InvestorZone
Premium Financial Research

IPO Analysis
December 13, 2025

KSH INTERNATIONAL
IPO ANALYSIS

THE SCIENCE BEHIND THE BUSINESS

Why Faraday's 1831 discoveries still power the world—and KSH's business today

MICHAEL FARADAY'S DISCOVERIES (1831)

Electromagnetic Induction

"Magnet + Motion = Electricity"

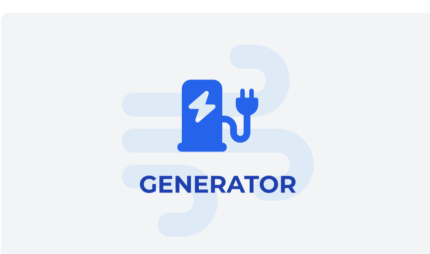
Moving a magnet near a coil of wire creates an electrical current. This is how we **GENERATE** all power today.

The Motor Principle

"Electricity + Magnet = Motion"

Passing electricity through a coil creates a magnetic field that causes movement. This is how we **CONSUME** power to do work.

THE "COIL TRIANGLE": 3 CRITICAL APPLICATIONS



From Motion to Power

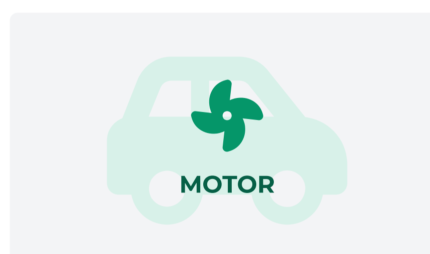
Wind turbines, hydro plants, and thermal stations all use massive copper coils to turn movement into electricity.

WIRE ROLE:
Harvesting energy efficiently

Voltage Conversion

Stepping voltage up for transmission and down for usage. Contains tons of winding wire (Standard & CTC).

WIRE ROLE:
Withstanding extreme HV heat



From Power to Motion

EVs, industrial machines, and appliances use coils to create drive. EV traction motors need rectangular wires.

WIRE ROLE:
Compact power density

THE VITAL LINK: KSH INTERNATIONAL

Without precision winding wires, Faraday's laws are just theory. **KSH manufactures the physical medium** that makes electrification possible.

- 99.9% Pure Copper
- Micron-level Precision
- 200°C+ Heat Resistance

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KSH INTERNATIONAL LIMITED

India's #1 Exporter & #3 Manufacturer of Magnet Winding Wires

BUSINESS OVERVIEW

Core Business: Manufacturer of specialized magnet winding wires for power transformers, EVs, and industrial motors.

Market Position: #1 Exporter from India (30.6% revenue) & #3 Manufacturer by capacity.

Dual Revenue Model:

- **Outright Sales:** Purchase raw material + Processing (Standard model).
- **Job Work:** Customer supplies copper/aluminum + Processing charges (Capital efficient).

Risk Mitigation: Back-to-back booking of copper/aluminum with suppliers to lock in margins and mitigate commodity price volatility.

PRODUCT PORTFOLIO (8 KEY CATEGORIES)

Specialized Products (70%+ Rev)

Continuously Transposed Conductors (CTC) & Paper Insulated Rectangular Copper (PICC).

Used in HVDC, 765kV transformers.

EV & Automotive

Rectangular Enamelled Wires for compact traction motors.

High thermal class (120°C–240°C).

Standard Wires

Round Enamelled Copper & Aluminium Wires.

For motors, compressors, appliances.

Insulation Tech

Advanced wrapping with Kraft paper, Nomex, and Mica tape.

Micron-level precision flattening.

IPO DETAILS

Total Offer Size:	**₹710 Crore**
Fresh Issue:	**₹420 Crore**
Offer for Sale:	**₹290 Crore**
Post-IPO M.Cap:	**~₹2,600 Crore**
P/E Ratio (FY25):	**38.2x**

Face Value:	**₹5 per share**
Price Band:	**₹384 per share**
Listing:	**NSE & BSE**
Shares Post-IPO:	**6.77 Cr**
Promoter Holding:	**Reduces from 100%**

