

January 30, 2026

Kaynes Technology India Limited: Rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Cash Credit	191.00	780.00	[ICRA]A- (Positive); reaffirmed and assigned for enhanced amount
Long-term Fund-based – Packing Credit	25.00	-	-
Total	216.00	780.00	

*Instrument details are provided in Annexure I

Rationale

Kaynes Technology India Limited (KTIL/the company) is involved in electronics system design and manufacturing (ESDM) of turnkey circuit boards, supplying to various end-user industries such as automotive, industrial, aerospace & defence, medical, railways, IT and Internet of Things (IoT). ICRA has reaffirmed the rating of KTIL while maintaining the Outlook at Positive, backed by the company's demonstrated scale-up in revenues and improvement in operating margins, and ICRA's expectation that the same will be sustained going forward. The rating upgrade also factors in the improved liquidity position of KTIL, backed by the Rs. 1,600 crore QIP fund raise in June 2025. KTIL witnessed strong revenue growth of 46.8% in H1 FY2026 and 50.8% YoY to Rs. 2,721 crore in FY2025. The operating margins improved to 16.5% in H1 FY2026 from 15.3% in FY2025 and 14.2% in FY2024, supported by a favourable product mix and benefits of operating leverage. KTIL is expected to continue growing at a healthy pace, supported by a strong order book position. The outstanding order book increased from Rs. 5,422 crore as on September 30, 2024 to Rs. 8,099 crore as on September 30, 2025, offering multi-quarter execution visibility and supporting KTIL's growth prospects. The rating continues to factor in KTIL's established franchise in the domestic ESDM industry, underpinned by the extensive experience of its promoters and management and a diversified end-user presence across industrial, automotive, railways and aerospace/defence segments, with additional medium-term support from backward integration initiatives such as outsourced semiconductor assembly and testing (OSAT) and printed circuit board (PCB) manufacturing, which have received cabinet approval.

ICRA notes that the company's planned foray into OSAT and PCB manufacturing is expected to further diversify its offerings and enhance value addition. Besides, the company recently signed a fiscal support agreement (FSA) with the Government of India under the India Semiconductor Mission (ISM), which augurs well for its growth given the government subsidy-backed capex. ICRA notes that the company has commenced initial dispatches of multi-chip modules to its OSAT customers and awaits final confirmation before beginning mass production in March 2026. The PCB programme has also advanced towards vendor qualifications, with production targeted around Q1 FY2027. While KTIL's operating margins are expected to remain range-bound in FY2026, the same is expected to moderate slightly in FY2027 as new capacity in the OSAT and PCB plants will entail higher fixed costs in the initial phase.

The rating also factors in improved financial flexibility with equity raised across recent fiscals and proceeds earmarked for capability and capacity expansion. KTIL's Rs. 1,400 crore and Rs. 1,600 crore QIP concluded in December 2023 (FY2024) and June 2025 (FY2026), respectively, along with government subsidies for OSAT and PCB, are expected to limit KTIL's reliance on external debt in the near future.

The rating remains constrained by KTIL's high working capital intensity, which continued to remain elevated through FY2025 and H1 FY2026, influenced by receivable terms with a major customer in the smart metering segment and the inventory requirements of an expanding, component-heavy product mix. While the company has been undertaking receivable discounting and supply chain finance and expects gradual improvement, absolute working capital needs are likely to stay high

during the ongoing ramp-up phase. Further, KTIL faces sizeable capex commitments and dependence on timely disbursements of government subsidies over the next few years for its OSAT and PCB plants, exposing the company to execution risks (timely commissioning, customer qualifications) and funding risks. Any delays could necessitate interim funding and remain a key monitorable. The company also remains exposed to volatility in foreign currency movements given its significant raw material import dependence; however, exports and customer pass-through mechanisms provide partial mitigation.

ICRA notes that leverage and coverage metrics remain comfortable for KTIL, with gearing at 0.4 times as on March 31, 2025 and further improving to 0.2 times as on September 30, 2025, backed by the Rs. 1,600 crore equity raise in June 2025. The interest coverage ratio (ICR) remains comfortable at 3.9 times in FY2025, supported by strong earnings and improved operating margins. The ICR further improved to 5.1 times in H1 FY2026 on the back of expansion in operating margins. Going forward, KTIL's leverage and coverage metrics are also expected to remain comfortable in the near term, subject to improving profitability and timely receipt of government subsidies. Lastly, low entry barriers and the risk of technological obsolescence remain prevalent in the EMS business, although KTIL's move into higher value-added, backward-integrated businesses provides some cushion to margins, supported by customer stickiness in the segment.

