

Kaynes Technology India Limited

December 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	603.20 (Enhanced from 398.00)	CARE A-; Stable / CARE A2+	Reaffirmed
Short-term bank facilities	22.00	CARE A2+	Reaffirmed
Long-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Kaynes Technology India Limited (KTIL) reflects its established presence in the electronics system design and manufacturing (ESDM) segment, catering to a wide range of industries and supporting sustained growth in operations. Ratings also consider its expanding order book and diversification across multiple business verticals, which provide revenue stability and reduce vulnerability to cyclical downturns in any single end-user industry. CARE Ratings Limited (CareEdge Ratings) observes that the company is among the select few domestic players approved under the Government of India's Semicon programme, marking its entry into niche technology segments. While the company's planned capital expenditure is substantial, it depends on debt is expected to remain limited, as a significant portion of funding will come from Union and State government subsidies and proceeds from qualified institutional placements (QIP). However, the timely receipt of these subsidies will remain a key monitorable.

CareEdge Ratings anticipates a steady improvement in the company's operational scale backed by its order book, which is expected to generate robust cash accruals. Nevertheless, operating cash flows have remained negative due to the rapid expansion of operations and the inherently high working capital intensity characteristic of the ESDM industry. The successful second QIP in June 2025 has, however, alleviated pressure by reducing the otherwise increasing reliance on working capital borrowings.

The ratings also take into account the execution and project implementation risks linked to the ongoing outsourced semiconductor assembly and testing (OSAT) and printed circuit board (PCB) projects. Both technologies are relatively nascent in the Indian market, and challenges remain around securing skilled human resources, ensuring successful technology transfer, obtaining product approvals, and establishing a resilient supply chain. Consequently, the company's ability to implement and scale up operations as planned will be a key monitorable. CareEdge Ratings notes that the first phase of the OSAT facility has already been completed, and initial products have been dispatched for customer's approval. Ratings are also tempered by profitability margins susceptible to volatility in forex movements.

CareEdge Ratings also takes cognisance of the company's stock exchange filing dated December 5, 2025, which provided clarifications on certain observations regarding its financial reporting and accounting practices in the FY25 audited annual report issued by an independent institution on December 03, 2025. The report highlighted concerns related to ambiguous goodwill and intangible asset accounting resulting from the company's acquisition of two entities in FY25, high average cost of borrowings, cash flow variance in relation to asset additions, significant revenue and profitability contribution from recently acquired subsidiary Iskraemeco India Private Limited (Iskraemeco), inconsistent disclosure of related-party transactions, and high capex for OSAT/PCB weighing on free cash flow, along with increasing contingent liabilities.

Following the clarifications provided by the company and subsequent discussions with the management, CareEdge Ratings believes that except for the omission of a related-party transaction in one of the subsidiaries, the company's financial statements are aligned with generally accepted accounting principles. However, disclosures regarding the treatment of goodwill and intangible assets could have been more detailed to prevent ambiguity. The company is actively implementing measures to strengthen internal controls, aiming to prevent recurrence of factual errors in related-party transaction disclosures and to enhance overall transparency. Similarly, the explanations provided regarding the profitability of Iskraemeco is found to be satisfactory. The increase in contingent liabilities primarily stems from the issuance of performance bank guarantees and corporate guarantees extended to subsidiaries for securing bank funding, which is considered routine in the normal course of business.

Certain parameters, such as negative cash flow from operations, have been a concern; however, the management is addressing these by collaborating with large customers to onboard them into the supply chain finance programme, leveraging factoring and

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

bill discounting, and driving disciplined inventory optimisation across all business units. CareEdge Ratings also notes that approximately 50% of OSAT and PCB project costs are expected to be funded through government subsidies, thereby minimizing reliance on internal accruals and debt.

CareEdge Ratings has also withdrawn the rating assigned to the term loan facility of KTIL as the company has repaid the debt and has submitted the No dues certificate.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Achieving steady state revenue from ongoing capex translating into total debt/ profit before depreciation, interest, and taxes (PBDIT) of less than 1.5x.

Negative factors

- Delaying implementation of project or inability to ramp up the operations resulting in total outside liabilities to tangible net worth (TOL/TNW) of over 1x.

Analytical approach: Consolidated

KTIL has established subsidiaries in geographies and the business model entails a high amount of integration of KTIL with its subsidiaries and therefore CareEdge Ratings has taken a consolidated approach to analyse its credit profile. KTIL's consolidated financials comprise full-consolidation of subsidiaries mentioned in Annexure-6.

Outlook: Stable

CareEdge Ratings believes that KTIL will be able to sustain its performance aided by its prominent market position in ESDM industry translating into healthy order book position and will continue to benefit from long-standing experience of its promoters.

