

## Riding the Electrification Cycle: Capacity, Complexity and Growth Visibility at KSH

Sector Outlook **Positive**

KSH International is a 45-year-old manufacturer of magnet winding wires used in power transformers, industrial motors, EV motors, compressors, and other electrical equipment. The company is among India's leading suppliers of winding wires and the country's largest exporter of winding wires, servicing over 120 domestic and global OEM customers across 24 countries. KSH derives 75% of its revenue from specialized winding wires, primarily catering to the transmission and distribution (T&D) ecosystem through products such as Continuously Transposed Conductors (CTC), paper-insulated conductors and other high-value-added winding wires. The company currently operates four manufacturing facilities with installed capacity of 43,445 MT, which is expected to increase to approximately 59,000 MT by FY27, supported by ongoing expansion initiatives. The company benefits from long-standing customer relationships, stringent qualification requirements and approvals across high-voltage transformer applications, including HVDC transformers.

Stock	
CMP (Rs.)	865
NSE Symbol	KSHINTL
BSE Code	544664
Bloomberg	KSHINTL IN
Reuters	KSHN.BO

### Following are the key takeaways from the interaction:

Key Data	
Nifty	23,824
52WeekH/L(Rs.)	909/330
O/s Shares (Mn.)	68
Market Cap (Rs. Mn.)	58,647
Face Value (INR)	5

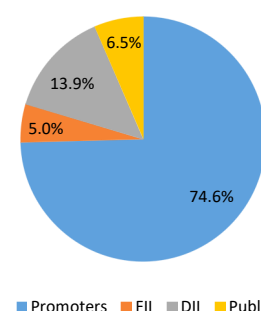
### KSH is a direct beneficiary of the structural transformer capex cycle

Average volume	
3 months	5,90,512
6 months	5,28,467
1 year	-

The plant visit reinforced our view that KSH should be viewed as a critical component supplier to the global transformer value chain rather than as a conventional copper processing company. Management highlighted that domestic CTC demand has increased from nearly 40,000 MT historically to 60,000-70,000 MT currently and could potentially reach 120,000 MT post CY30. This is being driven by rising investments in transmission infrastructure, renewable energy evacuation, grid modernization, and data-centre-led power demand. Importantly, transformer OEMs globally continue to expand capacity, creating sustained demand visibility for specialized conductors. KSH's leadership position in CTC, approvals across high-voltage transformer categories and growing participation in HVDC transformers position the company favourably to benefit from this multi-year capex cycle.

### Share Holding Pattern (%)

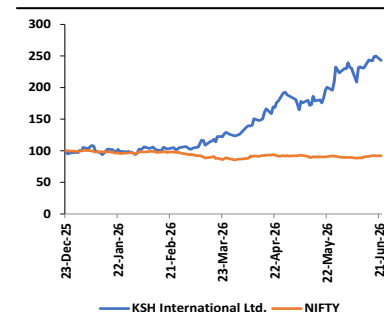
### Capacity expansion provides significant operating leverage over the next few years



The company's aggregate installed capacity currently stands at approximately 43,500 MT and is expected to increase to around 60,000 MT by FY27. Management indicated that current utilization remains around 70%, while optimal operating levels are achieved at 80-85% utilization. The facility also retains scope for a further 12,000 MT expansion beyond the planned FY27 capacity. Based on discussions during the visit, peak revenue potential is expected to materialize post FY27 as utilization improves and the new capacities stabilize. Given the high fixed-cost nature of manufacturing operations, incremental volumes should support operating leverage and profitability as utilization progressively moves towards optimal levels.

### Relative Price Chart

### Specialized products and qualification-led entry barriers remain the core competitive advantage



A key insight from the visit was the significant technical differentiation between KSH's specialized products and standard winding wires. Approximately 65% of the capacity mix comprises specialized conductors, including CTC, paper-insulated conductors and other application-specific products catering to transformers, transmission infrastructure and emerging EV applications. The manufacturing process involves stringent quality control and precision requirements, with approvals often taking several years. The company currently supplies products approved up to HVDC applications and continues to work towards higher voltage opportunities. Its ability to deliver CTC within 15-20 days, long-standing relationships with leading transformer OEMs and deep process expertise built over decades create meaningful barriers to entry and support sustainable market positioning.