Going forward, the timely completion of the ongoing capex and the ramp-up of capacity will remain critical, coupled with KTIL's ability to manage incremental working capital requirements as its operations expand.

The Positive outlook on the rating reflects ICRA's expectation that KTIL will likely continue growth in its operating metrics in the near term. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, to further expand capacity will support its operating metrics and will be funded in a manner that enables it to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

KTIL's established presence and extensive experience of its promoters and management in the ESDM industry – KTIL leverages the extensive experience of its promoters and management in the domestic ESDM industry, which supports its growth prospects. The company was established in 1988, and more than three decades of experience in the industry have helped it create established relationships with its customer base. KTIL, therefore, has an established network of manufacturing capabilities across the country, enabling it to undertake high-value orders and execute them efficiently.

Diversified end-user sectors; planned foray into OSAT and PCB segment will diversify offerings further – KTIL enjoys established relationships with reputed customers across industries. It caters to a diverse client base across multiple sectors such as industrial, automotive and railways, medical, aerospace and defence, etc. KTIL's established client relationships have enabled it to generate consistent repeat business, resulting in customer stickiness to a large extent.

KTIL's recent acquisitions of August Electronics, Tranzmeho IT Solutions, Sensonic GmbH, Iskraemeco India Private Limited (IIPPL), etc., are expected to bring additional sources of revenue along with diversification of the company's offerings. Further, ICRA notes that meaningful revenues from the proposed OSAT and PCB plants will start flowing only from FY2027 onwards, which would further enhance the revenue profile of KTIL.

Strong industry demand reflected in robust outstanding order book position – The company had an outstanding order book of Rs. 8,099 crore as on September 30, 2025 as against Rs. 5,422 crore as on September 30, 2024, providing healthy revenue visibility. The current outstanding order book includes large orders from reputed customers in the automotive, industrial, aerospace and railways sectors. The industry is witnessing healthy demand, and KTIL is expected to benefit from the same. The ongoing expansion at the existing facilities in Mysore, Manesar and Pune has also been completed in H1 FY2026 and is expected to enable the company to incrementally cater to its ESDM business.

Proceeds from equity raised in FY2024 and FY2026 expected to be utilised towards capability and capacity enhancement – The company has ample growth capital through equity proceeds raised via the QIP route in December 2023 (Rs. 1,400 crore) and June 2025 (Rs. 1,600 crore). The equity raised in December 2023 is earmarked for capex in OSAT and PCB operations, while

the equity raised in June 2025 is earmarked for inorganic acquisitions, working capital needs, general corporate purposes and repayment of existing borrowings. The balance funding of the OSAT and PCB projects is expected through Central and state government subsidies, for which KTIL has also signed an FSA in January 2026, and term debt. In addition to the progress of capital expenditure, the timely receipt of subsidies will be critical in determining the trajectory of the company's debt metrics and credit profile in the medium-to-long term.

Credit challenges

High working capital intensity – KTIL's business is highly working capital-intensive, characterised by increased inventory requirements and a long receivable cycle. The debtor days increased significantly in FY2025 and H1 FY2026 on account of the acquisition of I IPL in H2 FY2025. I IPL by virtue of its contract with a major customer, has a significant amount of receivables classified under non-current receivables. ICRA notes that while the company has been able to discount some of these receivables, the same remain high, impacting the overall debtor days. The year-end debtor days are further elevated, as the company generates a sizeable portion of its overall revenues in Q4 of every fiscal year. Further, increased inventory stocking requirements on account of healthy revenue forecasts, high lead times for input components and the requirement to cater to various industries with a diverse product mix also result in high working capital intensity. The company is actively pursuing steps to contain its working capital intensity, led by initiatives such as bill discounting and vendor-managed inventory. Going forward, the incremental working capital requirements amid the expected healthy growth and large planned capex, as well as their impact on the company's overall debt levels, will be a key rating monitorable.

