

July 31, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	6,367		6,068	
Sales (Rs. m)	41,688	63,010	41,688	63,010
% Chng.	-	-	-	-
EBITDA (Rs. m)	6,936	10,082	6,520	9,956
% Chng.	6.4	1.3	-	-
EPS (Rs.)	67.5	105.5	63.6	100.4
% Chng.	6.1	5.1	-	-

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)	21.2	14.5	9.7	6.5
EV/EBITDA (x)	150.4	95.9	58.3	40.5
PE (x)	215.2	134.8	91.5	58.5
P/BV (x)	15.9	13.9	8.6	7.5

Key Data

KAYN.BO | KAYNES IN

52-W High / Low	Rs.7,825 / Rs.3,825
Sensex / Nifty	81,186 / 24,768
Market Cap	Rs.413bn / \$ 4,718m
Shares Outstanding	67m
3M Avg. Daily Value	Rs.2952.43m

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	1.3	28.8	39.0
Relative	4.3	22.9	39.9

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Order Book and Margin Expansion Drive Growth

We revised upward our FY26/FY27 EPS estimates by 6.1%/5.1%, mainly with expansion in EBITDA margin and lower interest expenses following debt repayment from QIP proceeds, although equity dilution has partly offset the impact on earnings. We are maintaining our 'HOLD rating' due to the significant uptick in the stock price. Our revised DCF-based TP is Rs 6,367 (up from Rs 6,068), implying PE of 60x FY27E earnings. KAYNES has maintained its guidance to reach Rs 45bn, however revised its margin guidance from 15.6% to ~17% by FY26. In Q1FY26 company is having an order book of Rs 74bn 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. 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 33.6% YoY revenue growth in Q1FY26, driven by a 43.3% YoY increase in the industry segment (which contributed 59% rev.). The EBITDA margin stood at 16.8%, (Expanded by ~250bps). We estimate FY25-27E revenue/EBITDA/PAT CAGR of 52.2%/56.7%/54.9%, with EBITDA margin expansion of ~90bps. Maintain to 'Hold'.

Revenues increased by 33.6%, PAT grew by 46.8%: Sales increased by 33.6% YoY to Rs 6.7bn (PLe: Rs 7.6bn). Automotive/Industrial/Medical/IT & Consumer/Railway grew by 24.4%/43.3%/33.6%/33.6%/16.9% YoY, whereas Aerospace declined by 33.2% YoY. EBITDA grew by 69.0% YoY to Rs 1.1bn (PLe: Rs1.1bn). EBITDA margins expanded by ~350bps to 16.8% (PLe: 14.5%). PBT grew by 49.9% YoY to Rs 1.0bn (PLe: Rs 830mn).PAT grew by 46.8% YoY to Rs 746mn (PLe: Rs 622mn). Company order book stood at Rs 74bn in Q1FY26 vs Rs 50bn in Q1FY25.

Con call highlights: **1)** Keynes has maintained its revenue guidance of Rs45bn by FY26, while raising its margin guidance from 15.6% to ~17%, driven by higher contribution from high-margin businesses and improved operating leverage. **2)** Gross margins expanded significantly in Q1FY26, mainly due to margin expansion in automotive, EV, aerospace, and railway segments, and rising contribution from the ODM business. Going forward, margin expansion is expected to continue, led by OSAT and Multi/HDI PCB, both of which are high-margin verticals. Focus on backward integration and operating leverage will further aid profitability. **3)** Keynes is targeting a 15% market share in smart metering, with a revenue of Rs 10-12bn, leveraging its expanding design and manufacturing capabilities. **4)** The company added a leading two-wheeler OEM in the automotive segment and secured new clients in aerospace and railway (including pilot projects under Kavach with German technology); Aerospace/Railway to contribute 8%/10% to the topline in FY26. **5)** The OSAT plant in Sanand, Gujarat and the HDI PCB plant in Chennai remain on track, with completion expected by Q3FY25. The first chip production from OSAT is targeted for early Q3, with meaningful volumes by Q4FY25, while HDI PCB revenues are expected to begin from Q1FY27. **6)** Working capital days increased to 132 in Q1FY26, primarily due to a rise in receivable days to 145, driven by a Rs3.5bn one-time acquisition-related receivable. However, the management

aims to reduce net working capital days to ~70 by FY26 through initiatives such as supplier-managed inventory, improved collections, and factoring arrangements. **7)** The company expects positive operating cash flow in FY26, with notable improvement in H2. **8)** On the inorganic front, Kaynes is actively evaluating acquisitions for geographical expansion (especially North America), design/IP enhancement, and backward integration in niche tech segments. **9)** The acquisition of August Electronics (Canada) expands Kaynes' EMS footprint in North America, providing access to high-margin global clients and reinforcing its strategic positioning as a "Canada-India alternative to China. **10)** The company continues its transition from a traditional EMS player to a fully integrated ESDM, by expanding into design, prototyping, system integration, and IP-led solutions.