**Analysis based on Red Herring Prospectus. Valuation calculated on post-issue equity base.*

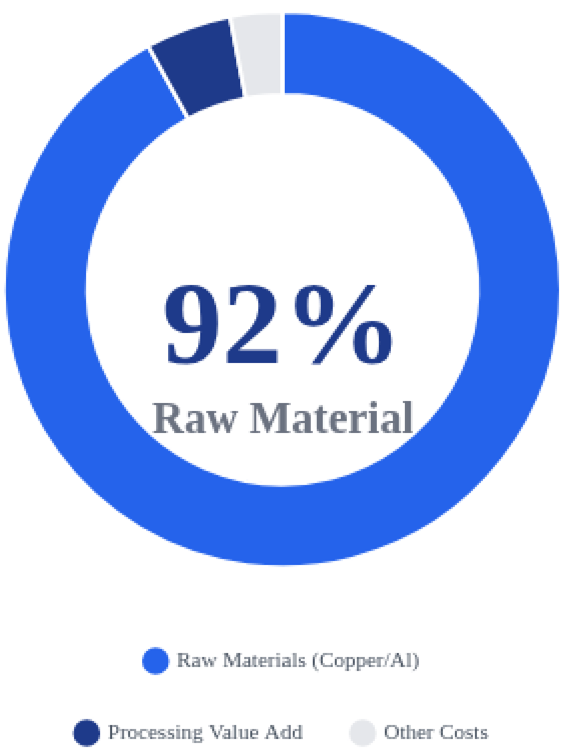
FINANCIAL HIGHLIGHTS (FY25)

REVENUE	NET PROFIT (PAT)	RETURN ON EQUITY
₹1,928 Cr	**₹68.0 Cr**	**22.8%**
35.6% CAGR	59.8% CAGR	Best in Class

BUSINESS DYNAMICS & ECONOMICS

Understanding the volume-driven model and commodity risk

The 90% Cost Reality



Risk Mitigation Flow

1. **INSTANT BOOKING**
   Order triggers immediate supplier purchase
2. **SPREAD LOCK**
   Margin fixed regardless of price moves
3. **RISK NEUTRAL**
   Volatility passed through completely

⚠ COMMODITY RISK

With **92%** of costs tied to Copper/Aluminum, a mere **5% price swing** can wipe out the entire profit margin.

KEY IMPLICATION:
Massive Working Capital Requirement

Margin Hierarchy

Standard Wires	3-5%
Specialized Products	6-8%
★ Premium (CTC)	8-10%

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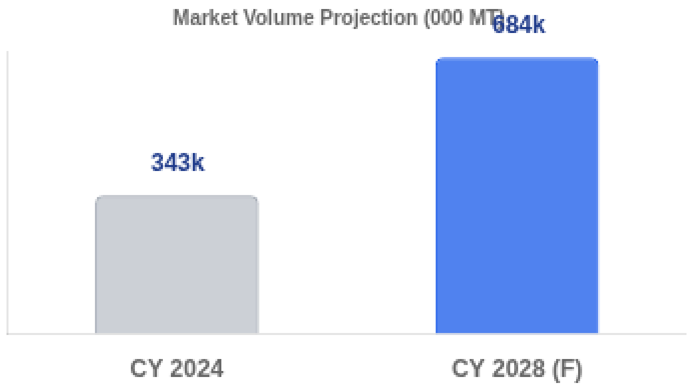
INDUSTRY LANDSCAPE & MANAGEMENT

Structural tailwinds in Power & EV sectors backed by 45 years of leadership

INDIAN MAGNET WINDING WIRE MARKET

CAGR: 4.71%



VOLUME GROWTH (METRIC TONNES)

CY24		CY28 (F)
343,000	→	**684,000**

- Market doubling in volume over 4 years.
- Driven by massive T&D capex and electrification.

4 KEY GROWTH ENGINES

Power T&D Expansion
Transmission lines growing from **4.85L** to **6.48L cKm** (2032). Huge demand for transformers.

EV Revolution
Market exploding at **66% CAGR**. EV Traction motors require specialized rectangular wires.

Renewable Energy
Target: **500 GW** by 2030. Wind/Solar farms need massive step-up transformer capacity.

Industrial & Rail
100% Rail electrification by 2030. 'Make in India' driving industrial motor demand.

LEADERSHIP & GOVERNANCE

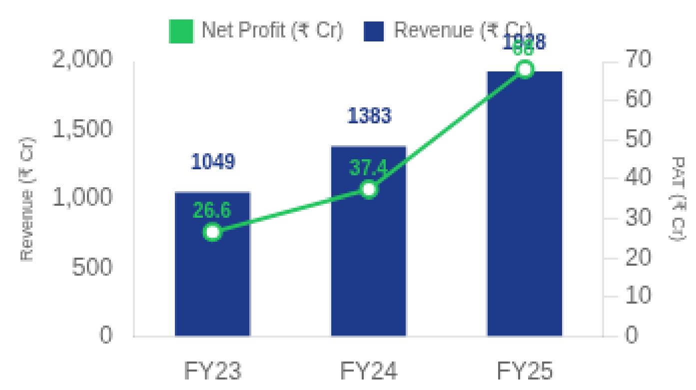
Kushal Hegde	Chairman (Founder)	45+ Years Exp.
Rajesh Hegde	Managing Director	28 Years Exp.
Rohit Hegde	Joint MD	24 Years Exp.
Sandesh Bhagwat	CEO	Industry Veteran
Amod Joshi	CFO	Finance Expert

