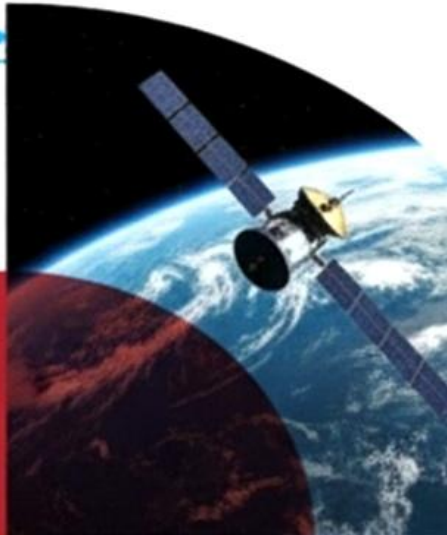


Driving
Innovation
Delivering
Value



RATING

MANAGEMENT ★★★★★

BUSINESS ★★★★★

FINANCIALS ★★★★★

VALUATION ★★★★★

Ranking 1 to 5, denoting lowest and 5 highest

06-11-2025

CMP: ₹6,403

Rating: BUY

Range: ₹6,371 - ₹6,435

KAYNES TECHNOLOGY INDIA LIMITED

Sector: Capital Goods

Target 1/2: ₹7,107/₹7,684

Expected Upside Potential: 20%

Stock Info :	
Mkt Cap (₹ in Cr)	43,170.32
52-Weeks Low/High	3,825.15/7,822
Traded Volume (lakhs)	10.06
No. of Equity Shares (Cr)	6.40
Face Value (Rs.)	10.00
NSE Code	KAYNES
BSE Code	543664
Free Float Market Cap (Cr)	20,050.87

Source: NSE/BSE

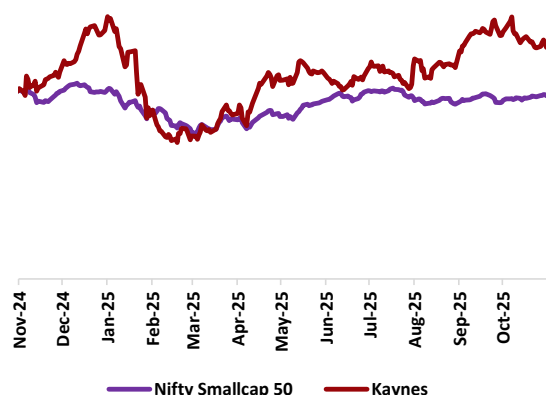
Particulars	FY24	FY25
Debt to Equity	0.11	0.23
EPS	20.83	32.51
Asset Turnover	4.9	3.4
EBITDA Margin	14.10	15.10
ROCE	8.13	11.41
RoE	7.45	8.28
Net Profit Ratio	9.90	10.96

Source: Company

Particulars	% of Total Shares
Promoters	53.46
Mutual Funds/AIF	22.05
NRIs	2.19
FPIs/FIIs	10.71
Others	11.59
Total	100.00

Source: Company, NSE, BSE

Stock Performance



FIN2RESEARCH
Investment Advisor Pvt. Ltd.



About Company:

The company is among India's leading integrated Electronics System Design and Manufacturing (ESDM) providers, revolutionising how complex, mission-critical electronics are designed, built, and deployed across multiple high-impact industries and geographies. Founded with over 37 years of operational legacy, Kaynes has evolved from a focused electronics manufacturer into a comprehensive technology architect serving global OEMs and Tier 1 players across defence, aerospace, automotive, industrial, railways, medical, and IoT sectors. Operating from its headquarters in Mysuru, Kaynes now operates 16 manufacturing facilities and 2 research centres across India, with a strategic global footprint spanning 30 countries across 3 continents, including presence in North America, Europe, and Southeast Asia. The company has established itself as a complexity-ready, precision-led partner to some of the world's most trusted brands, delivering embedded design, advanced manufacturing, and comprehensive lifecycle support seamlessly integrated into cohesive, end-to-end solutions.

Key Highlights:

❑ In Q2 FY26, the company delivered its strong performance—consolidated revenue surged to ₹9,062 million (up 58% year-on-year from ₹5,721 million in Q2 FY25), EBITDA expanded to ₹1,480 million (up 80% YoY), and Profit After Tax reached ₹1,214 million (up 102% YoY), underpinned by a robust margin expansion of 190 basis points with EBITDA margin at 16.3% against 14.4% in the prior year same quarter. The company's diversified revenue portfolio spanning automotive (24%), industrial and EV (59%), aerospace (1%), medical (2%), railways (7%), and IoT/IT segments (6%), combined with a healthy order book of ₹80,994 million as in H1 FY2026 (up from ₹26,766 million a year prior), demonstrates strong forward revenue visibility and business momentum.

❑ The company has undergone a strategic pivot from pure contract manufacturing to vertically integrated ESDM architecture through three transformational investments: (i) a greenfield OSAT (Outsourced Semiconductor Assembly and Testing) facility in Sanand, Gujarat, designed to process 6.3 million chips per day with a total investment of ₹43,000 million with 50% central and 25% state PLI capex subsidy, targeting commercial operations by Q4 FY26 with three committed anchor clients lined up; (ii) an advanced HDI PCB fabrication facility in Chennai, Tamil Nadu, positioned as India's first state-of-the-art facility capable of manufacturing multilayer PCBs up to 74 layers and HDI PCBs up to 8 layers, with operational readiness expected by January 2026; with PLI schemes offering 50% central and 25% state capex subsidies, creates a multi-decade runway for OSAT and HDI PCB manufacturing; (iii) strategic acquisitions including Iskraemeco India (smart metering expertise with 3.5 million meters in Gujarat pipeline), Austria-based Sensonic GmbH (AI-powered rail safety technology), and August Electronics in Canada (North American manufacturing footprint), unlocking high-margin customer access and accelerating entry into emerging technology verticals.

