

Analyst Name – Jeet B Bhayani

SEBI Registration No- INH000018142

Trade View Report-



Published Date	April 22nd, 2026
Rating	BUY
Trade Type	Long Term
Stock Name	KAYNES
Entry Price	4450
Target	5680
Stop Loss Price	4050
Target%	27%
SL%	9%

Rationale-

As of April 2026, **Kaynes Technology India Limited** has cemented its position as a frontrunner in India's semiconductor and electronics manufacturing services (EMS) landscape. The company recently celebrated a major milestone with the formal inauguration and commercial production start of its OSAT plant.

## Financial Performance (FY26 Overview)

Kaynes has shown explosive top-line growth, though it faces seasonal and working capital fluctuations typical of the EMS sector.

- **9M FY26 Revenue: ₹2,384 crore**, up **37% YoY**. Full-year FY26 revenue is expected to exceed **₹4,000 crore**.
- **9M FY26 Profit (PAT): ₹273 crore**, maintaining a margin of **11.4%**.
- **EBITDA Margins:** Expanded by **190 bps** to **15.9%** for the nine-month period, driven by a better product mix and operational leverage.
- **Q4 FY26 Estimates:** Analysts project revenue between **₹780–880 crore** with PAT expectations of **₹72–90 crore** as year-end execution peaks.
- **Working Capital:** Management has successfully guided working capital days down to **~85 days** by March 2026 (from 139 days earlier in the year) through supply chain financing and inventory normalization.

## Key Growth Rationale

### 1. Semiconductor Breakthrough (OSAT)

- On **March 31, 2026**, PM Modi inaugurated the **₹3,300 crore Kaynes Semicon OSAT plant** in Sanand, Gujarat.
- The facility has already begun commercial production of **Intelligent Power Modules (IPMs)** for automotive and industrial use.
- This marks a structural shift from "assembling" electronics to "manufacturing" chips, placing Kaynes in a higher-margin, high-tech bracket.

## 2. Massive Order Book Visibility

- The order book stands at approximately **₹9,100 crore** (as of early 2026), providing roughly **1.5 to 2 years** of revenue visibility.
- The vertical mix is highly diversified: Automotive (41%+), Industrial, Aerospace, and Railways (Kavach).

## 3. Strategic "Kavach" and Railway Upside

- While some railway revenue was deferred from Q3 to Q4/FY27, Kaynes remains a primary beneficiary of the **Kavach (Automatic Train Protection)** system rollout in India.
- Deferred revenue of **₹300 crore** in the railway segment is expected to hit the books in early FY27.

## 4. Backward Integration (PCB & HDI)

- The company is moving forward with its **HDI PCB (High-Density Interconnect)** facility in Chennai.
- This integration reduces reliance on imported components, protects against global supply chain shocks, and is expected to further boost EBITDA margins by **150–200 bps** upon full scale.

## 5. \$1 Billion Revenue Target

- Management has reiterated its ambitious goal to reach **\$1 billion in revenue (approx. ₹8,400 crore) by FY28**.
- This growth is expected to be fueled by the "Techade" push in India, where electronics consumption is shifting toward domestic manufacturing under PLI schemes.

Kaynes Technology is undergoing a structural shift in its product mix, moving from a pure "service-led" EMS company to a "product-led" integrated powerhouse. The latest data from April 2026 highlights how this evolution is driving both revenue and margin growth.

## 1. Diversified Product Mix (Revenue Share)

Kaynes has strategically diversified to avoid dependence on any single sector. For **9M FY26**, the revenue contribution by vertical is as follows:

- **Industrial Electronics (~59%):** The largest and most stable segment, focused on industrial automation and power electronics.
- **Automotive (24%):** A major growth driver, specifically focused on **EV components** and electronic control units (ECUs).
- **Railways & Defense (7%):** While currently smaller, this is the highest-conviction growth area due to the **Kavach** (train protection) system and aerospace contracts.
- **Emerging Verticals (Medical & IoT):** These segments are seeing the fastest percentage growth, with Aerospace specifically growing over **1300% YoY** in recent quarters off a small base.