KEY REGULATORY MOATS: PGCIL | NTPC | NPCIL | RDSO

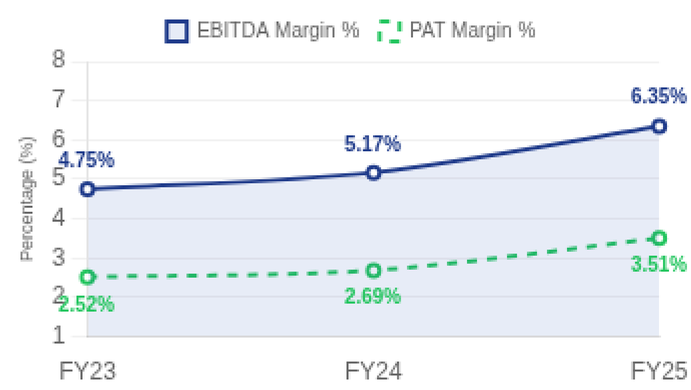
FINANCIAL PERFORMANCE (FY23-FY25)

Robust 35.6% Revenue CAGR with significant margin expansion and ROE improvement

REVENUE & PAT GROWTH



MARGIN EXPANSION TREND



DETAILED FINANCIAL METRICS (₹ Cr)

Particulars	FY23	FY24	FY25	Growth
Revenue from Operations	1,049.0	1,383.0	**1,928.0**	**35.6%**
EBITDA	49.9	71.5	**122.5**	**56.7%**
EBITDA Margin (%)	4.75%	5.17%	**6.35%**	+160 bps
Net Profit (PAT)	26.6	37.4	**68.0**	**59.8%**
PAT Margin (%)	2.52%	2.69%	**3.51%**	+99 bps
Return on Equity (ROE)	**13.7%**	**16.2%**	**22.8%**	**Significant Rise**

BALANCE SHEET HEALTH & LIQUIDITY ANALYSIS

DEBT TO EQUITY

1.17x ▲ High

Increased from 0.59x (FY23) due to Supa expansion debt. IPO proceeds to deleverage.

WORKING CAPITAL

80 Days

Stretched from 73 days (FY23). High inventory & receivables due to 35% growth.

INTEREST COVERAGE

4.4x ▲ Strong

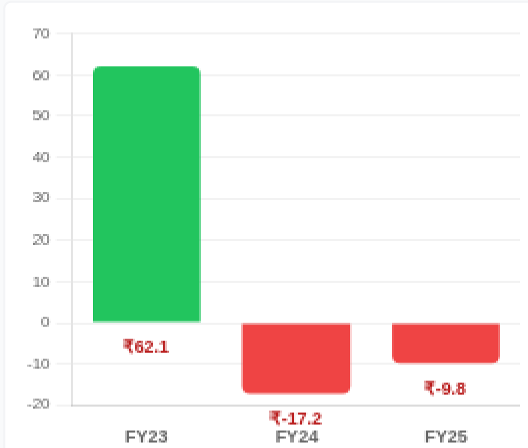
Healthy debt servicing ability despite higher interest outgo. EBITDA covering interest comfortably.

NET WORTH

₹299 Cr

Strong internal accruals boosting equity base from ₹194 Cr in FY23.

CASH FLOW TRENDS



CASH FLOW INSIGHT

Operating Cash Flow (OCF) turned negative in FY24 (**-₹17.2 Cr**) and FY25 (**-₹9.8 Cr**) due to aggressive working capital investment to support 35% growth.

