration



from either because of the past I mean, high base of past few years or because of the high prices of commodity, not only cables, but even otherwise, all the other raw materials. Thank you.

**Anil Gupta:** As of now, we don't see any deceleration in the demand for cables. See, prices really do not affect the project. If the project is going on, it is coming in, I mean, maybe for a 1-month or so, the decision-making may stop. But ultimately, that product has to be purchased to complete the project.

And I don't think that energy sector will see slowdown because of the exceptional energy demand required by industries, households and data centers and other consumers. So I mean, we don't expect any let down in the demand.

**Moderator:** Thank you. We take the next question from the line of Achal Lohade from Nuvama Institutional Equities. Please go ahead.

**Achal Lohade:** Sir, just a quick clarification. If you could talk a little bit about the competition like we have seen some of the new entrants in Wires. You also mentioned competition in your media interview in the morning. So if you could a little bit give us some more sense on the competition for both Cables and Wires from the new competition?

**Anil Gupta:** Okay. So I'll just brief you about that. You see in last 1-year, we have seen a few new entrants on pan-India basis like Torrent, Surya, Roshni, Luker, etcetera, and a few other small companies entering Wire segment. But our present growth is in spite of all these competition.

Our major strength is product performance and brand image. Any newcomer takes around 5 to 7 years to build up that brand image and product performance. We are also price competitive. So we are already operating in a very, very competitive market.

We are already having substantial capacities and good hence, we have good purchasing power and our fixed overheads are very, very low because of the large volumes as compared to the new players. The demand itself is growing by around 13-14%. So new players will also get adjusted in next few years apart from giving existing players a growth.

Secondly, in this we are offering a full basket of products like cables, flexible wires, telephone cables for residential buildings, land cables, solar wires, and we are approved with leading consultants and architects. So this kind of complete basket, whosoever new entrant is coming, for them to conceptualize all this will take a long time.

So I can we will always have an edge over them, and we will have we will be able to deal with this competition. The creation of network required to reach a reasonable scale is at least 4 to 5 years. Even the distribution network, what you need and the manpower you need to create this network, that also takes adequate time. And the market is also growing. Rest what is in the store in future, nobody can see.

- Rajeev Gupta:** The last 13 to 14 years, even that KEI has reached only towards INR3,500 crores to INR4,000 crores Wire sales. So it took us almost more than a decade to reach this level.
- Achal Lohade:** Fair point. Any comment on the Cable front as well, sir, apart from Wires?
- Anil Gupta:** Cables front, I mean, I don't see there is any new player coming into the Cable segment. And with our strong presence with the projects and exports, I don't see any deceleration in that.
- Rajeev Gupta:** And whether pre-qualification is required by anyone coming for that Cable.
- Achal Lohade:** Sorry, just to hop on this Wire thing. We also like have recently Bajaj announced foray into wires. So, is probably Crompton also could be what there is speculation. So given these are electrical companies, appliances companies, they have an element of distribution already in place. So how do you defend or how do you see that playing out in terms of volume or pricing for the industry and us as well?
- Anil Gupta:** Sir, they are coming up with, I think, in my opinion, with outsourcing model. And so far as my experience is concerned, in Wires and Cables, outsourcing model will not work.
- Rajeev Gupta:** And already, there are 3, 4 companies, those who have already come, even though all the existing companies has grown very well even after this competition.
- Moderator:** Thank you. We take the next question from the line of Pulkrit Patni from Goldman Sachs. Please go ahead.
- Pulkrit Patni:** Sir, thank you for taking my questions. Two of them. Sir, first is in continuation of Achal's question, and you did allude it, why do you think the outsourcing model in wires will not work? That would be the first question, sir.
- Rajeev Gupta:** This is my opinion. It has not so far been tested by anyone. So we'll let's see whether it will work or not. I mean, it is my opinion that and because this market is very competitive and after paying the manufacturing cost, etcetera, and other call profits to a contract manufacturer, I don't think that just by brand, you can earn too much on margin. And even a newcomer will have to build up the brand in the Wire segment, which is a good case scenario for at least 5 to 7 years. You can't build a brand overnight.
- Pulkrit Patni:** Sure, sir. Sir, my second question is on your margin guidance. So just to sort of break it down. You have a large capacity that is coming on stream. I'm guessing there will be some negative operating leverage because of that, plus you have a big focus on export, which is higher margin. As a combination of all these, you are guiding for margins to improve? Is that a fair assessment? Or is that underlying assumption something wrong?
- Rajeev Gupta:** No, no, it is a fair assessment. And we are giving a margin guidance based on the combination of domestic as well as export market.

