INVasset Corporate Insights

KAYNES TECHNOLOGY

14th October, 2025

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India's Best Performing and Most Customer Centric PMS

Kaynes Technology India Ltd is a leading integrated Electronics System Design and Manufacturing (ESDM) company providing end-to-end solutions that span embedded design, prototyping, system integration, and high-precision manufacturing. Founded in 1988 and headquartered in Mysuru, the company serves marquee global clients across automotive, industrial, aerospace, railways, EVs, and smart infrastructure verticals. Its 13 state-of-the-art facilities across India are strategically located near key OEM clusters, giving it the agility to scale production and meet customized demand. Over the past decade, Kaynes has transitioned from a contract manufacturer into a technology-driven engineering partner, combining product design capability with manufacturing excellence. The company's strong order book of ₹7,401 crore—up sharply from ₹5,038 crore a year earlier—offers visibility of over two years of revenue. Supported by a healthy balance sheet, a ₹1,400 crore QIP-funded capex plan, and global customer relationships, Kaynes stands at the forefront of India's ambition to become an electronics design and manufacturing powerhouse.

Stock Data	
CMP (18-09-2025)	Rs. 6834
52 Week High/Low	Rs.7,825/Rs.3,825
Face Value (in Rs.)	Rs.10.0
Market Cap (In Cr)	Rs.45,809 Cr
Enterprise Value (In Cr)	Rs.45,655 Cr
NSE	KAYNES
BSE	543664
Bloomberg	KAYNES:IN
Sector	Specialty Industrial Machinery

Shareholding Pattern (in %)		
	Jun 24	Jun 25
Promoter	57.83%	53.52%
FII	14.27%	10.71%
DII	17.88%	22.39%
Public	10.03%	13.36%

Price Performance (In%)			
(%)	1M	6M	1Yr
Nifty 50	-4.73%	19.77%	19.53%
Gabriel India	0.56%	7.56%	0.32%

Structural Shift: From EMS to Design-Led ESDM: Kaynes is undergoing a fundamental shift from Electronics Manufacturing Services (EMS) to an integrated ESDM model that combines design, manufacturing, and engineering under one umbrella. The company's ODM (Own Design Manufacturing) share has doubled to 20 per cent from 10 per cent a year ago, directly enhancing margins and customer stickiness. By investing in embedded design and system engineering, Kaynes captures higher-value segments of the electronics value chain—reducing dependence on low-margin assembly work. Management highlighted that all six business verticals registered 50–200 bps improvement in gross margins in Q1 FY26, reflecting the success of this design-centric model. The transition also strengthens Kaynes' positioning in India's push for self-reliant, innovation-led manufacturing and sets a template for the next generation of domestic ESDM leaders.

Strategic Investments: OSAT and HDI PCB Facilities: Two transformative capex initiatives define Kaynes' next growth phase—the Outsourced Semiconductor Assembly and Test (OSAT) facility at Sanand, Gujarat, and the High-Density Interconnect (HDI) PCB plant in Chennai. Together representing over ₹450 crore of investment, these facilities advance vertical integration from component design to semiconductor packaging and board manufacturing. The OSAT unit, with capex of ₹340 crore, is on schedule for commercial production by December 2025 and has already secured anchor clients across the US, Germany, and India. The HDI PCB plant, with ₹114 crore invested so far, will be operational by January 2026. Both projects are backed by central and state subsidies and funded through a ₹1,400 crore QIP. These facilities will enable Kaynes to offer end-to-end semiconductor-to-system manufacturing solutions, reduce import dependence, and capture global demand for trusted supply-chain alternatives to China and Taiwan.

Global Expansion: Building a Transnational Design-Manufacturing Ecosystem
Kaynes' acquisition of August Electronics (Canada) marks a strategic entry into North America—providing access to high-margin customers, advanced design capabilities, and a gateway for cross-border integration. The acquisition is expected to contribute ₹175 crore to FY26 revenue and strengthen the India-Canada corridor as a competitive supply-chain alternative. Management has articulated a "nibble-and-scale" inorganic strategy—acquiring niche, high-impact design houses in Europe for engineering talent and North America for market access—before scaling based on strategic fit. These moves elevate Kaynes from a domestic EMS player to a global ESDM platform capable of serving Tier-1 OEMs across regions. The combination of international footprint, rising ODM share, and deepening design expertise establishes Kaynes as one of the most integrated players in India's electronics manufacturing landscape, aligned with global clients pursuing a China-plus-one diversification strategy.