Sizeable capex plans amid planned OSAT and PCB projects; significant execution risks persist – The company plans to incur significant capex for setting up OSAT and PCB verticals over the next four fiscal years. The total project cost for the OSAT and PCB projects stood at around Rs. 3,300 crore and Rs. 1,400 crore, respectively. As of September 30, 2025, the company has cumulatively spent around Rs. 450-500 crore towards the OSAT and PCB plants. The entire capex is expected to be completed in the next 3-5 years with phase-wise capacity enhancement. The equity raised through the QIP in December 2023 is expected to fund the initial requirement, and the subsequent funding would be through Central and state government subsidies and term debt. ICRA notes that government subsidy for the OSAT plant will be received in an escrow account, before actual payment to the suppliers, while subsidy for the PCB plant is expected to be received on a pari-passu basis, meaning the company would be required to incur the capex first and then receive reimbursement from the government. However, these projects are exposed to execution risks, given the dependency on client onboarding, limited availability of skilled staff and a developing sector.

KTIL remains exposed to volatility in forex movements; mitigated to an extent by exports providing natural hedge – A major portion of KTIL's raw material requirement is imported from Singapore, China, Hong Kong, Europe, the US and other countries, owing to the unavailability of the required raw materials in bulk quantities in India. The company imports 55-60% of its raw materials, thus exposing it to risks of forex volatility. However, the company derives a portion of its revenue from exports (7.4% in FY2025 and 10% in H1 FY2026), which provides a natural hedge to a certain extent. Moreover, the timely availability of raw materials also remains critical. Nonetheless, the company has purchase price variance contracts in place with major customers, which compensate for the impact of foreign currency fluctuations to a certain extent.

Low entry barriers exposing company to risk of competition from other players – The company derived around 43% of its revenues from the relatively lower value-added PCB assembly business, while other businesses such as box-build and original design manufacturing (ODM) generated 57% of revenues in FY2025. Over the years, the company has been able to reduce its dependence on the PCB assembly business from 55% in FY2024 to 48% in H1 FY2026. During the same period, the contribution from the high-margin ODM segment increased from 1% in FY2024 to 30% in FY2025. Despite this, KTIL's dependence on the PCB assembly business remains high. Also, players in the PCB assembly segment face significant competition owing to relatively low entry barriers to the business. ICRA notes that the company's efforts to expand its product portfolio in the margin-accretive box-build and ODM segments are fructifying, helping KTIL enhance its margins and ward off competitive threats to a certain extent.

ESG related comments

Environmental considerations: Environmental risks for industry players include the use of and handling of hazardous waste or materials, as well as waste disposal practices. These standards expose KTIL to the risk of substantial environmental costs and liabilities, including liabilities associated with past activities. All units of KTIL are equipped with permits, licences and the expertise to handle such hazardous waste and materials. KTIL’s operations comply with global standards, and its facilities have 10 global accreditations. KTIL has the capability to manufacture Restriction of Hazardous Substances (RoHS)-compliant products and has environmentally friendly, “lead-free” manufacturing lines for PCBAs at its Mysore and Manesar facilities.

Social considerations: KTIL relies heavily on human capital and technological expertise for its manufacturing processes. Retaining skilled employees and maintaining strong relationships with both staff and suppliers are critical to ensuring smooth, disruption-free operations. Another social risk faced by the company pertains to product safety and quality, where instances of product recalls and high warranty costs may not only result in financial implications but could also harm its reputation and create a more long-lasting adverse impact.

Liquidity position: Adequate

The company’s liquidity profile remains adequate, with average utilisation of fund-based limits of 52% against limits of Rs. 780 crore for the 12 months ending August 2025, resulting in sufficient cushion in working capital limits. KTIL has modest debt repayments of Rs. 17.8 crore and Rs. 41.94 crore in FY2026 and FY2027, respectively. Liquidity is further supported by overall cash available of Rs. 1,052.7 crore as on September 30, 2025, which includes funds raised via QIP, earmarked to fund its ongoing capex requirements.

Rating sensitivities

Positive factors – ICRA could upgrade KTIL's ratings if the company is able to improve its working capital intensity while maintaining its revenues growth trajectory and healthy operating margins. Additionally, increasing business diversification, while maintaining the adequate liquidity and comfortable credit metrics on a sustained basis may also warrant an improvement in its credit ratings.

