

## KSH International Ltd. - IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
16 December 2025	18 December 2025	₹365 to ₹384	SUBSCRIBE

### Investment Summary

KSH International stands out as a specialized component manufacturer, recognised as the 3rd-largest producer of magnet winding wires in the domestic market based on capacity in FY25. Its core expertise lies in advanced conductors, including Continuous Transposed Conductors (CTC) and specialized rectangular wires, which are critical components for capital goods like transformers, alternators, and EV traction motors. A significant competitive edge is its rigorous quality assurance, evidenced by necessary approvals for India's extra high-voltage infrastructure projects, notably those involving High Voltage Direct Current (HVDC) and 765 kV class systems, from organizations like Power Grid Corporation of India (PGCIL) and National Thermal Power Corporation of India (NTPC). This quality standard supports robust international presence, positioning the company as the largest Indian exporter of magnet winding wires by revenue in FY25, serving 24 countries globally. Operationally, KSH demonstrates superior financial accretion, with total revenue having expanded at a strong compound annual growth rate of 35.55% between FY23 and FY25. This growth correlates with an 56.70% CAGR increase in EBITDA during the same period, indicating efficient scaling. Furthermore, the company's PAT margins have notably improved, rising from 2.52% in FY23 to 3.51% in FY25. Considering its market leadership, specialized product portfolio, and expanding capacity (with the fourth facility commencing operations in September 2025), KSH International is positioned favorably to capture value in the domestic and global electrification infrastructure cycle.

### Company Overview

KSH International Limited, initially established in 1979 and converted to a public limited company in December 2024, is a leading manufacturer of magnet winding wires in India, ranking as the third largest by production capacity and the largest exporter by export revenue as of FY25. The company primarily manufactures specialized magnet winding wires, which account for around 70% of FY25 revenue, along with standard winding wires contributing about 24% of revenue. These products are essential inputs for capital goods such as transformers, motors, alternators, and generators. KSH sells its products under the well-recognized "KSH" brand and has built strong recall within the industry. The company has a wide global presence, exporting to 24 countries including the USA, UAE, Germany, and Spain. Manufacturing operations are spread across three facilities in Maharashtra, with a fourth plant commissioned in September 2025 to support capacity expansion.

### Business Model

KSH International operates primarily through two critical sales structures, catering directly to original equipment manufacturers (OEMs) for both domestic and global clientele. The Outright Sales Model (OSM) involves KSH procuring raw materials, mainly copper, and then invoicing the customer for the material cost plus value addition for fabrication. Alternatively, under the Job Work Sales Model (JWSM), the customer supplies the metal, and KSH charges only for the sophisticated processing and conversion services rendered. This hybrid approach allows the company to operate mainly on back-to-back arrangements against confirmed customer orders, thereby significantly mitigating volatility risks associated with copper and aluminium prices.

The fundamental competitive edge of KSH is derived from its advanced manufacturing capabilities, specializing in ultra-precision engineering essential for high-performance conductors. The company focuses on applications demanding micron-level accuracy, which includes producing rectangular copper strips with precise dimensional tolerances and

implementing intricate enamelling processes for conductors used in large 400KV, 765 KV, and High Voltage Direct Current (HVDC) transformers. KSH actively engages in joint product and process development with key customers to create customised solutions that meet evolving technical specifications, strengthening its position as a reliable supplier in demanding sectors.

The company's strategic focus is geared towards securing higher profit margins by prioritizing value-added critical products, particularly insulating conductors used in ultra-high voltage infrastructure and the fast-growing EV and Brushless Direct Current (BLDC) motor categories. To optimize efficiencies and supply chain resilience, KSH plans to invest in captive renewable energy, such as rooftop solar facilities, to reduce operational power costs. Critically, the company intends to pursue backward integration to establish in-house copper rod manufacturing, aiming to secure consistent, high-quality raw material supply while exploring the production of "green copper" to reinforce its sustainability credentials.

