

December 26, 2023

KEC International Limited: Change in limits

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term - Fund-based - Working Capital Facilities	3,000.00	3000.00	[ICRA]AA-(Negative); Outstanding
Long-term/ Short -term-Non-fund Based Limits	15,500.00	15,500.00	[ICRA]AA-(Negative)/[ICRA]A1+; Outstanding
Long term - Fund-based – Term loan	600.00	625.00	[ICRA]AA-(Negative); Outstanding
Short Term – Fund-based	150.00	0.00	-
Long Term/Short Term – Unallocated Limits	104.00	129.00	[ICRA]AA-(Negative)/[ICRA]A1+; Outstanding
Short Term – Bill Discounting	2496.00	2,596.00	[ICRA]A1+; Outstanding
Total	21,850.00	21,850.00	

Instrument*	Previous Rated Amount (Million USD)	Current Rated Amount (Million USD)	Rating Action
External Commercial Borrowings (Foreign currency term loan)	20.00	20.00	[ICRA]AA-(Negative); Outstanding

*Instrument details are provided in Annexure-I

Rationale

This rationale is being released to convey the change in the rated limits as depicted in the table above, based on the latest information received from the entity.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, the liquidity position and rating sensitivities, environmental and social risks : [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Methodology for Construction Entities
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company. The list of companies that are consolidated to arrive at the rating are given in Annexure 2 below.

About the company

KEC was established in 1945 and was taken over by R. P. Goenka (RPG) Enterprises in 1982 and renamed KEC International Limited in 1984. The company executes power transmission and distribution, railways, civil and solar projects on an EPC basis. It also manufactures power and telecom cables. KEC is one of the largest power transmission EPC companies in the world with presence in over 70 countries and a strong presence in India, the Middle East, Africa, South Asia the Americas and Central Asia.

In September 2010, KEC acquired SAE Towers LLC, headquartered in Houston (USA), which is involved in the business of design, manufacture and supply of transmission towers. At present, KEC has three tower manufacturing facilities in India (Nagpur, Jaipur and Jabalpur) and one tower manufacturing facility each in Mexico, Brazil and Dubai, with a combined manufacturing capacity of 3,62,200 metric tonnes per annum (MTPA). KEC also has cable manufacturing (power and telecom) facilities in Mysore and near Vadodara with a combined capacity of 48,000 MTPA in addition to 12,000 MTPA of solar manufacturing capacity.

Key financial indicators (audited)

KEC Consolidated	FY2022	FY2023	H1FY2024
Operating income	13,742.4	17,281.7	8,742.6
PAT	332.1	176.0	98.2
OPBDIT/OI	6.8%	5.3%	5.9%
PAT/OI	2.4%	1.0%	1.1%
Total outside liabilities/Tangible net worth (times)	3.5	3.9	4.0
Total debt/OPBDIT (times)	3.3	3.7	4.7
Interest coverage (times)	2.3	1.4	1.5

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Amount outstanding as of Nov 30, 2023 (Rs. crore)	Date & rating in FY2024		Date & rating in FY2023		Date & rating in FY2022	
				Dec 26, 2023	Mar 27, 2023	Feb 21, 2023	Jun 21, 2022	Jun 28, 2021	Nov 30, 2020
1 Fund based-Working Capital Facilities	Long Term	3000.00	-	[ICRA]AA-(Negative)	[ICRA]AA-(Negative)	[ICRA]AA-(Negative)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)
2 Non-fund based Limits	Long term/Short term	15,500.00	-	[ICRA]AA-(Negative)/[ICRA]A1+	[ICRA]AA-(Negative)/[ICRA]A1+	[ICRA]AA-(Negative)/[ICRA]A1+	[ICRA]AA-(Stable)/[ICRA]A1+	[ICRA]AA-(Stable)/[ICRA]A1+	[ICRA]AA-(Stable)/[ICRA]A1+
3 Fund based – Term loan	Long term	625.00	625.00	[ICRA]AA-(Negative)	[ICRA]AA-(Negative)	[ICRA]AA-(Negative)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	-
4 Short Term - Fund based	Short term	0.00	-	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
5 Long term/Short term – Unallocated Limits	Long term/Short term	129.00	-	[ICRA]AA-(Negative)/[ICRA]A1+	[ICRA]AA-(Negative)/[ICRA]A1+	[ICRA]AA-(Negative)/[ICRA]A1+	[ICRA]AA-(Stable)/[ICRA]A1+	-	-
6 Foreign currency term loan (ECB)	Long term	20.00#	~3.94	[ICRA]AA-(Negative)	[ICRA]AA-(Negative)	[ICRA]AA-(Negative)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)
7 Short Term – Bill Discounting	Short term	2,596.00	-	[ICRA]A1+	[ICRA]A1+	-	-	-	-
8 NCD programme	Long term	-	-	-	-	-	-	-	[ICRA]AA-(Stable); Withdrawn

in Million USD

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund based- Working Capital Facilities	Simple
Non-fund based Limits	Very Simple
Fund based – Term loan	Simple
Short Term – Bill Discounting	Simple
Long term/Short term – Unallocated Limits	NA
Foreign currency term loan (ECB)	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund based- Working Capital Facilities	NA	NA	NA	3,000.00	[ICRA]AA- (Negative)
NA	Non-fund based Limits	NA	NA	NA	15,500.00	[ICRA]AA- (Negative)/[ICRA]A1+
NA	Fund based – Term loan	FY2020- FY2023	NA	FY2025	625.00	[ICRA]AA- (Negative)
NA	Long term/Short term – Unallocated Limits	NA	NA	NA	129.00	[ICRA]AA- (Negative)/[ICRA]A1+
NA	Foreign currency term loan (ECB)	August 2020	1.7%-2.1%	FY2026	20.00	[ICRA]AA- (Negative)
NA	Short Term – Bill Discounting	NA	NA	NA	2,596.00	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	KEC Ownership	Consolidation Approach
RPG Transmission Nigeria Limited	100.00%	Full Consolidation
KEC Investment Holdings, Mauritius	100.00%	Full Consolidation
KEC Global Mauritius	100.00%	Full Consolidation
KEC Power India Private Limited	100.00%	Full Consolidation
SAE Towers Holdings LLC, United States (along with step-down subsidiaries)	100.00%	Full Consolidation
KEC International (Malaysia) SDN BHD	100.00%	Full Consolidation
Al-Sharif Group and KEC Ltd. Co, Saudi Arabia	51.1%	Equity
KEC Towers LLC, Dubai, UAE	100.00%	Full Consolidation
KEC EPC LLC, Dubai, UAE	100.00%	Full Consolidation
KEC Spur Infrastructure Private Limited (formerly known as Spur Infrastructure Private Limited)	100.00%	Full Consolidation

Source: Company

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