- Moderator:** Thank you. We take the next question from the line of Puneet Gulati from HSBC. Please go ahead.
- Puneet Gulati:** Yes, thank you so much for the opportunity. My first question is, in your overall volume growth for this quarter, is there any bit of inventory stocking to your mind that has happened? Or is it all pure growth?
- Rajeev Gupta:** It is normally pure growth because quarter-on-quarter, we are giving the numbers and quarter-on-quarter, we are guiding. But just you know inventory in the channel by a dealer distributor does not get more than 15 to 20 days. So for them also, it is a routine nature of work.
- Puneet Gulati:** But because the raw material prices went up exceptionally, do you think there has been inventory restocking?
- Rajeev Gupta:** Sorry. It is applicable to all the quarter because in the second quarter also it was increased. In first quarter, it has also increased. In third quarter, it has also increased. The continuous pricing is increasing, so this means it is automatically set up in the system.
- Puneet Gulati:** Okay. My second question is on the export side. You've done now 4 quarters of very, very strong growth. Is there room to do similar sort of very, very high growth for the next few quarters? Do you think you've reached a base and you've had tapped or less the opportunities to do more 20% kind of growth that you're guiding for the full business? Or should we still expect growth to be very, very fast, like you've delivered over the last 4 quarters.
- Anil Gupta:** Sir, world markets are very, very good. I mean, from India, what we are exporting is just a peanut. It depends on how much we are able to explore and exert ourselves into large economies.
- Puneet Gulati:** So in your own trend mind, that number can continue into next few...
- Anil Gupta:** Yes, yes, it can. But I don't see that every year we can double, but we still see a strong growth for the next few years until we reach a reasonable level of market.
- Puneet Gulati:** Understood. That's very helpful. And lastly, if you can give some sense of what is existing capacity utilization for your various units?
- Rajeev Gupta:** See, utilization of capacity is close to 76% in the Cables division.
- Moderator:** Thank you. We take the next question from the line of Praveen Sahay from Prabhudas Lilladher Capital. Please go ahead.
- Praveen Sahay:** Yes, hi. Hi, sir. Thank you for opportunity. Sir, you said related to the volume growth, 16% to 18% for a way forward you are looking at as a volume growth. And how it has been in the third quarter?

