

CAMELS Analysis for Wire Manufacturing Companies

Kavipriya G, Dr.R. Raajalakshmi

Vels Institute of Science, Technology and Advanced Studies (VISTAS)

ABSTRACT

This paper is an attempt at analyzing and comparing the financial performance of Polycab India Ltd., KEI Industries Ltd., and R R Kabel Ltd. based on the CAMELS system. For this analysis, secondary data from the annual reports of the three firms have been used to analyze Capital Adequacy, Asset Quality, Management Efficiency, Earnings, Liquidity, and Market Risk Sensitivity. According to the analysis, Polycab has been found to perform exceptionally well in terms of profitability, KEI Industries in terms of capital adequacy and liquidity, whereas, R R Kabel Ltd. has been found to improve significantly in profitability. The decreasing asset turnover along with the leverage and liquidity issues demand attention.

Keywords: CAMELS, Financial Performance, Polycab, KEI Industries, R R Kabel, Financial Analysis.

INTRODUCTION

Wires & Cables industry is an important contributor to the infrastructure, construction, power transmission, and industrial sector. The assessment of the financial performance will help in judging the profitability, financial stability, efficiency of resource use, and management of risks by the organization. The current study will examine Polycab India Ltd, KEI Industries Ltd and R R Kabel Ltd and will analyze the financial performance of all three companies in relation to the CAMELS framework of Capital Adequacy, Asset Quality, Management, Earnings, Liquidity and Market Risk Sensitivity. The study will make use of secondary data available in the annual reports of these firms. The study will compare the financial strengths and weaknesses of the selected companies. It has been found that Polycab had been performing very well in terms of profitability, KEI was good in liquidity and capital adequacy, whereas R R Kabel made a huge jump in profitability.

Review of Literature

Kundu, D. & Chatterjee, N. (2025) The study evaluated selected scheduled commercial banks using CAMEL indicators and financial ratio analysis. The findings showed that banks with better asset quality and liquidity maintained stronger financial performance. The study concluded that CAMEL analysis provides a comprehensive approach for measuring banking efficiency and financial health.

Solanki, J. M. & Joshi, R. (2025): The authors examined the application of the CAMEL model in evaluating Indian banks. The study concluded that the framework effectively measures financial performance and supports decision-making by regulators, investors, and bank management. It also emphasized the importance of continuous monitoring of CAMEL parameters to improve banking stability.

Rahman, W. A. & Priono, H. (2025): This study assessed the financial health of digital banks using the CAMELS framework based on data from 2019–2023. The findings indicated that most digital banks maintained adequate capital and liquidity but faced challenges in profitability and asset quality. The authors concluded that CAMELS can effectively evaluate both conventional and digital banking institutions.

Arslan, M. & Tutkavul, K. (2025): The study investigated the relationship between CAMELS components and financial performance among commercial banks. The findings revealed that capital adequacy, earnings quality, and liquidity had a significant positive influence on financial performance, while effective management reduced financial risk. The authors recommended periodic CAMELS evaluations to strengthen banking performance and stability

Kumar, A., & Dahire, A. (2025): Kumar and Dahire (2025) examined the financial performance of Indian public-sector banks before and after the banking reforms introduced from 2019 onwards. The study compared the pre-reform period of 2015–2019 with the post-reform period of 2020–2024 using the CAMELS framework. The research considered capital adequacy, asset quality, management efficiency, earning efficiency, liquidity, and sensitivity. The study highlights the usefulness of CAMELS in examining changes in financial strength and resilience over different periods.

Research Gap:

While many researchers have studied the performance of financial ratios and the use of the CAMEL/CAMELS approach to evaluate financial performance, little research has been conducted on comparing some major firms of the Indian wire and cable industry. It is necessary to study Polycab India Limited, KEI Industries Limited, and R R Kabel Limited from various financial perspectives. The current research fulfils this need by using the CAMELS approach to analyze financial strengths and weaknesses, profitability, liquidity, asset management, and financial risk of these firms through secondary data.

METHODOLOGY

Research Design

This research will employ a descriptive research methodology in its design since it seeks to compare and describe the financial performance of the chosen organizations in relation to the CAMELS analysis. This type of research allows for an unbiased examination of the financial information without impacting the current financial information in any way. It allows one to examine different financial measures and gain insight into the financial performance and operational efficiency of the chosen organizations.

