

May 16, 2025

Q4FY25 Result Update

☒ Change in Estimates | ☒ Target | ☒ Reco

Change in Estimates

| | Current | | Previous | |
|---------------------|--------------|--------|-------------------|--------|
| | FY26E | FY27E | FY26E | FY27E |
| Rating | HOLD | | ACCUMULATE | |
| Target Price | 5,744 | | 5,528 | |
| Sales (Rs. m) | 43,196 | 64,862 | 43,175 | 62,580 |
| % Chng. | - | 3.6 | | |
| EBITDA (Rs. m) | 6,755 | 10,249 | 6,778 | 10,075 |
| % Chng. | (0.3) | 1.7 | | |
| EPS (Rs.) | 62.5 | 95.6 | 59.4 | 92.3 |
| % Chng. | 5.1 | 3.6 | | |

Key Financials - Consolidated

| Y/e Mar | FY24 | FY25 | FY26E | FY27E |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m) | 18,046 | 27,218 | 43,196 | 64,862 |
| EBITDA (Rs. m) | 2,542 | 4,107 | 6,755 | 10,249 |
| Margin (%) | 14.1 | 15.1 | 15.6 | 15.8 |
| PAT (Rs. m) | 1,833 | 2,934 | 4,002 | 6,128 |
| EPS (Rs.) | 28.7 | 45.8 | 62.5 | 95.6 |
| Gr. (%) | 75.1 | 59.7 | 36.4 | 53.1 |
| DPS (Rs.) | - | - | - | - |
| Yield (%) | - | - | - | - |
| RoE (%) | 10.6 | 11.0 | 12.6 | 16.0 |
| RoCE (%) | 14.7 | 14.5 | 15.7 | 19.0 |
| EV/Sales (x) | 21.5 | 14.7 | 9.4 | 6.3 |
| EV/EBITDA (x) | 152.7 | 97.3 | 60.1 | 40.1 |
| PE (x) | 218.4 | 136.8 | 100.3 | 65.5 |
| P/BV (x) | 16.1 | 14.1 | 11.4 | 9.7 |

Key Data KAYN.BO | KAYNES IN

| | |
|---------------------|---------------------|
| 52-W High / Low | Rs.7,825 / Rs.2,555 |
| Sensex / Nifty | 82,331 / 25,020 |
| Market Cap | Rs.401bn/ \$ 4,693m |
| Shares Outstanding | 64m |
| 3M Avg. Daily Value | Rs.3703.77m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 57.75 |
| Foreign | 11.17 |
| Domestic Institution | 16.98 |
| Public & Others | 14.10 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|------|------|-------|
| Absolute | 10.4 | 13.1 | 143.9 |
| Relative | 3.3 | 6.6 | 118.3 |

Praveen Sahay

praveensahay@plindia.com | 91-22-66322369

Rahul Shah

rahulshah@plindia.com | 91-22-66322534

Results above estimates, healthy order book to drive growth

We revised upward our FY26/FY27 EPS estimates by 5.1%/3.6%, reflecting strong performance in Q4FY25, primarily driven by Industrial and IT segment. We are downgrading our recommendation to "HOLD" from "Accumulate" due to the significant uptick in the stock price. Our revised DCF-based TP is Rs 5,744 (up from Rs 5,528), implying PE of 60x FY27E earnings. KAYNES has guided a growth of 60% in FY26 with a margin expansion of 50bps YoY, mainly driven from automotive, industrial, aerospace and IoT segment. In Q4FY25 company is having an order book of Rs 66bn mainly driven from aerospace, industrial and automotive. The OSAT facility development is on track, with estimated revenue starting in Q4FY26, while PCB manufacturing is expected to begin as planned, contributing to revenue from FY27 onwards. In the Export side Company is expecting 15% contribution by FY26 (current contribution 9%). Company acquired August Electronics to strengthen its North American footprint and to get access to high-value global customers in sectors like energy, petroleum, medical, telecom, and IT. KAYNES reported 54.5% YoY revenue growth in Q4FY25, driven by a 57.4% YoY increase in the industry segment (which contributed 55% rev.). The EBITDA margin stood at 17.1%, (Expanded by ~210bps). We estimate FY25-27E revenue/EBITDA/PAT CAGR of 54.4%/58.0%/44.3%, with EBITDA margin expansion of ~70bps. Downgrade to 'Hold'.

