Pick 1: Kaynes Technology India Ltd @3350 -3000 great level to enter for a bounce upto 4200.
RATING – BUY

Kaynes Technology India Ltd - Q3FY26 Concall KTAs

Outlook - Strong and diversified order book of ~INR 90,000 Mn provides 12–18M of revenue visibility, even though near-term revenues can be uneven due to project phasing and approval delays, particularly in railways and smart metering. FY26 revenues is expected to exceed INR 40,000 Mn, with a strong Q4 driven by execution of deferred orders, while EBITDA margins are likely to remain healthy given the rising share of higher-value EMS and ODM programs. Over the medium term, growth will be driven by core EMS segments such as aerospace, railways, automotive, industrial electronics, and EVs, alongside the ramp-up of new OSAT and HDI PCB businesses, with minimum revenue potential of ~INR 15,000 Mn from OSAT and ~INR 10,000–15,000 Mn of group opportunity from PCB-led integration. USD 1 bn revenue target by FY28 and expects operating cash flows to turn positive in FY26, supported by improving working capital, higher Q4 revenues, and increased use of supply-chain financing. *Key Highlights*

Monthly order inflow grew ~7.5% in Q3, translating into ~50% YoY growth in order intake. The order book remains well diversified, with no customer contributing more than ~6% of revenues, limiting concentration risk.

Execution delays were attributed to customer-side project alignment, certifications, and safety-critical approvals, with no material order cancellations.

Smart metering revenues are expected at INR 7,000–8,000 Mn in FY26, with ~INR 3,000 Mn likely in Q4; the business is transitioning to a pure device/ODM model, reducing working-capital intensity.

Core EMS growth excluding smart metering was strong at ~40% YoY, driven by aerospace, railways (ex-Kavach), automotive, industrial electronics, and EV programs.

ODM and product-engineering programs account for ~20% of the current order book, and expected to increase by ~5–7 ppt over time.

Industrial segment softness in Q3 was temporary and linked to lower smart-grid execution, while other verticals scaled up.

The OSAT facility at Sanand is operational, with FSA approval under ISM received. OSAT Phase-1 capex is ~INR 17,000–18,000 Mn, eligible for ~50% central and ~20% state subsidies, with minimum revenue potential of ~INR 15,000 Mn over time.

The HDI PCB facility at Chennai targets high-end, multi-layer PCBs for aerospace and industrial applications, with Phase-1 capex of ~INR 14,000 Mn.

~10x EMS revenue multiplier, implying ~INR 15,000 cr group revenue potential from a ~INR 1,500 Cr PCB investment.

Working capital remained elevated in Q3, with inventory at ~INR 12,260 Mn, receivables at ~INR 12,490 Mn, and payables at ~INR 9,700 Mn; targets to reduce net working capital to ~70–85 days by Mar-26, driven by higher Q4 revenues, inventory normalization, supply-chain financing, and improved collections.

Consolidated operating cash flow is expected to turn positive in FY26, with FY28 targeted for sustained positive OCF across EMS, OSAT, and PCB businesses.

Incremental EMS capex will remain limited, with focus on debottlenecking and asset-turnover improvement.

FY26 capex is estimated at ~INR 4,000 Mn, largely toward OSAT and PCB ramp-up.

USD 1 bn revenue target by FY28, driven by strong EMS growth, OSAT scale-up, and PCB backward integration.

ODM share in EMS is targeted at ~40% by 2030, supporting structurally higher margins and returns over the medium term. expects ~INR 1500 crore of PCB revenues and ~INR 13500 crore of EMS revenues over time.

Pick 2: NCC Limited (NCC) – "Peak Visibility at Bottom Valuations"
Recommendation: BUY on Weakness Theme: Deep Value / Infrastructure Turnaround CMP: ~₹152 | Valuation: ~11-12x PE (TTM) vs. Industry ~30x
On the path of revival

1. The Executive Summary: Why Buy Now?
NCC presents a classic "divergence" opportunity. While Q3 FY26 headline numbers (Revenue/PAT) appear weak due to temporary execution headwinds, the leading indicators are at all-time highs. The company now sits on a ₹79,571 Crore Order Book—the highest in its history—providing nearly 4+ years of revenue visibility.
At ~12x PE, the stock is pricing in "no growth," yet the order backlog virtually guarantees a massive execution ramp-up in FY27. The downside is capped by valuation, while the upside is uncapped by execution normalization.

2. Key Positive Theses (Post Q3 FY26 Results)
A. The "Fortress" Order Book (Record Highs)
The single strongest argument for NCC is the sheer scale of its backlog.
• Total Order Book: ₹79,571 Cr (Consolidated) as of Dec 31, 2025 which is up 10% QoQ
• YoY Growth: +43% surge in order book compared to Q3 FY25.
• Recent Wins: Secured ₹12,430 Cr in new orders in Q3 alone, and ~₹22,311 Cr for 9M FY26.
• Implication: Even with conservative execution assumptions, NCC has revenue visibility secured well into FY29. The challenge is no longer "winning work"—it is simply "doing the work."
B. Operational Resilience: Margins Expanded
Despite a 9% drop in Consolidated Revenue (due to delayed payments/approvals), NCC demonstrated improved operational discipline.
• EBITDA Margin: Expanded to 8.96% (vs 8.27% YoY).
• Analysis: This proves that the profit drop (PAT down ~37%) is purely a function of lower billing volume and higher interest/depreciation (fixed costs), not operational inefficiency. As execution volume returns, operating leverage will kick in immediately, expanding margins further.
C. Valuation Dislocation
The market has punished NCC for the short-term revenue lag, opening a wide valuation gap.
• NCC Valuation: ~11.5x - 12x PE.
• Peer Valuation: Major peers (like L&T) trade at 30x+; mid-cap peers often trade at 15-20x.
• Thesis: The stock is trading at a "distress" multiple despite having a record book. Any improved execution commentary in Q4 will trigger a sharp re-rating.

