

KEC Asian Cables Limited

February 26, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	161.00 (Enhanced from 50.00)	CARE A; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	705.00	CARE A; Stable / CARE A1	Assigned
Long Term / Short Term Bank Facilities	450.00 (Enhanced from 50.00)	CARE A; Stable / CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to KEC Asian Cables Limited (KACL) factor in the long operating legacy of the cable business and the strong parentage of KEC International Limited (KEC, rated CARE A+; Stable/CARE A1+), following the slump sale effective January 01, 2025. The company is engaged in manufacturing of cables with end-use in power transmission and distribution, railways and telecom, supported by long-standing relationships with utilities, engineering procurement and construction (EPC) contractors and industrial customers. Post demerger from KEC, operational continuity has been maintained, and KACL continues to benefit from the parent's governance framework, strategic oversight and banking relationships. Off take from KEC also provide revenue visibility to KACL.

Ratings consider favourable sector outlook for the end-user industry, diversified product mix, reputed customer base, healthy scale of operations, albeit with moderate profitability. The operating margins remained marginally subdued during H1FY26 (refers to April 01 to September 30), owing to initial stabilisation and operational challenges following slump sale, the same is expected to normalise and remain between 8-10% going forward, aided by better capacity utilisation and expansion into value-added and specialty cable segments under the ongoing phased capex programme.

The ratings are, however, tempered by inherent working capital-intensive nature of operations, leveraged capital structure and moderate debt coverage indicators coupled with a modest net worth base of ~₹100 crore as on March 31, 2025. The ratings also factor in KACL's phased capex programme over FY26–FY30 equivalent to the size of network, focused on expansion into value-added and specialty cable segments such as elastomeric and e-beam cables, funded through a mix of term loans and internal accruals. While completion of this capex shall help in expansion of profitability and revenue diversification, it exposes the company to execution and ramp-up risks. Timely completion of the said capex and generation of envisaged benefits thereof is crucial from credit perspective.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Improvement in the credit profile of parent i.e. KEC.
- Scaling up of operations post completion of projects while managing working capital requirement and improving interest coverage more than 3.5x on a sustained basis.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Deterioration in the credit profile of parent i.e. KEC.
- Higher than envisaged debt-funded capital expenditure leading to moderation in debt coverage indicators.
- Deterioration in scale of operations or inability to maintain profitability margin 5.5% on a sustained basis.
- Significant deterioration in debt coverage indicators.

Analytical approach: Standalone, factoring operational and financial linkages with parent i.e. KEC.

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that KACL will maintain stable operating and financial performance due to favourable demand outlook and operational and financial linkages with the parent i.e. KEC.

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

Detailed description of key rating drivers:

Key strengths

Long operating legacy of the cable business and strong parentage

KACL houses the entire cable business of KEC International Limited, operating under the 'Asian Cables' brand since 1959. The business has developed established execution capabilities across power transmission and distribution, railways, telecom and specialty cable segments over several decades. Long-standing relationships with utilities, EPC contractors and industrial customers provide order visibility and support business stability.

Following the slump sale effective January 01, 2025, KACL continues as a 100% subsidiary of KEC, and the analytical approach for KEC remains consolidated. Operational continuity has been maintained post restructuring. The company continues to benefit from KEC's strategic oversight, governance standards, technical expertise and established banking relationships within the RPG Group. As per sanction terms, KEC is required to maintain at least 51% shareholding in KACL, underlining continued strategic and economic commitment.

Diversified product portfolio and reputed clientele

KACL operates two manufacturing facilities located at Vadodara (Gujarat) and Mysuru (Karnataka), with aggregate installed cable capacity of ~1.29 lakh km per annum. The product portfolio comprises low tension (LT), high tension (HT) and extra high voltage (EHV) cables (up to 220 kV), railway cables, aluminium conductors and telecom/OFC cables. This diversified mix enables participation across transmission and distribution, railway electrification, renewable energy and industrial infrastructure projects.

Total operating income (TOI) stood at ₹1,806 crore in FY25 (FY24: ₹1,645 crore; FY23: ₹1,615 crore), reflecting steady growth and continuity of operations post restructuring. Capacity utilisation was above ~65% in FY25 (except OFC), providing headroom for incremental growth. Revenues remain predominantly domestic (~88–90%), with exports contributing ~10–12%, and scope for gradual increase in export share over the medium term.

The company caters to a diversified institutional customer base comprising power utilities, EPC contractors, railways and renewable energy developers. Sales to KEC accounted for ~33% of FY25 revenues, reflecting operational integration with the parent's EPC activities, while external customer concentration remains low.

Growth in scale of operations and moderate profitability

TOI grew by 12% from ₹1,615 crore in FY24 to ₹1,806 crore in FY25. This is expected to grow further with addition of value-added products in the portfolio. Profit before interest, lease rentals, depreciation and taxation (PBILDT) margin increased from 4.78% in FY23 to 5.55% in FY24 and further to 6.42% in FY25, supported by operating leverage and improved execution. Margins moderated to ~4.75% in H1 FY26 due to transitional challenges following the slump sale and stabilisation of standalone systems and processes. With stabilisation largely completed, margins are expected to improve over the medium term, supported by better capacity utilisation and increasing contribution from value-added and specialty cable segments.

The business is raw-material intensive, with raw materials forming ~80–83% of total operating costs. Copper and aluminium constitute a significant portion of input costs. Exposure to commodity price volatility is majorly mitigated through price-variation clauses in contracts, back-to-back procurement practices and maintaining limited inventory holding of approximately one month.

