Kaynes Technology India Limited

November 26, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	-	-	Reaffirmed at CARE A-; Stable / CARE A2+ and Withdrawn
Short-term bank facilities	RBI	-	-	Reaffirmed at CARE A2+ and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed and simultaneously withdrawn outstanding ratings of 'CARE A-; Stable/ CARE A2+' assigned to bank facilities of Kaynes Technology India Limited (KTIL) with immediate effect. This action has been taken at the request of KTIL and 'No Objection Certificate' received from the lenders that have extended the facilities rated by CareEdge Ratings.

Reaffirmation of ratings prior to withdrawal derived strength from KTIL's established position in the domestic electronics system design and manufacturing (ESDM) industry, its diversified presence across end-user industries, healthy customer profile, and demonstrated ability to scale up operations while sustaining its operating profitability. The company has reported strong growth in its scale of operations over the past few years, supported by increasing wallet share from existing customers, addition of new customers, and growing presence across emerging segments. The sizeable executable order book of ₹10,625 crore as on September 30, 2026, is further expected to support continued growth in the near-to-medium term. Ratings also take cognisance of the KTIL's healthy capital structure supported by substantial equity infusion over the last few years and long-term growth opportunities against execution risks associated with the ongoing expansion projects.

Ratings also factor in the company's strategic diversification into the outsourced semiconductor assembly and testing (OSAT) and high-density bare printed circuit board (PCB) manufacturing segments. These initiatives are expected to enhance value addition, strengthen backward integration, and improve KTIL's positioning within the domestic electronics manufacturing ecosystem over the long term. The substantial support expected in the form of Central and State Government incentives is likely to partially mitigate project funding requirements. However, timely receipt of such incentives, successful commissioning of facilities, technology stabilisation, customer qualification and scale-up of operations remain monitorable.

The ratings, are however, constrained by the significant increase in working capital intensity, driven by the scale-up of the smart metering business and growth in core operations. Elongated receivable cycles in the smart metering segment and elevated inventory levels continued to exert pressure on operating cash flows, resulting in increased reliance on external borrowings. Consequently, the company's finance costs increased materially in H1FY27. Ratings also remained constrained by stabilisation and execution risks associated with the large-scale capital expenditure programme undertaken by the company. Phase I of both the OSAT and bare PCB projects is expected to commence commercial operations by Q4FY27 compared to the earlier envisaged timeline of mid-FY27.

CareEdge Ratings notes that and the approval of Q2FY27 (UA) financial results, the board of director of the company has also approved the restatement of FY26 financial statements to align with applicable accounting standards from April 01, 2025. The key revisions include the reclassification of bill discounting with recourse from contingent liabilities and vendor financing from trade payables to borrowings, resulting in a higher reported debt position and receivables position as on March 31, 2026. The restatement also includes the elimination of inter-company interest income/expense transactions at the consolidated level, fair valuation of an associate investment, and adjustments relating to inventory valuation and revenue recognition. While inventory-related adjustments and higher overheads moderated FY26 operating profitability, reported PAT improved owing to gains arising from the fair valuation of investments. Certain revisions pertaining to fixed assets were also carried out, resulting in corresponding adjustments to the company's reported asset base and depreciation expenses.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

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. List of subsidiaries consolidated is mentioned in Annexure-5.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectations that KTIL will continue to benefit from its established position in the domestic ESDM industry, diversified customer profile, and healthy order book providing strong revenue visibility over the medium term.

Detailed description of key rating drivers

Key strengths

Established market position supported by diversified customer base and healthy order book

KTIL has established a strong position in the domestic ESDM industry, backed by over three decades of operating experience, long-standing customer relationships, and a diversified presence across automotive, aerospace & defence, industrial, railways, medical electronics, IoT, and electric vehicle (EV) segments. The company serves ~500 customers across over 30 countries, reducing dependence on single customer or end-user industry and mitigating cyclicality associated with individual sectors. Its revenue profile remains well diversified, with industrial and EV segments contributing ~55% of revenues, followed by automotive (~25%), railways (~6%), and the balance from aerospace & defence, medical electronics, and other industrial applications in FY26.

