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Sector Thematic

Electronics Manufacturing Services

Electronics Manufacturing Services

India EMS: scaling into a multi-year upcycle

India's EMS industry remains at an early stage of global penetration with ~4-5% market share and is rapidly emerging as a key pillar of the electronics ecosystem, supported by strong growth momentum and multiple long-term tailwinds. The sector delivered a robust 24% revenue CAGR over FY19–24, with growth expected to accelerate further to 27% CAGR over FY24–29E. Key drivers include PLI incentives, China+1-led supply-chain diversification, rising domestic electronics demand, increasing labor costs in competing regions, and a growing preference among global OEMs for outsourced manufacturing. While India's electronics manufacturing base has expanded steadily, dependence on imported components remains a key constraint. To address this, the government has introduced targeted initiatives such as the Electronics Component Manufacturing Scheme and the Semiconductor Mission to catalyze investments, deepen domestic value addition, and enhance global competitiveness. As backward integration gains traction, India's EMS sector is positioned for faster growth, supported by improving cost efficiency and a structurally rising export contribution. Syrma SGS is our top pick in the sector.

Keshav Lahoti
keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Mahesh Nagda
mahesh.nagda@hdfcsec.com
+91-22-6171-7319

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

INSTITUTIONAL RESEARCH

Electronics Manufacturing Services

India EMS: scaling into a multi-year upcycle

India's EMS industry remains at an early stage of global penetration with ~4-5% market share and is rapidly emerging as a key pillar of the electronics ecosystem, supported by strong growth momentum and multiple long-term tailwinds. The sector delivered a robust 24% revenue CAGR over FY19–24, with growth expected to accelerate further to 27% CAGR over FY24–29E. Key drivers include PLI incentives, China+1-led supply-chain diversification, rising domestic electronics demand, increasing labor costs in competing regions, and a growing preference among global OEMs for outsourced manufacturing. While India's electronics manufacturing base has expanded steadily, dependence on imported components remains a key constraint. To address this, the government has introduced targeted initiatives such as the Electronics Component Manufacturing Scheme and the Semiconductor Mission to catalyze investments, deepen domestic value addition, and enhance global competitiveness. As backward integration gains traction, India's EMS sector is positioned for faster growth, supported by improving cost efficiency and a structurally rising export contribution. Syrma SGS is our top pick in the sector.

- **India's EMS industry poised for strong growth:** The India's EMS industry forms a critical part of the country's large electronics ecosystem. The industry has demonstrated strong growth in past couple of years, recording a 24% revenue CAGR over FY19–24, with momentum expected to accelerate to 27% CAGR during FY24–29E. This expansion is being driven by multiple structural tailwinds, including government incentive schemes, global OEMs adopting a China+1 strategy to diversify supply chains, rapid growth in domestic electronics consumption, rising labor costs in competing geographies, and an increasing preference among large OEMs to outsource manufacturing.
- **Component and semiconductor manufacturing - next growth frontier:** India's electronics manufacturing base has expanded steadily; however, it continues to be structurally reliant on imported components, with China (including Hong Kong) accounting for 54% of total imports in FY25. To mitigate this dependence, the government has rolled out the Electronics Component Manufacturing Scheme and the Semicon Mission to catalyze investments, enhance domestic value addition, and strengthen India's competitiveness in the global electronics ecosystem. Consequently, EMS players are stepping up investments in high-value components, marking a strategic shift that could drive margin expansion, improve cost economics, and position India for the next phase of electronics manufacturing growth.
- **Export-led structural growth tailwind:** India's EMS export opportunity is being boosted by a sustained surge in electronics exports over the past decade. Electronics have scaled rapidly from the seventh-largest export category in FY22 to the third-largest in FY25, further advancing to the second place in H1FY26. Export value has expanded nearly nine-fold from INR 0.4trn in FY15 to INR 3.3trn in FY25, delivering a robust 24% CAGR. This structural export upswing, reinforced by PLI incentives, global supply-chain reallocation, and increasing OEM outsourcing, creates a compelling long-term growth runway for India's EMS players.
- **Key risks:** (1) Adverse changes, delays, expiry of incentive schemes; (2) continued reliance on imported components exposes firms to supply disruptions and forex volatility; (3) Indian EMS players lag China/Vietnam peers in scale and cost competitiveness; (4) delays in component manufacturing scale-up may constrain growth and margin expansion.