## 2. Strategic Growth in Order Book

The order book has surged to **₹9,100 crore** (as of Q3/Q4 FY26), reflecting a **50% YoY increase**.

- **ODM & Product Engineering (20% of Order Book):** This is the highest-margin segment. Management expects this share to increase to **25–27%** as they finalize more "design-led" contracts.
- **Smart Metering:** A new high-volume growth engine. Kaynes expects **₹700–800 crore** in revenue from smart meters in FY26 alone.
- **Revenue Visibility:** The current order book provides approximately **1.5 to 2 years** of clear revenue visibility.

### 3. The Next Phase: OSAT & PCB (Margin Accretion)

The most critical part of the growth rationale is the transition into semiconductor and component manufacturing:

- **Semiconductor OSAT (Sanand Facility):** Now operational, this facility is targeting **60 lakh chips per day**. It moves Kaynes into the premium "packaging and testing" space, which carries significantly higher margins than standard assembly.
- **HDI PCB (Chennai Facility):** With a planned investment of ~₹1,400 crore, this plant will produce high-density interconnect circuit boards. This **backward integration** is expected to add **150–200 bps (1.5–2%)** to the overall EBITDA margin by reducing import reliance.

## **Disclaimer-**

Investment in securities market is subject to market risks. Read all the related documents carefully before investing. Trading in Futures & Options (F&O) carries high risk as it depends on market momentum. "Registration granted by SEBI & Certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to Investors." Past performance is no guarantee of future results.

Intraday- Not more than one day

Short term – 0-15 days

Medium term – 1- 3 months

Long term – more than a Year

## **DISCLOSURES WITH RESPECT TO RESEARCH AND RECOMMENDATIONS SERVICES**

1. Research entity or Research Analyst or his associate or his relative may have financial interest or actual / beneficial ownership of one per cent or more in the securities recommended in its personal portfolio at the end of the month immediately preceding the date of publication of the research report or date of the public appearance. Details of the same may be referred through the disclosures made at the time of advice.
2. There are no actual or potential conflicts of interest arising from any connection of Research entity or Research Analyst or his associate or his relative to or association with any issuer of products/ securities, including any material information or facts that might compromise its objectivity or independence in the carrying on of Research Analyst services. Such conflict of interest shall be disclosed to the client as and when they arise.
3. Research analyst or research entity or its associates or relatives, may have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance or research recommendation. Details of the same may be referred through the disclosures made at the time of advice.
4. Research entity or Research analyst or its associate or relatives has no connection or association of any sort with any issuer of products/ securities recommended herein.
5. Research analyst or his associate or his relative has no actual or potential conflicts of interest arising from any connection to or association with any issuer of products/ securities, including any material information or facts that might compromise its objectivity or independence in the carrying on of research and recommendations services.
6. Research entity or Research analyst or its associates has not received any kind of remuneration or consideration form the products/ securities recommended herein.
7. Research entity or Research analyst or its associates have not received any compensation from the subject company in past 12 months.
8. Research entity or Research analyst or its associates have not managed or co-managed the public offering of Subject Company in past 12 months.
9. Research entity or Research analyst or its associates have not received any compensation for investment banking or merchant banking of brokerage services from the subject company in past 12 months.
10. Research entity or Research analyst or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months.
11. Research entity or Research analyst or its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report or research recommendations.
12. Research entity or Research analyst or its associates have not received any compensation for products or services from the subject company in past 12 months.
13. The subject company is or was not a client of Research entity or Research analyst or its associates during twelve months preceding the date of distribution of the research report and recommendation services provided.
14. Research Analysts or its associates has not served as an officer, director or employee of the subject company.
15. Research Analysts has not been engaged in market making activity of the subject company.