

May 27, 2026

## Keltron Component Complex Ltd: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund based Cash credit limits	10.00	10.00	[ICRA]B+ (Stable); reaffirmed
Short-term – Non-fund based limits	12.00	11.00	[ICRA]A4; reaffirmed
Short-term – Unallocated	0.00	1.00	[ICRA]A4; reaffirmed
<b>Total</b>	<b>22.00</b>	<b>22.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

The ratings reaffirmation factors in the established presence of Keltron Component Complex Ltd. (KCCL) in capacitors manufacturing and a steady increase in its revenues to around Rs. 115 crore in FY2026 from around Rs. 102 crore in FY2025 owing to improvement in sales of electrolytic and metallised polypropylene (MPP) capacitors, which is expected to sustain in the near term. The ratings consider the continued financial support received by KCCL from the ultimate parent entity, the Government of Kerala (GoK).

The ratings, however, are constrained by the company's weak financial risk profile with modest debt coverage indicators, as reflected by an interest coverage of 1.9 times in FY2025 (provisional) and working capital intensive nature of business owing to high inventory and debtor levels. The ratings are also affected by intense competition from Chinese imports, which impacted the operating margins over the past few years. Further, the company's profitability remains susceptible to volatility in raw material prices and intense competition, given its significant dependence on imported raw materials, which are subject to price fluctuations and foreign exchange movements. ICRA notes that the company has an outstanding investment and working capital of Rs. 20.7 crore from the GoK and had submitted a proposal to convert the loans availed from the GoK into equity, which is pending with the GoK. At present, KCCL is accruing interest on these GoK loans and any adverse development on this would be a key rating monitorable.

The Stable outlook on the [ICRA]B+ rating reflects ICRA's opinion that the company would benefit from its established position in manufacturing of MPP capacitors and support from the GoK.

### Key rating drivers and their description

#### Credit strengths

**Steady increase in revenues** – KCCL's operating income increased to around Rs. 115 crore in FY2026 (estimated) from Rs. 106 crore in FY2025 (provisional) owing to an increase in sales of electrolytic and MPP capacitors. Going forward, ICRA expects the company to witness a steady growth in revenues, supported by an increase in both volumes and realisations.

**Financial support from the GoK** – KCCL received financial support from its ultimate parent entity, GoK, which holds a 21.33% stake. KCCL received loans of Rs. 20.7 crore from the GoK for funding the working capital and investment requirements in the past. Further, interest on these loans is accrued but is not paid as the company had submitted a proposal to the GoK for conversion of these loans into equity. The conversion will be a key monitorable from the credit rating perspective.

#### Credit challenges

**Weak financial risk profile** – KCCL's financial risk profile remained weak with modest net worth level due to past losses. However, with improved operational performance and fresh equity infusion by the GoK over the years, the net worth improved to Rs. 25.4 crore as on March 31, 2025, from Rs. 6.4 crore as on March 31, 2022. Further, the debt protection metrics remained

weak with an interest coverage of 1.9 times and Debt/OPBDIT of 2.1 times in FY2025 owing to high interest expenses. Adjusted for the accrued interest, the interest coverage remained healthy at above 21.6 times in FY2025.

**High working capital intensity** – The company’s working capital intensity remained high with NWC/OI of 43% in FY2025 owing to high debtor and inventory levels. KCCL holds finished goods inventory of about two months mainly because of its wide product profile. It extends a credit period of 90 days to dealers and 45-60 days to OEMs, which gets delayed and results in high debtor days.

**Profitability susceptible to volatility in raw material prices, intense competition and forex fluctuations** – KCCL’s profitability remains exposed to volatility in raw material prices, given its significant dependence on imported raw materials, which are subject to price fluctuations and foreign exchange movements. The capacitor industry is highly fragmented with many small players and significant Chinese imports. Intense competition affects the pricing flexibility of KCCL and has impacted the profit margins over the years.

### Liquidity position: Adequate

The company’s liquidity position is Adequate, as reflected by low utilisation of working capital limits (average utilisation of 19%) in the past 12 months ending in March 2026. No long-term repayment obligations and moderate capex plans are expected to support its liquidity position. Further, the liquidity position is supported by free cash balance of Rs. 10 crore as on March 31, 2026.

### Rating sensitivities

**Positive factors** – The ratings could be upgraded if the company sustains its revenues and earnings, leading to an improvement in debt coverage metrics. The ratings could be upgraded upon conversion of interest-bearing loans from GoK into equity, improving its net worth levels.

**Negative factors** – The ratings could be downgraded in case of a sharp decline in revenues or operating margins or a significant stretch in the working capital intensity, thereby exerting pressure on its liquidity position.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	None
Consolidation/Standalone	Standalone

## About the company

Keltron Component Complex Limited (KCCL) is a subsidiary of Kerala State Electronics Development Corporation Limited (KSEDC), a Government of Kerala undertaking. KSEDC entered the electronic components space by setting up an aluminium electrolytic capacitor plant in technical collaboration with Spargue Electromag Belgium, in 1976 under KCCL in Kannur, Kerala. Aluminium electrolytic capacitors and metallised plastic film capacitors are the major product segments of KCCL, which contribute a major portion to its revenues.

## Key financial indicators

	FY2024	FY2025*
<b>Operating income</b>	104.2	106.0
<b>PAT</b>	3.7	3.8
<b>OPBDIT/OI</b>	9.1%	9.9%
<b>PAT/OI</b>	3.6%	3.5%
<b>Total outside liabilities/Tangible net worth (times)</b>	4.8	3.9
<b>Total debt/OPBDIT (times)</b>	2.6	2.1
<b>Interest coverage (times)</b>	1.7	1.9

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

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

Instrument	Current ratings (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
	Type	Amount Rated (Rs. crore)	May 27, 2026	Date	Rating	Date	Rating	Date	Rating
<b>Short-term – Non-fund based limits</b>	Short Term	11.00	[ICRA]A4	-	-	Feb 21, 2025	[ICRA]A4	NOV 20, 2023	[ICRA]A4
<b>Short-term – Unallocated</b>	Short Term	1.00	[ICRA]A4	-	-	-	-	NOV 20, 2023	[ICRA]A4
<b>Long-term – unallocated</b>	Long Term	-	-	-	-	-	-	NOV 20, 2023	[ICRA]B+ (Stable)
<b>Long-term – Fund based Cash credit limits</b>	Long Term	10.00	[ICRA]B+ (Stable)	-	-	Feb 21, 2025	[ICRA]B+ (Stable)	NOV 20, 2023	[ICRA]B+ (Stable)

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)

Sr. No.	Activity Name	FSR
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund based Cash credit limits	Simple
Short-term – Non-fund based limits	Simple
Short-term – Unallocated	NA

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 II: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term – Fund based Cash credit limits	-	-	-	10.00	[ICRA]B+ (Stable)
NA	Short-term – Non-fund based limits	-	-	-	11.00	[ICRA]A4
NA	Short-term – Unallocated	-	-	-	1.00	[ICRA]A4

Source: Company

### Annexure III: 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.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

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