

THIRDVIEW CAPITAL

KSH International Limited

Thesis Review & Q1 FY27 Earnings Update

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This note reassesses the ThirdView Capital initiation thesis on KSH International (published July 26, 2026, CMP ₹999) against the Q1 FY27 results and August 11, 2026 earnings call. It is a thesis-tracking update, not a fresh initiation: the focus is on what we believed, what has actually happened, where our assumptions held or broke, and what to watch next. No valuation, target price, or DCF is presented here — for the valuation framework, refer to the initiation report of July 26, 2026.

1. Revisiting the Initiation Thesis

Our July 26 initiation was built on a simple structural idea: KSH was a demand-constrained business about to become an earnings-growth story as the Supa (Ahilyanagar) capacity came online, layered with a mix shift toward higher-margin specialized/CTC wire and an approval-based moat that we believed would eventually show up as visible, multi-year order commitments rather than just a high repeat-revenue statistic.

The six pillars of the original thesis

Pillar	What we believed / assumed
Capacity unlock	EBITDA/ton nearly doubled FY24→FY26 (₹33,244 → ₹67,625); capacity roughly doubling to 59,045 MT by end-FY27 was seen as removing the prior binding constraint on earnings growth.
Mix skew toward CTC/HVDC	A ~3:1 EBITDA/ton spread between specialized and standard wire, with KSH's sole disclosed HVDC 400kV approval, meant a rising specialized share (already ~75% of revenue) should structurally lift blended profitability.
Approval-based moat → earnings visibility	>90% repeat revenue and multi-year qualification cycles were treated as a moat, but we flagged this converts into real visibility only if it shows up as disclosed order commitments — at initiation, no such order book existed.
Post-IPO balance sheet headroom	Debt/EBITDA had improved from 1.21x to 0.39x (company-stated) on IPO proceeds, giving room to fund Phase II without releveraging — though we flagged FY26 operating cash flow was still negative (−₹64.97cr) despite record PAT.
Export re-acceleration toward ~40%	An improved US tariff outlook (18–25% guided vs. ~54% prior) was seen as a credible, largely de-risked option value, not a base-case driver.
EV/PEEK wire licensing	Framed explicitly as a low-cost, asymmetric option — contribution guided only from FY28 onward, so the thesis was designed to not depend on it.

Key modeled assumptions (FY27E, from our constructed forecast)

Assumption	FY27E (our model)	Basis at the time
Volume growth	+21% YoY (34,083 MT)	Management's stated 'at least equal to FY26' guidance

Assumption	FY27E (our model)	Basis at the time
EBITDA/ton	₹70,000	Low end of guided ₹67,000–74,000 band, progressing upward over FY27–29
Revenue	₹3,872.7 cr	Volume × EBITDA/ton assumptions, +3%/yr realization improvement
EBITDA	₹238.6 cr	Derived
PAT	₹129.2 cr	Derived, 25% flat tax
Export share	Gradual improvement toward ~40% (long-term)	No specific FY27 timeline was assumed
Working capital	Gradual improvement	Targeted 25–30 payable days; 'no delivered evidence yet' at initiation

What has happened since: one quarter (Q1 FY27, reported August 11, 2026) has now passed. Revenue came in at ₹1,164 cr (+108% YoY), EBITDA/ton at ₹93,325 — well above both our modeled ₹70,000 and management's own guided band — and the company signed its first disclosed multi-year order commitment: a five-year supply framework agreement with Hitachi Energy Global. This is the single most important data point against the thesis, and we address it in detail below.

2. What We Got Right vs. Wrong

One quarter is a thin sample to fully mark a thesis, but the direction of the surprises is informative — and largely favorable. We separate calls into right, too conservative, right-thesis-wrong-timing, and open/unresolved.

Right

RIGHT Capacity unlock is playing out as modeled. Utilization rose to 73.5% (from 70% in Q4 FY26) even with installed capacity unchanged at 43,445 MT, and Phase 2 (taking total capacity to ~59,045 MT) remains on track for completion by March 2027 — precisely the timeline in our initiation report. The demand backdrop we cited (ICICI Securities' ~110 GVA → ~300 GVA India transformer capacity estimate) has not been challenged by anything in the quarter; if anything, the Hitachi agreement below is direct corroborating evidence.

RIGHT Mix skew toward CTC/HVDC is the dominant profitability driver, exactly as flagged. Management was explicit on the call that CTC's record contribution — not inventory gains, not a single other factor — was the 'much bigger driver' of the EBITDA/ton beat than any other component. Specialized wire mix rose to 75% of revenue (Q1 FY27) from 72% a year ago, and higher-kV (765kV/HVDC) volume within CTC held above 25% for a third consecutive quarter. This validates the core margin-mix logic of our thesis.