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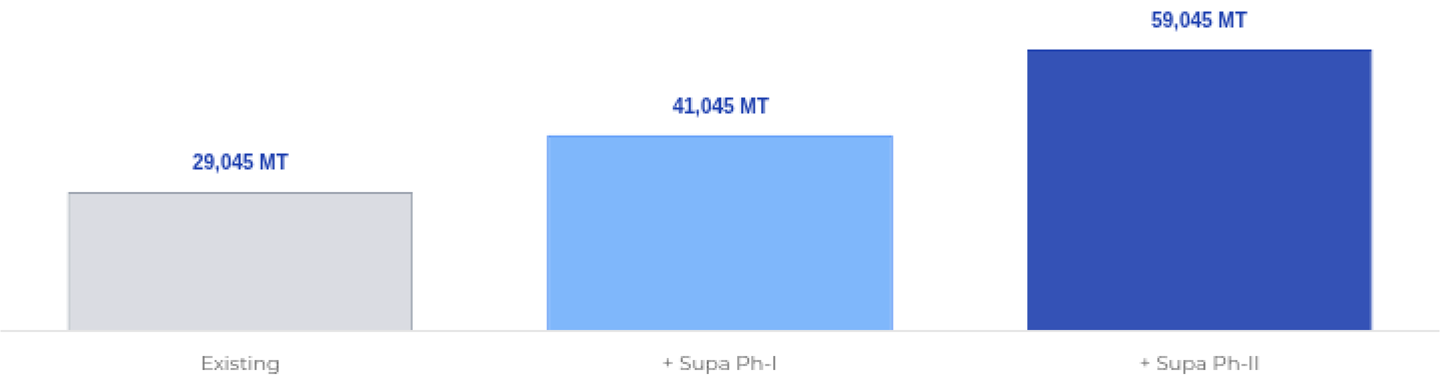
GROWTH DRIVERS & VALUATION

Doubling capacity to capture EV & Power demand backed by strong regulatory moats

CAPACITY EXPANSION

Aggressive expansion to **59,045 MT** (Doubling Capacity)



Unit 1-3	Supa Ph-I	Supa Ph-II
Operational	Commissioned	FY26-27

COMPETITIVE MOATS

Regulatory Fortress

High entry barriers with critical approvals: **PGCIL (HVDC/765kV), NTPC, NPCIL, RDSO**. Qualification takes 2-3 years.

Specialized Product Mix

70%+ Revenue from specialized products (CTC, PICC). Complex manufacturing enables superior margins.

Customer Stickiness

94.5% repeat revenue. Top 5 customers have 10+ year relationships. Critical component risk aversion.

Global Footprint

#1 Exporter from India (24 countries). Global OEM approvals (Siemens, GE, Hitachi) drive export premium.

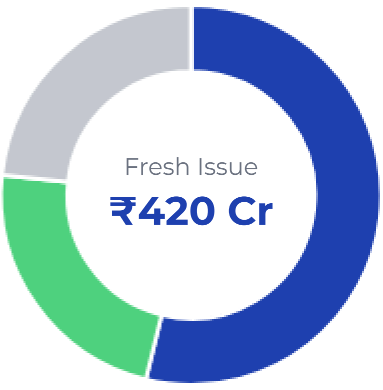
IPO VALUATION METRICS

POST-MONEY MARKET CAP	P/E RATIO (FY25)
₹2,600 Cr	**38.2x**

TOTAL OFFER SIZE	EPS (FY25)
₹710 Cr Fresh: ₹420 Cr | OFS: ₹290 Cr	**₹10.04**

Valuation aligns with peers (38-43x) but KSH offers superior margins (6.35%) and ROE (22.8%).

USE OF PROCEEDS (FRESH ISSUE)



Debt Repayment	₹226 Cr
Machinery (Supa II + Unit 2)	₹96 Cr
General Corporate & Others	~₹98 Cr

Debt repayment will significantly improve leverage ratios (Current D/E: 1.17x).

PEER COMPARISON

Benchmarking against India's leading magnet wire manufacturers

METRIC	Precision Wires (Market Leader)	Ram Ratna Wires (Existing #2)	KSH Int'l (Challenger) IPO
Capacity (MT)	49,000	48,600	29,045 ↑ To 59,045 (Post-Expansion)
Revenue (₹ Cr)	4,015	3,677	1,928
EBITDA Margin	4.13%	4.22%	6.35% BEST
PAT Margin	2.23%	1.90%	3.51%
ROE	15.6%	14.4%	22.8% HIGHEST
P/E Ratio	38x - 41x	38x - 43x	38.2x
Export Focus	Low (~12%)	Low (~8%)	High (30.6%) ₹590 Cr

MARGIN LEADERSHIP

Despite being currently smaller in revenue, KSH commands **superior EBITDA margins (6.35%)** compared to peers (4.1-4.2%). This is driven by a richer product mix (70% specialized products) and higher export realizations.

SCALING TO #2 POSITION

Post-expansion, KSH's capacity will jump to **59,045 MT**, surpassing Ram Ratna Wires (48,600 MT) to become the second-largest player in India, unlocking further economies of scale.

