Kaynes Technology

India | Consumer Electronics | Company Update | Rating Upgrade

25 November 2025

Long-term prospects bright

Kaynes Technology (KAYNES IN) has outlined a massive capex plan of ~INR 110bn until FY29 to support its future growth, to be utilized towards OSAT, PCB, EMS, new businesses and working capital. We also expect working capital concerns to ease by Q4FY26, led by focused efforts. We upgrade KAYNES to **Buy** with TP retained at INR 7,670 on 60x September FY27E P/E, as the stock has sharply corrected since our last report Strong performance led by sectoral tailwinds dated 5 November 2025. We remain positive on KAYNES given strong tailwinds for India's EMS segment.

Working capital concerns may ease by Q4: KAYNES has seen an increase in working capital days in Q2FY26 due to rise in receivables and inventories. The increase in receivables is partly due to a legacy non-current receivable of INR 3bn acquired as part of its acquisition of Iskraemeco. Since then, KAYNES has reduced this to INR 2.3bn via a combination of collection and discounting. KAYNES expects to eliminate this receivable by the end of this financial year and turn OCF positive. This would also be supported by a scheme of supply chain financing incurred for five of its existing clients and most of its new clients, with related cost offset by cost optimization in existing operations. KAYNES seeks to reduce inventory days via an agreement with suppliers to hold their low-risk continuous business inventory (e.g., inventory for automotive orders). Through these measures, KAYNES targets an NWC of 70-80 days by end of FY26.

Massive ~INR 110bn capex plan earmarked until FY29: KAYNES has outlined its massive capex plan of ~INR 110bn, to be incurred in FY26-29, which will support its current growth in the upcoming years. The capex will be incurred towards OSAT (~29%), PCB (14%), existing EMS business (4%), new projects such as HDI PCB, copper clad laminates, camera modules (33%), and towards its working capital requirement (17%). As per management, ~INR 85bn would be the capex requirement and balance would be working capital, which would be funded via a mix of equity, debt, government subsidy and internal accruals. KAYNES expects to receive a cash subsidy from the government for its current capex in FY26 (balance subsidy will be received once operations commence).

FY26 sales target of INR 45bn maintained: KAYNES maintained its FY26 sales growth guidance to INR 45bn, led by strong momentum in high growth areas of automotive, EV, Railways, Aerospace IT, IoT and steady growth in industrials led by smart meters. It expects ~35-40% of its overall sales to be incurred in Q4FY26. In FY26, it expects core EMS business sales of ~INR 41-42bn and balance from August Electronics and OSAT.

Upgrade to Buy; TP retained at INR 7,670: We maintain our EPS estimates for FY26E-28E and retain our TP at INR 7,670 on 60x September FY27E P/E. We upgrade KAYNES to **Buy** from Accumulate, as the stock has sharply corrected from INR 6,659 since our last report to INR 5,778 currently. We remain positive on KAYNES, led by strong momentum in India EMS (on import substitution, with KAYNES enjoying industry-leading margin and robust order inflows). We expect an earnings CAGR of 49% in FY25-28E with average ROE and ROCE of 12% and 11%, in FY26E-28E. Key risks include delay in ramping up OSAT and PCB production, and slowdown in ordering momentum in EMS.

Key Financials

YE March (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR mn)	18,046	27,218	42,631	62,197	85,718
YoY (%)	60.3	50.8	56.6	45.9	37.8
EBITDA (INR mn)	2,542	4,107	6,767	10,248	14,880
EBITDA margin (%)	14.1	15.1	15.9	16.5	17.4
Adj PAT (INR mn)	1,833	2,934	4,750	6,662	9,711
YoY (%)	92.5	60.1	61.9	40.3	45.8
Fully DEPS (INR)	28.7	45.8	74.1	104.0	151.5
RoE (%)	10.6	11.0	11.0	10.7	13.6
RoCE (%)	11.8	11.2	11.3	11.3	14.7
P/E (x)	201.5	126.2	78.0	55.6	38.1
EV/EBITDA (x)	151.7	93.9	57.0	37.6	25.9

Note: Pricing as on 25 November 2025; Source: Company, Elara Securities Estimate

Rating: Buy
Target Price: INR 7,670
Upside/Downside: 33%
CMP: INR 5,778
As on 25 November 2025

Key data	
Bloomberg	KAYNES IN
Reuters Code	KAYN.NS
Shares outstanding (mn)	67
Market cap (INR bn/USD mn)	387/4,341
EV (INR bn/USD mn)	386/4,323
ADTV 3M (INR mn/USD mn)	3,984/45
52 week high/low	7,825/3,825
Free float (%)	47

