

August 5, 2025

Management Meet Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	6,367		6,367	
Sales (Rs. m)	41,688	63,010	41,688	63,010
% Chng.	-	-	-	-
EBITDA (Rs. m)	6,936	10,082	6,936	10,082
% Chng.	-	-	-	-
EPS (Rs.)	67.5	105.5	67.5	105.5
% Chng.	-	-	-	-

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	18,046	27,218	41,688	63,010
EBITDA (Rs. m)	2,542	4,107	6,936	10,082
Margin (%)	14.1	15.1	16.6	16.0
PAT (Rs. m)	1,833	2,934	4,517	7,062
EPS (Rs.)	28.7	45.8	67.5	105.5
Gr. (%)	75.1	59.7	47.3	56.3
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	10.6	11.0	11.8	13.6
RoCE (%)	14.7	14.5	16.1	18.3
EV/Sales (x)	21.7	14.8	9.9	6.6
EV/EBITDA (x)	154.3	98.3	59.8	41.6
PE (x)	220.6	138.1	93.8	60.0
P/BV (x)	16.3	14.3	8.8	7.7

Key Data

KAYN.BO | KAYNES IN

52-W High / Low	Rs.7,825 / Rs.3,825
Sensex / Nifty	80,710 / 24,650
Market Cap	Rs.424bn/ \$ 4,824m
Shares Outstanding	67m
3M Avg. Daily Value	Rs.3487.48m

Shareholding Pattern (%)

Promoter's	53.32
Foreign	10.71
Domestic Institution	22.39
Public & Others	13.58
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	2.7	43.5	48.8
Relative	6.2	39.2	45.2

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Robust Revenue Visibility with Margin Expansion

We interacted with KAYNES' management to understand its business outlook, order book break up, segment growth, and capex plans. The company maintained its Rs45bn FY26 revenue guidance and raised margin guidance to ~16%, driven by higher contributions from high-margin segments and operating leverage. KAYNES is also pursuing inorganic opportunities for geographical expansion, IP enhancement, and backward integration, while segments like Aerospace, Railways, OSAT and PCBs are expected to fuel margin expansion.

We are maintaining our 'HOLD rating' due to the significant uptick in the stock price. We are maintaining our TP of Rs 6,367, implying PE of 60x FY27E earnings. We estimate FY25-27E revenue/EBITDA/PAT CAGR of 52.2%/56.7%/54.9%, with EBITDA margin expansion of ~90bps. KAYNES is currently trading at 93x/60x of FY26/FY27E earnings. Maintain 'HOLD'.

Key Takeaways

Guidance & Business Outlook

- The company has maintained its FY26 revenue guidance of Rs45bn with EBITDA margin of ~16%+.
- EMS revenue is expected to reach Rs42–43bn, driven by the Industrial segment (smart meters). Strong growth is projected in Aerospace (6–7% of revenue, ~Rs3bn) and Railways (Rs3–6bn, 10–13% of revenue), with Rs1–3bn from Kavach projects and the balance from onboard electronics. Additionally, the company is developing railway network safety systems, which will drive future growth.
- Gross margins improved in Q1FY26, led by a favorable segment mix and ongoing cost rationalization, which is expected to sustain going forward.
- The order book stands at Rs74bn, comprising: a) Rs18bn from the Industrial segment (mainly smart meters); b) Rs15bn from Aerospace (from a global leader in military aircraft manufacturing); and c) remaining Rs41bn distributed equally across Auto, Industrial (ex-smart meters), Railways, Medical, IoT & IT.
- The order book is largely executable over the next 1.5–2 years, with the entire pipeline executable over 5 years.
- The company targets Rs90bn consolidated revenue by FY28.

OSAT Business Outlook:

- KAYNES expects to achieve Rs1bn revenue in FY26, scaling up to Rs10bn in FY27 and Rs15bn by FY28, with EBITDA margins of 20%+.
- The company has guided for long-term revenue growth of 15%, with asset turnover expected in the range of 1–1.5x.

PCB Business Outlook:

- In the PCB segment, revenue is expected to reach Rs5–6bn by FY27, with exponential growth anticipated in FY28, supported by robust EBITDA margin of ~30%.
- Internal PCB procurement is expected to decline from 11% of sales to 5–6% post capacity expansion.
- Additionally, KAYNES has secured 6–7 anchor clients for PCB manufacturing across the EV, Telecom, and Computing verticals.