Q1 FY26 Result Update

Q1 FY26 Result Comparison (In Rs Cr)					
	Q1 FY26	**Q4 FY25**	**Q1 FY25**	**QOQ**	**YOY**
Sales	673.47	984.48	503.98	-31.59%	33.63%
Expense	560.43	816.62	437.08	-31.37%	28.22%
EBITDA	113.04	167.86	66.90	-32.65%	68.96%
Other Income	27.10	20.47	28.31	32.38%	-4.27%
Net Profit	74.61	116.20	50.78	-35.79%	46.92%
EPS	11.14	18.13	7.94	-38.55%	40.30%

Result Highlights

Sales Growth Analysis: Kaynes Technology India Ltd recorded a strong performance in Q1 FY26, with consolidated revenue rising 34% year-on-year to ₹673.5 crore, supported by healthy execution across all six verticals. Growth was broad-based, led by industrial, EV, railways, and aerospace segments, while the automotive vertical saw temporary moderation due to destocking. The diversified business mix ensured resilience, as newer verticals such as aerospace and railways gained traction with fresh order wins. The order book expanded to ₹7,401 crore, up nearly 47% year-on-year, providing multi-year revenue visibility. Management maintained its full-year guidance of ₹4,500 crore in revenue for FY26, backed by stronger Q2–Q3 execution.

Expense Management Insights: Expense discipline was a key driver of operating improvement during the quarter. Material costs as a percentage of sales reduced, reflecting improved sourcing efficiency and greater localization. Higher ODM (Own Design Manufacturing) contribution—now at 20% of revenue—also supported cost optimization. Working capital days increased to 132 from 113, mainly on account of ₹350 crore of acquisition-related receivables, which are not yet due and expected to normalize by H1 FY26. Inventory levels rose marginally to 115 days, indicating preparedness for higher Q2 and Q3 order execution. Management emphasized continued focus on efficient inventory management and customer-side coordination to enhance cash conversion through FY26.

EBITDA Performance: EBITDA grew 69% year-on-year to ₹113 crore, with margins expanding 350 basis points to 16.8% compared to 13.3% in Q1 FY25. Margin expansion was broad-based across all verticals, driven by material cost reduction, scale leverage, and higher ODM contribution. Each of the six business segments registered 50–200 bps improvement in gross margins. The sustained increase in design-led manufacturing, coupled with an improved product mix, supported strong operating leverage despite inflationary pressures. The margin profile in Q1 exceeded management's earlier guidance of 15.6%, and similar levels are expected to sustain through FY26 as higher-value contracts begin execution.

Net Profitability: Net profit rose 47% year-on-year to ₹74.6 crore, with PAT margin improving to 11.1% from 10.1% in the same quarter last year. The profitability uptick reflected stronger operational performance and cost efficiencies. Return ratios remained healthy, with ROE at 15.4% and ROCE at 13.7% for Q1 FY26. Improved profitability across subsidiaries and acquisitions, particularly in North America, further enhanced blended margins. The management reiterated that earnings accretion is structural—driven by higher design content, value-added manufacturing, and operational discipline rather than short-term cost benefits.

Summary and Future Outlook: The Q1 FY26 results highlight sustained momentum in both revenue and profitability, demonstrating the scalability of Kaynes' integrated ESDM model. The robust order book, strong pipeline across railways, aerospace, and industrial verticals, and the upcoming commercial readiness of the OSAT facility in Gujarat and HDI PCB plant in Chennai are expected to act as key growth levers over the next few quarters. EBITDA margins are likely to remain above 16%, supported by product mix and design-led execution. With cash flow normalization and capex nearing peak levels, Kaynes is positioned for consistent earnings growth and expanding global relevance in the electronics manufacturing ecosystem.