Note: as on 25 November 2025; Source: Bloomberg

Price chart

Source: Bloomberg

Shareholding (%)	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26
Promoter	57.8	57.8	53.5	53.5
% Pledge	0.0	0.0	0.0	0.0
FII	14.9	11.3	10.7	10.7
DII	15.0	17.0	22.4	23.7
Others	12.3	13.9	13.4	12.2

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	3.7	4.2	6.9
Kaynes Technology	(7.3)	(4.1)	(2.0)
NSE Mid-cap	3.2	4.9	6.4
NSE Small-cap	(2.5)	0.6	(3.7)

Source: Bloomberg

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Global Markets Research

Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Total Revenue	18,046	27,218	42,631	62,197	85,718
Gross Profit	4,747	8,220	14,105	21,190	29,936
EBITDA	2,542	4,107	6,767	10,248	14,880
EBIT	2,290	3,660	5,846	8,146	12,104
Interest expense	534	1,013	1,214	840	985
Other income	559	1,070	1,464	1,438	1,343
Exceptional/ Extra-ordinary items	-	-	-	-	-
PBT	2,316	3,716	6,096	8,744	12,462
Tax	483	782	1,346	2,082	2,751
Minority interest/Associates income	-	-	-	-	-
Reported PAT	1,833	2,934	4,750	6,662	9,711
Adjusted PAT	1,833	2,934	4,750	6,662	9,711

Expect revenue CAGR of 47% in FY25-28E

Balance Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Shareholders' Equity	24,869	28,403	58,004	66,399	75,976
Minority Interest	16	40	-	-	-
Trade Payables	3,610	6,829	8,302	11,872	15,749
Provisions & Other Current Liabilities	803	1,912	3,007	4,241	5,525
Total Borrowings	3,061	8,755	8,139	11,403	11,437
Other long term liabilities	293	474	751	3,603	7,745
Total liabilities & equity	**32,651**	**46,412**	**78,203**	**97,518**	**116,432**
Net Fixed Assets	3,025	8,308	11,048	20,582	25,115
Goodwill	152	141	141	141	141
Intangible assets	-	-	-	-	-
Business Investments / other NC assets	3,593	11,130	5,198	5,159	4,922
Cash, Bank Balances & treasury investments	15,256	10,563	26,213	21,347	20,653
Inventories	5,483	8,144	14,902	21,339	27,899
Sundry Debtors	3,556	5,746	10,218	14,062	18,236
Other Current Assets	1,588	2,379	10,482	14,888	19,466
Total Assets	**32,651**	**46,412**	**78,203**	**97,518**	**116,432**

Cash Flow Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Cashflow from Operations	**702**	**3,079**	**(9,893)**	**(286)**	**3,311**
Capital expenditure	(3,826)	(8,594)	(257)	(11,585)	(7,059)
Acquisitions / divestitures	(11,746)	-	-	-	-
Other Business cashflow	520	-	-	-	-
Free Cash Flow	**(14,350)**	**(5,515)**	**(10,150)**	**(11,871)**	**(3,748)**
Cashflow from Financing	24,746	822	25,801	7,005	3,054
Net Change in Cash / treasury investments	10,396	(4,692)	15,650	(4,867)	(693)

Key assumptions & Ratios	FY24	FY25	FY26E	FY27E	FY28E
Dividend per share (INR)	-	-	2.0	2.0	2.0
Book value per share (INR)	389.1	443.2	905.1	1,036.1	1,185.6
RoCE (Pre-tax) (%)	11.8	11.2	11.3	11.3	14.7
ROIC (Pre-tax) (%)	24.4	18.6	17.6	16.9	19.6
ROE (%)	10.6	11.0	11.0	10.7	13.6
Asset Turnover (x)	8.4	4.8	4.4	3.9	3.8
Net Debt to Equity (x)	(0.5)	(0.1)	(0.3)	(0.1)	(0.1)
Net Debt to EBITDA (x)	(4.8)	(0.4)	(2.7)	(1.0)	(0.6)
Interest cover (x) (EBITDA/ int exp)	4.8	4.1	5.6	12.2	15.1
Total Working capital days (WC/rev)	110	95	144	138	129