COMPANY	RATING	TP (INR/sh)
Dixon Technologies	ADD	10,740
Kaynes Technology	REDUCE	3,810
Amber Enterprises	BUY	8,300
Syrma SGS Technology	BUY	920

Keshav Lahoti
keshav.lahoti@hdfcsec.com
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rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Mahesh Nagda
mahesh.nagda@hdfcsec.com
+91-22-6171-7319

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Financial and valuation snapshot

Financial summary

Companies	Net Sales (INR bn)				EBITDA (INR bn)				EBITDA Margin (%)				APAT (INR bn)			
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Dixon Technologies	388.60	487.04	608.40	757.74	15.08	18.64	22.35	30.02	3.9	3.8	3.7	4.0	7.05	8.21	9.72	14.19
Kaynes Technology	27.22	38.65	56.24	74.56	4.11	6.18	8.83	12.15	15.1	16.0	15.7	16.3	2.93	4.21	5.42	6.83
Amber Enterprises	99.73	125.74	160.39	191.56	7.63	9.75	12.90	16.09	7.7	7.8	8.0	8.4	2.44	2.90	5.22	6.42
Syrma SGS	37.87	48.76	63.03	80.64	3.23	5.12	6.68	8.50	8.5	10.5	10.6	10.5	1.72	3.06	4.03	5.14

Source: Company; HSIE Research

Change in estimates /ratings

Company	Rating		TP (INR)		Old EPS			New EPS			Change %		
	OLD	NEW	OLD	NEW	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Dixon Technologies	ADD	ADD	11,520	10,740	141.9	170.1	249.2	136.2	161.4	235.5	-4.0	-5.1	-5.5
Kaynes Technology	REDUCE	REDUCE	4,030	3,810	63.4	84.0	104.5	62.8	80.9	101.9	-0.9	-3.7	-2.5
Amber Enterprises	BUY	BUY	8,520	8,300	90.7	154.7	185.9	82.8	148.7	183.1	-8.8	-3.9	-1.5
Syrma SGS	BUY	BUY	920	920	15.9	21.0	26.7	15.9	21.0	26.7	-	-	-