Inorganic Expansion:

- The company acquired stakes in 4 entities during Q1FY26 to diversify its revenue streams, particularly in Aerospace and Railway Network Safety, while also enhancing its geographical reach.
- KAYNES continues to evaluate further acquisitions, with a strategic intent to establish presence in North America, which will diversify its revenue mix.
- August Electronics, a recent acquisition, is expected to contribute USD45–50mn in revenue by FY27.

Balance Sheet & Working Capital:

- The company is focusing on optimizing working capital, to reduce receivable days to 70 by H2FY26. Current receivables are elevated due to Rs3.5bn pending from smart meter projects, for which financing arrangements are being actively explored.
- Inventory levels have temporarily risen as the company prepares for strong upcoming demand, but these are expected to normalize by FY26-end.

PCB sector in India: New investments ahead

KAYNES has planned a Rs14bn capex for PCB manufacturing, funded through internal accruals and debt, targeting an asset turnover of 1–1.5x.

SYRMA SGS Technology has announced a 2-phase PCB capacity expansion, with Phase I involving ~Rs 2.5bn capex over the next 2 years to set up PCB facilities to meet internal and partner demand, boosting domestic and export revenues. Phase II will add PCB capacity along with copper clad laminate production, enabling backward integration. Asset turnover is expected at 1–2x, with PLI incentives covering 60–70% of eligible investments.

Amber Enterprises, through its subsidiary IL JIN, has formed a JV with Korea Circuits and Ascent-K, with a planned investment of Rs25bn. Phase I (Rs10bn capex) is expected to be operational by Q4FY27, with 65% government funding. Expected asset turnover is 1.5x for single/double-layer PCBs and 0.9x for HDI PCBs.

These expansions will strengthen domestic PCB manufacturing, improve margins, and reduce import dependence.

Exhibit 1: PCB manufacturers in India

Company	Capex (Rs bn)	Asset Turn (x)
Kaynes Technologies	14	1.3x
Syrma SGS	7.7	1-2x
Amber Enterprises	25	0.9x

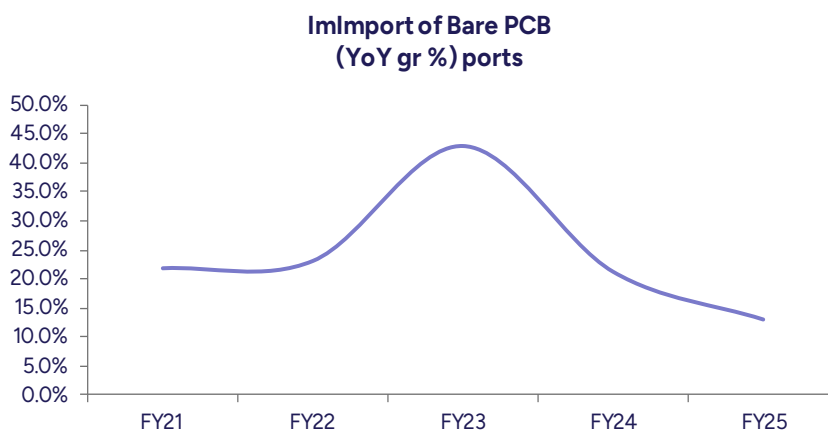
Source: Company, PL

Exhibit 2: Country-wise share of India's bare PCB imports

Country	FY20	FY21	FY22	FY23	FY24	FY25
China	44%	41%	46%	43%	42%	41%
Hong Kong	30%	31%	26%	27%	31%	28%
Taiwan	3%	5%	6%	6%	5%	10%
South Korea	9%	9%	6%	6%	6%	6%
Vietnam	3%	4%	4%	3%	3%	3%
Others	11%	10%	12%	14%	13%	12%

Source: Company, PL

Exhibit 3: India imports bare PCBs worth Rs128bn in FY25



Source: Ministry of Commerce, HSN Code: 8534 (PRINTED CIRCUITS)