Valuation	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	201.5	126.2	78.0	55.6	38.1
P/Sales (x)	21.5	14.2	9.1	6.2	4.5
EV/ EBITDA (x)	151.7	93.9	57.0	37.6	25.9
EV/ OCF (x)	549.8	125.3	(39.0)	(1,347.1)	116.5
FCF Yield	0.0	0.0	0.0	0.0	0.0
Price to BV (x)	14.8	13.0	6.4	5.6	4.9
Dividend yield (%)	-	-	0.0	0.0	0.0

Note: Pricing as on 25 November 2025; Source: Company, Elara Securities Estimate

Satellites and drones, new sunrise areas for growth

KAYNES looks to increase its presence in sunrise sectors such as satellite and drones. In satellites, the company is eyeing making Attitude Determination Systems (ADS) that are the core components of satellites. It also seeks to become an ODM player in satellite manufacturing, and is targeting to launch its first dummy satellite by May 2026 and its first 20kg micro satellite by December 2026 (to be launched in the orbit). It has allocated a budget of INR 130mn for the first satellite and expects a budget of INR 2.5bn to be spent towards satellites in the next 2-3 years. It is targeting to make one satellite in FY27, which would be ramped up to 10 by FY28.

For drones, KAYNES seeks to manufacture the command and control center for large drones and is exploring opportunities in drone manufacturing as an ODM player in partnership with certain drone companies.

Analyst meet: Key highlights

Working capital

- Other non-current assets consist of INR 2.3bn receivables (earlier INR 3bn), acquired when KAYNES bought Iskraemeco.
- Iskraemeco receivables are due from PGCIL (smart meter supply related).
- By end of this year, KAYNES expects to get rid of this receivables and turn OCF positive.
- KAYNES is implementing supply chain financing for five existing clients and most of the new clients (with recourse available on delivery). The cost for this will be funded through cost reductions in normal operations.
- Expect debtors, other than NCA, to post an improvement through this supply chain financing
- Inventories were higher as KAYNES expected INR 10bn of sales in Q2 but instead posted INR 9bn of sales. Hence, KAYNES has INR 700mn of additional inventories.
- Payables were stretched last quarter due to a higher number of supplies in last quarter.
- Expect NWC of 70-80 days by end of FY26E, contingent on implementation of above measures.

Guidance and outlook

- Management expects 35-40% of annual sales (~INR 16bn) in Q4FY26 for EMS. For FY26, it is targeting sales of INR 41.4bn from EMS. The balance INR 3-4bn would be from consolidation of subsidiaries and OSAT.
- The PCB factory is ready but shipments have been delayed until April because of PLI.
- KAYNES seeks to utilize capex to increase ODM so that margin profile can improve.
- KAYNES is targeting to enter the Attitude Determination System (ADS) segment for satellites, which is among the core components of a satellite. It also seeks to become an ODM player for satellites.
- KAYNES is targeting to launch its first dummy satellite by May 2026 and the first 20kg micro satellite launch by December 2026.
- In FY27, it is targeting to make a satellite, which will be ramped up to 10 by FY28.
- It is targeting to manufacture regular and large satellites by FY28-29.
- It has allocated a budget of INR 130mn for the first satellite.
- In the next 2-3 years, KAYNES is targeting to spend INR 2.5bn towards satellites.
- KAYNES is targeting to make control and command centres for large drones as also for drone manufacturing as an ODM player in the future

- It is approaching certain companies for drone assembly, but these are mostly developmental models, likely in loitering munitions etc.
- KAYNES is looking at a small acquisition to increase backward integration in electronics for the semiconductor value chain (excluding OSAT).
- KAYNES can maintain a growth rate of 15%+ for OSAT and PCB without any external fund raising.
- KAYNES expects the smart meters segment to generate INR 8-10bn revenue this year and in the next year. It has an existing order backlog of 1.5-2 years. Also, smart meter margins are higher than existing margins.
- In H1FY26, KAYNES posted INR 1.85bn revenue from EV, INR 4.08bn from Automotive, and INR 7.5bn from Industrial (out of this, smart meters is INR 4.5bn).
- KAYNES expects to cross USD 1bn revenue target earlier than FY28.
- Growth areas are (high growth 60%+, medium growth 50-60%, balance 30%+)
    - Automotive – High growth (led by a new French customer, new product category)
    - EV – High growth (led by 2W, 4W and EV charging)
    - Industrials – Medium growth (smart meter sales to be INR 8-10bn annually)
    - Railways – High growth (led by strong traction in Kavach and signalling)
    - Aerospace – Very high growth
    - Outer space – Reasonably high growth
    - Medical – Medium growth
    - IT, IoT – High growth (led by telecom and servers)
- KAYNES is targeting 10 OSAT clients, with the top 3-4 expected to utilize 60% of capacity and the remaining clients accounting for 40%.