### Other Takeaways

#### Operational Insights

The product portfolio remains skewed towards value-added offerings, with specialized products accounting for approximately 65-70% of total capacity while standard winding wires contribute the remaining 30-35%. Management continues to focus on increasing the share of specialized products, which are expected to support margin expansion over the medium term.

Lead times remain healthy at around 15 days for CTC products, while standard winding wires generally carry shorter delivery cycles.

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## Industry & Market Outlook

Management highlighted a significant increase in domestic demand for Continuously Transposed Conductors (CTC), with Indian demand rising from approximately 40,000 MT historically to 60,000-70,000 MT currently. Demand is expected to potentially reach 120,000 MT beyond CY2030, driven by power transmission investments, renewable integration, and grid expansion projects.

Globally, the CTC market is estimated at approximately 450,000 MT. The domestic market remains concentrated, with KSH International, Apar Industries and Precision Wires collectively accounting for nearly majority of the industry supply.

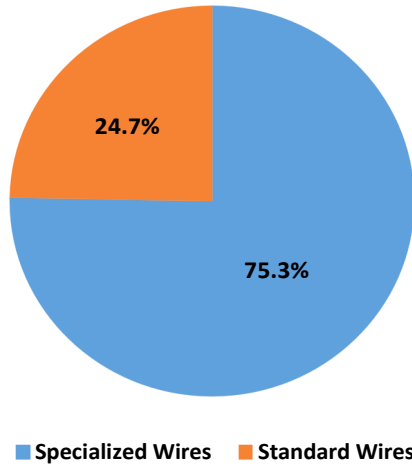
The company is currently approved for applications up to HVDC 400 kV. While HVDC 800 kV opportunities remain under development, management indicated that approval processes are still ongoing. Higher-voltage HVDC projects represent a significant long-term opportunity, particularly as renewable transmission infrastructure investments accelerate.

## Valuation & Outlook

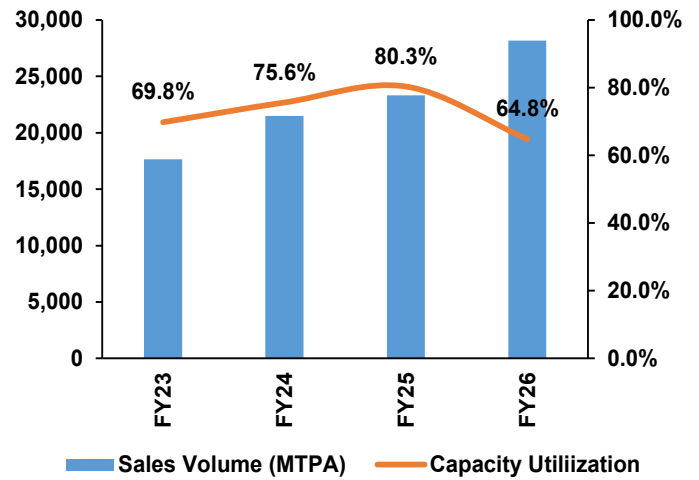
KSH International offers a differentiated play on the ongoing global electrification and transmission infrastructure investment cycle. Unlike conventional wire manufacturers, the company operates in niche segments characterized by stringent customer qualifications, high technical complexity, and strong customer stickiness. The combination of rising transformer demand, growing participation in HVDC applications, increasing exports and a visible capacity expansion roadmap provides a favourable backdrop for sustained growth. While the company's earnings trajectory will remain dependent on successful capacity ramp-up, product mix improvement and execution in high-value-added segments, its positioning within the specialized winding wire ecosystem appears structurally stronger than that of conventional conductor manufacturers. Going forward, the pace of capacity utilization, growth in CTC demand and progress in higher-voltage applications will remain key factors influencing earnings growth. **We, thus, expect KSH International to generate sustained growth and profitability over the long term, and is trading at a PE of 47.1x on FY26 EPS.**