Concall Highlights – Q1FY26

The management of Kaynes Technology India Ltd, during its Q1 FY26 earnings call, outlined a quarter marked by robust growth, margin expansion, and strong visibility across business verticals. The leadership reiterated that the company is transitioning from a conventional EMS (Electronics Manufacturing Services) provider to an integrated ESDM (Electronics System Design and Manufacturing) solutions partner, combining design, manufacturing, and system integration capabilities under one platform.

Business and Financial Overview: Consolidated revenue for Q1 FY26 stood at ₹673.5 crore, registering a 34% year-on-year increase, while EBITDA surged 69% to ₹113 crore and margins expanded to 16.8%, a rise of 350 basis points over the previous year. PAT grew 47% year-on-year to ₹74.6 crore, reflecting stronger operating leverage and cost discipline. Management emphasized that the improvement was not concentrated in any one business line; all six verticals witnessed margin expansion ranging between 50 and 200 basis points. The increase in gross margins was attributed to a combination of material cost optimization, higher ODM (Own Design Manufacturing) contribution, and the scaling up of high-value verticals such as industrial, EV, railways, and aerospace.

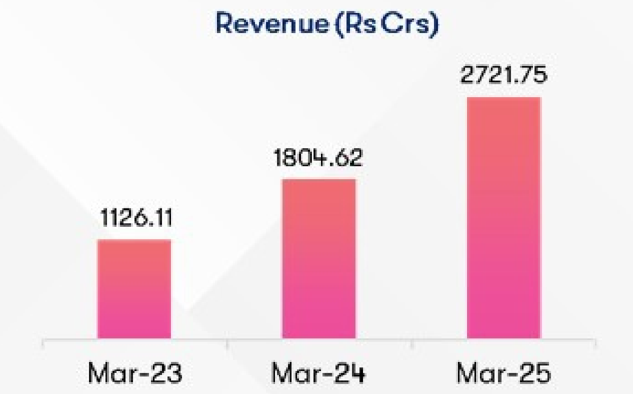
Revenue Mix and Order Book: The order book expanded to ₹7,401 crore, up nearly 47% from ₹5,038 crore a year ago, ensuring more than two years of revenue visibility. The order inflows were broad-based across end-markets, with strong momentum in industrial, aerospace, and railways. The automotive segment grew modestly at ~24% due to temporary destocking in the supply chain but is expected to regain pace from Q2 onwards. Management noted that aerospace and railways are likely to emerge as major growth engines in FY26, supported by new client wins and large project ramp-ups. Aerospace revenue is projected to account for around 8% of FY26 turnover, while the railway segment, led by the Kavach program and ODM-linked products, is expected to reach 10–12%.

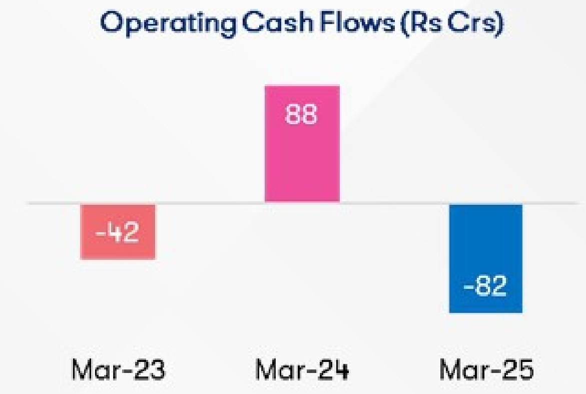
Working Capital and Cash Flow Management: Working capital days rose to 132 from 113 in the prior year, primarily driven by an increase in receivables linked to acquisitions and not-yet-due payments amounting to ₹350 crore. Management clarified that this spike is temporary, resulting from advance preparations for higher execution in Q2 and Q3. Excluding these acquisition-related receivables, working capital days are expected to normalize to around 70 by year-end. The leadership reaffirmed a strong focus on cash flow generation and expects significantly positive operating cash flow in FY26. Initiatives such as supplier-managed inventory, improved forecasting, and tighter customer credit controls are being implemented to further optimize cash cycles.

