

Kinetic Engineering Limited

June 11, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	30.00	CARE BB+; Stable	Assigned
Short Term Bank Facilities	2.00	CARE A4+	Assigned

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

Ratings assigned to bank facilities of Kinetic Engineering Limited (KEL) constrained by growing but moderate scale of operations, moderate and declining profitability margins leading to weak debt coverage indicators, working capital intensive nature of operations, susceptibility of profit margins to volatile raw material prices. Ratings also remain constrained due to KEL's presence in a highly fragmented and competitive industry and the cyclicity associated with its end-user industries.

Further, the timely completion risk associated with the capex undertaken under the subsidiary company viz. Kinetic Watts & Volts Limited (KWVL) to the tune of ~₹140 crore remains critical. However, the comfort can be derived from the fact that the group has already incurred ₹52 against the said capex which was funded through equity contribution with no major dependence on the external debt. Subsequent stabilization of the same also remains key credit monitorable.

KEL is in the process to raise ₹166.84 crore through preferential issue of which it received ₹101.60 crore and remaining amount is expected to be received in the near term. The said proceeds are being utilised for redemption of preference shares, payment of overdue liabilities, investment in subsidiary viz. KWVL (for funding of said capex), capex including solar project under KEL, working capital requirements and general corporate purpose.

Ratings derive strength from the company's experienced and resourceful promoters and their established relationships with reputed clientele. The ratings also derive comfort from comfortable capital structure and adequate liquidity position.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations with TOI over ₹250 crore and PBILDT margins above 8% on a sustained basis.
- Improvement in debt coverage indicators marked by interest coverage ratio above 2x on a sustained basis.
- Timely completion and stabilization of the major capex undertaken under subsidiary.

Negative factors

- Significant decline in scale of operations or deterioration in the PBILDT margin below 3% on a sustained basis.
- Deterioration of the capital structure with overall gearing exceeding unity level on a sustained basis.
- Deterioration of the operating cycle leading to weakening of liquidity position of the company.

Analytical approach: Consolidated

CARE Ratings Ltd. (CareEdge Ratings) has taken the consolidated view of KEL and its subsidiary company, KWVL (together referred as 'Group'). Consolidated view has been taken considering KEL's control over the management and operations of the subsidiary with strong operational and financial synergies among them. Consolidated entities are detailed in Annexure-6.

Outlook: Stable

The stable outlook reflects CareEdge Ratings' expectations that KEL will continue to increase its scale of operations, profitability and maintain comfortable financial risk profile backed by its long track record and highly experienced promoters.

Detailed description of key rating drivers:

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

Key weaknesses**Moderate although growing scale of operations**

The overall scale of operations of the group remained moderate as marked by consolidated total operating income (TOI) stood in the range of ₹122.53 crore to ₹160.19 crore during FY22 to FY26. TOI has increased by 11% to ₹160.19 crore in FY26 as compared to ₹144.06 crore in FY25 owing to increase in volume sold to its existing customers along with commencement of commercial operations of its subsidiary company wherein it manufactures electronic two-wheelers (Kinetic DX). It has sizable net worth base, which stood at ₹125.12 crore as on March 31, 2026 (₹116.97 crore as on March 31, 2025). The scale of operations is expected to increase in near to medium term on the back of expected stabilization of its subsidiary operations which gradually increase the TOI. The same is also supported by increase in orders from its existing as well as new customers for auto components manufactured by KEL. Nevertheless, the increase in scale of operations as envisaged remains key credit monitorable.

Volatile and declining profitability margins leading to weak debt coverage indicators

The profitability margins remain volatile in past three years ended FY26. PBILDT margin at consolidated level slightly improved to 4.71% in FY26 compared to 4.58% in FY25 on account of increase in the scale of operations which slightly reduced the fixed cost. PAT margin was largely supported by profits from sale of non-core assets which primarily include sale of land parcels available with KEL. As per the management, the profit margins are however, expected to gradually improve in the medium term with cost reduction measures undertaken by the company along with benefits to be derived from cost incurred on various parts of EV in the earlier years. Also, the company has installed a solar plant of 4.50MW which will aid to reduce power cost. Further, the company has been able to improve its PBILDT margin which stood at 7.71% in Q4FY26, nevertheless sustenance of the same remains key monitorable. However, considering the nascent stage of operations in the subsidiary company, the ability of the company to improve its profit margins in the medium term remain key credit monitorable.

Owing to moderate and declining profit margins, the debt coverage indicators stood weak as marked by interest coverage ratio at 1.30x in FY26 compared to 1.35x in FY25. Total debt to gross cash accruals (TD/GCA) stood at 9.82x in FY26 compared to 4.76 in FY25. The company's ability to improve the profitability margins leading to improvement in debt coverage indicators remains key credit monitorable.

Stabilization risk associated with the project under subsidiary

KEL is in process to set up the electric two-wheeler manufacturing plant under its subsidiary company viz. KWVL. Total capex is of ~₹140 crore of which around ₹52 crore incurred till December 2025. the capex is entirely funded through equity contribution received from promoters and the company is not expecting any cashflow burden on KEL. It has already commenced production from January 2026 and expects gradual increase in the near term as the project progress happens. Currently, the KWVL has distribution network of 20 distributors across India and has already signed distribution agreements with 35 distributors. Further it planned to increase dealership network gradually to facilitate the increase in revenue at subsidiary level. Hence, ability of the group to complete its ongoing capex with subsequent stabilization through increase in dealership networks remain key credit monitorable.