Source: Company, HSIE Research

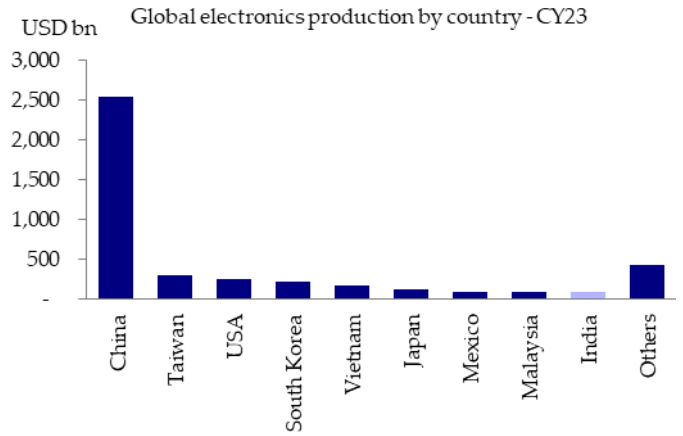
Valuation Summary

Company	Mcap (INR bn)	CMP (INR)	TP (INR)	Valuation method	EPS (INR)				P/E (x)				RoCE pre-tax %				Rev CAGR FY25-28E (%)	EPS CAGR FY25-28E (%)
					FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E		
Dixon Technologies	598	9,920	10,740	DCF	116.9	136.2	161.4	235.5	84.8	72.8	61.5	42.1	49.3	34.9	29.3	32.8	24.9	26.3
Kaynes Technology	227	3,538	3,900	DCF	45.8	62.8	80.9	101.9	77.3	56.3	43.7	34.7	14.5	15.1	14.5	15.9	39.9	30.6
Amber Enterprises	212	6,281	8,300	DCF	72.0	82.8	148.7	183.1	87.2	75.9	42.2	34.3	15.8	15.5	14.9	16.4	24.3	36.5
Syrma SGS	153	797	920	DCF	9.7	15.9	21.0	26.7	82.5	50.1	38.0	29.8	13.1	16.8	17.7	20.0	28.7	40.4

Source: Company, HSIE Research | CMP as on April 02, 2026

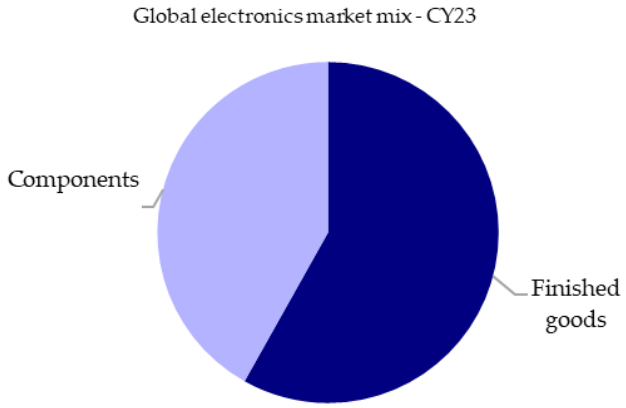
Story in Charts

China dominates global electronics market with 60% share



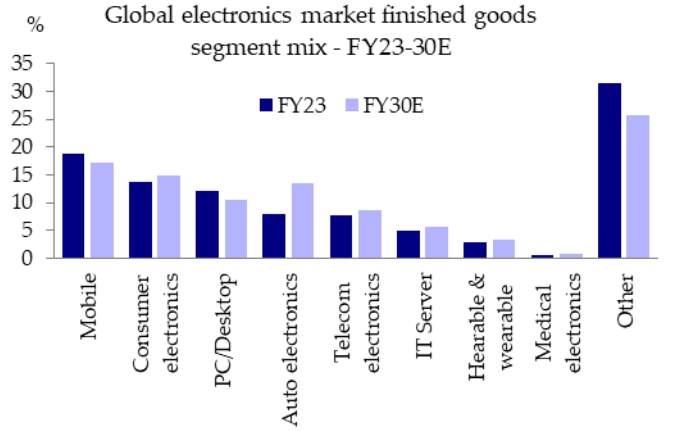
Source: Niti Aayog, HSIE Research

Finished goods comprises highest share in global electronics market



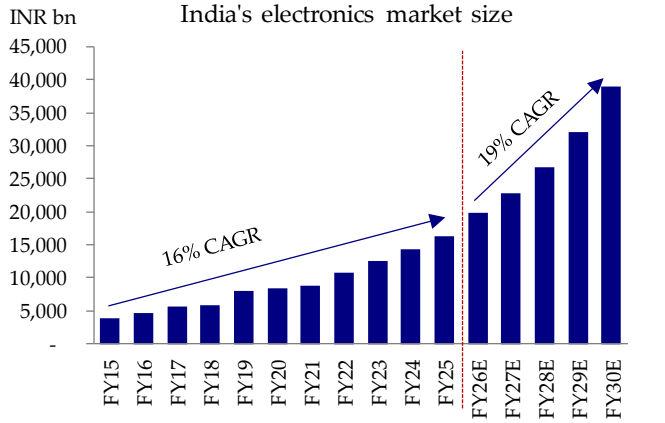
Source: Niti Aayog, HSIE Research

Mobile remains the largest segment, though its share falls; autos led by EV momentum



