Kirloskar Electric Company Limited

October 30, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term Bank Facilities	RBI	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE B-; Stable; ISSUER NOT COOPERATING* and Withdrawn
Short Term Bank Facilities	RBI	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE A4; ISSUER NOT COOPERATING* and Withdrawn

Details of instruments/facilities in Annexure-1.
**Issuer did not cooperate; based on best available information*

Rationale & Key Rating Drivers

CARE Ratings Ltd (CareEdge Ratings) has reaffirmed and simultaneously withdrawn the outstanding rating of 'CARE B-; Stable; Issuer Not Cooperating/ CARE A4; Issuer Not Cooperating [Single B Minus; Issuer Not Cooperating/ A Four; Issuer Not Cooperating]' assigned to the bank facilities of Kirloskar Electric Company Limited (KECL) with immediate effect. The above action has been taken at the request of KECL along with No Objection Certificate from the banks who have extended the facilities rated by CareEdge Ratings.

The ratings assigned to the bank facilities of Kirloskar Electric Company Limited (KECL) remained constrained on account of leveraged capital structure and weak debt coverage indicators, highly competitive market segment and exposure to volatility in the raw material prices. However, the ratings continue to factor in moderate the scale of operations and profitability along with the company's expertise in the power industry with established brand image and moderate orderbook position.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on June 01, 2026, the following were the rating strengths and weaknesses (updated based on information available from exchange filings)

Key weaknesses

Leveraged capital structure and weak debt coverage indicators

KECL's capital structure continued to remain leveraged on account of a negative net worth base owing to accumulated losses over the past years. Further, as per NCLT vide order dated April 30, 2026 (effective date of Merger is April 1, 2024) approved the merger of Company's wholly owned subsidiaries i.e., Kelbuzz Trading Private Limited, SKG Terra Promenade Private Limited, SLPKG Estate Holdings Private Limited and Luxquisite Parkland Private Limited with the KECL. Thus, absorption of losses accumulated by these subsidiaries also had an impact on the networth of KECL. Further, despite an improvement debt coverage indicators continued to remain weak owing to high finance costs. Thus, interest coverage stood at 1.39x during FY26 compared to 0.28x during the previous year. Whereas TD/GCA also remained high at 12.24 years as on March 31, 2026 compared to 13.16 years as on March 31, 2025. Further, in Q1FY27 debt coverage indicators deteriorated on back of deterioration in profitability and stood weak with an interest coverage ratio of 0.06x.

Highly competitive market segment

The competition in electrical equipment industry has been increasing due to factors such as diversion of export-focused production capacity to cater to the domestic market on the back of upheaval in the advanced economies, import of cheaper equipment, especially from China and large number of smaller unorganized players in the industry. The stiff competition restricts the pricing flexibility and the product prices and in turn the company's profitability margins which continue to be under pressure.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Exposure to volatility in raw material prices

The major raw materials used by KECL are copper, iron, and steel, whose prices are highly volatile due to their global linkages. With raw material costs accounting for more than 70% of overall cost of production, the company's ability to pass on the price rise to its customers plays a crucial role in overall profitability.

Key strengths

Moderate scale of operations and profitability

The scale of operation remained moderate with marginal growth of 8.40% as the company reported total operating income of ₹589.34 crore in FY26 as against ₹543.82 crore in FY25. Further, profitability improved on back of growth in scale of operation. Thus, PBILDT improved to ₹35.54 crore in FY26 from ₹6.79 crore in FY25, whereas PBILDT margin improved to 6.03% in FY26 from 1.25% in FY25 and was moderate. Further, despite a high interest cost and booking of extraordinary expenses categorized under employee benefits, PAT margin remained stable at 1.43% in FY26 against 1.32% in FY25. Furthermore, during Q1FY27, KECL reported a turnover of ₹104.53 crore lower than revenue booked in Q1FY26. Further, profitability significantly reduced as PBILDT margin dropped to 0.30% in Q1FY27 and KECL reported a net loss of ₹5.95 crore. Deterioration in quarterly performance was due to subdued billing in the quarter with customers deferring dispatches amid broader macroeconomic and supply chain uncertainty.

Moderate orderbook position

KECL's orderbook position was moderate and stood at ₹184 crore as on June 30, 2026, with major orders pertaining to transformers segment. Also, due to established relationships with its customers, the company receives repeated orders, hence, providing stability for its revenues.

Expertise in power industry with established brand image

Established in 1946, KECL has a very long track record of operations of over 70 years in the field of motors and transformers. KECL has been managed by highly experienced professionals headed by Vijay Kirloskar (Chairman), who has more than 30 years of experience in the related field. KECL products find application in wide range of industries such as power generation, mining, textiles, utilities, and paper among others, hence, having reputed clientele across the mentioned industries.

Liquidity: Stretched

KECL's liquidity is stretched due to the historical losses and its dependence on customer advances and stretching of creditor payments for orders execution thereby limiting its bargaining power. Further, working capital limit utilization also remained high around 70%. However, KECL has generated positive operating cash flow generation and reported satisfactory cash balances. Cash and liquid investments stood at ₹23.35 crore as on March 31, 2026, against ₹22.16 crore as on March 31, 2025. The company generated net cash flow from operations of ₹37.25 crore during FY26.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Withdrawal Policy
Definition of Default
Information Adequacy Risk and INC
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Liquidity Analysis of Non-Financial Sector Entities

About the company

Headquartered in Bengaluru, KECL (ISIN: INE134B01017) was incorporated in 1946. In its past seven decades of existence, the company has established itself as one of the major players in the domestic electric equipment industry. KECL is engaged in manufacturing AC motors, DC motors, transformers, switchgear, and electronics through six manufacturing units. The company's day-to-day operations are looked after by Vijay Kirloskar (Chairman), who is adequately supported by a group of professionals having rich business experience. NCLT vide order dated April 30, 2026 approved the merger of Company's wholly owned subsidiaries i.e.,' Kelbuzz Trading Private Limited, SKG Terra Promenade Private Limited, SLPKG Estate Holdings Private Limited and Luxquisite Parkland Private Limited with the Holding company. The effective date of Merger is April 1, 2024.

Brief Financials (₹ crore)	31-03-2025 (A)^	31-03-2026 (A)	Q1FY27 (UA)
Total operating income	543.82	589.34	104.53
PBILDT*	6.79	35.54	0.31
PAT	7.16	8.45	-5.95
Overall gearing (times)	NM	NM	NA
Interest coverage (times)	0.28	1.39	0.06

A: Audited; NA: Not available; NM: Not Meaningful; UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax
^restated post-merger (effective from April 01, 2024)

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Covenants of rated instruments/facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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-Cash Credit	RBI	Not applicable	-		-	-	0.00	Withdrawn
Non-fund-based - ST-BG/LC	RBI	Not applicable	-		-	-	0.00	Withdrawn

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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	-	-	1)CARE B-; Stable; ISSUER NOT COOPERATING* (30-Oct-26) 2)CARE B-; Stable; ISSUER NOT COOPERATING* (01-Jun-26)	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (19-Mar-25) 2)CARE B+; Stable (02-Apr-24)	-
2	Non-fund-based - ST-BG/LC	ST	-	-	1)CARE A4; ISSUER NOT COOPERATING* (30-Oct-26) 2)CARE A4; ISSUER NOT COOPERATING* (01-Jun-26)	-	1)CARE A4; ISSUER NOT COOPERATING* (19-Mar-25) 2)CARE A4 (02-Apr-24)	-

*Issuer did not cooperate; based on best available information.
LT: Long term; ST: Short term

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

Annexure-4: 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.

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