# KSH International Ltd.

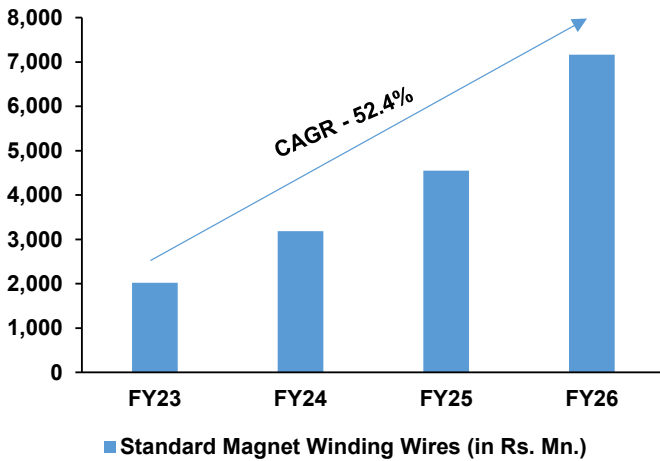
## Business Mix Trend (% Net Sales)



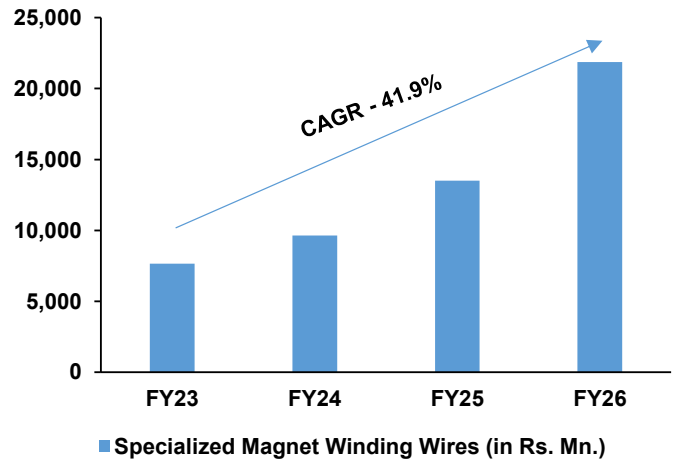
## Utilization Normalizes Following Significant Capacity



## Specialized Wires Revenue



## Standard Wires Revenue



## Strong Customer Base

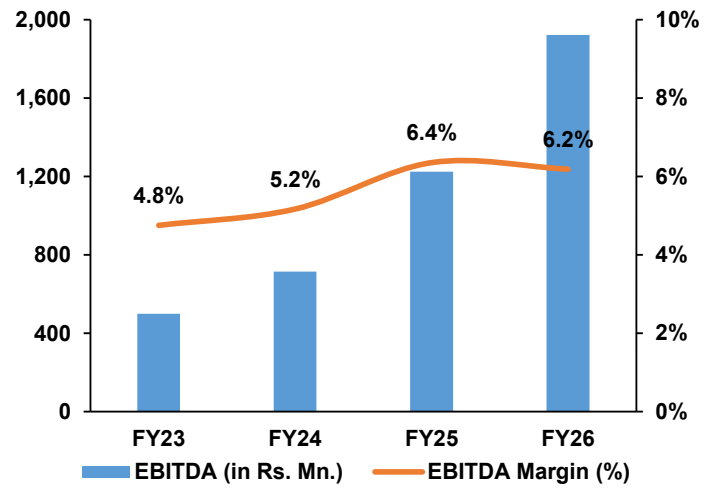
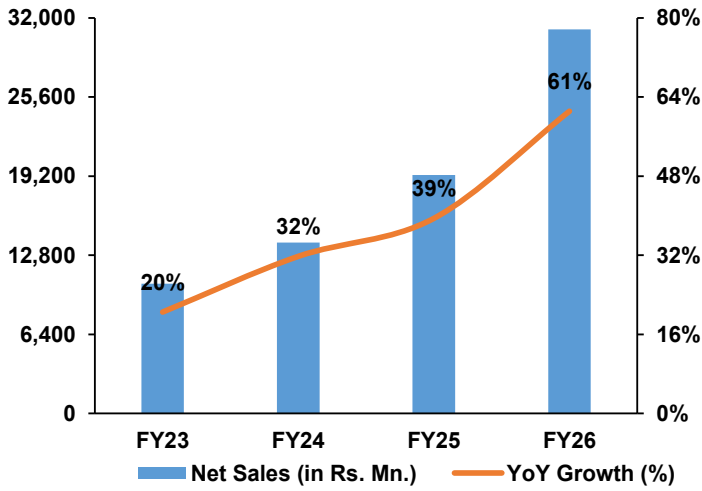