❑ The company has evolved from a pure-play Electronics Manufacturing Services (EMS) provider into an integrated Electronics System Design and Manufacturing (ESDM) player. The company's total workforce has expanded to 6,199 employees as of March 2025 (from 4,852 in the prior year), with over 37 years of industry experience and has strategically diversified its customer base across 500+ clients in 30 countries and maintaining long-standing relationships with marquee global OEMs and Tier 1 suppliers.

Key Risks:

❑ Industry-wide and operational challenges include execution delays on capex projects, supply-chain bottlenecks for critical electronic components and specialized semiconductor equipment, and project deployment delays affecting near-term revenue recognition and foreign currency volatility impacting exports, particularly in aerospace and medical segments.

Rating: BUY
Range: ₹6,371 - ₹6,435
Target 1/2: ₹7,107/₹7,684
Expected Upside Potential: 20%

SWOT Analysis

Strengths:

Industry-Leading EBITDA and PAT Margins:

Its' 15.1% EBITDA margin is highest than its peers, this margin leadership reflects it's focus on high-value, low-volume complexity products across aerospace, medical, railways, and industrial verticals, combined with 20% ODM revenue contribution from its peers. It's PAT margin of 10.8% is the highest among Indian EMS peers, demonstrating superior operational efficiency and pricing power.

Sole Indian EMS Champion in Mission-Critical Aerospace and Defense:

India's only EMS company with Nadcap accreditation, a globally recognized certification for aerospace and defense manufacturing. This certification, combined with ITAR clearance, positions the company as the sole Indian EMS player capable of serving ISRO space missions (Chandrayaan-3, Aditya-L1), defense programmes, and global aerospace OEMs.

Only Integrated ESDM Player with Proprietary IP:

Only Indian EMS player with a full-spectrum ESDM model integrating design, engineering, manufacturing, and lifecycle support. It's proprietary ODM platforms includes Kemsys (IoT asset management), BLDC controllers (electric mobility), GaN chargers (power electronics), and Sensonic AI-powered railway safety systems.

Opportunities:

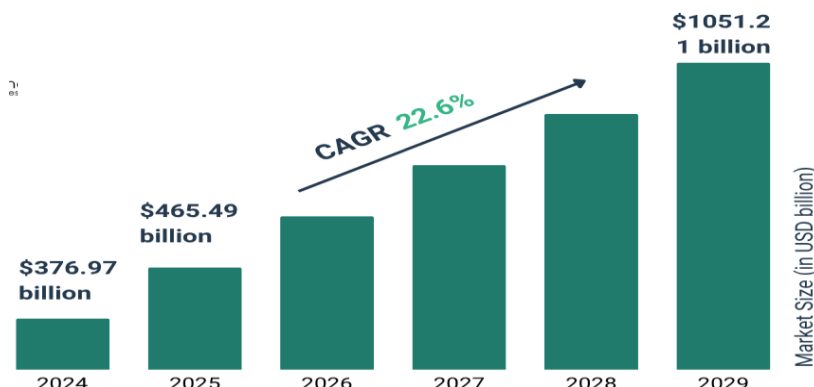
India Semiconductor Mission: Backed by ₹760 billion in capital allocation creates a multi-decade runway for OSAT and HDI PCB manufacturing. With the OSAT market globally projected to reach \$71 billion by FY2028-29 and India sourcing 90% of HDI PCBs through imports, Kaynes' positioned entry into these high-margin segments.

Semiconductor And Related Devices Global Market Report 2025



Electric Vehicle and Battery Management System (BMS) Market Explosion: India's EV adoption is accelerating, particularly in the 2-wheeler segment, with government targets of 30% vehicle sales by 2030 and FAME II scheme support. India's defence self-reliance push and aerospace sector modernization are creating structural tailwinds for high-reliability electronics.

Electric Vehicle Global Market Report 2025



Weaknesses:

Despite global customer base, only ~10% of revenues are currently exported, indicating limited foreign currency earnings capabilities and the 90% domestic revenue concentration creates regulatory and policy dependency risk, particularly around PLI scheme continuation and government project timelines. It is still underutilizing its installed capacity, limiting negotiating leverage exposing it to pricing pressure in commodities

Threats:

Global macroeconomic uncertainty, potential recession in developed markets, and rupee depreciation could dampen OEM demand. If automotive, aerospace, and industrial verticals face synchronized demand slowdown, it's order book visibility could evaporate rapidly. Multinational giants (Flex, Jaco Electronics, Fabrinet) and emerging regional competitors (Vietnam-based manufacturers, Thai ESDM players) are intensifying competition in India.

Disclaimer

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- **BUY** –We expect the stock to deliver more than 10%-20% returns over the next 9 months.
- **ACCUMULATE** –We expect the stock to deliver 5% -12% returns over the next 9 months.
- **REDUCE** –We expect the stock to deliver 0% -5% returns over the next 9 months.
- **SELL** –We expect the stock to deliver negative returns over the next 9 months.
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