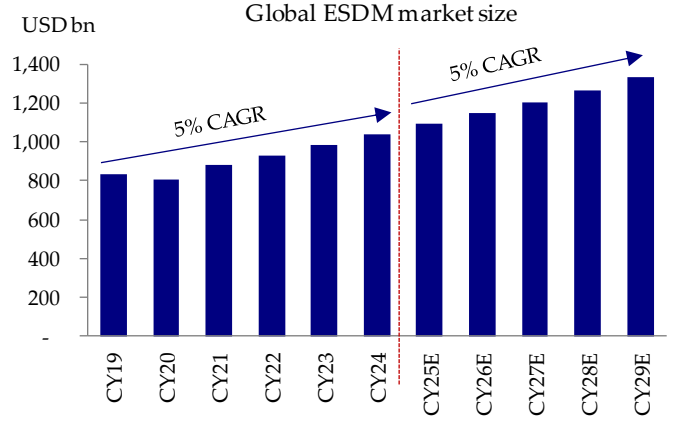
Source: Niti Aayog, HSIE Research

India's electronics market has grown 3x in past 10 years at a 16% CAGR



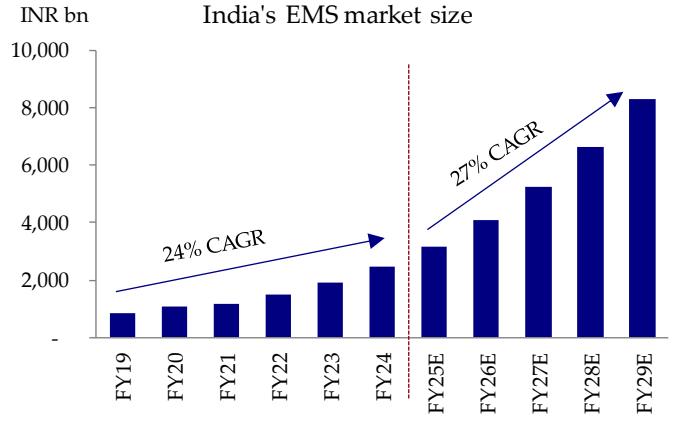
Source: Ministry of Electronics and IT, HSIE Research

Global EMS market to grow 5% CAGR over the CY24-29E



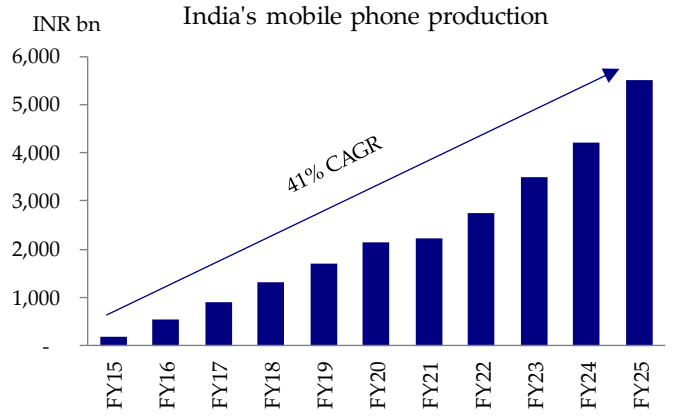
Source: Amber Enterprises placement document, HSIE Research

India's EMS market is expected to grow 27% CAGR over FY24-29E



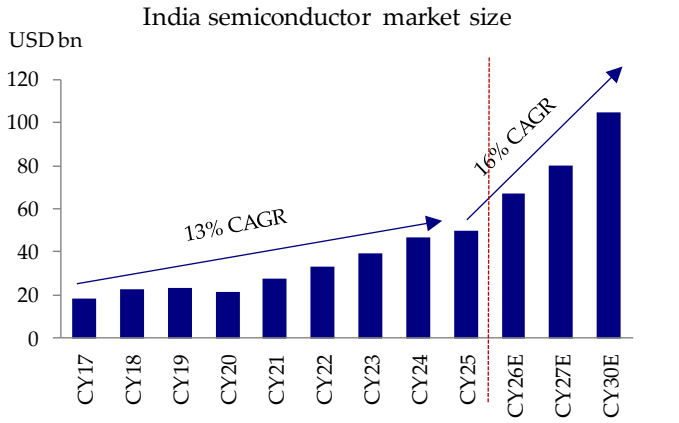
Source: PG Electroplast placement document, HSIE Research

