KEI Industries Limited

October 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1,200.00	CARE AA+; Stable	Reaffirmed
Short-term bank facilities	2,650.00	CARE A1+	Reaffirmed
Fixed deposit	-	-	Withdrawn
Commercial paper (Carved out)*	30.00	CARE A1+	Reaffirmed

*Carved out of working capital facilities.
Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed the long-term and short-term ratings of KEI Industries Limited (KEI) and has also withdrawn the outstanding rating at the company's request as no amount is outstanding against the rated instrument. Ratings reaffirmation factors in the company's strengthening business risk profile, characterised by growing scale of operations while maintaining profitability margins and robust demand from end-user industries, which is likely to support healthy growth in scale of operations going forward. CareEdge Ratings envisages that KEI will grow in mid-teens in the near-to-medium-term, while gradually improving operating margins with changes in its product mix. Profitability is expected to benefit from enhanced geographical diversification in exports, improved operational efficiencies and increased contribution from high-margin segments. Ratings also draw strength from KEI's long track record of operations of over five decades and established position in the industry with a diversified product portfolio. The company's diversified and reputed customer base, geographically distributed dealership network, adequate order book and presence in the growing wires and cables industry are supported by experienced promoters. Ratings also factor in strong financial risk profile, reflected in robust capital structure, and coverage indicators, which is expected to sustain considering no debt-laden capital expenditure planned.

CareEdge Ratings also takes cognisance of KEI's large greenfield expansion plans of ~₹1,900 crore, to be funded through a mix of internal accruals and qualified institutional placement proceeds. Phase I of this project is expected to commence by October 2025 and the entire project is expected to be commissioned by Q2FY27 (FY refers to April 01 to March 31). This greenfield expansion is critical for the company to tap growing demand from domestic and export markets. CareEdge Ratings believes KEI will commence this project in a timely manner and draw envisaged benefits, which are critical for its overall credit risk profile.

However, rating strengths are tempered by KEI's working capital intensive operations, susceptibility of operating margins to adverse movement in raw material prices and foreign currency fluctuations, and intense competition in the wires and cables industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significantly growing sales volumes, improving profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin, maintaining its healthy return on capital employed (ROCE) on a sustained basis.
- Shortening gross operating cycle to below 100 days on a sustained basis and significant liquidity build-up.

Negative factors

- Deteriorating net debt/PBILDT above 1.00x on a sustained basis.
- Declining PBILDT margin to less than 10% on sustained basis.
- Elongating gross operating cycle beyond 180 days on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

The 'Stable' outlook reflects CareEdge Ratings' belief that KEI will continue to maintain its strong operational and financial performance as reflected in healthy growth in scale and stable operating profitability in the medium-to-long term, supported by its established position in the wires and cables industry and strong demand drivers in end-user industries.

Detailed description of key rating drivers:

Key strengths

Growth in scale of operations and profitability and further increase in capacities to support business growth

KEI's total operating income (TOI) grew at a compounded annual growth rate (CAGR) of 19% in FY20-FY25, while it grew by ~20% in FY25 over FY24, supported by 35% growth in retail sales and 15% growth in exports sales and over 3% growth in institutional sales. The company's cable segment grew by 24% in FY25, while housing wire segment registered a growth of 26% YoY reflecting strong demand.

KEI's PBILDT margin stood stable at 10.03% in FY25 (PY: 10.40%). Slight moderation in the profitability was considering increase in the copper prices. With increasing focus of KEI on growing export and retail sales and steady curtailment of lower margin engineering, procurement, and construction (EPC) business, PBILDT margin of KEI is expected to improve by nearly 25-30 bps on a yearly basis in the medium term. KEI's ROCE has remained healthy, although moderated to ~21.11% in FY25 (PY: 26.92%) considering increase in capital employed due to raising of ₹2,000 crore from qualified institutional placements (QIP). ROCE is likely to further moderate and expected to remain at the level of 15-18% in next two years until profitability and cash accruals start flowing through the optimum utilisation of new Sanand plant.