Reflecting its strong market position and customer confidence, the executable order book increased significantly to ₹10,625 crore as on September 30, 2026, to be executed over next two years (₹8,099 crore as on September 30, 2025), providing healthy medium-term revenue visibility. The sizeable order book, diversified business profile, and established customer relationships are expected to support sustained revenue growth and healthy cash accrual generation going forward.

Healthy growth in scale of operation and profitability, with contribution from new capacities expected from FY28 onwards

KTIL has reported a robust revenue compound annual growth rate (CAGR) of ~51% over FY22-FY26, supported by customer additions, increasing wallet share from existing customers, and growing penetration across emerging segments such as electric vehicles, aerospace & defence, and industrial electronics. While FY26 revenue of ₹3,697 crore remained below the earlier expectation of ~₹4,500 crore due to delays in execution of certain government projects and lower business from a key original equipment manufacturing (OEM) customer, the company continued to maintain healthy operating profitability marked by PBILDT margin in the range of 14% -16%, aided by its focus on complex and value-added products. PBILDT margin moderated marginally to 14.66% in FY26 (FY25: 15.31%) owing to higher employee costs and bad debt provisions, despite improvement in gross margins.

In H1FY27, KTIL reported revenue of ~₹1,899 crore with a PBILDT margin of 14.12%. While revenue is expected to witness y-o-y growth in FY27, profitability may remain marginally lower due to the relatively lower contribution from the high-margin smart metering business. The company is undertaking sizeable investments in the OSAT and bare PCB manufacturing facilities, with commercial operations for Phase I expected to commence by Q4FY27. These projects are expected to strengthen backward integration, enhance value addition, and improve margin profile. These facilities are expected to meaningfully contribute to the company's revenues and profitability from FY28 onwards.

Satisfactory capital structure

KTIL's capital structure remains comfortable, supported by equity infusion of ~₹3,660 crore in FY23-FY26, which strengthened its net worth and supported growth initiatives. Despite higher borrowings considering increased working capital requirements and ongoing capital expenditure plans, company's overall gearing and total outside liabilities to total net worth (TOL/TNW) remained comfortable at 0.36x (FY25: 0.38x) and 0.61x (FY25: 0.70x), respectively, as on March 31, 2026.

Debt protection metrics remained satisfactory in FY26, with PBILDT interest coverage of 6.56x (FY25: 3.94x) and total debt/PBILDT of 2.81x (FY25: 2.44x). However, the company's debt coverage indicators witnessed moderation in H1FY27, with PBILDT interest coverage declining to 3.53x and total debt/PBILDT increasing to 3.50x, primarily due to lower operating profitability, higher finance cost, and working capital borrowings driven by elevated receivables and inventory levels, and funding requirements for ongoing capex projects. Management has articulated a focused strategy towards improving collection efficiency and optimising working capital, which is expected to support debt reduction to a certain extent and improvement in credit metrics by end-FY27.

Experienced promoters and management team

KTIL benefits from the extensive industry experience of its promoters and senior management team, led by Ramesh Kunhikannan, who has been associated with the ESDM industry for over three decades. The company is also supported by Savitha Ramesh, who oversees operational processes and control frameworks across the organisation. Under their leadership of the promoter group, KTIL has evolved from a regional electronics manufacturer into one of India's leading integrated ESDM players, with a diversified presence across end-user industries and expanding manufacturing capabilities. The management is supported by a team of experienced professionals and has demonstrated a strong track record of scaling operations, broadening the customer base, entering new technology segments, and executing large-scale expansion projects.

Key weaknesses

Significant execution risks related to substantial capex commitment towards advanced technology segments

KTIL is undertaking a sizeable capital expenditure programme of ~₹4,701 crore over a five-year period to establish capabilities in the OSAT and high-density bare PCB manufacturing segments, representing technologically advanced businesses and new growth avenues for the company. The project is proposed to be funded through a mix of government subsidies (~50% of project cost), and balance through fresh equity, term debt and internal accruals. As on September 30, 2026, the company had incurred ~₹1,500 crore (including ~₹250 crore of capital advances), funded through ~₹1,300 crore of equity/internal accruals and ~₹200 crore of government subsidy. While sanctioned term debt facilities of ~₹1,800 crore are available, management has indicated a measured approach towards debt drawdown and does not expect to utilise the sanctioned limits in full.