Phased capex programme supporting medium-term growth

KACL is undertaking a phased capex programme over FY26–FY30 aimed at expanding capacities in elastomeric and e-beam cables, LT control and instrumentation cables, HT Sioplas and OFC-MLT facilities, along with upgrades in EHV testing and quality infrastructure. The initial phase includes capex of ~₹120-130 crore in FY26, funded through a debt-equity mix of 80:20, followed by proposed capex of ~₹330-350 crore during FY27–FY28 on a similar funding structure.

Repayment obligations are aligned with expected stabilisation and ramp-up of new capacities. The phased implementation reduces concentration risk and moderates near-term liquidity pressure. Successful execution and ramp-up are expected to enhance product diversification, improve operating leverage and support gradual strengthening of profitability over the medium term, while execution timelines and utilisation ramp-up remain key monitorable.

Key weaknesses

High working capital intensity and leveraged capital structure

KACL's operates in an inherently working-capital intensive industry, with receivables days being 81 days during FY25. However, majority of the working capital requirements is met through creditors. Furthermore, the company relies materially on LC-backed

acceptances and purchase bill discounting to fund procurement, given the limited bargaining power with large raw material suppliers.

As on March 31, 2025, the company had a relatively modest standalone net worth of ₹105 crore. This, coupled with elevated working capital reliance, resulted in total outside liabilities to tangible net worth (TOL/TNW) of 6.65x as on March 31, 2025. Funding of a significant portion of working capital through creditors and acceptances also led to a sub-unity current ratio.

Moderate debt coverage indicators

Overall gearing stood elevated at ~4.1x as on March 31, 2025, and further increased to ~5.0x as on September 30, 2025, reflecting reliance on non-fund-based working capital facilities and the modest standalone net worth base post demerger. The debt profile comprises predominantly letter of credit (LC)-backed acceptances (including bill discounting at ~7–8%) and moderate term loans availed for capex.

Although coverage indicators improved in FY25, with PBILDT interest coverage increasing from 2.03x in FY24 to 2.73x in FY25, they moderated to 1.61x in H1 FY26 due to lower operating margins during the stabilisation phase.

Execution and ramp-up risks associated with ongoing capex

KACL is implementing a phased debt funded capex programme over FY26–FY30 with estimated cost of ₹458.00 crore being funded in a debt-equity mix of 80:20. While repayment obligations are broadly aligned with expected stabilisation of new capacities, the programme exposes the company to execution, commissioning and ramp-up risks.

Given that specialty cables such as elastomeric and e-beam products require validation and certification, any delay in commissioning or slower-than-expected ramp-up could affect cash flows and leverage metrics in the near-to-medium term. Timely completion within envisaged cost and realisation of projected benefits remain key rating sensitivities.

Liquidity: Adequate

KACL's liquidity profile is assessed as adequate due to availability of need-based support from KEC. Financial flexibility is further supported by the company's integration within the KEC International / RPG Group ecosystem, which provides access to banking relationships and funding avenues.

Improving cash accruals over FY23–FY25 vis -a-vis repayment obligations aids liquidity. Liquidity is supported by access to sanctioned fund-based and non-fund-based working capital limits, with combined average utilisation of ~70%, providing some headroom. However, operations are working capital intensive with high reliance on acceptances as well as low net worth base leading to below unity current ratio as on March 31, 2025. Free cash and bank balances stood at ~₹11 crore as on March 31, 2025, and ~₹10 crore as on September 30, 2025. However, liquidity remains sensitive to execution intensity and working capital movements, given the company's reliance on LC-backed acceptances and the ongoing capex programme.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

- [Definition of Default](#)
- [Factoring Linkages Parent Sub JV Group](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Manufacturing Companies](#)
- [Financial Ratios – Non financial Sector](#)
- [Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Manufacturing	Industrial Products

KEC Asian Cables Limited (KACL) was incorporated on October 01, 2024, and houses the cable manufacturing business of KEC International Limited, transferred on a going-concern basis through a slump sale effective January 01, 2025. The business traces its legacy to the Asian Cables brand established in 1959.

KACL manufactures LT, HT and EHV power cables (up to 220 kV), along with railway cables, aluminium conductors, control and instrumentation cables and telecom/OFC cables, catering primarily to institutional customers such as power utilities, EPC contractors and railways. The company operates two manufacturing facilities at Vadodara and Mysuru, with an aggregate installed cable manufacturing capacity of ~1.29 lakh km per annum.

Brief Financials (₹ crore)	March 31, 2024 (Prov.)	March 31, 2025 (Prov.)	H1FY26 (UA)
Total operating income	1,645	1,806	907
PBILDT*	91	116	43
Profit after tax (PAT)	31	45	3
Overall gearing (x)	NA	4.09	4.96
Interest coverage (x)	2.03	2.73	1.61

Prov: Provisional UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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
Fund-based-LT/ST		-	-	-	305.00	CARE A; Stable / CARE A1
Fund-based/Non-fund-based-LT/ST		-	-	-	450.00	CARE A; Stable / CARE A1
Non-fund-based-LT/ST		-	-	-	400.00	CARE A; Stable / CARE A1
Term Loan-Long Term		-	-	NA	161.00	CARE A; Stable

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	Fund-based/Non-fund-based-LT/ST	LT/ST	450.00	CARE A; Stable / CARE A1	1)CARE A; Stable / CARE A1 (12-Feb-26)	-	-	-
2	Term Loan-Long Term	LT	161.00	CARE A; Stable	1)CARE A; Stable (12-Feb-26)	-	-	-
3	Fund-based-LT/ST	LT/ST	305.00	CARE A; Stable / CARE A1				
4	Non-fund-based-LT/ST	LT/ST	400.00	CARE A; Stable / CARE A1				

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities
Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based-LT/ST	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	Non-fund-based-LT/ST	Simple
4	Term Loan-Long 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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