Detailed description of key rating drivers:

Key strengths

Established market position in the ESDM industry and robust growth in order book

KTIL has demonstrated exceptional growth, with This performance is driven by a rapidly expanding order book and the addition of high-value customers. The company's revenue streams remain well-diversified, catering to key sectors such as automotive, aerospace and defence, electronics, railways, and medical. The company is witnessing strong demand in the IoT, EV, and aerospace segments. KTIL's order book has surged significantly, from ₹5,422 crore as of September 30, 2024, to ₹8,099 crore as of September 30, 2025, reflecting sustained customer confidence and market leadership. In H1FY26, the company generated revenue of ₹1,579 crore with PBDIT margin of 16.52%. CareEdge Ratings expects the company to maintain its dominant position in the ESDM industry and anticipates continuous order flow translating into healthy cash accruals to sufficiently cover its repayments, resulting in satisfactory DSCR levels, reinforcing KTIL's financial strength and stability.

Satisfactory progress in OSAT and PCB manufacturing space

Under the Semicon programme of the Government of India, the company is setting up an OSAT unit in Sanand, Gujarat. The company is also establishing a bare PCB unit. For both projects, the company is expected to receive Union and state government subsidies. In December 2023, the company raised ~₹1,374 crore from a QIP issue, which is being utilised for part funding of capex and the balance through debt and government subsidy. As on September 30, 2025, the company has utilised ~₹377 crore towards OSAT funding and ~₹149 crore towards PCB funding. Construction of plant in bare PCB is also near completion with operations expected to commence shortly. Further in PCB segment, CareEdge Ratings notes that KTIL has also received approval from government under ECMS scheme.

The company has secured three anchor customers for OSAT segment and is expected to commence full-fledged operations from Q4FY26 onwards. OSAT and Bare PCB being niche segments, KTIL is expected to generate higher margins in medium term. Being a high-tech area with limited players in the Indian market, this gives the company an advantage to capture significant market share. CareEdge Ratings notes that in October 2025, Kaynes Semicon Private Limited (a subsidiary of KTIL) shipped 900 multi-chip module units to a customer for testing. The timely execution and stabilisation of the OSAT and PCB projects, supported by

a consistent flow of government subsidies, remain critical to sustaining KTIL's credit profile and mitigating execution and funding risks.

Established relationship with customers across diverse sector

KTIL has over three decades of experience in the ESDM industry and established long-term relationships with well-known customers across industries. The company has a diversified customer base and serves ~500 customers across over 30 countries. It has been continuously adding new customers to diversify its revenue stream. The company's customers span multiple sectors, including medical, automotive, electronics, healthcare, industrial, and IoT. The company serves domestic and international customers, including certain Fortune 500 companies, multinational corporations, and start-ups, with domestic sales contributing a major proportion of revenue.

Experienced promoter group and long operational track record of the company

Promoter and Managing Director, Ramesh Kunhikannan, started Kaynes Technology as a sole proprietorship in 1988. The promoter has over three decades of experience in the ESDM industry. Savitha Ramesh, Promoter and Whole-time Director, has been associated with the company since 1996 and is responsible for overall implementation of processes and controls across operations. Under their leadership, the company has expanded operations and established a significant presence in India. Whole-time Director and Chief Financial Officer, Jairam Paravastu Sampath, possesses over three decades of experience in manufacturing, operations, sales, and marketing. The company benefits from the extensive experience of the promoter and management, which has helped it establish itself as a prominent market leader in the ESDM industry.

Key weaknesses**Substantial capex commitment towards advanced technology segments**

The company has a large capex plan of ~₹4,700 crore in the next five years, which is expected to be funded primarily through a mix of government subsidies and QIP proceeds, with minimal reliance on debt. Timely receipt of government subsidies is therefore critical to maintaining low debt dependence for funding this capex.

CareEdge Ratings notes that the company has collaborations with international partners integral to the value chain and has shipped products from its OSAT facility for testing. OSAT project is expected to commence full-fledged operations in Q4FY26. Consequently, timely commencement of operations, healthy cash flows, and receipt of government subsidies—required for further capex funding—will be key monitorable.

Additionally, the PCB facility is nearing completion, and operations are expected to commence shortly. CareEdge Ratings will continue to monitor developments related to these capex projects.

Working capital-intensive nature of the industry

KTIL operates in a highly working capital intensive environment, driven by its diverse product portfolio and time-bound order commitments, which necessitate maintaining elevated inventory levels for timely execution. While raw materials cost account for ~70% of revenue, the company's strong supplier relationships and broad sourcing network have enabled it to secure uninterrupted material availability.

Working capital borrowings remain elevated, primarily due to higher inventory levels required to support the expanding order book and increased receivables. However, with peak sales typically occurring in the second half of the fiscal year, inventory holding days are expected to moderate going forward. CareEdge Ratings notes that the company raised ₹1,600 crore through a QIP in June 2025, of which ₹841 crore was utilised for repayment of working capital borrowings in H1FY26. Execution of certain smart meter related orders under its subsidiary Iskraemeco with extended collection cycles has resulted in higher outstanding receivables; however, the company has discounted some receivables in H1FY26 and is actively implementing measures to further reduce them. The company's ability to bring down receivables and lower reliance on working capital borrowings, thereby strengthening free cash flows, will remain a critical monitorable in the near term.