3. Management Strategy & Presentation Highlights
Strategic Pivot: "Cash Over Revenue" In the Q3 presentation and commentary, Management signaled a conscious shift in strategy that benefits long-term shareholders:
• Focus on Conversion Efficiency: They are prioritizing projects with better cash flow cycles over merely chasing top-line revenue growth.
• Working Capital Discipline: The revenue dip is partly a result of stopping work where payments are delayed (e.g., Jal Jeevan Mission). This prevents bad debts and bloat—a sign of mature capital allocation.
• Amalgamation Approved: The merger of NCC Infrastructure Holdings Ltd with the parent company (effective Feb 28, 2026) simplifies the corporate structure, eliminating holding company discounts and streamlining cash flows.

4. Order Book Composition (The Safety Net)
The order book is not just large; it is diversified, reducing single-sector risk.
• Buildings & Transportation: Core legacy strength remains robust.
• Water (JJM): A massive chunk of the book (~40%+). While execution here has been slow (dragging Q3), the contracts are signed and sovereign-backed. Also JJM dues has started paying
• Electrical/Smart Meters: High-growth segment contributing to the recent order inflow surge (secured ~₹2,456 Cr in Jan 2026 alone, led by Water & Electrical).

5. Conclusion: The Trade
The Narrative: Q3 FY26 was a "kitchen sink" quarter where execution delays and high interest costs bottomed out earnings. However, the leading indicator (Order Book) is flashing green.
The Pitch: "We are buying a company with 4 years of secured work at 11x Earnings. The downside risk is priced in. As execution normalizes in FY27, we expect a dual-engine return: Earnings Growth (driven by volume) + Multiple Expansion (re-rating from 12x to 15x)."
Action: Accumulate on dips near ₹150 levels for a target of ₹250. We are working on detail numbers

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	**Registered Office**
#1011, Solitaire Corporate Park	
Building No. 10, 1st Floor	6 Lad Colony,
Andheri Ghatkopar Link Road	Y.N. Road,
Chakala, Andheri (E)	Indore - 452003, (M.P.)
Mumbai – 400093	Tel: (91-731) 4217100/101
Tel: (91-22) 42254800	CIN: L66120MP1992PLC007182

Stock Rating Scale	**Absolute Return**
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	**Contact**	**Website**	**Email Id**
INH000002764	**SMS: 'Arihant' to 56677**	www.arihantcapital.com	instresearch@arihantcapital.com

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

Disclaimer: This disclosure statement is provided in compliance with the SEBI Research Analyst Regulations, 2014. Arihant Capital Markets Limited (ACML) is a registered stockbroker, merchant banker, and research analyst under SEBI, and is also a Point of Presence with the Pension Fund Regulatory and Development Authority (PFRDA). ACML is registered with SEBI with Research Analyst Registration Number INH000002764, Stock Broker Registration Number INZ000180939, and is a Trading Member with NSE, BSE, MCX, NCDEX, and a Depository Participant with CDSL and NSDL.

ACML and its associates may have business relationships, including investment banking, with companies covered by its Investment Research Department. The analysts of ACML, and their associates, are prohibited from holding a financial interest in securities or derivatives of companies they cover, though they may hold stock in the companies they analyze. The recommendations provided by ACML's research team are based on technical and derivative analysis and may differ from fundamental research reports.

ACML confirms that neither it nor its associates have a financial interest or material conflict concerning the companies covered in the research report at the time of publication. Furthermore, ACML, its analysts, and their relatives have no ownership greater than 1% in the subject companies as of the month prior to publication. ACML guarantees that the compensation for its research analysts is not influenced by specific securities or transactions.

ACML affirms that neither the analyst nor the company has served as an officer, director, employee, or engaged in market-making activities for any of the subject companies. Additionally, the research report does not reflect any conflict of interest and is not influenced by specific recommendations made. Neither ACML nor its analysts have received compensation for investment banking or brokerage services from the subject companies in the last 12 months.

The views expressed in this report are those of the analysts and are independent of the proprietary trading desk of ACML, which operates separately to maintain an unbiased stance. Analysts comply with SEBI Regulations when offering recommendations or opinions through public media. The report is intended for informational purposes only and is not an offer or solicitation for the purchase or sale of securities.

This report, which is confidential, may not be reproduced or shared without written consent from ACML. It is based on publicly available data believed to be reliable but has not been independently verified, and no guarantees are made about its accuracy. All opinions and information contained in the report are subject to change without notice.
ACML disclaims liability for any losses resulting from reliance on this report. The report does not constitute an offer to buy or sell securities, and ACML is not responsible for the risks involved in investments. ACML and its affiliates may have positions in the securities discussed or hold other financial interests in them.

The distribution of this report in certain jurisdictions may be restricted by law, and the report is not intended for distribution where it would violate local laws. Investors are advised to consider their financial position, risk tolerance, and investment objectives before engaging in transactions, particularly in high-risk financial products such as derivatives.

ACML reserves the right to modify this disclosure statement without prior notice. The report has been prepared using publicly available information and internally developed data, though ACML does not guarantee its completeness or accuracy. Historical price data for securities can be accessed via official exchanges like NSE or BSE.
ACML and its affiliates may conduct proprietary transactions or investment banking services for the companies mentioned in this report. In compliance with SEBI regulations, ACML maintains comprehensive records of research reports, recommendations, and the rationale for those recommendations, which are preserved for at least five years. An annual compliance audit is conducted by a member of the ICAI or ICSI to ensure adherence to applicable regulations. This report is issued in accordance with applicable SEBI regulations and does not guarantee future performance or returns.

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800