Revenues increased by 54.5%, PAT grew by 43.0%: Sales increased by 54.5% YoY to Rs 9.8bn (PL: Rs 9.8bn). Automotive/Industrial/Railway/Medical/IT & Consumer grew by 41.5%/57.4%/1.1%/49.9%/180.6% YoY, whereas Aerospace decline by 31.5% YoY. EBITDA grew by 76.3% YoY to Rs 1.7bn (PL: Rs1.5bn). EBITDA margins expanded by ~210bps to 17.1% (PL: 15.5%). PBT grew by 39.2% YoY to Rs 1.4bn (PL: Rs 1.3bn). PAT grew by 43.0% YoY to Rs 1.2bn (PL: Rs 1.0bn). Company order book stood at Rs 66bn in Q4FY25 vs Rs 41bn in Q4FY24.

Con call highlights: **1)** Kaynes has guided for the growth of 60% in the topline, mainly driven from automotive, industrial and aerospace segment with margin expansion of 50bps YoY. **2)** Company acquired August Electronics to strengthen its North American footprint by adding manufacturing capabilities in Canada and expanding its customer base. In FY26 August Electronics is expected to grow by 20% with a margin of 17%+. **3)** The rationale for the acquisition of August Electronics was to provide access to high-value global customers in sectors like energy, petroleum, medical, telecom, and IT, which are typically served locally in North America for strategic and logistical advantages. The acquisition also presents cross-selling opportunities and potential expansion into new geographies like the US and Europe. **4)** Construction of the OSAT plant in Sanand, Gujarat, and the HDI PCB plant in Chennai is on track for completion by Q3FY25, with the first chip production from the OSAT segment expected by early Q3 and meaningful volumes from Q4 onwards, supported by signed agreements, government approvals, and committed capacities from key customers. **5)** The company aims to strengthen its long-standing partnership with ISRO, leveraging its expertise in high-tech manufacturing for satellite components and launch vehicles. It has also

established a subsidiary, Mechatronics, to expand its presence in the growing space technology sector. **6)** The company expects exports to contribute 15% in the topline by FY26, primarily driven by the automotive, aerospace, and industrial segments. and 20-25% in four-five years. **7)** The company is having an order book for more than five-years which includes significant long-term contracts with major global clients, reflecting the trust and confidence in its capabilities. **8)** The average monthly order inflow grew from Rs 4.3bn in Q3FY25 to Rs5.1bn in Q4FY25.

Exhibit 1: Q4FY25 result overview: Sales increase by 54.5% YoY, PAT grew by 43.0% YoY