RIGHT Post-IPO deleveraging is continuing. Debt/Equity improved further to 0.57x from 1.18x a year ago. Management and Dhruv Chopra were also careful on the call to clarify that the cost of capital itself has not risen (working-capital borrowing cost 6.0%–9.5%) even though absolute finance cost has grown — addressing directly the working-capital funding-cost risk we flagged in the initiation report.

Too conservative (underestimated the positive)

TOO CONSERVATIVE EBITDA/ton. We modeled ₹70,000 for FY27, near the low end of management's own then-guided ₹67,000–74,000 band. Q1 FY27 printed ₹93,325 — roughly 33% above our full-year assumption in a single quarter. Part of this is a genuinely new driver we had not modeled: some newly onboarded OEM customers are being priced on market-linked value-addition terms (rather than the fixed annual-contract basis that governs ~80–85% of

volume), and management confirmed these carry a higher value addition than legacy customers. This is a structural nuance our initiation report did not capture and is worth tracking as a distinct lever going forward, separate from the CTC-mix story.

TOO CONSERVATIVE **Working capital days.** We wrote that the 25–30 day payable-day target had 'no delivered evidence yet' in disclosed financials. Since then, working capital days have improved for two straight quarters (71 → 65 → 60), with both payables (+5 days) and receivables (+2 days) contributing in Q1. Management has now attached a specific, more credible timeline — 'multi-quarter, not multi-year' — to the eventual 30–35 day target (a figure now framed as an industry-standard benchmark rather than an aspirational one).

TOO CONSERVATIVE **Upcast backward-integration facility.** We had this targeted for H2 FY27; it was commissioned in early August 2026, ahead of that internal timeline. Management is careful to size expectations correctly, though — the ~5,000 MT recycling facility is under 10% of total capacity and is expected to add only 'a few rupees' to gross profit this year, so this is a modest positive, not a re-rating catalyst.

Right thesis, timing/magnitude not yet proven

WATCH **Export mix re-acceleration toward ~40%.** Export revenue grew a strong 76% YoY in Q1, but export share of revenue was ~27% (on management's operating-revenue basis), essentially flat to down versus 29% a year ago on the old basis. In other words, exports are growing in line with the overall business, not yet gaining share within it. The 40% target remains 'over time' with no specific date attached. This pillar of the thesis is intact directionally but has shown no re-acceleration signal yet — it is the one 'positive optionality' pillar from our initiation that has not moved.

WATCH **Approval-based moat → order-book visibility.** This is the most consequential update since initiation. The five-year Hitachi Energy Global framework agreement is the first disclosed instance of the repeat-revenue moat converting into a named, multi-year commitment — directly addressing the gap we flagged ("no disclosed order book" at initiation). However, quantity and pricing are both still undefined ("framework agreement... still being finalized"), so this is validated in kind but not yet in substance. We treat this as thesis-confirming but not thesis-complete: the next 1–2 quarters of disclosure on Hitachi's actual terms — and whether other OEMs follow, as management suggested they might given industry-wide 3–4 year order backlogs — will determine how much visibility this really adds.

Unresolved / no new information

UNCHANGED **EV/PEEK wire optionality.** No update this quarter beyond confirmation that peak-insulated EV wire capacity remains under installation as part of Phase 2. Consistent with our initiation framing — this was never meant to be a near-term driver, and it isn't one yet.

UNCHANGED **Undisclosed customer concentration.** Still no granular disclosure of single-customer revenue exposure beyond the aggregate repeat-revenue and 'top-10 declining' statistics. This risk from our initiation report is neither confirmed nor resolved.

3. Latest Results & Earnings Call — What Matters

Q1 FY27 headline: revenue ₹1,164 cr (+108% YoY, +14.3% QoQ), EBITDA ₹74.4 cr (+85% YoY), record PAT ₹42.2 cr (+86% YoY), EBITDA/ton ₹93,325 (vs. ₹65,885 Q1 FY26 and ₹74,018 Q4 FY26). Below, we focus on what these numbers mean rather than restating them.

Growth & volumes

Volume grew 30% YoY to 7,969 MT (vs. 6,114 MT a year ago), ahead of the ~26% trailing-12-month rate management is guiding investors to expect for the full year. Specialized wire volume significantly outpaced standard wire — a mix effect, not a demand-breadth effect: management explicitly attributed part of the specialized-wire strength to front-

loading Phase 1 capacity toward CTC lines rather than to disproportionate specialized-wire demand alone. The read-through: near-term volume strength is partly a capacity-allocation choice that will unwind as Phase 2 standard/EV lines come online in H2 FY27 — this is a mix-normalization dynamic to expect, not a demand slowdown.

