

November 28, 2025

## Kineco Limited: Ratings upgraded and assigned for enhanced limits

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action
Long term/Short term – Others – Non-fund based	28.00	37.00	[ICRA]BBB- (Stable)/ [ICRA]A3; upgraded from [ICRA]BB+ (Stable)/ [ICRA]A4+ and assigned for enhanced limits
Long term – Others - Interchangeable	(10.00)	(10.00)	[ICRA]BBB- (Stable); upgraded from [ICRA]BB+ (Stable)
Long term/Short term - Unallocated	2.20	2.20	[ICRA]BBB- (Stable)/ [ICRA]A3; upgraded from [ICRA]BB+ (Stable)/ [ICRA]A4+
Short term – Others - Interchangeable	(28.00)	(28.00)	[ICRA]A3; upgraded from [ICRA]A4+
Long term - Cash credit – Fund-based	29.00	59.00	[ICRA]BBB- (Stable); upgraded from [ICRA]BB+ (Stable) and assigned for enhanced limits
Long term - Term loan – Fund-based	15.76	34.76	[ICRA]BBB- (Stable); upgraded from [ICRA]BB+ (Stable) and assigned for enhanced limits
<b>Total</b>	<b>74.96</b>	<b>132.96</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The rating upgrade factors in a significant increase in Kineco's scale of operations following the acquisition of the remaining 49% stake in Kineco Kaman Composites – India Private Limited (KKCIL) w.e.f. October 2024 and the acquisition of Semvac A/s, a Denmark-based entity in December 2024. The acquisitions will support ICRA's expectation of sustained improvement in Kineco Limited (Kineco)'s financial risk profile, characterized by comfortable cash accruals, healthy capital structure and strong debt protection metrics. Kineco's consolidated revenues improved sharply to Rs. 245 crore in FY2025 (up ~40% YoY) from Rs. 175 crore in FY2024. The operating profit margin also improved to 16.6% in FY2025 from 15.3% in FY2024, aided by scale benefits and better absorption of fixed costs post-merger.

The rating continues to take into account Kineco's established track record in the composite industry coupled with the favourable demand prospects. Further, the company has an unexecuted order book position worth around Rs. 497 crore as on September 30, 2025, which includes orders from the railways, defence and other industrial sectors, which is to be largely executed in the current fiscal. ICRA also takes note of the Rs. 100 crore order bagged by Kineco bagged by Kineco from Kinet (a joint Venture between Indian Railways and Russian based customer, TMH Smart Systems) and the potential orders pertaining to Vande Bharat Trains following the aforementioned order. Overall, the order inflow is expected to increase further with healthy traction in the railways and defense sectors, providing near-term revenue visibility.

However, the ratings are constrained by the company's modest scale of operations, though the same has witnessed a sharp increase in FY2025 owing to the abovementioned acquisitions. The ratings are also constrained by the order book concentration risk as the top five orders constituted more than 90% of the pending order book as on date, exposing it to business risks. The company has limited pricing flexibility on account of stiff competition and L1 (lowest bid) tender-based orders from clients, however, the recently received Kinet order is not tender based. Moreover, its profitability also remains exposed to the volatility in raw material prices. The volatile input costs along with other one-offs had led to a lot of fluctuations in the profitability in the past.

## Key rating drivers and their description

### Credit strengths

**Established track record and considerable experience of promoters in composite industry** – Kineco has an established track record in the composite industry and benefits from its strategic linkage with global majors, Kaman Corporation, USA, and Exel Composites NV, Finland, through a joint venture.

**Comfortable order book position, providing near-term revenue visibility** - Kineco had orders in hand worth ~Rs. 490 crore as on September 2025, which included orders from the railways and defence sectors, providing revenue visibility. The company is also executing a prototype for a large railway order from Kinet. It is in advanced stages of negotiations to secure a much larger order with the same customer, although the timelines for the award of the contract and its amount remains to be seen. The company is also witnessing healthy traction in the defense sector and expects regular order inflows from the same.

**Improved capital structure post equity infusion** - A set of HNI investors infused equity worth Rs. 88 crore in Kineco and bought out the entire stake of the erstwhile parent company – INL. This resulted in a strong net worth position and a healthy capital structure. A part of the proceeds from this equity infusion was used to repay unsecured loans and preference capital of the outgoing parent and reduce its own working capital borrowings. The funds will be ultimately used to undertake capex for the anticipated order from the railways.

### Credit challenges

**Relatively moderate scale of operations** – The company's scale of operations remains moderate, however, the same have shown a significant increase to Rs. 245.5 crore in FY2025 (up ~40% YoY) following the acquisitions of Semvac and merger with Kineco Kaman. Though the company is trying to diversify its customer base, the high dependence on a few customers and geographies accentuates the risk of revenue volatility in case of demand variation or any disruption in client business.

**Profitability vulnerable to volatility in order flows, raw material prices and delays in project execution** – The orders from major customers are obtained through L1 tender-based bidding, which limits the pricing flexibility owing to the aggressive bidding by competitors. Stiff competition in the industry characterised by numerous small players limits the pricing flexibility and exposes the margins to the variation in input costs as these contracts do not have pass-through mechanisms. Any adverse variation in order flows constrains Kineco's profitability on account of the high fixed overheads. Further, any delay in project execution exposes the company to the imposition of liquidated damages.