| Y/e March (Rs mn) | Q4FY25 | Q4FY24 | YoY gr. (%) | Q3FY25 | QoQ gr. (%) | FY25 | FY24 | YoY gr. (%) |
|------------------------------------|--------------|--------------|-------------|--------------|-------------|---------------|---------------|-------------|
| Net Sales | 9,845 | 6,373 | 54.5 | 6,612 | 48.9 | 27,218 | 18,046 | 50.8 |
| Expenditure | | | | | | | | |
| Operating & Manufacturing Expenses | 6,687 | 4,786 | 39.7 | 4,573 | 46.2 | 12,311 | 8,513 | 44.6 |
| % of Net Sales | 67.9 | 75.1 | | 69.2 | | 45.2 | 47.2 | |
| Gross Profit | 3,158 | 1,587 | 99.1 | 2,038 | 55.0 | 14,907 | 9,533 | 56.4 |
| % of Net Sales | 32.1 | 24.9 | 7.19 | 30.8 | | 54.8 | 52.8 | |
| Personnel Cost | 466 | 320 | 45.8 | 578 | -19.4 | 1,779 | 1,028 | 73.1 |
| % of Net Sales | 4.7 | 5.0 | | 8.7 | | 6.5 | 5.7 | |
| Other Expenses | 1,014 | 314 | 222.5 | 520 | 95.0 | 2,333 | 1,178 | 98.1 |
| % of Net Sales | 10.3 | 4.9 | | 7.9 | | 8.6 | 6.5 | |
| Total Expenditure | 8,166 | 5,421 | 50.7 | 5,671 | 44.0 | 16,422 | 10,718 | 53.2 |
| EBITDA | 1,679 | 952 | 76.3 | 940 | 78.5 | 10,796 | 7,328 | 47.3 |
| Margin (%) | 17.1 | 14.9 | 2.11 | 14.2 | | 39.7 | 40.6 | |
| Depreciation | 169 | 74 | 129.4 | 108 | 56.2 | 447 | 251 | 78.0 |
| EBIT | 1,509 | 879 | 71.8 | 832 | 81.4 | 11,418 | 7,636 | 49.5 |
| Other income | 205 | 294 | -30.4 | 246 | -16.9 | 1,070 | 559 | 91.3 |
| Interest | 295 | 153 | 92.1 | 270 | 9.2 | 1,013 | 533 | 90.2 |
| PBT | 1,419 | 1,019 | 39.2 | 808 | 75.6 | 3,718 | 2,317 | 60.5 |
| Total Taxes | 257 | 207 | 24.5 | 144 | 78.9 | 781 | 483 | 61.8 |
| ETR (%) | 18.1 | 20.3 | | 17.8 | | 21.0 | 20.8 | |
| Adj. PAT | 1,162 | 813 | 43.0 | 665 | 74.8 | 2,937 | 1,834 | 60.1 |
| Exceptional Items | - | - | | - | | - | - | |
| Reported PAT | 1,162 | 813 | 43.0 | 665 | 74.8 | 2,945 | 1,838 | 60.3 |

Source: Company, PL

Exhibit 2: Segmental breakup: Automotive/Industrial grew by 41.5%/57.4% YoY

| Y/e March (Rs mn) | Q4FY25 | Q4FY24 | YoY gr. (%) | Q3FY25 | QoQ gr. (%) | FY25 | FY24 | YoY gr. (%) |
|--|--------|--------|-------------|--------|-------------|--------|-------|-------------|
| Revenues | | | | | | | | |
| Automotive | 2,212 | 1563 | 41.5 | 1846 | 19.8 | 7,077 | 5182 | 36.6 |
| Industrial | 5,415 | 3,440 | 57.4 | 3717 | 45.7 | 14,970 | 8,576 | 74.5 |
| Railways | 689 | 681 | 1.1 | 404 | 70.7 | 1,905 | 1,965 | (3.1) |
| Medical | 279 | 186 | 49.9 | 138 | 102.4 | 626 | 536 | 16.8 |
| IoT/IT, Consumer and others | 1,217 | 434 | 180.6 | 294 | 313.2 | 2,259 | 1,251 | 80.6 |
| Aerospace, Outerspace and Strategic tech | 207 | 303 | (31.5) | 18 | 1,071.7 | 381 | 536 | (28.9) |

Source: Company, PL

Financials

Income Statement (Rs m)