Strategic Projects and Capex Update: Key updates were shared on major ongoing projects. The OSAT (Outsourced Semiconductor Assembly and Test) facility in Sanand, Gujarat, is progressing as per schedule, with proto shipments already underway. Commercial production is targeted for December 2025, with capex of ₹340 crore planned, of which over ₹313 crore has been spent. The facility has already secured three anchor clients from the US, Germany, and India, and has signed MoUs with four additional partners. The HDI PCB plant in Chennai is also on track, with operational readiness expected by January 2026. Approximately ₹114 crore has been deployed toward this project. Both facilities are being funded through proceeds from the ₹1,400 crore QIP raised earlier, and will qualify for government subsidies upon commissioning.

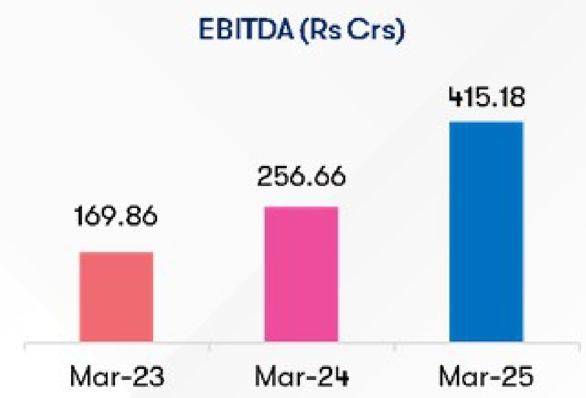
Inorganic Growth and Global Expansion: The acquisition of August Electronics (Canada) marks Kaynes' first international foray and is expected to contribute ₹175 crore to FY26 revenue. The management reiterated that this acquisition provides access to high-margin North American clients and advanced design capabilities. It also enhances Kaynes' credibility with global OEMs pursuing a China-plus-one strategy. The company plans to replicate this success with selective acquisitions in Europe for design talent and North America for market access, following a "nibble and scale" approach that prioritizes strategic fit and operational control.

Guidance and Management Commentary: For FY26, the leadership reaffirmed revenue guidance of ₹4,500 crore, with expected contributions of ₹4,250 crore from ESDM, ₹100 crore from OSAT, and ₹175 crore from August Electronics. EBITDA margins are expected to remain above 16%, sustained by product mix improvement, cost efficiencies, and higher ODM share. Management remains optimistic about achieving "significantly positive operating cash flows" for the year and reiterated its commitment to reducing working capital intensity.

