

January 31, 2025

**BSE Limited.**

Corporate Relationship Dept.,  
14th floor, P. J. Tower,  
Dalal Street, Fort  
Mumbai - 400 001

**National Stock Exchange of India Limited.**

Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex,  
Bandra (E),  
Mumbai - 400 051

**Scrip Code: 543664**

**Scrip Symbol: KAYNES**

Dear Sir/Madam,

**Subject: Intimation of Credit Rating under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('SEBI (LODR) Regulations')**

Pursuant to Regulation 30 of SEBI (LODR) Regulations, this is to inform that, CRISIL Rating Limited, has assigned its '**Crisil A/Positive**' corporate credit rating to Kaynes Technology India Limited.

The rating letter received from CRISIL Rating Limited is attached as an Annexure.

1.	Date of occurrence of Event / Information	January 31, 2025
2.	Time of occurrence of Event/ Information	02: 47 P.M. (IST)

The aforesaid information will also be made available on the Company's website at <https://www.kaynestechology.co.in/>

Kindly take the above information on record and acknowledge it.

Thanking You

Yours faithfully,

For **Kaynes Technology India Limited.**

**Jairam Paravastu Sampath**

Whole-Time Director & CFO  
DIN: 08064368

**KAYNES TECHNOLOGY INDIA LIMITED**

CIN: L29128KA2008PLC045825

website: [www.kaynestechology.co.in](http://www.kaynestechology.co.in) email ID: [kaynestechcs@kaynestechology.net](mailto:kaynestechcs@kaynestechology.net)

H.O & Registered office: 23-25, Belagola, Food Industrial Estate Metagalli PO, Mysore 570016 India

Telephone No: +91 8212582595

## Rating Rationale

January 31, 2025 | Mumbai

### Kaynes Technology India Limited 'Crisil A/Positive' assigned to Corporate Credit Rating

#### Rating Action

<b>Corporate Credit Rating</b>	<b>Crisil A/Positive (Assigned)</b>
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*Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*

*1 crore = 10 million*

*Refer to Annexure for Details of Instruments & Bank Facilities*

#### Detailed Rationale

Crisil Ratings has assigned its '**Crisil A/Positive**' corporate credit rating (CCR) to Kaynes Technology India Ltd (KTIL).

The 'Positive' outlook reflects the expectation of continued improvement in the business risk profile, driven by strong market position of the company in the Electronic Manufacturing Services (EMS) business and the healthy order book. The market position is likely to improve further, supported by incremental revenue from new capacities being set up under the high-density printed circuit board (HD PCB) and Outsourced Semiconductor Assembly and Test (OSAT) segments over the next 2-3 years.

For the first nine months of fiscal 2025, the company has achieved revenue of around Rs 1,737 crore, reporting nearly 48% year-on-year growth against Rs 1,167 crore during the corresponding period of the previous fiscal. Incremental growth will be supported by strong order book of Rs 6,047 crore as on December 31, 2024. Operating margin was around 14% for the first nine months of fiscal 2025, and is expected to improve gradually over the medium term. Timely execution of capital expenditure (capex), along with streamlined scale up of operations for new product segments, remains a key monitorable.

The rating reflects the extensive experience of the promoters in the EMS industry, the diversified end-user industry base, sound operating efficiencies and the healthy financial risk profile. These strengths are partially offset by the working capital-intensive operations and susceptibility of the operating margin to volatility in commodity prices, limited product diversity and dependence on imports.

#### Analytical Approach

To arrive at the ratings, Crisil Ratings has combined the business and financial risk profiles of KTIL, along with its subsidiaries and associates. This is because these entities are in similar line of business, under a common management, with significant operational and financial synergies.

*Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.*

#### Key Rating Drivers & Detailed Description

##### Strengths:

- **Established market position & extensive industry experience of the promoters:** KTIL has been engaged in the EMS business for over three decades. Over the years, the company has gained significant experience and has established its track record as a reliable supplier for reputed original equipment manufacturers (OEMs) in the public and private sectors. Having maintained strong relationships with reputed customers, and given its ability to produce goods as per their specifications, standards and timelines, KTIL has bagged a steady flow of repeat orders. Further, it seeks to adapt to varying requirements of customers by continuously expanding its product profile.
- **Healthy order book and sound operating efficiency:** Orders of Rs 6,047 crore as on December 31, 2024, to be executed over the next 18-24 months, provide revenue visibility for the medium term. Order execution usually ranges from 6-18 months and the company also receives repeat orders from its customers. The order book position is expected to improve with new capacities in the HDPCB and OSAT divisions becoming operational in the next fiscal. Driven by high economies of scale and an experienced management, operating efficiency is marked by a healthy return on capital employed (RoCE) and stable operating margin.