| Y/e Mar | FY24 | FY25 | FY26E | FY27E |
|-------------------------------|---------------|---------------|---------------|---------------|
| Net Revenues | 18,046 | 27,218 | 43,196 | 64,862 |
| YoY gr. (%) | 60.3 | 50.8 | 58.7 | 50.2 |
| Cost of Goods Sold | - | - | - | - |
| Gross Profit | 4,747 | 8,220 | 13,175 | 19,783 |
| Margin (%) | 26.3 | 30.2 | 30.5 | 30.5 |
| Employee Cost | 1,028 | 1,781 | 2,748 | 4,021 |
| Other Expenses | - | - | - | - |
| EBITDA | 2,542 | 4,107 | 6,755 | 10,249 |
| YoY gr. (%) | 51.0 | 61.6 | 64.5 | 51.7 |
| Margin (%) | 14.1 | 15.1 | 15.6 | 15.8 |
| Depreciation and Amortization | 251 | 447 | 1,209 | 1,726 |
| EBIT | 2,290 | 3,660 | 5,547 | 8,523 |
| Margin (%) | 12.7 | 13.4 | 12.8 | 13.1 |
| Net Interest | 534 | 1,013 | 1,059 | 1,142 |
| Other Income | 559 | 1,070 | 855 | 800 |
| Profit Before Tax | 2,316 | 3,716 | 5,343 | 8,181 |
| Margin (%) | 12.8 | 13.7 | 12.4 | 12.6 |
| Total Tax | 483 | 782 | 1,341 | 2,053 |
| Effective tax rate (%) | 20.8 | 21.0 | 25.1 | 25.1 |
| Profit after tax | 1,833 | 2,934 | 4,002 | 6,128 |
| Minority interest | - | - | - | - |
| Share Profit from Associate | - | - | - | - |
| Adjusted PAT | 1,833 | 2,934 | 4,002 | 6,128 |
| YoY gr. (%) | 92.5 | 60.1 | 36.4 | 53.1 |
| Margin (%) | 10.2 | 10.8 | 9.3 | 9.4 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 1,833 | 2,934 | 4,002 | 6,128 |
| YoY gr. (%) | 92.5 | 60.1 | 36.4 | 53.1 |
| Margin (%) | 10.2 | 10.8 | 9.3 | 9.4 |
| Other Comprehensive Income | 6 | 10 | - | - |
| Total Comprehensive Income | 1,839 | 2,944 | 4,002 | 6,128 |
| Equity Shares O/s (m) | 64 | 64 | 64 | 64 |
| EPS (Rs) | 28.7 | 45.8 | 62.5 | 95.6 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY24 | FY25 | FY26E | FY27E |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Non-Current Assets | | | | |
| Gross Block | 3,680 | 7,652 | 16,057 | 22,208 |
| Tangibles | 3,276 | 5,969 | 14,244 | 20,255 |
| Intangibles | 404 | 1,683 | 1,813 | 1,953 |
| Acc: Dep / Amortization | 903 | 1,279 | 2,149 | 3,471 |
| Tangibles | 682 | 924 | 1,494 | 2,477 |
| Intangibles | 220 | 355 | 655 | 994 |
| Net fixed assets | 2,777 | 6,374 | 13,908 | 18,737 |
| Tangibles | 2,594 | 5,045 | 12,750 | 17,778 |
| Intangibles | 183 | 1,329 | 1,158 | 959 |
| Capital Work In Progress | 1,314 | 5,848 | 5,925 | 5,978 |
| Goodwill | 152 | 141 | 141 | 141 |
| Non-Current Investments | 1,443 | 1,475 | 1,497 | 1,505 |
| Net Deferred tax assets | (102) | (130) | (201) | (291) |
| Other Non-Current Assets | 1,099 | 5,742 | 5,748 | 5,748 |
| Current Assets | | | | |
| Investments | - | - | - | - |
| Inventories | 5,483 | 8,144 | 13,018 | 19,548 |
| Trade receivables | 3,556 | 5,746 | 8,876 | 13,328 |
| Cash & Bank Balance | 15,256 | 10,563 | 4,939 | 2,822 |
| Other Current Assets | 1,278 | 2,093 | 2,302 | 2,533 |
| Total Assets | 32,652 | 46,412 | 56,744 | 70,770 |
| Equity | | | | |
| Equity Share Capital | 639 | 641 | 641 | 641 |
| Other Equity | 24,230 | 27,762 | 34,506 | 40,635 |
| Total Network | 24,869 | 28,403 | 35,147 | 41,275 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | 112 | 675 | 864 | 973 |
| Provisions | 192 | 344 | 413 | 528 |
| Other non current liabilities | - | - | - | - |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | 2,949 | 8,080 | 8,580 | 11,080 |
| Trade payables | 3,610 | 6,829 | 9,468 | 14,216 |
| Other current liabilities | 803 | 1,912 | 2,031 | 2,366 |
| Total Equity & Liabilities | 32,652 | 46,412 | 56,744 | 70,770 |