- Rajeev Gupta:** For third quarter Anilji has said that close to 10-11% was the growth because if you see, sometimes this volume gets exchanged between the copper and aluminium. The price of the copper is 3x more than the aluminium cable.
- So exactly reflection replica, it cannot be quarter-to-quarter can be gauged because in some quarters, aluminium cable orders are more, so then the volume may see more. But in terms of value, it is one-third. In terms of the copper, when we get the copper more, like some export markets, the copper is more. So then the value will be high, but the volume will not be looked like aluminium.
- Praveen Sahay:** Right, sir. Got it. Sir, second, related to the HT cable. Because the HT cable for quite a couple of quarters, we are seeing there's a dip in the revenue. So if that I can understand there is a fungibility in the capacities, but is there a demand impact? Or is there a capacity impact in the extra cable.
- Rajeev Gupta:** Last year, extra-high voltage power cable capacity was utilized for HT power cable. So that's why comparatively, the reflection is like that. So now the extra high-voltage order is very high nowadays. So extra high-voltage power cable is being manufactured on extra high voltage. So no high voltage is manufactured on extra high voltage now. So that's why that is there.
- Praveen Sahay:** But with the Sanand capacity, which is up and running, first phase, is there a possibility of HT cable to improve from here?
- Anil Gupta:** Yes, yes, absolutely, absolutely. It will be substantially improved.
- Rajeev Gupta:** Sir, you see, we are always talking about the growth of 20% CAGR growth, not for 1 quarter or for 1 year. Even in the '21-'22, '22-'23 when the prices of copper was not increasing, rather decreasing or aluminium price decreasing, at that time also, we were growing by 19%. So we are not related to the price increase or decrease rather than we are more focused towards the value growth, so that disciplined growth we can maintain actually.
- Praveen Sahay:** Right. Sir, lastly, on the order book bifurcation, if you can give, like a EPC, extra high-voltage, domestic cable, how it has been?
- Rajeev Gupta:** So order book just Anilji has told, I will repeat that. Total order book is INR3,928 crores, out of which EPC order book is INR361 crores and extra high-voltage power cable is INR717 crores. Domestic cable order is INR2,426 crores, export cable order is INR424 crores. So total is INR3,928 crores order book.
- Moderator:** Thank you. We take the next question from the line of Kunal Sheth from B&K 360 One Wealth Asset Management. Please go ahead.
- Kunal Sheth:** Yes, hi, thank you for the opportunity, sir. Most of my questions have been answered. Just one clarification. As far as export is concerned, do we have particular benchmark in mind in terms

of if we want to restrict to, say, 15-18% of sales or it will be an opportunity? Do you have any such number in mind?

**Rajeev Gupta:** Sir, we are growing depending on the capacity. As our capacity is increasing, we are growing. That's how we have given the guidance originally 20% CAGR. But if some prices are increased, definitely that impact will come in future.

**Kunal Sheth:** Sir, is referring more to export as a percentage of sales. Is there a number that we are looking at that we want to restrict export to a certain percentage or...

**Rajeev Gupta:** Export, Anilji has earlier.

**Anil Gupta:** No, no. There is no restriction that we'll stop at that level. We will see where sky is the limit, where we can go.

**Rajeev Gupta:** But ultimately, the capacity we need to utilize. Whichever capacity will be there, either we can utilize in export or in retail or in domestic. It cannot be that exports should also increase, our domestic also increase and retail increase because we will we have to grow ultimately with the capacity.

**Kunal Sheth:** Right, sir. But sir, realistically, what could be the share of export, say, in 2 years?

**Rajeev Gupta:** Close to more than 20% Anilji has already visualized.

**Anil Gupta:** But we will definitely be aiming for more. But as soon as we get more visibility, we can give better guidance. This year, we are hit by exports to US, which started last year. So ultimately, in this uncertain times of geopolitics, it is very difficult to comment what a leader is thinking in other country.

**Kunal Sheth:** Okay. And sir, this quarter, which was the major country that we have exported to?

**Anil Gupta:** We have been exporting to now Europe. We are exporting to Australia. We are exporting to Middle East and Africa. US at the moment is on hold because of that tariff.

**Moderator:** Thank you. We take the next question from the line of Rahul Agarwal from Ikigai Asset. Please go ahead.

**Rahul Agarwal:** Thank you for the follow-up. So just one question. If I exclude Sanand, could you please help me understand the existing capacity in terms of sale value for LT, HT, EHV and housing wire? How much peak sales can we achieve out of the existing capacity?

