August 26, 2025

Siechem Technologies Pvt. Ltd.: Long-term rating upgraded to [ICRA]A+(Stable); short-term rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Others - Fund based	150.50	210.99	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable) and assigned for enhanced amount
Long term - Term loan - Fund based	30.00	16.18	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)
Short term – Others – Non-fund based	5.00	27.00	[ICRA]A1; reaffirmed and assigned for enhanced amount
Short term – Others - Interchangeable	(78.00)	(25.00)	[ICRA]A1; reaffirmed
Long term/Short term - Unallocated limits	0.00	2.69	[ICRA]A+ (Stable)/[ICRA]A1; assigned
Total	**185.50**	**256.86**	

**Instrument details are provided in Annexure I*

Rationale

The upgrade of the ratings factors in a robust revenue growth of ~25% reported by Siechem Technologies Private Limited (STPL) in the last fiscal while maintaining healthy margins on the commencement of operations of the second unit along with the addition of some value-added products (automotive harness). The ratings also factor in the experience of STPL in specialty cables manufacturing and its diversified customer profile across several industries such as railways, automobile, marine and solar as well as the entity's entry into traditional industrial power cables.

STPL has a sizeable order book in pipeline and the share of specialty grade cables in the company's revenue mix has been 70-90% in the last three fiscals, which helped its profit margins to stay above the industry average. The ratings are further supported by a healthy financial risk profile with a demonstrated ability to report profits across business cycles, a comfortable gearing and debt coverage indicators and a strong liquidity profile, supported by sizeable cash/bank/liquid investment balance of around Rs. 200 crore as of March end 2025 and adequate buffer in the working capital limits.

The ratings are, however, constrained by the company's exposure to product concentration risks as a major chunk of its earnings is contributed by e-beam cables. Besides, STPL's margins are susceptible to the volatility in raw material prices. While the volatility in metal prices (copper and aluminium) is partly hedged through its order-backed inventory and the presence of price variation clause in some contracts, the company remains exposed to margin volatility for the balance raw materials, which mostly include insulation compounds. Additionally, with several new players entering the e-beam cables segment industry in the recent years, the competition has increased owing to which the operating profit margin has reduced to 11-14% over FY2022 to FY2025 from the 18.0-25.5% levels prevailing between FY2017 and FY2021.

Further, with the entity's entry into the automobile and household wiring segments, the pressure from competition has increased, bringing down the margins. ICRA believes that STPL's margins are unlikely to reach the previous levels, and that an absolute growth in earnings would largely emanate from the new facility in the vicinity of the old plant. The ratings are also constrained by STPL's high collection period and consequently elevated working capital intensity due to its low bargaining power with large institutional customers.

The Stable outlook on the long-term rating reflects ICRA's opinion that STPL will maintain its conservative capital structure and strong liquidity profile, going forward, and its growth prospects will be supported by the healthy pipeline of orders and operationalisation of the new facility, which would increase its production capacity by three times.

Key rating drivers and their description

Credit strengths

Robust performance in FY2025, driven by increase in scale- In FY2025 STPL's performance improved significantly, supported by ramp-up of operations in new Unit II. While its revenue grew by ~25% from Rs. 852 crore in FY2024 to Rs. 1060 crore in FY2025, the entity was also able to maintain its healthy profitability, reflected in an operating margin of 14.4% in FY2025 vis-à-vis 13.7% in FY2024. At present, STPL is incurring capex towards a Unit II extension project which will further increase the scale of operations which along with a sizable orderbook in pipeline will support the entity's robust operations going forth. Although in the current fiscal, the revenues are expected to record a high single digit growth, which is expected to reach the double digits once the Unit II extension commences operations.

Established player with considerable experience in cable manufacturing – Incorporated in 1994, STPL commenced commercial production of specialty cables in 2002. Initially, the company manufactured and marketed jelly-filled cables, which were used in the telecom industry. The company was one of the early adaptors of the electron beam irradiation technology among domestic players which was used to cure insulation compound for enhancing its abrasion resistance, thermal resistance, flame propagation resistance and deformation resistance. This reduces the risk of fire from short circuit, which has been the key reason for the adoption of e-beam cables in the railways, automobiles and marine sectors. Early technology adoption, extensive management experience and in-house research facilities have helped the company improve quality, control costs and improve their product profile, which in turn aided in adding new customers over the years.

Reputed and diversified customer base across various end-user industries – The company has a diversified customer base across various end-user industries such as railways, solar energy, automotive, marine and aerospace. The customer concentration is moderate, though there has been some improvement with the top 10 customers' contribution of sales reducing to 42% in FY2025 from 67% in FY22. The company is one of the approved vendors designated by the Research Design and Standards Organisation (RDSO), which allows it to participate in Indian Railways' orders, and enjoys a healthy market share in this segment. Owing to its proven track record in the industry, the company gets repeat orders from many customers. Apart from the railways, the company is gradually increasing its revenue share in the automobile, solar, flat travel cables for passenger lifts and conveyors, rubber cable for industrial applications and mines, aluminium flexible wires and wiring harness segments. In this context, ICRA notes that STPL has received customer approvals for supplying e-beam cables to the rapidly growing electric vehicle and metro railway coach manufacturing segments, where competition remains low.

Healthy financial risk profile, characterised by conservative capital structure and strong debt coverage metrics – Notwithstanding the moderation in profits margins, the return indicators remain healthy, reflected in the core RoCE of around 19% in FY2025. The company's low debt levels compared to its sizeable net worth resulted in a comfortable capital structure, reflected in a gearing of 0.2-0.3 times over the last three fiscals. The coverage indicators, too, remained healthy, reflected in an interest coverage of around 13 times in FY2025. Notwithstanding the debt being contracted to part fund the capex, ICRA expects STPL's credit metrics to remain comfortable, going forward.