Margins

The EBITDA/ton beat has three disclosed drivers, in management's own order of importance: (1) record CTC contribution within specialized wires — the dominant factor; (2) higher export contribution and volumes, also concentrated in specialized wires; (3) new OEM customers priced at more favorable, market-linked value-addition rates versus the fixed-contract basis used for ~80–85% of existing volume. A weaker rupee was cited as a supporting, non-structural tailwind. Management declined to give a precise quantitative breakup across these factors when pressed twice on the call (by Jenish Karia and Abhi Jain), which is itself a data point — the qualitative 'mix is the main driver' framing should be treated as directionally reliable but not independently verifiable from disclosure alone.

Capacity & utilisation

Installed capacity was unchanged in Q1 at 43,445 MT (14,400 MT of the 30,000 MT Supa Phase 2 expansion completed); the next capacity wave is guided for Q2 FY27, with full Phase 2 completion by March 2027 taking total capacity to ~59,045 MT. Utilization on the unchanged base still rose to 73.5% from 70%, which is a genuine demand signal, not merely a base-effect artifact. Management flagged a new, minor near-term friction: some transformer OEM customers who are themselves mid-expansion have delayed order pickup by a few weeks due to their own facility bottlenecks — worth monitoring but not yet a material issue.

Capex

Total Phase 2 project cost remains guided at ₹150–160 cr (largely IPO-funded), with the CFO indicating remaining spend through year-end will exceed ₹50 cr. The board has also authorized management to evaluate acquiring an additional 10 acres within Supa MIDC for capacity beyond Phase 2 — a new, so-far undefined optionality (no tonnage, machine-mix, or cost guidance given) that extends the growth runway conceptually but adds nothing quantifiable to the model yet. Existing Supa land can independently accommodate another 10,000–12,000 MT without further land acquisition.

Orders & customers — the standout item

The five-year supply framework agreement with Hitachi Energy Global, covering Indian and select global plants, is the most important disclosure of the quarter. It covers CTC, paper-insulated, and enamel-insulated rectangular conductors. Management was consistent and repeated across multiple questions that quantity and pricing are undefined at this stage and that EBITDA/ton under the agreement is expected to be 'similar' to the company average rather than superior. Management also indicated — in response to a direct question — that other large transformer OEMs (sitting on 3–4 year order backlogs of their own) are in similar discussions, framing Hitachi as a template rather than a one-off. We would treat this as evidence-building for the moat thesis, not yet as an earnings input.

Demand & other operating developments

Management's demand framing was unchanged from initiation: T&D/HVDC as the primary structural driver (3–5 year OEM order books), EV as a longer-dated contributor (2W/3W strong now; passenger vehicle/bus volumes not meaningful before FY28–29), and BIS-driven localization as a genuine, quantifiable tailwind shifting standard-wire import demand to Indian suppliers. Data-center-linked demand was reframed more precisely on this call — management clarified it flows through transformers, UPS units, and DG-set alternators rather than being a distinct product category, which is a useful disaggregation for tracking going forward rather than a new driver in itself.

4. Current Management Guidance vs. Previous

Metric	Guidance at initiation	Guidance on Aug 11 call	Do Q1 results support it?
EBITDA/ton (FY27)	₹65,000–74,000 (CFO/MD range)	₹75,000 — now framed as a level management is 'comfortable delivering,' effectively a floor rather than a range	Q1 printed ₹93,325 — well above level; management explicitly tied to Q1-specific mix front-load; should normalize toward ~₹75,000 as standard-wire volumes ramp
Volume growth (FY27)	~21% ("at least equal to FY26")	~26% (trailing-12-month rate), expected sustainable for the full year given full-year Phase 1 capacity availability	Q1 volume grew 30% YoY — above initiation figure and the new guidance
Capacity	59,045 MT by end-FY27 (Phase 2 complete)	Unchanged — 59,045 MT by March 2027; next tranche in Q2 FY27	On track; no change to the commitment
Working capital	25–30 payable days (no delivered evidence at initiation)	30–35 total net working-capital days, industry-benchmarked, 'multi-quarter, not multi-year' timeline	Two consecutive quarters of improvement (71→65→60 days) support the absolute target now more specific at initiation
Export mix	~40% long-term target, no near-term timeline assumed	Unchanged — ~40% historical-peak target, still no specific timeline	Not yet supported — Q1 export mix flat to slightly down YoY on a mix
New disclosure: order book	None — flagged as a gap	First named multi-year commitment (Hitachi, 5-yr framework; quantity/price pending)	Directionally supportive of thesis, but yet an earnings input

Overall, guidance has tightened rather than shifted: the EBITDA/ton band has effectively become a floor (₹75,000) instead of a range, and working-capital and volume commentary is more specific and more confidently forward-dated than at initiation. Nothing in management's language walked back any prior commitment; the one item still awaiting evidence is export-mix re-acceleration.