**Anil Gupta:** No, no, it is already we have already reached peak so there is no more...

**Rajeev Gupta:** INR10,000 crores to INR12,500 crores capacity other than the Sanand.

**Rahul Agarwal:** Sorry, sir, I missed that number. INR12,500 crores?

- Rajeev Gupta:** Yes. So that is the capacity, total, other than Sanand.
- Rahul Agarwal:** Other than Sanand, right. And any expansion brownfields are we planning apart from Sanand over the next 2 to 3 years?
- Rajeev Gupta:** Sir, that has already been planned. And after Sanand, even the next financial year, we will be going to start in our Bhiwadi, but that will be in the planning stage as of now.
- Anil Gupta:** A new project on a new land.
- Rajeev Gupta:** New land, which we bought in the current financial year with an investment of INR92 crores. And after that, we are already acquiring the land in Baroda around close to 70 acres land. We are accumulating there. So in next 3 to 4 years, our planning is to invest another INR2,000 crores apart from Sanand. We are targeting close to 20% CAGR growth for the next 4 to 5 years.
- Rahul Agarwal:** I understand that. So this INR12,500 crores is existing capacity plus the brownfield whenever they start and plus Sanand. Is that correct?
- Rajeev Gupta:** Yes.
- Moderator:** Thank you. We take the next question from the line of Vidit Trivedi from Asian Market Securities. Please go ahead.
- Vidit Trivedi:** Yes. Hi, sir. Thank you for the opportunity. Most of my questions have been answered. Just wanted to know, what's the asset turn in Wires and what's the asset turn in Cables?
- Rajeev Gupta:** So in Cable, assets turn is close to 1:4. And in Wires, maybe asset turn is close to 1:5 or 1:6.
- Anil Gupta:** It will be more than that. It will be 1:6.
- Vidit Trivedi:** 1:7?
- Rajeev Gupta:** 1:6 or maybe 1:7 when the brownfield capex is going on there.
- Moderator:** Thank you. We take the next question from the line of Saket Kapoor from Kapur & Co. Please go ahead.
- Saket Kapoor:** Just to summarize, sir, if you could just give us some color on the landscape, especially for the EHV cable segment in terms of the current demand with respect to the renewable segment growth is propelling in the segment and the capacity in the country and the key players who are participating in this journey, including the KEI. If you could just give us some more color?
- And then there were some talks of some easing by the Government of India in allowing Chinese players to participate in government projects and in power utilities also because of some shortages in the Power segment especially in putting up this reverse infrastructure. So how do we stand there? And any update you would like to share on these two aspects?

- Anil Gupta:** Government has been talking of allowing Chinese in some segments like transformer for some high-voltage equipment where there is a real shortage and delivery period from existing manufacturers are very long, maybe 2 years or 3 years. In Cable segment, there is no such issue.
- And there are 4 or 5 significant players now in the EHV segment also like KIE, Universal Cables, Sterlite, LS Cable. And with the bulk of this product, I don't think that Chinese cable manufacturers can compete with us in Indian market because of the disadvantages there.
- Saket Kapoor:** Sir, if we focus on demand and capacity, what is the demand in the annual and what are you expecting going ahead? And currently, if we take, you mentioned four players names, capacity wise, sir, how do we rank and what are the capacity additions of your competitors?
- Anil Gupta:** See, we have almost 25% of the total capacity in line with other four. And new capacity which is coming up, I don't think that anybody is putting up an EHV plant, especially only for EHV. There might be a dual purpose of manufacturing EHV and HT cable. So it's quantification, we will do and we'll let you know.
- Saket Kapoor:** Okay. Because what is there in the public domain that players like which you mentioned Universal Cables is also coming up with capex and setting up new capacity for EHV. That was the reason I asked you the question.
- And then secondly, sir, in terms of the compounding part, the sioplas compound or the PVC compounds which are required, are we sourcing it domestically or are these imported, sir? especially in terms of the higher kV?
- Anil Gupta:** Some special high-voltage compounds we are importing because nobody manufacture it in India. But for medium voltage for low-voltage XLPE and PVC compound, we are manufacturing ourselves. We have already done a lot of backward integration in our company.
- We are almost manufacturing 3,000 tonnes of PVC every month and close to 1,000 tons of XLPE compound, which is used in LT cables and solar wires and low-tension control cables within our plant.
- Saket Kapoor:** Okay. Because they are also dominant players like DDev Plastiks are seeking impediment from various players in the higher kV segment. So are we a customer to them and thereby also as we ramp up to the higher kV in the EHV segment, they can be a prominent or a trusted supplier?
- Anil Gupta:** Yes, yes. We are buying from DDev Plastiks our requirements for medium voltage cables up to from 11 kV to 66 kV. But beyond these voltages, all the compounds are imported from Borealis or Dow chemicals.
- Saket Kapoor:** Right, right. And lastly, sir, on the further capex which you just outlined, for the INR2,000 crores, can you give us some color, which segments are you articulating the expansion? And sir, if you could give me one pending point was, sir, how is the demand/supply currently for the

EHV capacity, whichever you are ramping up and other players also, how is the demand/supply gap currently and 2 years down the line also?