Exhibit 4: Inorganic expansion – Business diversification

Date	Company	Acquisition Amount (Rs mn)	Stake (%)	Business Location	Description
Dec-23	Digicom Electronics Inc	200	100%	USA	An electronic manufacturing services company headquartered in the USA
Sep-24	Iskraemeco India Pvt Ltd	430	100%	India	Engaged in the supply, installation, operation and maintenance of smart meters in India
May-25	August Electronics	-	100%	North America	Offers end-to-end EMS solutions for high-reliability sectors like energy, medical, telecom and industrial
Jun-25	Fujitsu's power module production line	904	-	India	Involved in the development, manufacturing and sale of electronic devices, as well as the production of equipment for information and communications in the tech solutions business
Jul-25	Aerocaliph Components Pvt Ltd	6.0	76%	India	A precision engineering company serving aerospace, aircraft and defense sectors
Jul-25	Cryo Precision Technologies Pvt Ltd	0.7	76%	-	Manufactures precision mechanical components for aerospace and defense industries, serves prominent organizations in India's aerospace and defense ecosystem.
Jul-25	Tranzmeo IT Solutions Pvt Ltd	431	11%	-	Specializes in anomaly forensics and remote monitoring, offering AI-ML driven solutions like T-Connect OneView and Security Tracking System using fiber-optic sensing technology

Source: Company, PL

Kaynes Circuits Signs MoU with Tamil Nadu Government

Kaynes Circuits India Private Limited, a wholly owned subsidiary of Kaynes Technology India Limited, has signed a non-binding MoU with the Government of Tamil Nadu, to promote investment and facilitate industrial development within the state.

Under the MoU, Kaynes Circuits has proposed an investment of Rs50bn over the next 6 years. The investment will be directed toward establishing new manufacturing facilities, including greenfield projects and capacity expansions, across Tamil Nadu.

This strategic initiative is aligned with the company's long-term growth plans and is intended to leverage the various financial incentives, industrial policies, and structured assistance packages offered by Tamil Nadu government. Support may include subsidies and other financial benefits designed to promote large-scale industrial investments in the state.

Exhibit 5: Revenue CAGR of 52.2% over FY25-27E, with 90bps expansion in EBITDA margin

(Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	7062	11261	18046	27218	41688	63010
Growth (%)	67.9%	59.4%	60.3%	50.8%	53.2%	51.1%
Automotive	2370	4322	5230	7208	9759	13175
Growth (%)	136.2%	82.4%	21.0%	37.8%	35.4%	35.0%
Industrial incl EV	2105	3096	8559	14960	24683	38341
Growth (%)	51.0%	47.1%	176.5%	74.8%	65.0%	55.3%
Railways	731	1347	1917	1870	2057	2983
Growth (%)	22.7%	84.3%	42.3%	-2.4%	10.0%	45.0%
Medical	712	693	573	647	809	1011
Growth (%)	54.0%	-2.7%	-17.3%	12.9%	25.0%	25.0%
IoT/IT, Consumer and others	919	1603	1281	2170	3473	6077
Growth (%)	49.3%	74.5%	-20.1%	69.4%	60.0%	75.0%
Aerospace, Outerspace and Strategic Electronics/Tech	226	200	486	363	907	1424
Growth (%)	66.7%	-11.5%	143.1%	-25.4%	150.0%	57.0%
Gross Profit	2,168	3,460	4,747	8,220	15,424	22,810
Gross margins (%)	30.7%	30.7%	26.3%	30.2%	37.0%	36.2%
Operational Cost	1,231	1,777	2,205	4,113	8,488	12,727
% of sales	17.4%	15.8%	12.2%	15.1%	20.4%	20.2%
EBITDA	937	1,683	2,542	4,107	6,936	10,082
Margins (%)	13.3%	14.9%	14.1%	15.1%	16.6%	16.0%
Other Income	41	114	559	1070	855	865
Depreciation	132	187	251	447	879	1141
Interest	256	349	534	1013	883	378
PBT	590	1260	2316	3716	6030	9428
Tax	174	308	483	782	1513	2366
PAT	417	952	1833	2934	4517	7062
EPS (Rs)	8.9	16.4	28.7	45.8	67.5	105.5