Source: Company, BP Equities Research

# KSH International Ltd.

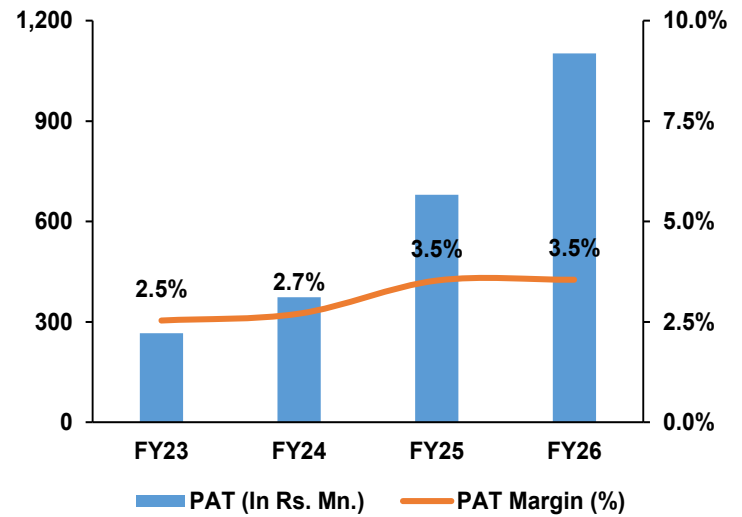
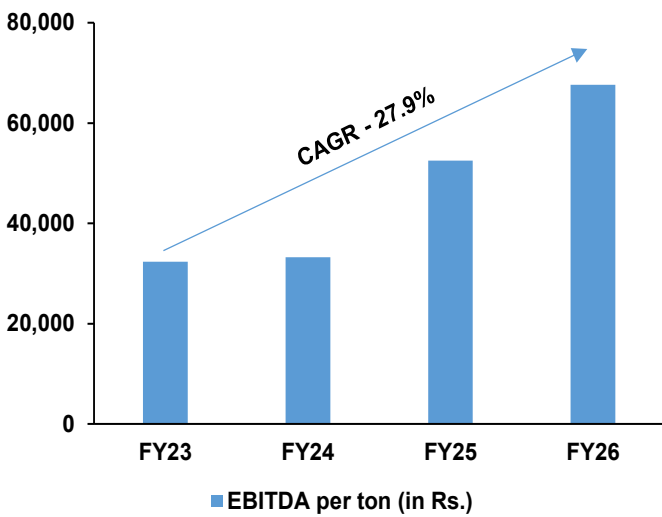
Operational revenue grew at 3-year CAGR of 43.6%