## Industry Outlook

The Indian electric wires and cables market shows a robust outlook, valued at USD 19.68 billion in CY24 and projected to reach USD 29.85 billion by CY28, exhibiting a CAGR of 10.98%. The specialized Magnet Winding Wires (MWW) sector, a core segment for KSH, is independently expected to reach USD 5.28 billion by CY28, sustaining a healthy CAGR of 4.78%. This growth is fundamentally driven by massive government investment in infrastructure and national efforts toward grid modernization. Expansion targets include increasing India's transmission line network to 6.48 lakh Km by 2032, significantly increasing the need for sophisticated winding solutions. Furthermore, the automotive sector's rapid shift to Electric Vehicles (EVs) creates critical demand, as the Indian EV market alone is forecasted to grow at a remarkable CAGR of 66.58% between 2022 and 2029. Globally, Magnet Winding Wires (MWW) exports are expected to reach up to USD 525 million by FY28 due to the worldwide adoption of the China Plus One supply chain diversification strategy and continuous support from government schemes like the Remission of Duties and Taxes on Exported Products (RoDTEP), boosting global competitiveness.

## Investment Rationale

### 1. Leading Position, Diversified Portfolio

KSH International is positioned as the 3rd-largest manufacturer of magnet winding wires in India based on production capacity in FY25 and is also the largest exporter by revenue in the same fiscal year. The company manufactures a diverse array of products, including standard and specialized magnet winding wires (such as continuously transposed conductors, paper insulated, and enamelled wires), catering to numerous sectors like power transmission, renewables, industrials, and the growing automotive Electric Vehicle/Internal Combustion Engine (EV/ICE) market.

### 2. Strategic Facilities, Advanced Technology Focus

The company maintains significant manufacturing capacity across its facilities, which are strategically situated close to the Jawaharlal Nehru Port in Navi Mumbai, Maharashtra, thereby aiming to optimize cost efficiencies and minimize logistics costs. KSH employs advanced manufacturing processes with a high degree of automation and expertise in ultra-precision manufacturing, which is essential for high-performance conductors required in applications such as large and HVDC transformers. This focus is supported by a dedicated internal development team collaborating with customers to produce customized, quality-focused solutions, including for new segments like the EV market.

### 3. Long-standing, Diversified Customer Base

KSH has established long-standing relationships with a diversified clientele consisting mainly of international and domestic Original Equipment Manufacturers (OEMs). This foundation results in recurring business, with 94.54% of operating revenue in FY25 derived from repeat customers and provides opportunities to cross-sell products across various divisions within the same client organizations. Demonstrating its global reach, the company successfully exports its products to 24 countries as of June 30, 2025, including countries such as the USA and UAE.

#### **4. Certified Quality, High Entry Barriers**

The company operates within a specialized sector characterized by high barriers to entry, largely due to the stringent pre-qualification requirements imposed by major industry and governmental clients. KSH overcomes these hurdles through a proven track record of quality and necessary accreditations, holding approvals from key Indian organizations such as PGCIL, NTPC, NPCIL, and RDSO for its specialized products, including conductors used in HVDC and 765 kV class transformers and reactors. Additionally, its facilities maintain robust system certifications like ISO and IATF standards.

#### **5. Consistent Financial Growth Record**

KSH has consistently delivered robust financial performance, highlighted by Revenue from operations growing at a CAGR of 35.55% from FY23 to FY25. Over the same period, EBITDA showed a CAGR of 56.70%, with PAT margins improving from 2.52% in FY23 to 3.51% in FY25. These metrics underscore its operational efficiency and consistent ability to enhance profitability within the demanding magnet winding wires market.

#### **6. Experienced Management and Promoters**

The company benefits significantly from a highly experienced promoter and management team, whose long association spans over several decades in the winding wires industry. This leadership group, including Chairman Kushal Subbayya Hegde (45+ years of experience) and Managing Director Rajesh Kushal Hegde (28+ years of experience), provides strategic continuity and deep expertise crucial for navigating industry complexities, maintaining major customer relationships, and driving technological initiatives focused on quality and safety.

### **Key Risks**

#### **1. Significant Customer Revenue Concentration**

The company faces substantial dependence on a select group of customers for revenue generation, presenting a material risk to financial stability. For the three-month period ended June 30, 2025, and FY25, the top 10 customers contributed 53.97% and 52.54% of the total revenue from operations, respectively. Due to the reliance on these key relationships and the frequent use of purchase orders rather than long-term supply agreements, the loss of any major client or a significant reduction in their purchase volume could severely impact the company's business operations, cash flows, and overall financial results.