Source: Company Data, PL Research

Cash Flow (Rs m)

| Y/e Mar | FY24 | FY25 | FY26E | FY27E |
|--|-----------------|----------------|----------------|----------------|
| PBT | 2,316 | 3,716 | 5,343 | 8,181 |
| Add. Depreciation | 251 | 447 | 1,209 | 1,726 |
| Add. Interest | 534 | 1,013 | 1,059 | 1,142 |
| Less Financial Other Income | 559 | 1,070 | 855 | 800 |
| Add. Other | (390) | (834) | (680) | (400) |
| Op. profit before WC changes | 2,710 | 4,343 | 6,930 | 10,649 |
| Net Changes-WC | (1,352) | (4,522) | (5,365) | (6,233) |
| Direct tax | (481) | (644) | (1,341) | (2,053) |
| Net cash from Op. activities | 877 | (823) | 224 | 2,363 |
| Capital expenditures | (3,826) | (9,487) | (8,820) | (6,608) |
| Interest / Dividend Income | 520 | 957 | 680 | 400 |
| Others | (11,921) | 4,984 | - | - |
| Net Cash from Invst. activities | (15,228) | (3,547) | (8,140) | (6,208) |
| Issue of share cap. / premium | 13,436 | 27 | 6,745 | 6,128 |
| Debt changes | 1,702 | 5,694 | 745 | 2,670 |
| Dividend paid | - | - | - | - |
| Interest paid | (534) | (1,013) | (1,059) | (1,142) |
| Others | (318) | (58) | - | - |
| Net cash from Fin. activities | 14,286 | 4,650 | 6,431 | 7,657 |
| Net change in cash | (65) | 280 | (1,485) | 3,812 |
| Free Cash Flow | (2,949) | (10,311) | (8,596) | (4,245) |

Source: Company Data, PL Research

Key Financial Metrics

| Y/e Mar | FY24 | FY25 | FY26E | FY27E |
|----------------------------|--------|---------|---------|--------|
| Per Share(Rs) | | | | |
| EPS | 28.7 | 45.8 | 62.5 | 95.6 |
| CEPS | 32.6 | 52.8 | 81.3 | 122.6 |
| BVPS | 389.1 | 443.2 | 548.5 | 644.1 |
| FCF | (46.1) | (160.9) | (134.1) | (66.2) |
| DPS | - | - | - | - |
| Return Ratio(%) | | | | |
| RoCE | 14.7 | 14.5 | 15.7 | 19.0 |
| ROIC | 43.3 | 13.1 | 11.6 | 13.8 |
| RoE | 10.6 | 11.0 | 12.6 | 16.0 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | (0.5) | (0.1) | 0.1 | 0.2 |
| Net Working Capital (Days) | 110 | 95 | 105 | 105 |
| Valuation(x) | | | | |
| PER | 218.4 | 136.8 | 100.3 | 65.5 |
| P/B | 16.1 | 14.1 | 11.4 | 9.7 |
| P/CEPS | 192.0 | 118.7 | 77.0 | 51.1 |
| EV/EBITDA | 152.7 | 97.3 | 60.1 | 40.1 |
| EV/Sales | 21.5 | 14.7 | 9.4 | 6.3 |
| Dividend Yield (%) | - | - | - | - |

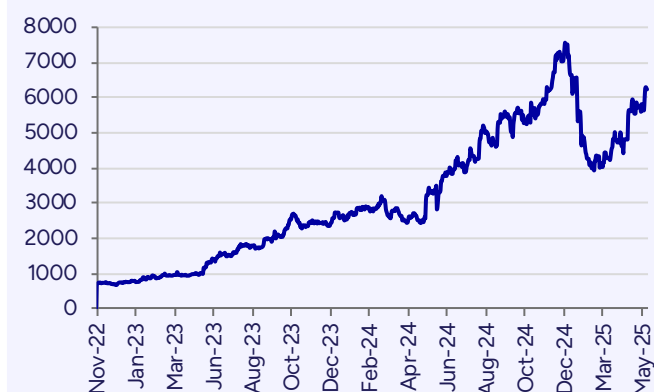
Source: Company Data, PL Research

Quarterly Financials (Rs m)