Export Dominance
Revenue contribution from international markets

8% Ram Ratna
12% Precision
30.6% KSH Int'l

PEER STOCK PERFORMANCE

3-Year Price Trend Analysis: Precision Wires vs. Ram Ratna Wires (Jan 2023 - Dec 2025)

Precision Wires India Ltd

NSE: PRECWIRE | 3-Year Performance

₹236.00 Current

Start (Jan '23)
~₹50.00

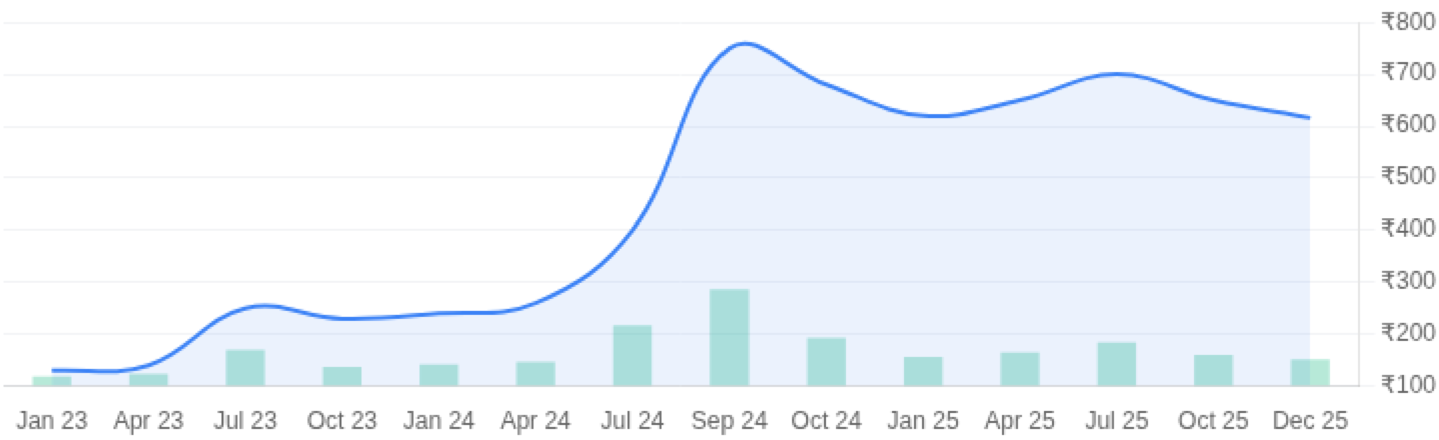
Peak (Dec '25)
~₹270.00

Growth
+372%

Ram Ratna Wires Ltd

NSE: RAMRATNA | 3-Year Performance

₹616.00 Current



Start (Jan '23)
~₹130.00

Peak (Sep '24)
~₹750.00

Growth
+373%

KEY OBSERVATIONS

- **Sector Re-rating:** Both peers have delivered >370% returns in 3 years, confirming strong sector tailwinds.
- **Volume Trends:** Significant volume spikes during rallies indicate strong institutional interest.
- **Volatility:** Ram Ratna shows higher volatility with sharp correction from ₹750 peak to ₹616.
- **Valuation Context:** Current valuations reflect growth pricing, supporting KSH's P/E of 38x.

FINAL VERDICT & RECOMMENDATION

Strategic assessment of KSH International Limited

INVESTMENT RATIONALE

Key drivers for future growth

Scale Up: 3rd → 2nd Largest
Post-expansion to **59k MT**, KSH will surpass Ram Ratna Wires to become India's #2 player, significantly improving economies of scale.

Export Dominance (30% Rev)
Strongest export profile among peers with presence in 24 countries. This provides a robust hedge against domestic demand cyclicality.

Margin Expansion
Utilization of **₹226 Cr** IPO proceeds for debt repayment will drastically cut interest costs, directly flowing to the bottom line and boosting PAT.

KEY CONCERNS

Risk factors to consider

Valuation: Fully Priced
At **38.2x P/E**, the IPO pricing leaves little room for listing gains as it aligns closely with established peer multiples (38-43x).

Promoters Cashing Out
Significant Offer for Sale (OFS) of **₹290 Cr** suggests promoters are monetizing stake at what they perceive to be a full valuation.

Financial Leverage
Current Debt/Equity ratio of **1.17x** is high compared to peers (Precision Wires: 0.04x). While IPO proceeds help, the balance sheet remains leveraged. … inventory funding requirements.

OUR VERDICT

KSH presents a strong fundamental growth story driven by capacity doubling and export leadership. While near-term listing gains may be capped due to full pricing, the long-term compounding potential through margin expansion is intact.

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