Sampling Methodology

Population: The population targeted for this study includes the firms involved in the Indian wires and cables industry. The study will target a few firms that make up this industry.

Sample Size:

The sample consists of three companies:

- Polycab India Ltd.
- KEI Industries Ltd.

- R R Kabel Ltd.

Data Collection

The study is based entirely on secondary data. The financial data required for the analysis were collected from the published annual reports of Polycab India Ltd., KEI Industries Ltd., and RR Kabel Ltd. Additional information was gathered from the official websites of the respective companies and other reliable secondary sources, such as company publications and financial reports, wherever necessary. The collected financial data were used to calculate the relevant ratios under each CAMELS component and to compare the financial performance of the selected companies.

Measurement Scale

The study uses financial ratios as the basis for measurement. The ratios are analyzed under the six CAMELS parameters: Capital Adequacy, Asset Quality, Management Efficiency, Earnings Quality, Liquidity, and Sensitivity to Market Risk.

Statistical Tool: CAMELS Analysis

C – Capital Adequacy

A – Asset Quality

M – Management Efficiency

E – Earnings Quality

L – Liquidity

S – Sensitivity to Market Risk.

CAMELS for Polycab

CAMELS Component	Ratio	2026	2025	2024	Trend
C – Capital Adequacy	Debt-to-Equity	0.68	0.37	0.44	Increased leverage
A – Asset Quality	NCA / Total Assets	28.24%	32.00%	27.61%	Moderate
M – Management Efficiency	Asset Turnover	1.41	1.65	1.54	Declined in 2026
E – Earnings Quality	Net Profit Margin	9.23%	9.01%	9.80%	Improved in 2026
	ROA	13.03%	14.85%	15.05%	Declining
L – Liquidity	Current Ratio	1.84	2.71	2.47	Declined in 2026
S – Sensitivity	Interest Coverage	15.91	17.24	24.09	Declining

Financial strength and stability of Polycab India Ltd. can be established from CAMELS analysis for the past three years. The most prominent strengths include its strong equity position, its profitability, liquidity, and high interest coverage ratio. On the other hand, some of the issues to be addressed include the rise in leverage, fall in the current ratio, drop in asset turnover, and fall in ROA in 2026. Nevertheless, the good performance of the company in terms of income and profitability and the ability to satisfy its financial obligations suggests that all is well.

CAMELS for KEI Industries

CAMELS Component	Ratio	2025	2024	2023	Overall Trend
C – Capital Adequacy	Debt-to-Equity	0.25	0.48	0.46	Improved
A – Asset Quality	NCA / Total Assets	22.12%	20.60%	16.15%	Improved
M – Management Efficiency	Asset Turnover	1.35	1.74	1.83	Declined
E – Earnings Quality	Net Profit Margin	7.15%	7.15%	6.91%	Stable/Improved
	ROA	9.63%	12.47%	12.66%	Declined
L – Liquidity	Current Ratio	4.18	2.58	2.83	Strong improvement
S – Sensitivity	Interest Coverage	17.84	18.79	19.50	Strong but declining

KEI Industries displayed good financial performance during 2023-2025. In terms of Capital Adequacy, the company performed well since Debt-to-Equity Ratio dropped to 0.25 from 0.46. In addition, Asset Quality became better, since non-current assets increased from 16.15% to 22.12%. Management Efficiency decreased because of asset turnover decrease from 1.83 to 1.35 times, which means that the company needs to utilize its assets properly. In regards to Earnings Quality, the company demonstrated stability, since net profit margin became larger (from 6.91% to 7.15%). However, return on assets decreased (from 12.66% to 9.63%). In terms of Liquidity, the company performed very well because of the increase of the Current Ratio from 2.83 to 4.18. Sensitivity to Market Risk did not change dramatically because the Interest Coverage Ratio became lower but was still quite high (17.84).

CAMELS for RR Kabels Ltd.