Although these projects are expected to strengthen backward integration, enhance value addition, and improve the company's positioning within the domestic electronics manufacturing ecosystem, they expose KTIL to execution, technology stabilisation, and ramp-up risks. Phase I of both projects is expected to commence commercial operations by Q4FY27, compared to the earlier envisaged timeline of mid-FY27. Although the company expects the OSAT and bare PCB businesses to contribute over ₹500 crore of revenue in FY28, timely commissioning and stabilisation of operations remain critical. 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 materialise, the company's ability to improve operating cash flow generation, maintain prudent leverage levels, and successfully ramp up the new facilities will remain critical from a credit perspective.

Significant increase in company's working capital intensity, leading to continued pressure on company's cash flow from operations

KTIL operates in a working capital-intensive business environment, given its diversified product portfolio, stringent delivery commitments, and the need to maintain adequate inventories to ensure uninterrupted execution. The company's working capital intensity increased materially with the scale-up of the smart metering business, in addition to growth in its core electronic manufacturing services (EMS) operations, resulting in aggregate investment in receivables and inventory increasing to ₹3,369 crore as on March 31, 2026, and remained above ~₹3,350 crore as on September 30, 2026, against ₹1,830 crore as on March 31, 2025.

A significant portion of the increase was attributable to the smart metering business, where the payment structure is inherently back-ended, with 40% of collections linked to supplies, 30% to installation milestones, and the remaining 30% recoverable over the eight-year operations and maintenance (O&M) period. In contrast, receivable days in the company's core EMS business remained relatively stable at ~100-120 days. Inventory levels also remained elevated, reflecting procurement of critical components to mitigate supply-chain disruptions and support execution of a growing order book.

To improve working capital efficiency, the company has adopted a calibrated approach towards the smart metering segment, resulting in an ~80% YoY decline in smart metering revenue in Q2FY27. Consequently, receivables from the segment reduced to ₹1,092 crore as on September 30, 2026, from ~₹1,350-1,400 crore as on March 31, 2026. Elevated working capital requirements and ongoing capex commitments increased total debt to ~₹1,875 crore as on September 30, 2026, compared to ₹1,523 crore as on March 31, 2026, and ₹1,018 crore as on March 31, 2025. Going forward, the company's ability to improve collections, moderate working capital intensity, and enhance operating cash flow generation will remain critical from a credit perspective.

Profitability exposed to volatility in forex movements

KTIL imports a major portion of raw material requirements from international markets, including Singapore, Hong Kong, Europe, China, the US, and others. The company imports ~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.

Liquidity: Adequate

KTIL's liquidity is supported by its sizeable order book, sufficient cushion in its gross cash accruals (GCA) against its long-term debt repayments, healthy net worth base, and availability of undrawn term debt facilities for funding ongoing expansion projects. Liquidity is also supported by with cash and liquid investments of ₹977 crore, including ~₹320 crore of unutilised qualified institutional placement (QIP) proceeds earmarked for future capex as of March 31, 2026.

However, the company's liquidity has moderated compared to previous years owing to a significant increase in working capital requirements, driven by elevated receivables and inventory levels, resulting in high utilisation of working capital borrowings and continued pressure on operating cash flows. The company is undertaking a large capex programme, with a substantial portion of the funding expected through government incentives and subsidies. While management has indicated a calibrated approach towards debt drawdown, timely receipt of the envisaged subsidies remains critical to limiting incremental leverage and maintaining an adequate liquidity profile. Going forward, improvement in collections, moderation in working capital intensity, and successful ramp-up of the new facilities will be key to supporting liquidity.

Applicable criteria

Consolidation
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

Environmental, social and governance (ESG) risks

Environmental	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	The company's governance framework is supported by an experienced and professionally diversified Board. Management has initiated measures to strengthen internal controls, compliance monitoring, and disclosure practices following accounting and reporting-related challenges observed in the recent past.