In Q1FY26, KEI's TOI further grew by ~25% y-o-y on the back of growth in institutional sales, retail sales, and exports. PBILDT margin remained stable at ~9.96%. Currently, the company is operating at almost optimum capacity utilisation level of ~80% across all major segments, although capacity utilisation moderated from over 90% in FY24 due to brownfield expansion undertaken in FY25. KEI is also planning to do a greenfield expansion in its cable manufacturing capacity (low tension [LT], high tension [HT], and extra high voltage [EHV]) at Sanand, Gujarat, with a capex of ~₹1,900 crore, which is to be funded from ₹1,450 crore of QIP proceeds and balance through internal accruals and available liquidity. The company has already expended ~₹1,100 crore so far, plans to expend ₹500-600 crore in FY26, and will incur another ₹300-400 crore in FY27. KEI plans to start the LT/HT capacities from October 2025, and the balance capacities is expected to be started by H1FY27. KEI's brownfield expansions in FY25 and this greenfield project are likely to provide additional capacity to grow its TOI at the annual rate of 14-15% in the medium term.

The company is witnessing robust demand for its products from end-user industries such as renewable power generation, telecommunication, infrastructure projects, including National Infrastructure Pipeline and metro railways, and enhancement of manufacturing capacities supported by Production-Linked Incentive (PLI) scheme among others. CareEdge Ratings believes that KEI will significantly benefit from this capex once it is completed and will enable KEI to grow at 14-15% in the next 3-4 years and KEI will gradually improve its operating profitability by focusing more on higher share from export and retail sales.

Strong financial risk profile

The company's capital structure, marked by overall gearing ratio, remains robust at 0.08x as on March 31, 2025 (PY: 0.21x). Debt coverage and leverage indicators, marked by interest coverage ratio and total debt to PBILDT, continued to remain strong at 17.54x (PY: 19.23x) and 0.48x (PY: 0.80x). Improvement in total debt to PBILDT in FY25 (FY refers to April 01 to March 31) was due to reduction in letter of credit-backed creditors, driven by higher cash purchases and improved profitability. KEI is net debt free as on June 30, 2025. The company is expected to generate healthy cash accruals, which are expected to be utilised towards capital expenditure and incremental working capital requirements. The company plans to incur capital expenditure of ~₹1,100 crore in FY26 and ₹500 crore in FY27 towards the Sanand project, apart from minor routine capital expenditure. This will be funded through qualified institutional placement proceeds, internal accruals, and available liquidity. In the absence of debt-laden capital expenditure, KEI's financial risk profile, marked by leverage and coverage indicators, is expected to remain strong.

Healthy order book position providing medium-term revenue visibility

KEI had an order book of ₹4,012 crore as on June 30, 2025 (₹3,700 crore as on May 30, 2024). The order book comprises 73% orders in the cables division (including exports, to be executed over three-four months), 14% in the extra high voltage (EHV) cables division (to be executed over 12-15 months), and 13% from the EPC division (to be executed in ~18 months). The order book excludes retail orders, which are executed immediately upon receipt.

Diversified product portfolio supporting its healthy business profile

KEI has over five decades of track record in the cable and wires business with established relationship with vendors and customers, providing stability to its business operations. KEI's cable division has a wide range of products (portfolio of over 400 products), including power cables (comprises LT, HT, and EHV power cables) up to and including 400 kV grade, control and instrumentation cables, rubber cables, winding, flexible and house wires, specialty cables, submersible cables, OVC/poly-wrapped winding wires and stainless-steel wires. KEI Cable division contributed ~64% in total revenue (PY: 62%), while housing and stainless-steel wire contributed ~30% and ~2%, respectively, in FY25 (PY: 29% and 3%, respectively). KEI has a technical collaboration with BruggKabel AG, Switzerland, for manufacturing EHV cables. BruggKabel is involved in manufacturing high voltage/EHV cables up to 550-kV voltage grade. KEI also has a presence in EPC and turnkey solutions segment for infrastructure projects, which contributed 4% in total revenue in FY25 (PY: 7%). Its presence across diverse products and geographies, tailormade products for institutional sales and strong penetration towards retail sales enables it to cater to a wide range of customer requirements across sectors and provides insulation from slowdown in sector or product segments, which is expected to continue going forward.