- **Diversified end-user industry base and healthy growth prospects in the new business:** KTIL has maintained longstanding relationships with its customers and suppliers. It caters to a diversified end-user industry base, including automotive, industrial, railways, medical, aerospace, defence, IT and retail. This mitigates the risk of slowdown in a particular industry and lends stability to revenue.
- **Healthy financial profile:** Capital structure remains comfortable, aided by lower reliance on external debt, as reflected in low gearing of 0.17 time and total outside liabilities to adjusted networth ratio of 0.32 time, as on March 31, 2024. Over the next four fiscals, the group plans to undertake capex of around Rs 4,700 crore, towards the HD PCB and OSAT divisions; capex will be funded via government grants (~55%), internal sources (~25-30%) with moderate reliance on external debt. Leverage levels are still expected to remain low over the medium term. Any material delay in receipt of government grants and its impact on the financial risk profile will remain a monitorable.
- Debt protection measures are aided by low leverage and healthy profitability. Interest coverage and net cash accrual to total debt ratios stood at 5.59 times and 0.49 time, respectively, for fiscal 2024 and are expected to remain at similar levels over the medium term.

#### **Weaknesses:**

- **Import reliance on key raw materials, exposure to forex fluctuations and volatility in input prices:** The group has significant reliance on imports to meet its raw material requirement, with 20-30% sourced from China. This makes the group's operations vulnerable to supply chain disruptions caused by any bottleneck or geopolitical risk. Raw material cost forms a sizeable chunk of the cost of production and any sharp fluctuation in prices of these components or forex rates could impact profitability adversely over the medium term, and hence, remains a key monitorable. Diversification into OSAT and HD PCB divisions should mitigate this risk over the medium term.
- **Exposure to risks related to the ongoing project:** The group is in the process of setting up new manufacturing facilities for OSAT/PCB at Tamil Nadu and Gujarat, under the Semiconductor India scheme. Timely receipt of government grants, along with completion of capex and successful stabilisation of operations at the new, augmented units remains a key rating sensitivity factor.
- **Working capital-intensive operations:** Working capital cycle is marked by sizeable inventory of 90-100 days and receivables of 70-90 days, and is partly aided by payables of 90-100 days. Incremental revenue from PCB and OSAT divisions should help bring down receivables and inventory and improve the working capital cycle.

#### **Liquidity: Strong**

Expected cash accrual of over Rs 300 crore should suffice to cover the term debt obligation over the medium term. The group is undertaking large capex, but shall fund the same via government grants and internal resources, with moderate reliance on term debt. The group also has sanctioned term loans worth Rs 800 crore, to tide over any cash flow mismatch in case of any delay in receipt of government grants. It also has the board approval to raise another Rs 1,600 crore of equity to fund incremental capex/inorganic growth plans over the medium term.

Bank limit utilisation averaged around 79.55% for the 12 months ended September 30, 2024. Current ratio was healthy at 3.17 times as on March 31, 2024. Cash/liquid assets were around Rs 1,350 crore as on September 30, 2024. Low gearing and moderate networth offer financial flexibility to withstand adverse conditions or downturn in the business

#### **Outlook: Positive**

Crisil Ratings believe the group will continue to benefit from its established market position in the EMS segment, the favourable industry dynamics and incremental revenue streams from the upcoming OSAT/HD PCB divisions

#### **Rating Sensitivity Factors**

##### **Upward factors:**

- Strong and sustained revenue growth from the EMS segment; coupled with sustenance of operating margin at around 14%, leading to higher net cash accrual
- Prompt progress of ongoing capex, coupled with timely receipt of government grants, ensuring moderate reliance on external debt to complete the capex
- Sustenance of strong financial risk profile with low leverage levels; healthy debt protection metrics and strong cash buffer