Credit challenges

Product concentration risk with a sizeable chunk of earnings contributed by the electron beam cables – The share of specialty grade cables (mostly comprising e-beam cables) in the company's revenue mix has been above 90% in the last three fiscals. Although a high revenue share from e-beam cables has supported STPL's above-average operating margins, it makes the company highly dependent on the demand for one product segment. Any weakening in the demand prospects for e-beam cables in the country would lead to plummeting sales and a painful readjustment. However, with the entity's diversification in the customer base and customisation of products, term. This is reflected in the addition of silicon cables in their product profile in order to cater to the EV industry.

Vulnerability of profitability to volatility in raw material prices; increased competition hits profit margins – Copper and aluminium are the main raw materials used by the company and account for 80-90% of the overall raw material expenses. While the volatility in metal prices (copper and aluminium) is partly hedged through its order-backed inventory and presence of price variation clause in some contracts, the company remains exposed to margin volatility for the balance raw materials, which mainly include insulation compounds. As a result, the profit margin remains susceptible to the volatility in raw material prices because of constrained pricing flexibility, intense industry competition and limited bargaining power with customers.

With the entry of several new players in the e-beam cables segment in recent years, the competition has increased, as a result of which the operating profit margins slipped to ~14.3% in FY2025 against 19.0-25.5% prevailing between FY2019 and FY2021. With the increased competition in the e-beam cables segment, ICRA believes that STPL's margins are unlikely to reach the earlier levels, and that absolute growth in earnings would mainly emanate from the enhanced capacity, which is expected to be fully operational in the current fiscal. The new facility has double the capacity of the existing plant and is expected to support the company's growth prospects.

High working capital intensity – The company's operations remain working capital intensive owing to the high collection period on the back of low bargaining power with large institutional customers. This is reflected by the net working capital relative to the operating income (NWC/OI) of 47% in FY2025.

Liquidity position: Strong

STPL's liquidity profile remains strong, reflected in the large free cash balance and liquid investment portfolio of around Rs. 206 crore as of end-March 2025, which impart a high degree of financial flexibility to the company. Low utilisation of working capital limits, along with expected stable fund flow from operations, would support STPL's overall liquidity profile, going forward.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company demonstrates a substantial increase in its revenues and profitability, while maintaining a healthy liquidity position, low leverage and strong debt coverage metrics.

Negative factors – Pressure on the ratings could emerge in case of a significant decline in its revenue and profitability on a sustained basis and/or if its liquidity position deteriorates. Any large debt-funded capex adversely impacting the leverage and coverage metrics on a sustained basis may also trigger a downgrade. A specific metric for downgrade would be a total debt/OPBDITA of more than 2 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of STPL.

About the company

STPL was incorporated in 1994 and was promoted by Mr. P. Damodaran and his wife Ms. Padma Damodaran. The company began the production of specialty wires and cables from 2002. It has a manufacturing facility in Puducherry with a capacity of

15 MT/day and uses the electron beam irradiation technology for cable curing. STPL had set up its first e-beam accelerator machine in FY2009. In FY2015, the company set up its second electron beam accelerator to diversify into the railway business. Initially, the company catered only to the telecom industry but over the years it has diversified its customer base across several industries, with the railways being the major customer segment. The company has increased its production capacity to 45 MT/day from 15 MT/day by setting up a new unit in the vicinity of the old plant in Puducherry.

Key financial indicators (Audited)

STPL	FY2023	FY2024	FY2025*
Operating income	742.64	852.20	1061.14
PAT	72.28	80.78	104.97
OPBDIT/OI	13.12%	13.76%	14.35%
PAT/OI	9.73%	9.48%	9.89%
Total outside liabilities/Tangible net worth (times)	0.49	0.38	0.45
Total debt/OPBDIT (times)	1.5	1.1	1.5
Interest coverage (times)	18.8	10.1	13.2

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *Provisional*

Status of non-cooperation with previous CRA – Not Applicable

Any other information: None

Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Aug 26, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based facilities	Long term	210.99	[ICRA]A+ (Stable)	28-Jun-2024	[ICRA]A (Stable)	06-Apr-2023	[ICRA]A (Stable)	-	-
Term loans	Long term	16.18	[ICRA]A+ (Stable)	28-Jun-2024	[ICRA]A (Stable)	06-Apr-2023	[ICRA]A (Stable)	-	-
Interchangeable limits^^	Short term	(25.00)	[ICRA]A1	28-Jun-2024	[ICRA]A1	06-Apr-2023	[ICRA]A1	-	-
Non-fund based	Short term	27.00	[ICRA]A1	28-Jun-2024	[ICRA]A1	06-Apr-2023	[ICRA]A1	-	-
Unallocated facilities	Long term and short term	2.69	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	-	-	-	-

^^sublimit of fund/non-fund based limits

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund based limits	Simple
Term loan	Simple
Interchangeable limits	Very Simple
Non-fund based limits	Very Simple
Unallocated limits	Not Applicable

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-1: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund based facilities	NA	NA	NA	210.99	[ICRA]A+ (Stable)
NA	Term loan	FY2024	NA	FY2027	16.18	[ICRA]A+ (Stable)
NA	Interchangeable limits	NA	NA	NA	(25.00)	[ICRA]A1
NA	Non-fund based limits	NA	NA	NA	27.00	[ICRA]A1
NA	Unallocated limits	NA	NA	NA	2.69	[ICRA]A+ (Stable)/ [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 – Not Applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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