India's mobile production reached INR 5.5trn in FY25, at 41% CAGR over FY15-25



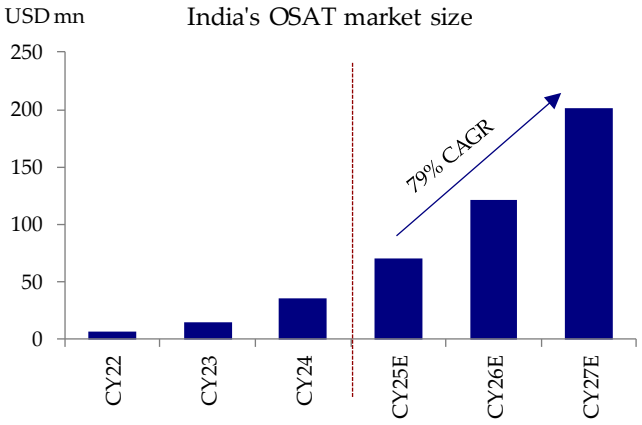
Source: Ministry of Electronics and IT, HSIE Research

India's semiconductor market size to double over CY25-30E



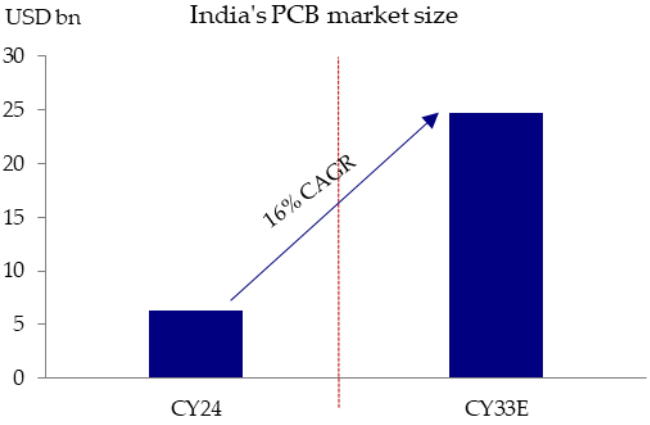
Source: Ministry of electronics and IT, Kaynes placement document, HSIE Research

India's OSAT industry is still nascent but is projected to grow nearly threefold over CY24–27E



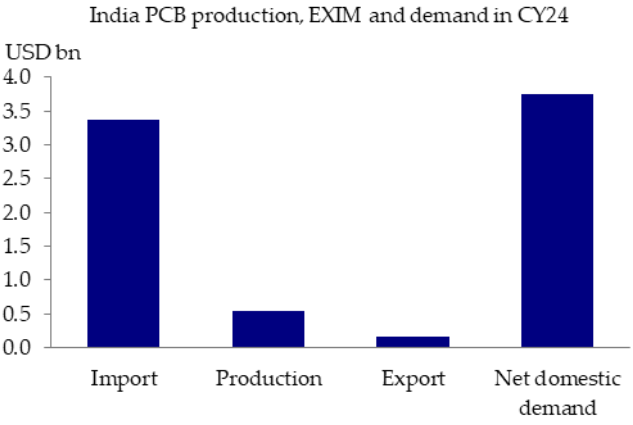
Source: Kaynes Technology, HSIE Research