CAMELS Component	Ratio	2026	2025	2024	Trend
C – Capital Adequacy	Debt-to-Equity	0.80	0.63	0.57	Leverage increased
A – Asset Quality	NCA / Total Assets	32.72%	35.95%	30.46%	Strong asset base
M – Management Efficiency	Asset Turnover	2.10	2.17	2.30	Declining
E – Earnings Quality	Net Profit Margin	5.06%	4.09%	1.64%	Strong improvement
	ROA	10.65%	8.86%	3.76%	Strong improvement
L – Liquidity	Current Ratio	1.65	1.78	2.12	Declining

S – Sensitivity	Interest Coverage	9.76	7.95	8.54	Improved in 2026
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The financial performance of R R Kabel Company exhibited mixed results for 2024–2026 but generally improved. Capital Adequacy was reduced due to the increase in the Debt-to-Equity Ratio from 0.57 to 0.80; however, it was still lower than one. Asset Quality was greatly improved because non-current assets have increased from ₹87,396.30 million to ₹151,188.64 million, which is an indicator of business development. Management Efficiency was slightly reduced due to the decrease in the rate of asset turnover from 2.30 to 2.10 times. Earnings Quality was improved significantly because of the increase in the Net Profit Margin from 1.64% to 5.06% and ROA from 3.76% to 10.65%. The company's profit has been increased from ₹31,161.10 million in the fiscal year 2025 to ₹49,221.91 million in the fiscal year 2026. Liquidity was decreased due to the reduction in the Current Ratio from 2.12 to 1.65. However, Sensitivity to Market Risk was improved due to the increase in the Interest Coverage Ratio from 7.95 to 9.76 times.

Findings of the study

- The CAMELS analysis suggests that Polycab India Ltd., KEI Industries Ltd., and R R Kabel Ltd. had financially sound positions during the particular periods.
- Polycab India Ltd. showed high earning capacity and financial stability due to high net profit margins and interest coverage ratios.
- KEI Industries Ltd. demonstrated high capital adequacy and liquidity due to comparatively lower debt-to-equity ratios and higher current ratios.
- R R Kabel Ltd. was the leader in terms of profitability improvement, which was characterized by high net profit margins and return on assets ratios.
- The three firms had a great progress in total revenues and total assets, which means expansion of business operations and production capacity.
- One common trend among the firms was the decrease in asset turnover ratios, which means that asset growth outpaced the growth in revenue.
- The company with the best liquidity position was KEI Industries Ltd., since it provided the highest liquidity capacity.
- Polycab maintained adequate liquidity, however, the decrease in its current ratio suggests that there is a need in careful working capital management.
- R R Kabel maintained adequate liquidity, but the decreasing current ratio suggests that the firm faces some pressures.
- The capital structure of KEI was relatively conservative, but there was increased dependence on liabilities for Polycab and R R Kabel.

Suggestions of the Study

- All the firms need to ensure that there is a proper utilization of assets such that they bring about revenues that are proportionate to their investments in property, plant and equipment and other assets.
- It will be important for management to monitor the Asset Turnover Ratio to enable capacity utilization and productivity improvement.
- Polycab needs to monitor the rising level of liabilities in the firm and ensure that it has an optimal capital structure to prevent over-leverage.
- KEI can make better use of its good liquidity position to ensure that the excess current assets are not idle.
- RR Kabel needs to prevent the rising leverage in the firm and ensure that any borrowing is adequately covered by earnings and cash flows.

- All three firms should seek to enhance working-capital management, especially trade receivables, inventory, and trade payables.
- They should enhance the cash conversion cycle through quick collections from customers and optimum inventory levels.
- Managements should avoid building up excessive inventory levels by reviewing the inventory turnover periodically.
- They need to maintain high interest cover through effective management of finance costs and prevention of excess borrowing.
- For Polycab, its focus should be on remaining profitable while making sure that quick business growth does not result in reduced efficiency.

FUTURE SCOPE OF THE STUDY

Further research could build on the CAMELS approach in terms of including many more firms that operate in the cable and electrical manufacturing business in a study that takes place over a longer time period. Further indicators could be included in the analysis in order to give a more detailed picture regarding the financial strength of a company. Researchers in the future could look at how the performance of CAMELS varies depending on economic circumstances and how changes in the industry affect performance.

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