Profitability exposed to volatility in forex movements

KTIL imports a major portion of raw material requirements from international markets, including Singapore, Hong Kong, the US, and others. The company imports 50-60% of its raw materials annually, exposing profitability to foreign exchange volatility risk. The company is now foraying into the semiconductor industry, and one of the key challenges will be establishing relationships with raw material suppliers, as the ecosystem for raw materials, consumables, and process equipment is yet to be developed in the domestic market. For OSAT, CareEdge Ratings notes that the company has secured three anchor clients for the pilot phase from varied countries including US and Germany. However, the company's ability to ensure timely and cost-efficient procurement of raw materials will be critical for the company's successful execution of its plans.

Expansion plans and associated risks

The company has pursued acquisitions during FY25 and the current fiscal year as part of its strategic initiative to enter new segments and expand its market presence in smart meters, railway systems, and international markets. A portion of the proceeds from the second Qualified Institutional Placement (QIP) has been earmarked to support inorganic growth opportunities, including acquisitions, strategic investments, and joint ventures. The timely completion of these transactions and the stabilization of acquired operations to deliver the anticipated returns remain critical. Furthermore, given the prevailing negative operating cash flows and the substantial capital expenditure in OSAT and PCB projects—primarily expected to be funded through government subsidies that are yet to materialize—the company's ability to finance both its ongoing capex and inorganic growth plans while maintaining positive operating cash flows in the near to medium term will continue to be a key monitorable.

Liquidity: Strong

The company's liquidity is strong with healthy cash accruals given its strong order book position in the near term against low long-term debt repayments and capex funding supported by QIP proceeds. The company has an order book of ₹8,099 crore as on September 30, 2025, which is expected to improve capacity utilisation. The liquidity is further supported by unutilised QIP proceeds of ₹1,486.5 crore as on September 30, 2025, providing an additional cushion.

On a standalone basis the working capital utilisation for 12 months ending August 31, 2025, was comfortable at 55%. The company is undertaking large capex, part funding of which will be met through subsidies from central and state governments. Timely receipt of these subsidies is critical for the company to maintain a healthy liquidity profile.

Environment, social, and governance (ESG) risks

Environment: The company has implemented sustainable practices across all operations, such as, responsible use of natural resources, well-calibrated processes to reduce wastage, optimised the raw material mix to reuse waste materials and debottlenecking operations. It has set up an exclusive Lead-free manufacturing line for PCB Assemblies, with the expertise on manufacturing RoHS compliant products.

Social: The company has obtained a voluntary certification under SA8000, the international standard for social accountability. It has also been certified by Global Standards for Social Accountability Standards.

Governance: Board consists of experienced professionals in their respective fields, bringing in specialised experiences and adding to the diversity of Board. Implemented a robust mechanism for managing compliances and ensure that all applicable rules and regulations are followed.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Manufacturing	Industrial Products

Promoted by Managing Director, Ramesh Kunhikannan, KTIL is in the ESDM segment. The company and its subsidiaries, provide end-to-end integrated and IoT solutions-enabled integrated electronics manufacturing players, having capabilities across the entire spectrum of ESDM services. On a consolidated basis, the company operates through 22 advanced manufacturing plants. The company is currently undertaking capex to enter OSAT and Bare PCB manufacturing. OSAT plant is expected to commence operations from Q4FY26 onwards.

Brief Financials (₹ crore) Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	September 30, 2025 (UA)
Total operating income	1805.92	2722.26	1579.68
PBILDT	258.08	416.77	261.04

Brief Financials (₹ crore) Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	September 30, 2025 (UA)
PAT	183.29	293.43	196.0
Overall gearing (times)	0.18	0.38	NA
Interest coverage (times)	4.62	3.94	5.09

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	November 2027	0.00	Withdrawn
Fund-based - LT/ST-CC/PC/Bill Discounting	-	-	-	-	603.20	CARE A-; Stable / CARE A2+
Non-fund-based - ST-BG/LC	-	-	-	-	22.00	CARE A2+

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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT/ST-CC/PC/Bill Discounting	LT/ST	603.20	CARE A-; Stable / CARE A2+	-	1)CARE A-; Stable / CARE A2+ (03-Oct-24)	-	-
2	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE A-; Stable (03-Oct-24)	-	-
3	Non-fund-based - ST-BG/LC	ST	22.00	CARE A2+	-	1)CARE A2+ (03-Oct-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-CC/PC/Bill Discounting	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Kaynes Technology India Limited	Full	Subsidiary
2	Kaynes Embedded Systems Private Limited	Full	Subsidiary
3	KEMSYS Technologies Private Limited	Full	Subsidiary
4	Kaynes Technology Europe GmbH	Full	Subsidiary
5	Kaynes International Design & Manufacturing Private Limited	Full	Subsidiary
6	Kaynes Electronics Manufacturing Private Limited	Full	Subsidiary
7	Digicom Electronics, Inc. (US based)	Full	Subsidiary
8	Kaynes Semicon Private Limited	Full	Subsidiary
9	Kaynes Circuits India Private Limited	Full	Subsidiary
10	Kaynes Mechatronics Private Limited	Full	Subsidiary
11	ESSNKAY Electronics INC	Full	Subsidiary
12	Kaynes Holding Pte Ltd.	Full	Subsidiary
13	Iskraemeco India Private Limited	Full	Subsidiary

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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