India's PCB market to witness 16% CAGR during CY24-33E



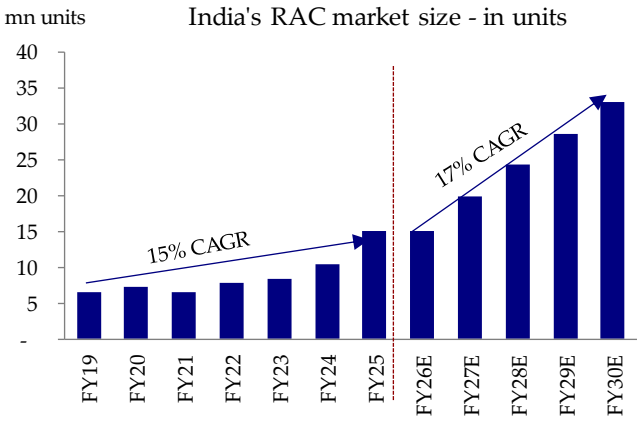
Source: Kaynes Technology, HSIE Research

Most of India's PCB demand is fulfilled via imports



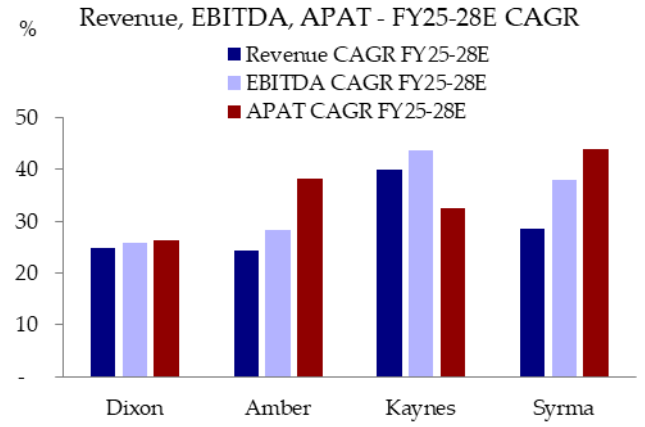
Source: Kaynes Technology, HSIE Research

India's RAC market to register 17% CAGR in coming periods in volume terms



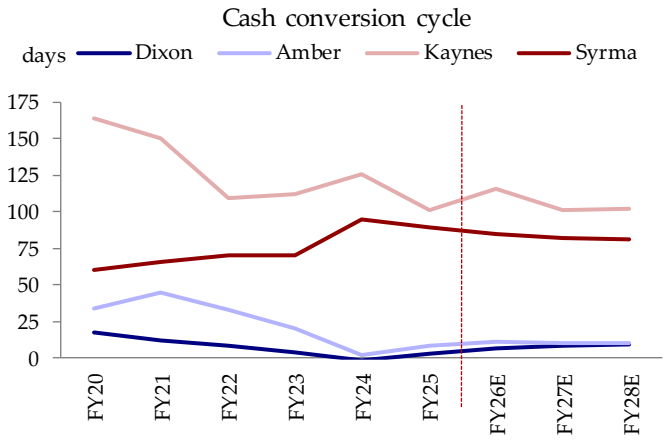
Source: Amber Enterprises placement document, HSIE Research

All companies will report healthy topline and bottomline growth



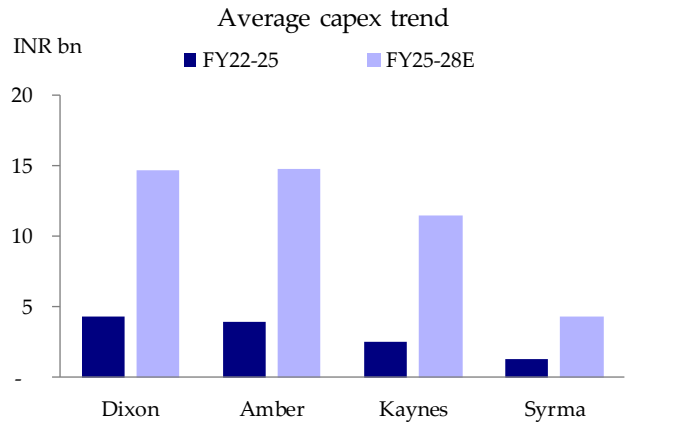
Source: Company, HSIE Research

Elevated cash conversion cycles at Kaynes and Syrma; Dixon and Amber remain leaner