Low bargaining power with customers, raw material price volatility and exposure to industry cyclicality

KEL has limited bargaining power with its customers, given that its key customers are automobile OEMs. Steel, being the principal raw material, global steel price volatility exposes the company to raw material price volatility risk. However, the company has been able to transfer the same to its customers. The automotive industry is inherently cyclical, with demand for auto components closely linked to original equipment manufacturer (OEM) sales. The auto-ancillary segment is also marked by intense competition, with the presence of a large number of players across the organised and unorganised sectors, which intensifies pricing pressure.

Working capital intensive operations

KEL's operations remain working capital intensive as reflected by Gross Current Asset (GCA) days and working capital cycle of 274 days (PY: 247 days) and 128 days (PY: 117 days) respectively during FY26. Working capital cycle has increased on account of increased inventory holding period receivable period. Inventory holding period remains high at 145 days in FY26 (PY: 140 days) owing to nature of its operations wherein from procurement till dispatch of the orders takes three to six months. Average collection period remains moderate and slightly improved to 84 days during FY26 (PY: 88 days). The same was partially offset by average credit period availed from suppliers at 101 days in FY26 (PY: 117 days).

Reputed but concentrated customer base

KEL shares healthy relationship with its clients owing to long track record of over five decades in the industry. Over the year of its operations, it has developed long-term relationships with its customers and entails repeat orders from them. The company is majorly dealing with reputed OEMs. However, the customer base remained concentrated in FY26 marked by top seven customers

contributing over 90% with top customer contributed ~30%. Counterparty risk is mitigated to an extent due to dealing with established customers. Further, the company is currently under discussion to on board new clients however, the same is in process.

Key strengths

Experienced and resourceful promoters with established relations with reputed clients

KEL is promoted by Arun Hastimal Firodia, who has over three decades of experience and Jayshree Arun Firodia, with 17 years of experience. It is currently led by Ajinkya Arun Firodia, the Managing Director having vast experience in the industry. Further, the company being in the business for five decades, has established strong relations with its customers which are majorly reputed OEMs. Further, it is well supported by qualified and professional second line of management. Also, the promoters remain resourceful and have infused the funds in the form of equity as and when required by the company.

Comfortable capital structure

Group's capital structure remained comfortable marked by overall gearing at 0.56x as on March 31, 2026 compared to 0.53x as on March 31, 2025. Its debt profile largely comprised of external debt in the form of working capital and term debt. The total outside liabilities to tangible net worth stood stable and comfortable at 1.04x as on March 31, 2026 (compared to 1.02x as on March 31, 2025). The capital structure is expected to remain comfortable in the near to medium term considering increase in debt which will be partially offset by the equity infusion being undertaken by the group.

Liquidity: Adequate

KEL's liquidity position remain adequate marked by sufficient cash accruals against repayment of debt obligations amounting to ₹1.16 crore in FY27 and FY28. The company has availed loan against securities (LAS) facility of ₹37.00 crore of which there is no repayment expected in the near term. The maximum working capital utilization remains at ~98% for the fund-based facilities for last twelve months ending March 2026 while average utilization remains around 49% for the same period. The non-fund-based limit utilization remain around 89% for the twelve months ending March 2026. Further, the company has cash and liquid investments of ₹39.55 crore out of which ₹27.11 crore pertains to unutilized proceeds from preferential issue which are primarily to be utilized for the capex requirement of the subsidiary company. The current ratio and quick ratio stood at 2.03x and at 1.16x respectively as of March 31, 2026 (compared to 1.83x and 1.09x, respectively, as of March 31, 2025). The net cash flow from operating activities stood at negative at ₹16.26 crore in FY26 (compared to negative ₹16.63 crore in FY25).

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Auto Components & Equipments](#)

[Short Term Instruments](#)

[Consolidation & Combined Approach](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Auto Components	Auto Components & Equipments

Incorporated in 1970s, KEL is engaged in manufacturing auto component and ancillary mainly shaft, gearbox assembly and transmission gears. The company was promoted by H.K. Firodia, currently managed by the third generation i.e. Ajinkya Arun Firodia (Vice Chairman and Managing Director). Its product portfolio also includes CNG gear boxes, chassis for electric moped, other body parts for electric 3 wheelers and gear boxes for electric 3 wheelers. KEL caters to both domestic and international markets. The Company's plant is located at Ahilyanagar (Maharashtra) with more than 32 production sheds and over 460 machines. The facility is IATF 16949-certified.

Its subsidiary viz. KWVL engaged in manufacturing of electric scooters with its operations commenced from January 2026.

Brief Financials - Consolidated

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	145.03	144.06	160.19
PBILDT*	9.11	6.60	7.55
Profit after tax (PAT)	4.98	6.23	0.87
Overall gearing (x)	1.34	0.53	0.56
Interest coverage (x)	1.67	1.35	1.30

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

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

Brief Financials - Standalone

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	145.03	144.06	152.75
PBILDT	9.53	7.22	7.69
Profit after tax (PAT)	5.37	6.73	2.31
Overall gearing (x)	1.48	0.59	0.47
Interest coverage (x)	1.75	1.47	1.32

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

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	20.67	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	January 31, 2035	9.33	CARE BB+; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	2.00	CARE A4+

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-Term Loan	LT	9.33	CARE BB+; Stable				
2	Fund-based - LT-Cash Credit	LT	20.67	CARE BB+; Stable				
3	Non-fund-based - ST-Bank Guarantee	ST	2.00	CARE A4+				

LT: Long term; ST: 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	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	Kinetic Watts and Volts Limited	Full	Subsidiary company with operational and financial linkages

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.

Annexure-7: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026 to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments ²
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutual Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

²SEBI: 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

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

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

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