Increasing share of retail sales supported by growing dealer network and reducing EPC business
Due to intense competition and long working capital cycle, KEI has curtailed its EPC business and simultaneously increased the share of retail and export sales over the years, which lead to continuous improvement in operating profitability margin and collection period. The share of retail sales in the revenue mix improved significantly from 29% in FY20 (FY refers to April 01 to March 31) to 52% in FY25, while the share of EPC business declined from 16% to 4% in the same period. Retail sales stood at 51% in Q1FY26, achieving the ~50% contribution as envisaged by the company. Cumulatively, these steps have enabled the company to reduce its gross operating cycle from 159 days in FY20 to 128 days in FY25. KEI has strengthened its dealership network, with over 2,090 dealers as on June 30, 2025 (PY: 2,015 dealers as on June 30, 2024), and over 20,000 retailers in its network, reflecting its growing retail footprint.

Diversified and reputed customer base
KEI has wide sectoral and geographical diversification with its presence across over 60 countries and caters to majority core industries, including power, oil refineries, railways, automobiles, cement, steel, fertilizers, textiles, and real estate. Domestically, KEI's retail sales were fairly diversified with north, south, east, and west regions contributing 38%, 18%, 16%, 28% of its sales, respectively, in FY25 (refers to April 01 to March 31). In FY25, exports accounted for ~13% of the total income (PY: 14%). This was due to lower EPC exports as KEI was executing a EPC project in Gambia in the last year. However, cable exports increased by 40% in FY25. KEI has a diversified customer base, as top five customers contribute only 7% of total sales in FY25 (PY: 12%).

Key weaknesses

Working capital-intensive operations though improving
KEI's operations are working capital intensive, considering high collection period associated with the EPC projects, which take 2-three years to finalise. The realisation in the EPC projects is based on milestones achieved and ~10% retention money is released post successful completion of the project. The company's gross operating cycle improved to 128 days in FY25 compared to 201 days in FY21. However, KEI's operations remain working capital intensive. Company's receivable days improved to 61 days in FY25 (PY: 65 days). However, payable days reduced and stood at 37 days in FY25 (PY: 44 days) due to higher cash purchases and, because of which, net operating cycle stood at 91 days in FY25 (PY: 85 days). CareEdge Ratings expects working capital cycle to remain at the similar levels in the medium term, supported by low share of the EPC business and timely release of retention money.

Volatility in raw material prices and competitive nature of industry
KEI's business is highly raw material intensive, with raw materials forming ~75-77% of the total operating costs. Main raw materials used are copper, stainless-steel strips and rods, G.I. wires, PVC and DOP and aluminium with purchases backed by LCs or cash. Orders generally have a mix of variable and fixed-price contracts. The company maintains 2-2.5 months' inventory, where pricing is already fixed. Since most orders are executed within three months' time, the company is insulated against adverse raw material movement to a large extent. KEI's forex risk is largely mitigated with natural hedge. KEI generally does not hedge its exposure, and hence, its profitability remains vulnerable to sharp movements in foreign currency rates, but it generally benefits from rupee depreciation.
KEI continues to derive majority its revenue (over 60%) from the cable business. Orders are from across user industries, mainly from the power and infrastructure sector. Delays/deferrals of operational expenditure by companies in these sectors might adversely impact the company's operational performance and its consequently prospects. Business environment in the cable industry is competitive due to presence of organised and unorganised players. With the company's established position in the cables business, the risk is mitigated to a large extent. Having been in the cable industry for over five decades, KEI has proven product quality standards for supply of niche cable products. The company has an advantage of manufacturing EHV cables and cater to growing demand in this segment. This creates a huge entry barrier since it takes between 4 and 8 years for a new player to qualify.

Liquidity: Strong

KEI has a strong liquidity profile, marked by expected cash accruals of ~₹900-1,000 crore in FY26, against which there are no term debt obligations apart from minor lease liabilities. Average utilisation of fund-based limits stood at 2% for the 12 months ended June 2025, while non-fund-based limit utilisation stood at ~44% in the same period, providing cushion to the company's liquidity profile. KEI had a free cash and bank balance of ₹1,914 crore as on March 31, 2025, including ₹1,379 crore from qualified institutional placement proceeds, which are expected to be utilised in the ongoing capital expenditure. Capacity expansion plans, including maintenance capital expenditure in FY26-FY27, entail capital expenditure of nearly ₹1,800-1900 crore, which would to be funded through qualified institutional placement proceeds, internal accruals and available liquidity. KEI's cash flow from operations, unutilised working capital limits and available liquidity in the form of cash and liquid investments are adequate to support expansion projects, routine capital expenditure, and incremental working capital requirements.