Exhibit 1: Q1FY26 result overview: Sales increased by 33.6% YoY, PAT grew by 46.8% YoY

Y/e March (Rs mn)	Q1FY26	Q1FY25	YoY gr. (%)	Q1FY26E	%Var.	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	6,735	5,040	33.6	7,559	-10.9	9,845	-31.6	41,688	27,218	53.2
Expenditure										
Operating & Manufacturing Expenses	3,956	3,664	8.0	5,367	-26.3	6,687	-40.8	26,263	18,997	38.2
<i>% of Net Sales</i>	<i>58.7</i>	<i>72.7</i>		<i>71.0</i>		<i>67.9</i>		<i>63.0</i>	<i>69.8</i>	
Gross Profit	2,779	1,376	102.0	2,192	26.8	3,158	-12.0	15,424	8,220	87.6
<i>% of Net Sales</i>	<i>41.3</i>	<i>27.3</i>	<i>13.96</i>	<i>29.0</i>	<i>12.26</i>	<i>32.1</i>		<i>37.0</i>	<i>30.2</i>	
Personnel Cost	589	335	76.0	491	19.9	466	26.4	2,652	1,781	48.9
<i>% of Net Sales</i>	<i>8.7</i>	<i>6.6</i>		<i>6.5</i>		<i>4.7</i>		<i>6.4</i>	<i>6.5</i>	
Other Expenses	1,059	372	184.8	605	75.1	1,014	4.5	5,836	2,333	150.2
<i>% of Net Sales</i>	<i>15.7</i>	<i>7.4</i>		<i>8.0</i>		<i>10.3</i>		<i>14.0</i>	<i>8.6</i>	
Total Expenditure	5,604	4,371	28.2	6,463	-13.3	8,166	-31.4	8,488	4,113	106.4
EBITDA	1,130	669	69.0	1,096	3.1	1,679	-32.7	6,936	4,107	68.9
<i>Margin (%)</i>	<i>16.8</i>	<i>13.3</i>	<i>3.51</i>	<i>14.5</i>	<i>2.28</i>	<i>17.1</i>		<i>16.6</i>	<i>15.1</i>	
Depreciation	156	84	86.7	176	-11.1	169	-7.8	879	447	96.4
EBIT	974	585	66.4	920	5.8	1,509	-35.5	6,058	3,660	65.5
Other income	271	283	-4.3	174	55.7	205	32.4	855	1,070	(20.1)
Interest	284	227	25.1	265	7.4	295	-3.5	883	1,013	(12.9)
PBT	961	641	49.9	830	15.8	1,419	-32.3	6,030	3,716	62.3
Total Taxes	215	133	61.7	207	3.5	257	-16.5	1,513	782	93.6
<i>ETR (%)</i>	<i>22.3</i>	<i>20.7</i>		<i>25.0</i>		<i>18.1</i>		<i>25.1</i>	<i>21.0</i>	
Adj. PAT	746	508	46.8	622	19.9	1,162	-35.8	4,517	2,934	53.9
Exceptional Items	-	-		-		-		-	-	
Reported PAT	746	508	46.8	622	19.9	1,162	-35.8	4,517	2,934	53.9

Source: Company, PL

Exhibit 2: Segmental breakup: Automotive/Industrial contributed 27%/59% in Q1FY26

Y/e March (Rs mn)	Q1FY26	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Revenues								
Automotive	1,818	1462	24.4	2212	(17.8)	9,759	7208	35.4
Industrial	3,973	2,772	43.3	5415	(26.6)	24,683	14960	65.0
Railways	471	403	16.9	689	(31.6)	2,057	1870	10.0
Medical	67	50	33.6	279	(75.8)	809	647	25.0
IoT/IT, Consumer and others	337	252	33.6	1217	(72.3)	3,473	2170	60.0
Aerospace, Outerspace and Strategic tech	67	101	(33.2)	207	(67.5)	907	363	150.0

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	215.2	134.8	91.5	58.5
P/B	15.9	13.9	8.6	7.5
P/CEPS	189.3	117.0	76.6	50.4
EV/EBITDA	150.4	95.9	58.3	40.5
EV/Sales	21.2	14.5	9.7	6.5
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

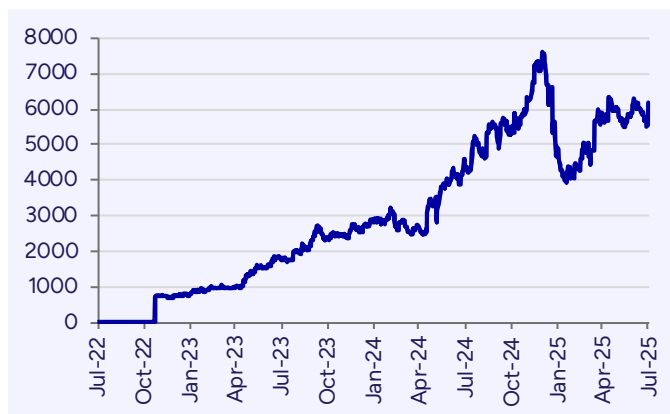
Quarterly Financials (Rs m)

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	29-Jul-25	Hold	6,068	5,542
2	04-Jul-25	Hold	6,068	6,176
3	16-May-25	Hold	5,744	6,263
4	04-Apr-25	Accumulate	5,528	4,956
5	28-Jan-25	BUY	5,528	4,661
6	09-Jan-25	Hold	6,085	6,971
7	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	310	271
11	Havells India	Accumulate	1,645	1,532
12	Kajaria Ceramics	Hold	1,192	1,242
13	Kaynes Technology India	Hold	6,068	5,542
14	KEI Industries	BUY	4,527	3,970
15	Polycab India	BUY	8,091	6,926
16	R R Kabel	Accumulate	1,485	1,393
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

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