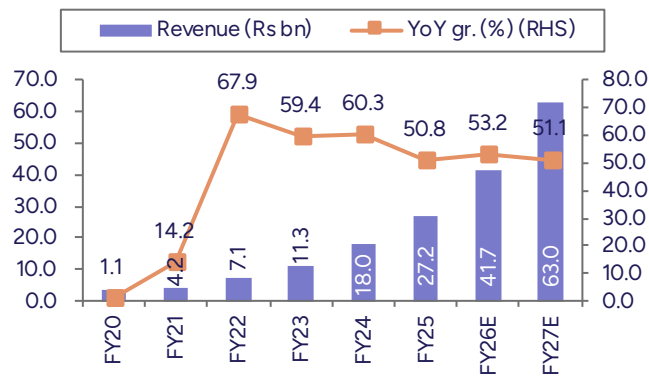
Source: Company, PL

Exhibit 6: Capex of Rs47bn over FY25-27 with RoE/RoCE of 14%/18% by FY27E

Particulars (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Capex	1473	1812	3680	7895	16300	22451
Debt	1695	1359	3061	8755	501	3001
Cash & Investments	216	4860	15256	10563	9448	7561
Net WCAP	1242	8156	18505	10011	21799	23590
RoE (%)	24%	16%	11%	11%	12%	13.6%
RoCE (%)	26%	22%	15%	15%	16%	18.3%

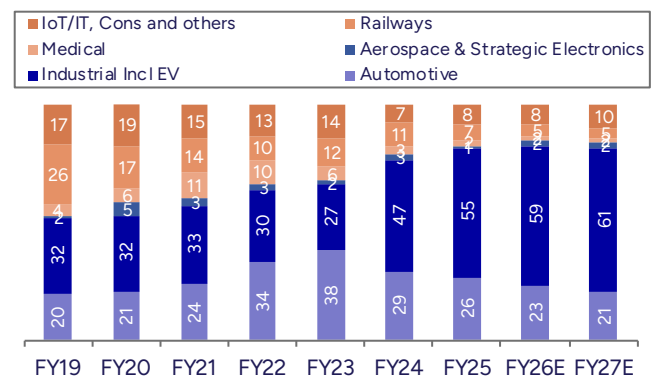
Source: Company, PL

Exhibit 7: Revenue to grow at ~52.2% CAGR over FY25-27E



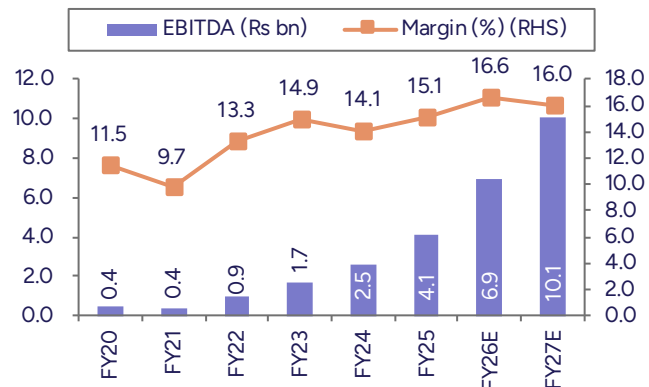
Source: Company, PL

Exhibit 8: Revenue diversified across segments (%)