Negative factors – The rating could witness a downward revision in case of any adverse impact on the company’s revenues and/ or earnings leading to deterioration in debt protection metrics on a sustained basis. Further, higher working capital requirement leading to an adverse impact on the liquidity position of the company on a sustained basis will also be a negative trigger. The rating pressure may also arise in case of any material cost and time overruns for the ongoing projects (OSAT and PCB), impacting the company's credit profile on a sustained basis. Specific credit metrics for downgrade include total debt/OPBITDA increasing over 2.3 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of KTIL. Refer to the Annexure II for the list of entities considered for consolidation.

About the company

Kaynes Technology India Limited (KTIL) offers ESDM services to clients across various industries. The company is primarily involved in the contract design and manufacturing of printed circuit board (PCB) assemblies, circuit boards and electronic components. Established in 1988 as a sole proprietorship firm with a single unit in Mysore, KTIL was converted into a private

limited company in 2008. In recent years, the company has diversified its product portfolio and expanded beyond manufacturing to encompass product design and development, testing and after-sales services such as repair, remanufacturing, marketing and product lifecycle management.

The company has ample manufacturing capabilities spread across the country. It has further enhanced capacities at its existing facilities in Mysore and Manesar and has set up a new facility at Chamarajanagar. Besides, the company is setting up OSAT and PCB manufacturing plants in Sanand, Gujarat and Chennai, Tamil Nadu.

Key financial indicators (audited)

KTIL Consolidated	FY2024	FY2025	H1 FY2026*
Operating income	1,804.6	2,721.8	1,579.7
PAT	183.3	293.4	196.0
OPBDIT/OI	14.2%	15.3%	16.5%
PAT/OI	10.2%	10.8%	12.4%
Total outside liabilities/Tangible net worth (times)	0.4	0.7	0.4
Total debt/OPBDIT (times)	1.7	2.4	1.7
Interest coverage (times)	4.6	3.9	5.1

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; * Provisional Numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jan 30, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based Cash Credit	Long term	780.00	[ICRA]A-(Positive)	May 16, 2025	[ICRA]A-(Positive)	Nov 22, 2024	[ICRA]A-(Positive)	Dec 14, 2023	[ICRA]BBB+(Stable)	Jan 03, 2023	[ICRA]BBB(Stable)
				Dec 12, 2025	[ICRA]A-(Positive)	-	-	-	-	Jan 24, 2023	[ICRA]BBB(Stable)
Fund-based Packing Credit	Long Term	-	-	May 16, 2025	[ICRA]A-(Positive)	Nov 22, 2024	[ICRA]A-(Positive)	Dec 14, 2023	[ICRA]BBB+(Stable)	Jan 24, 2023	[ICRA]BBB(Stable)
				Dec 12, 2025	[ICRA]A-(Positive)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based – Cash Credit	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	Long-term fund-based – Cash Credit	-	-	-	780.00	[ICRA]A- (Positive)

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	Ownership as on Sep 30, 2025	Consolidation approach
Kaynes Electronics Manufacturing Private Limited	100%	Full Consolidation
Iskraemeco India Private Limited	100%	Full Consolidation
Kemsys Technologies Private Limited	100%	Full Consolidation
Digicom Electronics, Inc.	100%	Full Consolidation
Kaynes Semicon Private Limited	100%	Full Consolidation
Kaynes Circuits India Private Limited	100%	Full Consolidation
Kaynes Mechatronics Private Limited	100%	Full Consolidation
Kaynes Holding Pte Ltd	100%	Full Consolidation
Essnkay Electronics LLC	100%	Full Consolidation
Kaynes International Design & Manufacturing Private Limited	95.21%	Full Consolidation
Kaynes Embedded Systems Private Limited	60%	Full Consolidation
Kaynes Technology Europe GmbH	60%	Full Consolidation
Kaynes Space Technology Private Limited	100%	Full Consolidation
Sensonic IN India Private Limited (Subsidiary of Sensonic GMBH)	54%	Full Consolidation
Sensonic GmbH (Subsidiary of Kaynes Holding Pte. Limited)	54%	Full Consolidation
Sensonic-UK Limited (Subsidiary of Sensonic GMBH)	54%	Full Consolidation
Sensonic US Inc. (Subsidiary of Sensonic GMBH)	54%	Full Consolidation
August Electronics Inc (Subsidiary of Kaynes Holding Pte. Limited)	100%	Full Consolidation

Source: Company

Note: Ownership % reflects KTIL's ultimate ownership as on date

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