



ALL ABOUT



KAYNES TECHNOLOGY

INNOVATING WITH QUALITY AND VALUE, FOREVER

SECTOR - CONSUMER DURABLES



Issue Opens - NOVEMBER 10 - NOVEMBER 14

Price Band

₹559 to ₹587

Face Value

₹10

Lot Size

25 SHARES

Issue Size

₹857.82 CR

Issue Type

BOOK BUILT

Retail (Min)

1 LOT

₹14,675

Retail (Max)

13 LOT

₹190,775

RESEARCH@GANESHSTOCK.COM

Important Events

Issue Size	₹857.82 CR
Fresh Issue	₹530.00 Cr
Offer for Sale	₹327.82 Cr

Basis of Allotment	Nov 17, 2022
Initiation of Refunds	Nov 18, 2022
Credit of Shares to Demat	Nov 21, 2022
KTIL IPO Listing Date	Nov 22, 2022

Promoters

- RAMESH KUNHIKANNAN,(MANAGING DIRECTOR)
- SAVITHA RAMESH, (CHAIRPERSON AND WHOLE-TIME DIRECTOR)
- JAIRAM PARAVASTU SAMPATH, (WHOLE-TIME DIRECTOR & CFO)
- ANUP KUMAR BHAT (INDEPENDENT DIRECTOR)

Promoters collectively hold 79.78% of the Equity Share .

ABOUT COMPANY

- Incorporated in 2008 , Kaynes is a leading end-to-end and IoT solutions enabled integrated electronics manufacturing player, having capabilities across the entire spectrum of electronics system design and manufacturing (“ESDM”) services They have experience in providing conceptual design, process engineering, integrated manufacturing and life-cycle support for major players in the automotive, industrial, aerospace & defence, outer-space, nuclear, medical, railways, Internet of Things (“IoT”), IT and other segment Company’s business footprint spans across geographies and as of Q1FY22, they serve 229 customers across 21 countries

BUSINESS MODEL

- **OEM – Turnkey Solutions – Box Build:** They undertake 'Build To Print' or 'Build to Specifications' of complex box builds, sub-systems, and products across various industry verticals.
- **OEM – Turnkey Solutions – Printed Circuit Board Assemblies:** They undertake turnkey electronics manufacturing services of cable harnesses, PCBAs, magnetics, and plastics ranging from prototyping to product realization including mass manufacturing.
- **ODM:** They offer ODM services in smart metering technology, smart street lighting, brushless DC technology, inverter technology, gallium nitride-based charging technology, and providing IoT solutions for making smart consumer appliances or devices IoT-connected.
- **Product Engineering and IoT Solutions:** Under this, they offer conceptual design and product engineering services in industrial and consumer segments.

OBJECTS OF THE FRESH ISSUE

THE NET PROCEEDS FROM THE ISSUE ARE PROPOSED TO BE UTILIZED BY THE COMPANY FOR THE FOLLOWING OBJECTS:

- **REPAYMENT/ PREPAYMENT, IN FULL OR PART, OF CERTAIN BORROWINGS AVAILED BY OUR COMPANY.**
- **FUNDING CAPITAL EXPENDITURE TOWARDS EXPANSION OF OUR EXISTING MANUFACTURING FACILITY AT MYSORE, KARNATAKA, AND NEAR OUR EXISTING MANUFACTURING FACILITY AT MANESAR, HARYANA.**
- **INVESTMENT IN OUR WHOLLY OWNED SUBSIDIARY, KAYNES ELECTRONICS MANUFACTURING PRIVATE LIMITED, FOR SETTING UP A NEW FACILITY AT CHAMARAJANAGAR, KARNATAKA.**
- **FUNDING WORKING CAPITAL REQUIREMENTS OF OUR COMPANY; AND**
- **GENERAL CORPORATE PURPOSES.**