**High customer concentration risk** – Kineco's customer concentration risk had remained high with ~60% of the revenues accruing from key customers in the railways and aerospace segment. However, there has been increasing diversification of customers in recent years with orders taken from the defence and other industrial sectors. ICRA notes that while the company faced stretched receivable payments from the railway sector, resulting in high working capital intensity, the counterparty risk was low as its clientele included central public-sector units (PSUs) in the railway and defence sectors as well as reputed private sector clients.

### Liquidity position: Adequate

The liquidity profile is expected to remain adequate with free cash and bank balance of Rs. 43.5 crore as on September 30, 2025. The company has recently sought additional funding to meet its capex and working capital requirements. The average working capital utilisation for the past six months stands at 71% for the period ended October 2025.

### Rating sensitivities

**Positive factors** – The ratings can be upgraded if the company reports a consistent growth in turnover with healthy profitability generation while maintaining its liquidity profile.

**Negative factors** – Pressure on the ratings could arise in case of a substantial decline in scale or a material reduction in profit generation. Further, any large debt-funded capex or a considerable stretch in the working capital cycle which weakens the coverage metrics and liquidity profile may also result in a downward revision of the ratings.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Kineco with its subsidiary, the details of which is enlisted in Annexure II

## About the company

Kineco Limited (Kineco) was incorporated in 1994 as Mass Kinematics Private Limited and commenced operations by manufacturing Fibre Reinforced Plastics (FRP) chemical process equipment. The company was renamed to Kineco Private Limited in 2001 and has since diversified into the manufacturing of custom moulded products and advanced composites and caters to industries such as aerospace & defense, railways, automotive, and process equipments. The company was reconstituted as a public limited company in 2016, with INL picking up stake in the company through its wholly-owned subsidiary - Helios Strategic Investments (India) Limited (HSIL), which had spent Rs. 39 crore for a 51% stake in Kineco as on September 2016. Thereafter in July 2024, INL exited the business completely and a set of financial investors bought the stake from INL and also infused around Rs. 88 crore in the company.

## Key financial indicators (audited)

Kineco Limited (Consolidated)	FY2024	FY2025
Operating income	175.1	245.5
PAT	7.7	16.4
OPBDIT/OI	15.3%	16.6%
PAT/OI	4.3%	6.7%
Total outside liabilities/Tangible net worth (times)	4.1	1.3
Total debt/OPBDIT (times)	4.5	2.0
Interest coverage (times)	2.2	4.9

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

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

**Any other information: None**

## Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Nov 28, 2025	Date	Rating	Date	Rating	Date	Rating
Others – Non-fund based	Long Term/Short Term	37.00	[ICRA]BBB-(Stable)/[ICRA]A3	Sep 05, 2024	[ICRA]BB+(Stable)/[ICRA]A4+	Jul 25, 2023	[ICRA]BB+(Negative)/[ICRA]A4+	Sep 22, 2022	[ICRA]BBB-(Stable)/[ICRA]A3
Others - Interchangeable	Long Term	(10.00)	[ICRA]BBB-(Stable)	Sep 05, 2024	[ICRA]BB+(Stable)	Jul 25, 2023	[ICRA]BB+(Negative)	Sep 22, 2022	[ICRA]BBB-(Stable)
Unallocated	Long Term/Short Term	2.20	[ICRA]BBB-(Stable)/[ICRA]A3	Sep 05, 2024	[ICRA]BB+(Stable)/[ICRA]A4+	Jul 25, 2023	[ICRA]BB+(Negative)/[ICRA]A4+	Sep 22, 2022	[ICRA]BBB-(Stable)/[ICRA]A3
Others - Interchangeable	Short Term	(28.00)	[ICRA]A3	Sep 05, 2024	[ICRA]A4+	Jul 25, 2023	[ICRA]A4+	Sep 22, 2022	[ICRA]A3
Cash credit – Fund-based	Long Term	59.00	[ICRA]BBB-(Stable)	Sep 05, 2024	[ICRA]BB+(Stable)	Jul 25, 2023	[ICRA]BB+(Negative)	Sep 22, 2022	[ICRA]BBB-(Stable)
Term loan - Fund based	Long Term	34.76	[ICRA]BBB-(Stable)	Sep 05, 2024	[ICRA]BB+(Stable)	Jul 25, 2023	[ICRA]BB+(Negative)	Sep 22, 2022	[ICRA]BBB-(Stable)

## Complexity level of the rated instrument

Instrument	Complexity indicator
Cash credit	Simple
Working capital term loan	Simple
Long-term/short-term, non-fund based, bank guarantee	Very Simple
Unallocated	Not Applicable
Long-term, interchangeable limits	Simple
Short-term, interchangeable limits	Very Simple

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 I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash credit	-	-	-	59.00	[ICRA]BBB- (Stable)
NA	Term loan/WCTL	FY2017	-	FY2029	34.76	[ICRA]BBB- (Stable)
NA	Long-term/short-term, non-fund based - Bank guarantee	-	-	-	37.00	[ICRA]BBB- (Stable)/ [ICRA]A3
NA	Long-term interchangeable limits	-	-	-	(10.00)	[ICRA]BBB- (Stable)
NA	Short-term interchangeable limits	-	-	-	(28.00)	[ICRA]A3
NA	Unallocated	-	-	-	2.20	[ICRA]BBB- (Stable)/ [ICRA]A3

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

## Annexure II: List of entities considered for consolidated analysis

Company Name	Kineco Ownership	Consolidation Approach
Kineco Limited	100% (rated entity)	Full consolidation
Kineco Kaman Composites India Private Limited	51.00%*	Full Consolidation

\*until September 30, 2024; KKCIL's financials have been merged with Kineco Limited's standalone financials following the merger of the entity w.e.f. October 1, 2024

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