**Anil Gupta:** Sir, demand for EHV Cable is continuously rising for evacuation power of power from renewable sources and new projects, which are coming up in the power generation side and improving the transmission infrastructure. We really don't have at the moment and quantification of that, but we'll try to compile the data and come back to you.

**Saket Kapoor:** Right, sir. Could you please talk about the backup of next capex of INR2,000 crores?

**Anil Gupta:** It is on drawing board. It will be cleared in next it will be finalized in the next 6 months.

**Moderator:** Thank you. We take the next question from the line of Amit Agicha from HG Hawa & Company. Please go ahead.

**Amit Agicha:** Yes, good afternoon, sir, and congratulations for good set of numbers and thank you for the opportunity. Sir, with over 2,100 dealers, what is the optimal dealer count? And like how do you ensure leader productivity rather than just expansion?

**Anil Gupta:** We are definitely not expanding the dealers too much. In this 2,500 dealers 2,100 dealers, I think around 100 dealers are very big. But rest of the dealers, they operate in small towns and small market -- B2C -- B and C type cities. There, the dealer sizes are anywhere between INR1 crore to INR3 crore or INR5 crores.

So that is why the number of dealers looks like. But the significant dealers, which contributes 70% or 80% of the sales within 100. And we are trying to ramp up those dealers so that our distribution chain is improved.

**Amit Agicha:** And sir, how much incremental branding or advertising spend is planned to strengthen the retail put?

**Anil Gupta:** I think anywhere between INR75 crores to INR80 crores is our ad spend in this financial year.

**Amit Agicha:** And sir, last question for my side. The order book I think you said is INR3,928 crores. Like what's the execution time line and how much will be converted that in FY '27 revenues?

**Rajeev Gupta:** So within 3 to 4 months is the time line to execute these orders.

**Anil Gupta:** These orders are quickly replaceable. I mean, we just execute them, most of the orders in 3 to 4 months period. And only a few, it goes up to 5 months. But most of it is are over in maximum 4 months. And these are replaced every month by new orders.

**Moderator:** Thank you. We take the next question from the line of Nirransh Jain from BNP Paribas. Please go ahead.



- Nirransh Jain:** Hi, sir. Thanks for the opportunity. Sir, my first question is on the domestic institutional sales for 9 months, which includes.
- Moderator:** Nirransh, I do apologize to interrupt you, but your audio is not clear.
- Nirransh Jain:** So sir, when I'm looking at the domestic institutional sales numbers, which includes INR1,880 crores for Cable and Wires and INR370 crores for EHV in 9 months, I'm looking at a 3% growth on a year-on-year basis. So just wanted to understand that why are we seeing this low number for the domestic institutional sales, especially when our utilizations are also at around 75% for cables. So what explains the 3% growth on the institutional side?
- Rajeev Gupta:** See, once the export is increased, so the capacity is limited. So this capacity has gone to the export market actually.
- Nirransh Jain:** But sir, utilization is lower.
- Rajeev Gupta:** Utilization comes on the basis of the volume. As I said, when we take the order of the copper, so copper is 3x priced than the aluminium price. So that's why it does not reflect the true picture actually.
- Nirransh Jain:** Okay, okay. Understood, sir. And sir, secondly, I just wanted to check, when we say the peak revenue potential of INR12,500 crores on our existing capacity, this is based on the spot prices of copper and aluminium?
- Rajeev Gupta:** The copper price is close to 9,000 LME-based price was there at 9,000 to 10,000. But see copper price does not stay at one place actually. Sometimes it goes up, sometimes it goes down also.
- Anil Gupta:** We understand your concern, and we are also trying to we are also using our maximum capacity in volume terms. And whatever reflection on the turnover comes by way of the prices, it will be reflected in our results also in the coming quarter.
- Nirransh Jain:** No, no sir, that is understandable, but I just wanted to check like what is the risk to the INR12,500 crores on either side as in like so as you mentioned that this is on the basis of \$10,000 LME-based prices...
- Rajeev Gupta:** Sir, first of all, I would highlight since last 5 years every quarterly or yearly con call, we are always giving the guidance of a 20% CAGR based on the capacity. Prices whether goes up or even goes down also, as I highlighted that in '21 and '23, the prices were going down. Still, we were growing by 19%..
- So in future also, it does not matter to KEI, in last 15 years, our growth was close to 17% CAGR. In last 15 years, number of time prices have gone down, number of times the prices have gone up, but none of the years where we have not grown except the COVID year of 2021. So that said, we are maintaining a disciplined approach. Irrespective of the price down also, we were growing in the past also.