TRACK RECORD OF FINANCIAL PERFORMANCE

- REVENUE FROM OPERATIONS ₹368.24, ₹420.63, ₹706.25, FOR THE FY2020 , 21 & 22.
- THE GROWTH IN THE REVENUE FROM OPERATIONS INCREASED WITH CAGR OF 24%.
- OPERATING PROFIT WAS ₹93.67, ₹40.89, ₹41.33, FOR FY2022, 21 & 20.
- The EBITDA Margins was 13.26% , 9.72% & 11.22% for FY2022, 21 & 20.
- PAT WAS ₹41.67, ₹9.73, ₹9.36, FOR FY2022, 21 & 20.
- KAYNES TECHNOLOGY LIMITED REPORTED NET PROFITS FOR MARGINS 5.90% , 2.31% & 2.54% FOR THE FY 2022, 21, & 20.
- FOR THE LAST THREE FINANCIAL YEARS, THE AVERAGE EPS AND RONW WERE 4.8 AND 12.3, RESPECTIVELY.
- KTIL ROE WAS 24.5% , 8.08% & 10.51% AND ROCE WAS 24.44% , 13.47% & 14.42% FOR THE FY 2022, 21 & 20
- The debt-to-equity ratio has come down to 0.84 in FY22 from 1.50 in FY20.
- Operating Activity revenue was 14.73, 13 , 33.44 , Investing Cash Flow revenue was 37.18,19.15, 19.17 , Financing Cash Flow revenue was 25.89, 8.12, 36.19 for the fy 2022, 21 & 20
- NET CASH REPORTED ₹30.5, ₹7.43, ₹8.35, ₹162.13 FOR THE , FY2021, 20 & 19 AND Q3FY2021.

STRENGTHS

- This is an Internet of Things (“IoT”)-enabled integrated electronics manufacturing player with end-to-end capabilities across the full spectrum of electronic system design and manufacturing.
- The company has a diversified business model and a portfolio applicable to all industries.
- Globally certified for each industry it covers, with multiple facilities across India with advanced infrastructure.
- Strong supply chain and procurement network.
- Consistent companies with a track record of successful financial performance.
- It has experienced promoters and senior management with extensive knowledge of the sector

RISKS

- Top 10 customers contributed more than 50% of sales in FY22. They do not have firm commitment agreements with their customers. The loss of one or more such customers or a decrease in demand for their products could adversely affect our operations.
- KTIL work in the electronic systems design and manufacturing industry. These industries are highly competitive and can create pressure on pricing and market share, which could affect Keynes' financial position.
- Negative Net Operating Cash Flow: Has had negative net operating cash flow in the past and may have negative cash flow in the future.
- Imported goods accounted for 64.46% of total merchandise purchases in FY2010. Problems with the timely availability of semiconductors or certain semiconductor components required for manufacturing affect our business.

Valuation and Outlook

THE IPO SHALL OPEN WITH A PRICE BAND OF ₹ 559 - 587 PER SHARE. THIS MAKES THE ISSUE VALUED WITH A PRICE-TO-EARNINGS RATIO (P/E RATIO) AT 60.51 TIMES ITS ANNUALIZED FY22 EARNINGS INR 9.70 THE INDUSTRY AVERAGE IS 87.59X TIMES THAT OF LISTED PEERS.

THE KAYNES TECHNOLOGY INDIA LTD, ACCORDING TO DRHP OF SOME COMPANY IS LISTED WHOSE PE MULTIPLE IS SHOWN IN THIS TABLE.

S.NO.	COMPANY	PE RATIO
1.	DIXON TECHNOLOGIES LIMITED	114
2.	AMBER ENTERPRISES INDIA LIMITED	52

KAYNES TECHNOLOGY IS A LEADING INTEGRATED ELECTRONICS MANUFACTURING COMPANY PROVIDING END-TO-END AND IOT SOLUTIONS.

THE COMPANY PROVIDES CONCEPTUAL DESIGN, PROCESS ENGINEERING, INTEGRATED MANUFACTURING, AND LIFECYCLE SUPPORT TO LEADING COMPANIES IN THE AUTOMOTIVE, INDUSTRIAL, AEROSPACE AND DEFENSE, SPACE, NUCLEAR, MEDICAL, RAIL, AND INTERNET OF THINGS ("IOT") SECTORS.

VARIOUS EXTERNAL ANALYSTS RATE THE COMPANY'S LONG-TERM OUTLOOK AS 'POSITIVE' GIVEN FACTORS SUCH AS STRONG EARNINGS GROWTH, HEALTHY EARNINGS GROWTH, GOOD GROWTH PROSPECTS AND REASONABLE VALUATION. INCREASE.