Environment, social, and governance (ESG) risks

Environment: The company is increasing use of renewable energy to reduce carbon footprint and ensuring zero discharge facility at all units. The company is also planting trees around their facilities and using steel drum instead of wooden drum to conserve natural resources. KEI continues to increase its investments towards meeting regulatory standards and reduce environmental risk.

Social: The company ensures healthy and safe environment for the employees and product end-users. The company also provides ESG related training to employees, to ensure ESG compliance across the value chain. Thus, social risk of the company remains low and does not materially affect its credit profile.

Governance: The company is managed by professional board of directors, who have extensive experience in industry. The Board comprises eight Directors including two women directors. Independent Directors are 50% of the total number of Directors. There is audit committee, nomination and remuneration committee, stakeholders relationship committee; risk management committee, which reduces governance risk.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Withdrawal Policy
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Cables - electricals

KEI was incorporated in 1968 as a partnership firm, Krishna Electrical Industries, with prime business of manufacturing cables and wires. In 1992, the firm became a public limited company under the name KEI. The company is engaged in manufacturing wide variety of power cables ranging from 66 kV/110 kV/132 kV/220 kV/400 kV, control and instrumentation cables, rubber cables, winding wires, and stainless-steel wires. The company also has a presence in EPC and turnkey solutions segment for infrastructure projects. KEI has manufacturing units in Bhiwadi, Chopanki, and two in Pathredi (four in Rajasthan), Rakholi, and Chinchpada (two in Dadra and Nagar Haveli), with an aggregate annual installed capacity of 194,900 kms for cables, 28,800 Kms of communication cables, 9 million kg of stainless steel wires, and 2,375,000 km of winding, flexible, and house wires as on March 31, 2025. Further, company has two backward integration plants of Polyvinyl Chloride (PVC) Compound at Harchandpur (Rajasthan) and Dapada (Dadra and Nagar Haveli and Daman & Diu).

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	8,109.60	9,720.16	2590.32
PBILDT	843.59	975.26	258.02
PAT	581.05	696.41	195.75
Overall gearing (times)	0.21	0.08	NA
Interest coverage (times)	19.23	17.54	17.79

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Carved out)		Proposed	NA	NA	30.00	CARE A1+
Fixed Deposit		-	-	-	0.00	Withdrawn
Fund-based - LT-Cash Credit		-	-	-	600.00	CARE AA+; Stable
Fund-based - LT-Term Loan		-	-	30-06-2030	600.00	CARE AA+; Stable
Non-fund-based-Short Term		-	-	-	2650.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Commercial Paper-Commercial Paper (Carved out)	ST	30.00	CARE A1+	-	1)CARE A1+ (03-Oct-24) 2)CARE A1+ (19-Sep-24)	1)CARE A1+ (14-Aug-23)	1)CARE A1+ (16-Aug-22)
2	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (14-Aug-23)	1)CARE AA; Stable (16-Aug-22)
3	Non-fund-based-Short Term	ST	2650.00	CARE A1+	-	1)CARE A1+ (03-Oct-24) 2)CARE A1+ (19-Sep-24)	1)CARE A1+ (14-Aug-23)	1)CARE A1+ (16-Aug-22)
4	Fund-based - LT-Cash Credit	LT	600.00	CARE AA+; Stable	-	1)CARE AA+; Stable (03-Oct-24) 2)CARE AA+; Stable (19-Sep-24)	1)CARE AA; Positive (14-Aug-23)	1)CARE AA; Stable (16-Aug-22)

5	Fixed Deposit	LT	-	-	-	1)CARE AA+; Stable (03-Oct-24) 2)CARE AA+; Stable (19-Sep-24)	1)CARE AA; Positive (14-Aug-23)	1)CARE AA; Stable (16-Aug-22) 2)CARE AA-; Stable (22-Jun-22)
6	Fund-based - LT-Term Loan	LT	600.00	CARE AA+; Stable	-	1)CARE AA+; Stable (03-Oct-24)	-	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Carved out)	Simple
2	Fixed Deposit	Simple
3	Fund-based - LT-Cash Credit	Simple
4	Fund-based - LT-Term Loan	Simple
5	Non-fund-based-Short Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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