##### **Downward factors:**

- Any material order cancellations or lower-than-expected demand scenario in the EMS segment, having a material impact on revenue growth; or sustained decline in operating margin to less than 12%, leading to lower net cash accrual
- Any material delay in ongoing projects, leading to significant cost escalations or significant delay in receipt of government grants, increasing reliance external debt and leading to higher leverage levels.
- Major debt-funded capex/acquisitions, stretch in the working capital cycle, or moderations in financial flexibility/liquidity buffer, weakening the overall financial risk profile of the group

#### **About the Company**

KTIL was formed as a proprietorship in 1988 and reconstituted as a private limited company in 2008. The company, along with its subsidiaries, provides EMS, mainly assembly of PCBs. It has 12 manufacturing facilities at various locations, including Mysuru (Karnataka), Parwanoo (Himachal Pradesh), Selaqui (Dehradun), Bengaluru (Karnataka), Chennai (Tamil Nadu), and Manesar (Haryana). Additionally, it has two service centres dedicated towards after-sales support and third-party repair services.

The company has recently expanded its services to include product design and development, testing, and after-sales services such as repair, re-manufacturing, marketing, and product lifecycle management. KTIL got listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) on November 22, 2022. Operations are managed by the promoters, Mr Ramesh Kunhikannan (Managing Director) and Ms Savitha Ramesh (Chairperson).

#### **Key Financial Indicators - Consolidated**

As on/for the period ended March 31	Unit	2024	2023
Operating income	Rs crore	1,804.62	1,126.17
Reported profit after tax	Rs crore	185.73	94.93
PAT margin	%	10.16	8.45
Adjusted debt/Adjusted networkth	Times	0.17	0.20
Interest coverage	Times	4.62	4.68

#### **Status of non cooperation with previous CRA**

KTIL has not cooperated with INFOMERICS Valuation and Ratings (IVR), which has classified it as non-cooperative vide release dated December 26, 2023. The reason provided by IRR is non-furnishing of information for monitoring of ratings

**Any other information:** Not Applicable

#### **Note on complexity levels of the rated instrument:**

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit [www.crisilratings.com](http://www.crisilratings.com). Users may also call the Customer Service Helpdesk with queries on specific instruments.

#### **Annexure - Details of Instruments**

ISIN	Name of the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs.Crore)	Complexity Level	Rating assigned with outlook
NA	NA	NA	NA	NA	NA	NA	NA

#### **Annexure – List of Entities Consolidated**

Name of the entity	Extent of consolidation	Rationale for consolidation
Kaynes Technology India Ltd	Full	Holding Company
Kaynes Embedded Systems Pvt Ltd	Full	Subsidiary
KEMSYS Technologies Pvt Ltd	Full	Subsidiary
Kaynes Technology Europe GmbH	Full	Subsidiary
Kaynes International Design & Manufacturing Pvt Ltd	Full	Subsidiary
Kaynes Electronics Manufacturing Pvt Ltd	Full	Subsidiary
Digicom Electronics, Inc.	Full	Subsidiary
Kaynes Semicon Pvt Ltd	Full	Subsidiary
Kaynes Circuits India Pvt Ltd	Full	Subsidiary
Kaynes Mechatronics Pvt Ltd	Full	Subsidiary
Essnkay Electronics LLC	Full	Subsidiary
Kaynes Holding Pte Ltd	Full	Subsidiary
Iskraemeco India Pvt Ltd	Full	Subsidiary

#### **Annexure - Rating History for last 3 Years**

Instrument	Type	Current		2025 (History)		2024		2023		2022		Start of 2022
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Corporate Credit Rating	LT	0.0	Crisil A/Positive		--		--		--		--	--

Non Convertible Debentures	LT		--		--		--	06-09-23	Withdrawn (Issuer Not Cooperating)*	28-02-22	Crisil D (Issuer Not Cooperating)*	Crisil D (Issuer Not Cooperating)*
			--		--		--	31-01-23	Crisil D (Issuer Not Cooperating)*		--	--

All amounts are in Rs.Cr.

\* - Issuer did not cooperate; based on best-available information

## Criteria Details

<a href="#">Links to related criteria</a>
<a href="#">CRISILs Approach to Financial Ratios</a>
<a href="#">Rating criteria for manufacturing and service sector companies</a>
<a href="#">CRISILs Criteria for Consolidation</a>
<a href="#">CRISILs Criteria for rating short term debt</a>

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