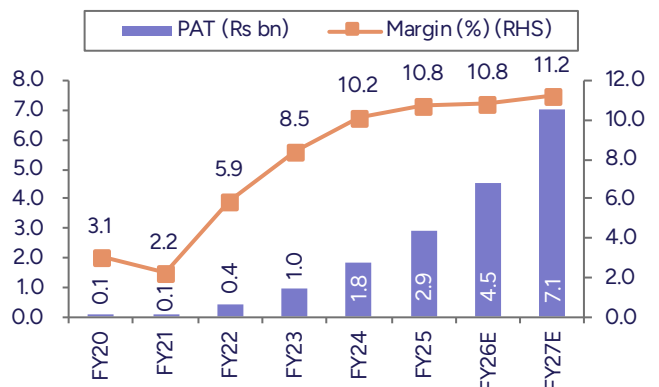
Source: Company, PL

Exhibit 9: EBITDA to improve by ~90bps over FY25-27E



Source: Company, PL

Exhibit 10: PAT to clock 54.9% CAGR over FY25-27E



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	18,046	27,218	41,688	63,010
YoY gr. (%)	60.3	50.8	53.2	51.1
Cost of Goods Sold	-	-	-	-
Gross Profit	4,747	8,220	15,424	22,810
Margin (%)	26.3	30.2	37.0	36.2
Employee Cost	1,028	1,781	2,652	3,906
Other Expenses	-	-	-	-
EBITDA	2,542	4,107	6,936	10,082
YoY gr. (%)	51.0	61.6	68.9	45.4
Margin (%)	14.1	15.1	16.6	16.0
Depreciation and Amortization	251	447	879	1,141
EBIT	2,290	3,660	6,058	8,941
Margin (%)	12.7	13.4	14.5	14.2
Net Interest	534	1,013	883	378
Other Income	559	1,070	855	865
Profit Before Tax	2,316	3,716	6,030	9,428
Margin (%)	12.8	13.7	14.5	15.0
Total Tax	483	782	1,513	2,366
Effective tax rate (%)	20.8	21.0	25.1	25.1
Profit after tax	1,833	2,934	4,517	7,062
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,833	2,934	4,517	7,062
YoY gr. (%)	92.5	60.1	53.9	56.3
Margin (%)	10.2	10.8	10.8	11.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,833	2,934	4,517	7,062
YoY gr. (%)	92.5	60.1	53.9	56.3
Margin (%)	10.2	10.8	10.8	11.2
Other Comprehensive Income	6	10	-	-
Total Comprehensive Income	1,839	2,944	4,517	7,062
Equity Shares O/s (m)	64	64	67	67
EPS (Rs)	28.7	45.8	67.5	105.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	3,680	7,895	16,300	22,451
Tangibles	3,276	6,263	14,538	20,549
Intangibles	404	1,633	1,763	1,903
Acc: Dep / Amortization	903	1,522	2,279	3,303
Tangibles	682	1,218	1,839	2,717
Intangibles	220	304	440	586
Net fixed assets	2,777	6,374	14,021	19,148
Tangibles	2,594	5,045	12,698	17,832
Intangibles	183	1,329	1,323	1,316
Capital Work In Progress	1,314	5,848	5,639	5,981
Goodwill	152	141	141	141
Non-Current Investments	1,443	1,475	1,491	1,500
Net Deferred tax assets	(102)	(130)	(196)	(300)
Other Non-Current Assets	1,099	5,742	5,733	5,733
Current Assets				
Investments	-	-	-	-
Inventories	5,483	8,144	12,563	18,989
Trade receivables	3,556	5,746	10,508	15,882
Cash & Bank Balance	15,256	10,563	9,448	7,561
Other Current Assets	1,278	2,093	2,302	2,533
Total Assets	32,652	46,412	62,162	77,815
Equity				
Equity Share Capital	639	641	670	670
Other Equity	24,230	27,762	47,567	54,629
Total Networth	24,869	28,403	48,237	55,299
Non-Current Liabilities				
Long Term borrowings	112	675	-	-
Provisions	192	344	351	456
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	2,949	8,080	501	3,001
Trade payables	3,610	6,829	10,850	16,400
Other current liabilities	803	1,912	1,986	2,320
Total Equity & Liabilities	32,652	46,412	62,162	77,815

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	2,316	3,716	6,030	9,428
Add. Depreciation	251	447	879	1,141
Add. Interest	534	1,013	883	378
Less Financial Other Income	559	1,070	855	865
Add. Other	(390)	(834)	(680)	(500)
Op. profit before WC changes	2,710	4,343	7,111	10,447
Net Changes-WC	(1,352)	(4,522)	(5,160)	(6,251)
Direct tax	(481)	(644)	(1,513)	(2,366)
Net cash from Op. activities	877	(823)	438	1,830
Capital expenditures	(3,826)	(9,487)	(8,317)	(6,610)
Interest / Dividend Income	520	957	680	500
Others	(11,921)	4,984	-	-
Net Cash from Invst. activities	(15,228)	(3,547)	(7,637)	(6,110)
Issue of share cap. / premium	13,436	27	19,834	7,062
Debt changes	1,702	5,694	(8,263)	2,551
Dividend paid	-	-	-	-
Interest paid	(534)	(1,013)	(883)	(378)
Others	(318)	(58)	-	-
Net cash from Fin. activities	14,286	4,650	10,688	9,235
Net change in cash	(65)	280	3,489	4,955
Free Cash Flow	(2,949)	(10,311)	(7,879)	(4,780)

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	28.7	45.8	67.5	105.5
CEPS	32.6	52.8	80.6	122.5
BVPS	389.1	443.2	720.4	825.9
FCF	(46.1)	(160.9)	(117.7)	(71.4)
DPS	-	-	-	-
Return Ratio(%)				
RoCE	14.7	14.5	16.1	18.3
ROIC	43.3	13.1	13.5	14.6
RoE	10.6	11.0	11.8	13.6
Balance Sheet				
Net Debt : Equity (x)	(0.5)	(0.1)	(0.2)	(0.1)
Net Working Capital (Days)	110	95	107	107
Valuation(x)				
PER	220.6	138.1	93.8	60.0
P/B	16.3	14.3	8.8	7.7
P/CEPS	194.0	119.9	78.5	51.6
EV/EBITDA	154.3	98.3	59.8	41.6
EV/Sales	21.7	14.8	9.9	6.6
Dividend Yield (%)	-	-	-	-