5. What Happens Next

Near term (next 2–3 quarters)

- EBITDA/ton should moderate from the Q1 print toward — but management says not below — the ~₹75,000 guided level, as Phase 2 standard/EV wire volumes come online in H2 FY27 and the CTC mix normalizes from its current elevated share. A print materially below ₹75,000 would be the first real crack in the margin thesis; a print that holds near ₹85,000–90,000 would suggest the new market-linked customer pricing is a more durable structural lever than currently modeled.
- Watch for the next capacity tranche (Q2 FY27) and whether utilization continues climbing on the larger base — management has said the trigger for evaluating capacity beyond the 59,045 MT (including the newly authorized 10-acre Supa land) is utilization approaching ~85% on the full installed base, which by management's own estimate is four to six quarters away.
- Hitachi framework agreement terms (quantity, pricing) should be disclosed within the next few quarters per management's own commitment on the call — this is the single most important near-term catalyst for converting the 'moat' pillar of the thesis from qualitative to quantitative.
- The transformer-OEM order-pickup delays flagged this quarter are worth a follow-up check next quarter — management framed this as temporary/bottleneck-driven, but a second consecutive quarter of similar commentary would warrant a demand-timing (not demand-existence) concern.

Medium term (1–3 years)

- Export mix is the pillar most in need of a positive inflection to validate the initiation thesis in full; absent a specific timeline from management, we would not underwrite the ~40% target in any near-term model and would instead treat it as call-by-call evidence.
- If additional OEMs follow Hitachi into multi-year framework agreements — as management suggested is under discussion — the earnings-visibility argument for KSH becomes materially stronger than at initiation, converting a repeat-revenue statistic into an actual forward order book.
- EV/PEEK wire and the newly authorized incremental Supa land remain optionality, not base-case drivers, consistent with the initiation framing — we would not change that treatment based on this quarter's disclosures.
- Working capital's glide path toward 30–35 days, if sustained, should show up as improving operating cash flow conversion relative to PAT — the negative FY26 operating cash flow despite record profit was one of our initiation report's clearest red flags, and the next full-year cash flow statement (FY27) is the key test of whether deleveraging is becoming self-funded rather than capital-raise-driven.

Key monitorables for upcoming quarters

- EBITDA/ton trajectory toward (or away from) the ₹75,000 guided floor, and how much of any premium is CTC-mix versus new-customer pricing
- Hitachi agreement: disclosed quantity, pricing, and timing of finalization
- Whether additional OEMs sign similar multi-year framework agreements
- Export revenue share of total revenue (currently ~27%, target ~40%, no timeline)
- Utilization progress toward the ~85% threshold management has tied to further capacity decisions
- Phase 2 completion pace — next tranche due Q2 FY27, full 59,045 MT by March 2027
- Working capital days versus the 30–35 day target, and full-year operating cash flow versus PAT
- Standard/EV wire volume ramp in H2 FY27 and its dilutive-to-mix (but not dilutive-to-absolute-EBITDA, per management) effect
- Finance cost as a percentage of EBITDA, given working-capital-driven borrowing growth
- Any disclosure on single-customer/top-customer revenue concentration

Summary Assessment

One quarter into our initiation thesis, the core structural argument — capacity unlock plus mix shift toward specialized/CTC wire, underwritten by an approval-based moat — is holding up better than we modeled, not worse. The two most consequential updates are the EBITDA/ton beat (driven partly by a genuinely new lever, market-linked pricing on new OEM customers, that our initiation report did not anticipate) and the Hitachi Energy Global framework agreement, which is the first tangible evidence of the moat converting into a disclosed multi-year commitment. The one pillar showing no positive movement is export-mix re-acceleration, and the clearest unresolved risk from initiation — negative operating cash flow despite record profit — will not be testable again until full-year FY27 numbers are available. We would characterize the overall thesis as intact and, on the two most important dimensions (capacity execution and mix-driven margin durability), tracking ahead of our original assumptions.

This note is for informational and educational purposes only and does not constitute investment advice. No Buy, Hold, or Sell rating is assigned. It builds on ThirdView Capital's KSH International initiation report (July 26, 2026) and reflects information available as of August 18, 2026, drawn from the company's Q1 FY27 investor presentation, the August 11, 2026 earnings call transcript, and public exchange filings.