So in future, whenever we are talking of CAGR growth, we are talking of a 20% CAGR growth, irrespective of the copper going down, irrespective of anything. Because whatever capacity we are creating, whatever new market we are creating, like Anilji to the start of the year has visualized that we should reach to the 20% export within 1 to 2 years' time. So we have already reached close to 17% in this 9-month period.

So we are working on our strategy. We are not working on somebody else's strategy. You see it is not possible to grow quarter after quarter. If you see, if somebody has grown in this quarter 50%, can he grow in the next year third quarter 50% or even he can maintain 20% growth? It will not be possible, sir, because we are in the industry since 50 years.

So we are growing, the copper going up and down. We are continuously working towards the growth of the company, and we are participating in the industry. We are the top most company from the country. Those who are exporting more in so many countries.

So we will remain focused we will remain focused with a growth rate of 20% CAGR, not for 1 year but for 5 years. That is on our side. Demand has no issue in the country and neither demand has issue in the overseas market.

**Moderator:** Thank you. We take the next question from the line of Rohit Balakrishnan from ithoughtpms. Please go ahead.

**Rohit Balakrishnan:** Sir, thank you for the opportunity. Hi, sir. My question is on EHV segment. Once the VCV tower is commissioned in FY '27, there will still be the pre-qualification period, right?

**Anil Gupta:** Very, very less because we are already having experience of last 15 years in extra high-voltage cable. So it will be only a type test required to be carried out in the new plant new facility.

**Rohit Balakrishnan:** Okay. Just a follow-up. I'm seeing a shift in towards the complex urban underground projects like Universal Cables is doing that. And currently, KEI is focusing on this segment or only in high-volume exports?

**Anil Gupta:** Can you repeat this question, please?

**Rohit Balakrishnan:** Like Universal Cables is competing on urban underground projects currently high-voltage cables, 400 kilowatt cables, now KEI is focusing on these cables or just.

**Anil Gupta:** Yes, yes. We have already executed more than, I mean, 30 to 40 such large projects all over India in last 10 years. And still executing in Mumbai, in Karnataka, in various states. So we are very well there, and we are already focusing on this. And it's not that our focus on domestic market is not there or urban underground is not there. We are executing a lot of such projects.

**Moderator:** Thank you. Ladies and gentlemen, we take that as the last question and conclude the question-and-answer session. I now hand the conference over to Mr. Anil Gupta for his closing comments.

**Anil Gupta:**

Yes. So, thank you very much our investors for participating in this conference call. I can reassure you that with the kind of business KEI has built up in terms of product approvals, product capabilities and our strength of our management in terms of production, quality control, marketing and our worldwide network, we will be growing substantially in it was only the capacity constraint, which was hampering our growth for last 2 years maybe as compared to our peers.

But with the Sanand facility now getting commissioned and getting ramped up, we will see substantially good results in fourth quarter and in the next financial year as each machine is commissioned one by one in a cable factory.

So it may take another 1 to 2 months to really ramp up the capacities, but we are on track. And we'll be giving a very strong growth in this business in coming next 3 to 4 years with these new capacities coming up. Thank you very much for your participation.

**Moderator:**

Thank you. On behalf of Nuvama Institutional Equities, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.