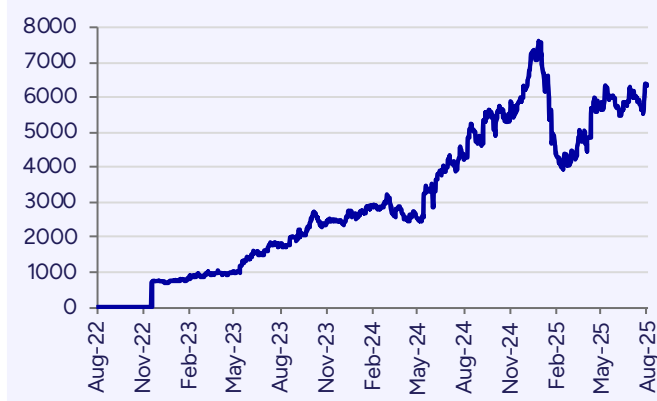
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	5,721	6,612	9,845	6,735
YoY gr. (%)	58.5	29.8	54.5	33.6
Raw Material Expenses	4,073	4,573	6,687	3,956
Gross Profit	1,648	2,038	3,158	2,779
Margin (%)	28.8	30.8	32.1	41.3
EBITDA	821	940	1,679	1,130
YoY gr. (%)	68.3	34.6	76.3	69.0
Margin (%)	14.4	14.2	17.1	16.8
Depreciation / Depletion	86	108	169	156
EBIT	735	832	1,509	974
Margin (%)	12.9	12.6	15.3	14.5
Net Interest	221	270	295	284
Other Income	336	246	205	271
Profit before Tax	849	808	1,419	961
Margin (%)	14.8	12.2	14.4	14.3
Total Tax	247	144	257	215
Effective tax rate (%)	29.1	17.8	18.1	22.3
Profit after Tax	602	665	1,162	746
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	602	665	1,162	746
YoY gr. (%)	86.4	47.1	43.0	46.8
Margin (%)	10.5	10.1	11.8	11.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	602	665	1,162	746
YoY gr. (%)	86.4	47.1	43.0	46.8
Margin (%)	10.5	10.1	11.8	11.1
Other Comprehensive Income	-	-	2	(6)
Total Comprehensive Income	602	665	1,164	740
Avg. Shares O/s (m)	67	67	67	67
EPS (Rs)	9.0	9.9	17.4	11.1

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	31-Jul-25	Hold	6,367	6,172
2	29-Jul-25	Hold	6,068	5,542
3	04-Jul-25	Hold	6,068	6,176
4	16-May-25	Hold	5,744	6,263
5	04-Apr-25	Accumulate	5,528	4,956
6	28-Jan-25	BUY	5,528	4,661
7	09-Jan-25	Hold	6,085	6,971
8	09-Dec-24	Hold	6,085	6,295

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	Accumulate	1,630	1,494
2	Avalon Technologies	Accumulate	927	838
3	Bajaj Electricals	Hold	641	610
4	Cello World	BUY	746	621
5	Century Plyboard (I)	Hold	775	749
6	Cera Sanitaryware	Accumulate	7,389	6,788
7	Crompton Greaves Consumer Electricals	BUY	423	350
8	Cyient DLM	Accumulate	540	480
9	Finolex Industries	Hold	222	217
10	Greenpanel Industries	BUY	374	280
11	Havells India	Accumulate	1,645	1,532
12	Kajaria Ceramics	Hold	1,192	1,242
13	Kaynes Technology India	Hold	6,367	6,172
14	KEI Industries	BUY	4,527	3,970
15	Polycab India	BUY	8,091	6,926
16	R R Kabel	Accumulate	1,516	1,337
17	Supreme Industries	Hold	4,346	4,243
18	Syrma SGS Technology	Hold	705	706
19	Voltas	Hold	1,350	1,367

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

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Praveen Sahay- MBA Finance, Mr. Rahul Shah- MBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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