Capex

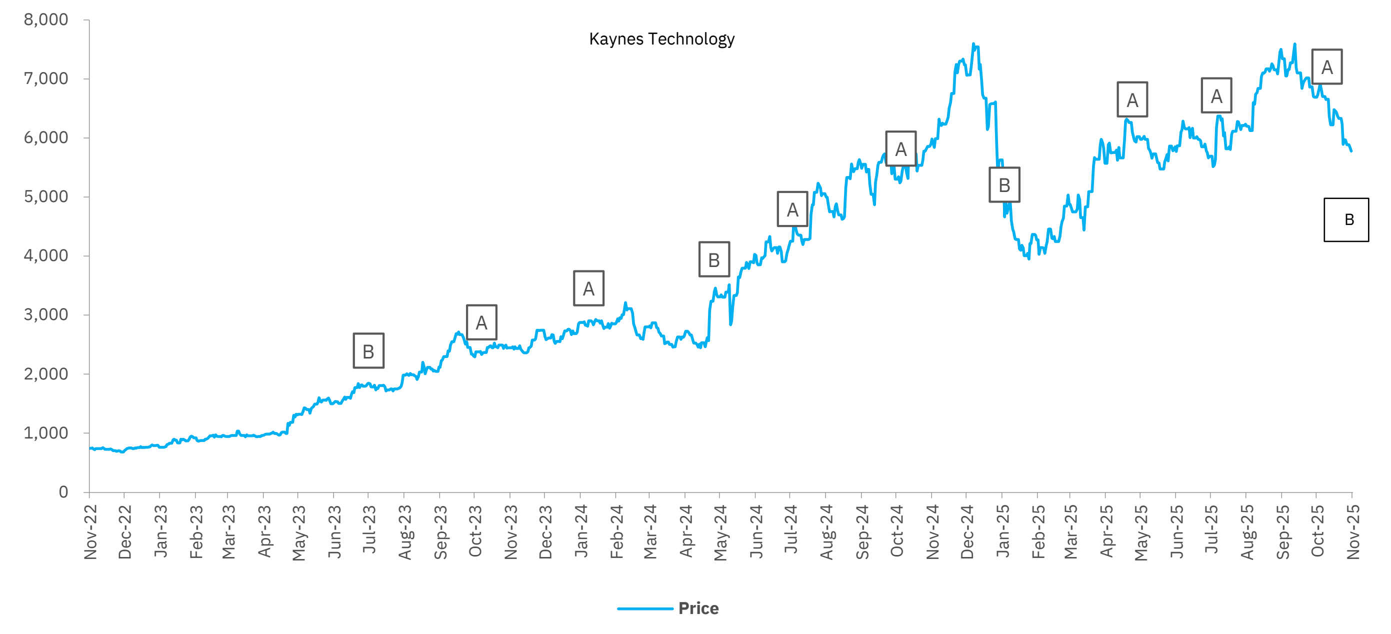
- KAYNES targets a capital outlay of ~INR 85bn and working capital of INR 20bn.
- Funding mix is as follows: Equity INR 18bn, debt INR 19.58bn, subsidy INR 34.58bn, and internal accruals INR 12.13bn. The working capital requirement would be funded through its own balance sheet.
- Out of the INR 34bn subsidy, INR 15bn will be cash subsidy (expected anytime soon). The remaining is cash subsidy, linked to commencement of operations.

Exhibit 1: Valuation

(INR)	
EPS – FY26E	74.1
EPS – FY27E	104.0
Five-year average P/E (x)	79.6
Target multiple (x)	60
September 2027E EPS	128
Target price	**7,670**

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
26-Jul-2023	Buy	2,260	1,849
01-Nov-2023	Accumulate	2,610	2,332
02-Feb-2024	Accumulate	3,100	2,907
21-May-2024	Buy	4,060	3,396
28-Jul-2024	Accumulate	4,600	4,250
30-Oct-2024	Accumulate	5,590	5,270
28-Jan-2025	Buy	5,790	4,661
19-May-2025	Accumulate	6,380	6,105
31-Jul-2025	Accumulate	7,100	6,172
04-Nov-2025	Accumulate	7,670	6,659
25-Nov-2025	Buy	7,670	5,778

Guide to Research Rating

BUY (B)	Absolute Return >+20%
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REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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