| Y/e Mar | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Net Revenue | 5,040 | 5,721 | 6,612 | 9,845 |
| YoY gr. (%) | 69.6 | 58.5 | 29.8 | 54.5 |
| Raw Material Expenses | 3,664 | 4,073 | 4,573 | 6,687 |
| Gross Profit | 1,376 | 1,648 | 2,038 | 3,158 |
| Margin (%) | 27.3 | 28.8 | 30.8 | 32.1 |
| EBITDA | 669 | 821 | 940 | 1,679 |
| YoY gr. (%) | 66.2 | 68.3 | 34.6 | 76.3 |
| Margin (%) | 13.3 | 14.4 | 14.2 | 17.1 |
| Depreciation / Depletion | 84 | 86 | 108 | 169 |
| EBIT | 585 | 735 | 832 | 1,509 |
| Margin (%) | 11.6 | 12.9 | 12.6 | 15.3 |
| Net Interest | 227 | 221 | 270 | 295 |
| Other Income | 283 | 336 | 246 | 205 |
| Profit before Tax | 641 | 849 | 808 | 1,419 |
| Margin (%) | 12.7 | 14.8 | 12.2 | 14.4 |
| Total Tax | 133 | 247 | 144 | 257 |
| Effective tax rate (%) | 20.7 | 29.1 | 17.8 | 18.1 |
| Profit after Tax | 508 | 602 | 665 | 1,162 |
| Minority interest | - | - | - | - |
| Share Profit from Associates | - | - | - | - |
| Adjusted PAT | 508 | 602 | 665 | 1,162 |
| YoY gr. (%) | 106.3 | 86.4 | 47.1 | 43.0 |
| Margin (%) | 10.1 | 10.5 | 10.1 | 11.8 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 508 | 602 | 665 | 1,162 |
| YoY gr. (%) | 106.3 | 86.4 | 47.1 | 43.0 |
| Margin (%) | 10.1 | 10.5 | 10.1 | 11.8 |
| Other Comprehensive Income | (3) | - | - | 2 |
| Total Comprehensive Income | 506 | 602 | 665 | 1,164 |
| Avg. Shares O/s (m) | 64 | 64 | 64 | 64 |
| EPS (Rs) | 7.9 | 9.4 | 10.4 | 18.2 |

Source: Company Data, PL Research

Price Chart



Recommendation History

| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1 | 04-Apr-25 | Accumulate | 5,528 | 4,956 |
| 2 | 28-Jan-25 | BUY | 5,528 | 4,661 |
| 3 | 09-Jan-25 | Hold | 6,085 | 6,971 |
| 4 | 09-Dec-24 | Hold | 6,085 | 6,295 |

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|---------------------------------------|------------|---------|------------------|
| 1 | Astral Ltd. | BUY | 1,532 | 1,288 |
| 2 | Avalon Technologies | Accumulate | 927 | 879 |
| 3 | Bajaj Electricals | Hold | 641 | 610 |
| 4 | Cello World | BUY | 770 | 545 |
| 5 | Century Plyboard (I) | BUY | 806 | 668 |
| 6 | Cera Sanitaryware | BUY | 7,319 | 5,832 |
| 7 | Crompton Greaves Consumer Electricals | BUY | 423 | 327 |
| 8 | Cyient DLM | Accumulate | 546 | 494 |
| 9 | Finolex Industries | Accumulate | 202 | 176 |
| 10 | Greenpanel Industries | BUY | 330 | 233 |
| 11 | Havells India | Hold | 1,717 | 1,665 |
| 12 | Kajaria Ceramics | Accumulate | 878 | 800 |
| 13 | Kaynes Technology India | Accumulate | 5,528 | 4,956 |
| 14 | KEI Industries | BUY | 4,278 | 3,295 |
| 15 | Polycab India | BUY | 7,152 | 5,880 |
| 16 | R R Kabel | BUY | 1,292 | 1,024 |
| 17 | Supreme Industries | Accumulate | 3,803 | 3,512 |
| 18 | Syrma SGS Technology | BUY | 618 | 526 |
| 19 | Voltas | BUY | 1,516 | 1,223 |

PL's Recommendation Nomenclature (Absolute Performance)

| | |
|--------------------------|-----------------------------------|
| Buy | : > 15% |
| Accumulate | : 5% to 15% |
| Hold | : +5% to -5% |
| Reduce | : -5% to -15% |
| Sell | : < -15% |
| Not Rated (NR) | : No specific call on the stock |
| Under Review (UR) | : Rating likely to change shortly |

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