EBITDA expansion accompanied by stable margins



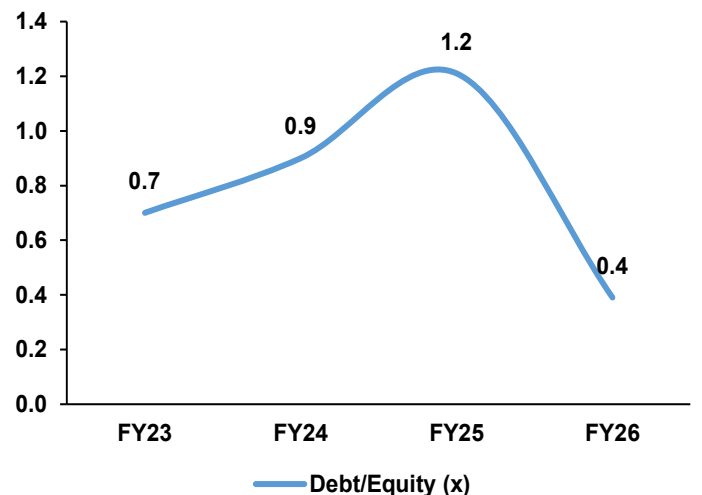
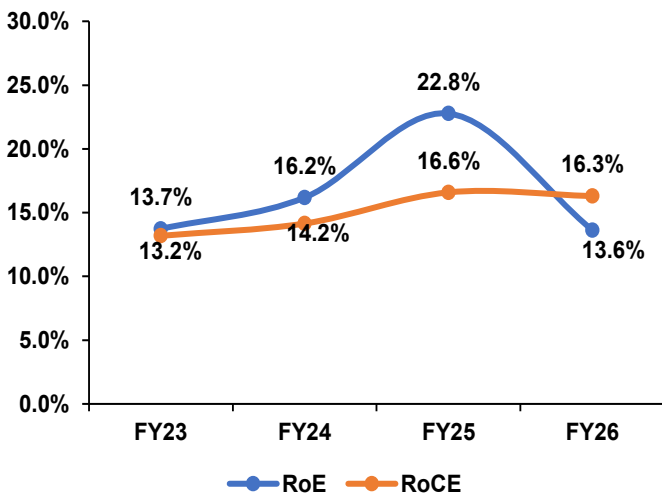
EBITDA per ton continues to trend higher

PAT records robust growth amid stable margins



RoE and RoCE

Debt / Equity Ratio (x)



Source: Bloomberg, Company, BP Equities Research

# KSH International Ltd.

Key Financials				
YE March (Rs. Mn.)	FY23	FY24	FY25	FY26
<b>Net Revenue</b>	<b>10,495</b>	<b>13,828</b>	<b>19,283</b>	<b>31,070</b>
<i>Net Revenue Growth (Y-o-Y)</i>	-	31.8%	39.4%	61.1%
<b>EBITDA</b>	<b>499</b>	<b>715</b>	<b>1,225</b>	<b>1,922</b>
<i>EBITDA Growth (Y-o-Y)</i>	-	43.3%	71.3%	56.9%
<b>Net Profit</b>	<b>266</b>	<b>374</b>	<b>680</b>	<b>1,102</b>
<i>Net Profit Growth (Y-o-Y)</i>	-	40.6%	81.8%	62.1%
<b>Diluted EPS</b>	<b>4.7</b>	<b>6.6</b>	<b>12.0</b>	<b>18.4</b>
<b>EBITDA margin (%)</b>	<b>4.8%</b>	<b>5.2%</b>	<b>6.4%</b>	<b>6.2%</b>
NPM (%)	2.5%	2.7%	3.5%	3.5%
<b>RoE (%)</b>	<b>13.7%</b>	<b>16.2%</b>	<b>22.8%</b>	<b>13.6%</b>
RoCE (%)	13.2%	14.2%	16.6%	16.3%
Valuation Ratios				
<b>P/E (x)</b>	<b>184.8x</b>	<b>131.7x</b>	<b>72.3x</b>	<b>47.1x</b>
EV/EBITDA	120.0x	84.8x	50.8x	31.7x
<b>P/BV (x)</b>	<b>30.3x</b>	<b>25.4x</b>	<b>19.6x</b>	<b>7.3x</b>
Market Cap. / Sales (x)	5.6x	4.2x	3.0x	1.9x

Source: BP Equities Research

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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