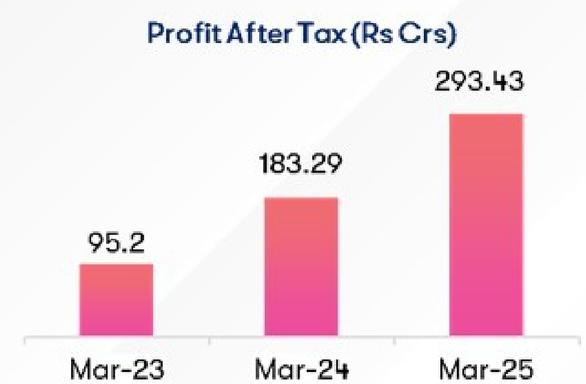

Revenue (Rs Crs)
1126.11
1804.62
2721.75
Mar-23
Mar-24
Mar-25


Operating Cash Flows (Rs Crs)
-42
88
-82
Mar-23
Mar-24
Mar-25

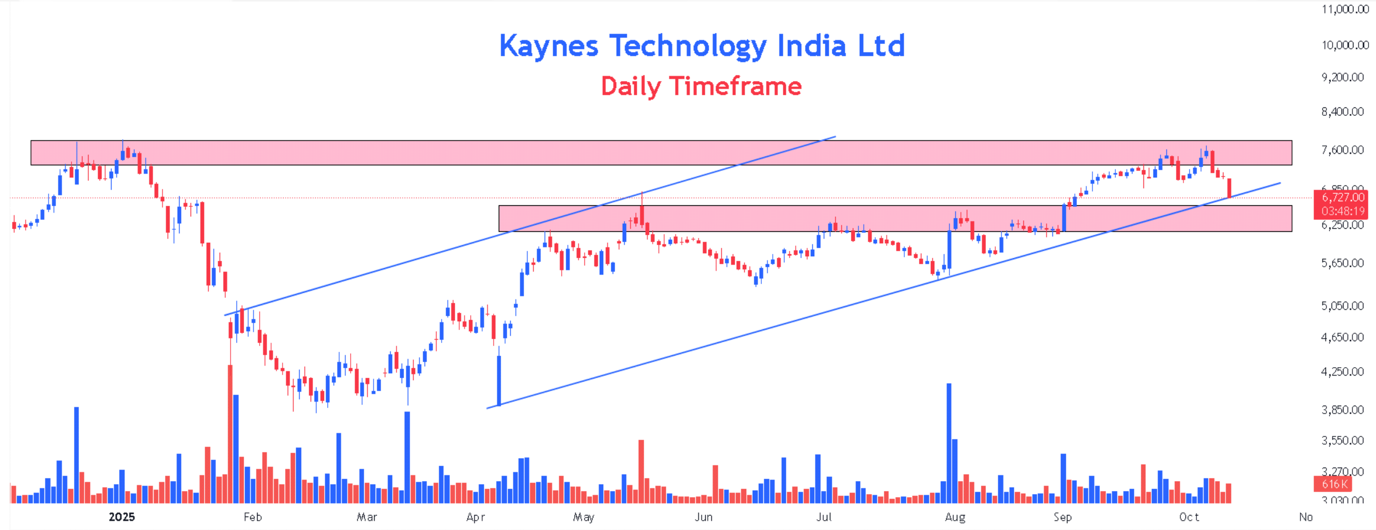

EPS
16.39
28.72
45.9
Mar-23
Mar-24
Mar-25
EPS


EBITDA (Rs Crs)
169.86
256.66
415.18
Mar-23
Mar-24
Mar-25


CAGR of Profit & Sales
90%
57%
95%
49%
3 Years
5 Years
Profit
Sales


Profit After Tax (Rs Crs)
95.2
183.29
293.43
Mar-23
Mar-24
Mar-25

Technical Outlook



Kaynes Technology India Ltd is currently trading near ₹6,727, showing signs of consolidation after a strong uptrend. The daily chart reveals that the stock has been moving within a rising channel since April 2025, supported by higher highs and higher lows, reflecting sustained buying interest. The price action recently tested the upper resistance zone near ₹7,600–₹7,800 and has since pulled back toward the lower boundary of the trendline, where short-term support lies around ₹6,700–₹6,500. This corrective phase appears healthy within the broader bullish structure and may help reset momentum indicators before a potential resumption of the uptrend.

Momentum readings suggest moderation in strength. The Relative Strength Index (RSI) stands at 41.41 on the daily timeframe and 56.45 on the weekly timeframe, indicating that the stock has cooled off from overbought levels. The daily RSI reflects short-term weakness, while the weekly RSI maintains a neutral-to-positive bias, suggesting that the medium-term trend remains intact but near-term consolidation is likely.

Moving averages support this view. The 5-day SMA at 7,147 and 10-day SMA at 7,173 highlight the immediate resistance zone, while the 20-day SMA at 7,215 marks the upper short-term barrier. The 50-day SMA at 6,723 and 100-day SMA at 6,286 provide intermediate support, whereas the 200-day SMA at 5,820 reinforces the long-term uptrend. Exponential moving averages across all key durations remain positively aligned, confirming that broader momentum continues to favor the upside despite temporary pullbacks.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	7,147.00	7,050.36
10	7,173.40	7,139.60
20	7,215.35	7,115.10
50	6,723.12	6,799.26
100	6,286.54	6,416.50
200	5,819.99	5,934.21

Pivot Levels : FIBONACCI		
R1: 7,162.30	Pivot: 7,112.83	S1: 7,063.36
R2: 7,192.86		S2: 7,032.8
R3: 7,242.33		S3: 6,983.3

	Daily	Weekly
Relative Strength Index (RSI)	41.41	56.45

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