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial manufacturing	Industrial products

Promoted by Ramesh Kunhikannan, KTIL is an integrated ESDM company offering end-to-end product engineering and electronic manufacturing solutions. The company provides a wide range of services across the electronics value chain, including conceptual design, process engineering, embedded software development, Internet of Things (IoT)-enabled solutions, and EMS. On a consolidated basis, the company operates through a network of 20 advanced manufacturing and design facilities across India and overseas. The company is currently undertaking capex to enter OSAT and Bare PCB manufacturing.

Brief Financials (₹ crore) - Consolidated	March 31, 2025 (A)	March 31, 2026 (A)*	September 30, 2026 (UA)
Total operating income	2,722	3,697	1,899
PBILDT	417	542	268
Profit after tax (PAT)	293	392	85

Brief Financials (₹ crore) - Consolidated	March 31, 2025 (A)	March 31, 2026 (A)*	September 30, 2026 (UA)
Overall gearing (x)	0.38	0.36	0.43
Interest coverage (x)	3.94	6.56	3.53

A: Audited; UA: Unaudited; Note: these are latest available financial results

*Based on the restated financials published by the company on the stock exchange along-with release of Q2FY27 (UA) financial result.

Status of non-cooperation with previous CRA: None

Any other information: Not applicable

Rating history for last three years: Annexure-2

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-CC/PC/Bill Discounting	RBI	Not applicable	-	-	-	-	0.00	Withdrawn
Non-fund-based - ST-BG/LC	RBI	Not applicable	-	-	-	-	0.00	Withdrawn

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 2026-2027	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
1	Fund-based - LT/ ST-CC/PC/Bill Discounting	LT/ST	-	-	1)CARE A-; Stable / CARE A2+ (26-Nov-26)	1)CARE A-; Stable / CARE A2+ (18-Dec-25)	1)CARE A-; Stable / CARE A2+ (03-Oct-24)	-
2	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (18-Dec-25)	1)CARE A-; Stable (03-Oct-24)	-
3	Non-fund-based - ST-BG/LC	ST	-	-	1)CARE A2+ (26-Nov-26)	1)CARE A2+ (18-Dec-25)	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: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Kaynes International Design & Manufacturing Private Limited	Full	Subsidiary
2	Kemsys Technologies Private Limited	Full	Subsidiary
3	Kaynes Embedded Systems Private Limited	Full	Subsidiary
4	Kaynes Electronics Manufacturing Private Limited	Full	Subsidiary
5	Kaynes Technology Europe GmbH	Full	Subsidiary
6	Kaynes Mechatronics Private Limited	Full	Subsidiary
7	Digicom Electronics Inc.	Full	Subsidiary
8	Kaynes Semicon Private Limited	Full	Subsidiary
9	Kaynes Circuits India Private Limited	Full	Subsidiary
10	Essnskay Electronics LLC	Full	Subsidiary
11	Kaynes Holding Pte. Limited	Full	Subsidiary
12	Gridcrest Technologies Private Limited	Full	Subsidiary
13	Sensonic GmbH	Full	Subsidiary
14	Sensonic-UK Limited	Full	Subsidiary
15	Sensonic IN India Private Limited	Full	Subsidiary
16	Sensonic US Inc.	Full	Subsidiary
17	August Electronics Inc.	Full	Subsidiary
18	Kaynes Space Technology Private Limited	Full	Subsidiary
19	Aerocaliph Components Private Limited	Full	Subsidiary
20	Cryo Precision Technologies Private Limited	Full	Subsidiary
21	Mixx Technologies Inc.	Moderate	Associate

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.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Krunal Pankajkumar Modi Director **CARE Ratings Limited** Phone: 079-40265614 E-mail: krunal.modi@careedge.in
Relationship Contact Pradeep Kumar V Senior Director **CARE Ratings Limited** Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in	Komal Vinit Soni Assistant Director **CARE Ratings Limited** Phone: 079-40265625 E-mail: komal.israni@careedge.in Vanshika Jain Assistant Director **CARE Ratings Limited** E-mail: Vanshika.Jain@careedge.in

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