#### **2. Dependence on Key Suppliers and Raw Material Price Volatility**

KSH International's manufacturing is heavily reliant on a limited network of suppliers for critical inputs, including primary raw materials such as copper and aluminium. The reliance is extensive, with the top 10 suppliers accounting for up to 98.91% of the total cost of raw materials and components purchased in recent periods. Since the price of primary raw materials is derived from benchmarks like the London Metal Exchange, external market volatility, coupled with the absence of long-term supply contracts, creates a risk that price increases cannot always be passed on swiftly to customers, potentially leading to reduced profitability.

#### **3. Sectoral Revenue Dependency on the Power Industry**

A large portion of the company's operating revenue is concentrated within the Power Sector (generation, transmission, and distribution). Across the reporting periods, 71.73% to 79.08% of the operating revenue was attributable to this sector. This high degree of dependence exposes the business to risks arising from industry-specific factors, such as economic cyclicality, negative trends, or adverse changes in government policies, including tariffs or environmental regulations, which could drastically reduce demand for the company's products and thus adversely affect its financial condition.

#### 4. Concentration Risk in Specialized Product Sales

The business relies heavily on the sale of a specific category: specialized magnet winding wires, which accounted for consistently over 70% of the total operating revenue in the last few periods. These specialized products are crucial for complex, high-voltage applications, including ultra-high voltage (EHV) and High Voltage Direct Current (HVDC) transformers. Any technological disruption, the introduction of alternative materials, changes in market preferences, or a reduction in demand for capital goods reliant on these specialized wires would have a material adverse effect on the company's financial health and results of operations.

#### 5. Outstanding Legal and Regulatory Proceedings

KSH International and its directors are currently involved in various outstanding legal and regulatory proceedings, which present a risk of unfavourable outcomes or sustained financial and managerial drain. While the claims against the company itself are minimal, certain civil matters involving the directors carry significant aggregate claims, reaching ₹13,600 crores. The necessity of defending or prosecuting these proceedings can divert critical management attention and consume substantial financial resources, potentially harming the company's corporate reputation, operational continuity, and financial position.

#### Financial Snapshot

Metric	In (Cr)		
	FY23	FY24	FY25
Revenue (₹ Cr)	1049.46	1382.8	1928.3
EBITDA (₹ Cr)	49.9	71.46	122.53
Net Profit (₹ Cr)	26.61	37.35	67.99
EBITDA Margin (%)	4.75%	5.17%	6.35%
PAT Margin (%)	2.54%	2.70%	3.53%
EPS (₹)	4.68	6.57	10.05

#### IPO Details and Use of Proceeds

Parameter	Details
Issuer	KSH International Ltd.
IPO Structure	Fresh Capital-cum-Offer for Sale Fresh Capital - 1,09,37,500 shares (aggregating up to ₹420.00 crores) Offer for Sale - 75,52,083 shares of ₹5 (aggregating up to ₹290.00 crores)
Issue Size	1,84,89,583 shares (aggregating up to ₹710.00 crores)
Price Band	₹365 to ₹384 per share
Face Value	₹5 per share
Market Cap	₹2601.82 crores (at upper price band)
IPO Opening Date	December 16, 2025
IPO Closing Date	December 18, 2025
Listing on	BSE & NSE
Promoter Holding (Pre/Post)	98.40% / 71.37%
Book Running Lead Manager(s)	Nuvama Wealth Management Ltd.
Use of Proceeds	<ul style="list-style-type: none"> <li>Repayment of Debt (₹225.98 crores)</li> <li>Purchase of new Machinery (₹87.02 crores)</li> <li>Purchase &amp; set-up of Solar Power Plant (₹8.83 crores)</li> <li>General Corporate Purposes</li> </ul>



## **Valuation and Recommendation**

At the upper price band of ₹384, KSH International Ltd. is valued at a **P/E of 38.26x** and an **EV/EBITDA of 22.09x** on FY25 basis, implying a market capitalization of **₹2601.82 crore**. These valuations appear reasonable given the company's strong position as the third-largest magnet winding wire manufacturer in India and the largest exporter in its category. Its strategically located, technologically advanced facilities and long-standing relationships with diversified global OEMs further strengthen business visibility. With consistent financial growth and a proven operating model, **we recommend subscribing to the IPO.**

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Registration and Contact Details: Name of Research Analyst - Mangal Keshav Financial Services LLP, Research Analyst  
Registration No.: INH000018319.

LLPIN: AAM-3358

Registered Office: 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.

Correspondence/Administrative Office Address - 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.

TEL: 022 61907900