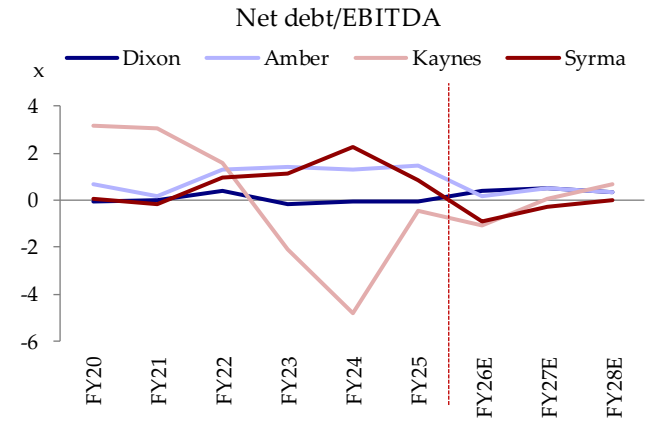
Source: Company, HSIE Research

Capex pace of all companies will rise meaningfully



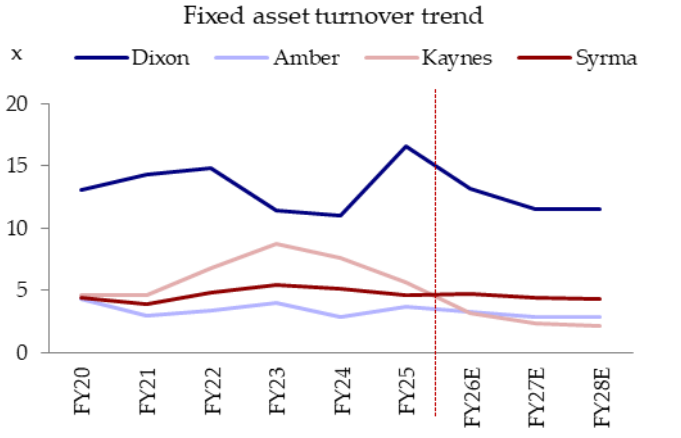
Source: Company, HSIE Research

Leverage profiles remain healthy for all companies



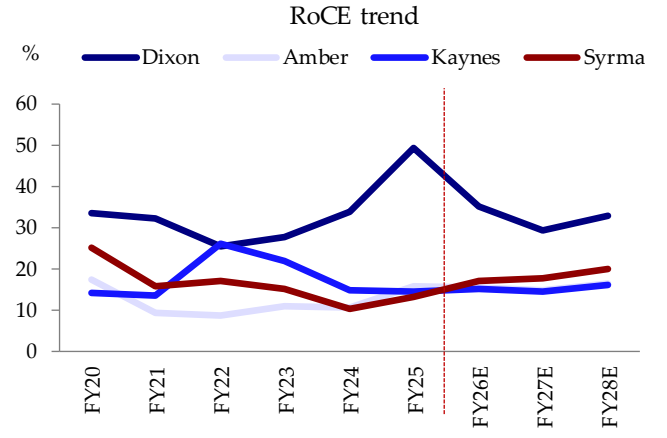
Source: Company, HSIE Research

Dixon stands out among peers on fixed asset turnover...



Source: Company, HSIE Research

...Dixon leads peers on return ratios as well



Source: Company, HSIE Research

Contents

Executive summary of coverage companies

Dixon Technologies: Dixon Technologies is India's leading mobile EMS player with 1/4th market share. Over the past decade, the company has delivered strong financial performance, with revenue growing 32x from INR 12bn in FY15 to INR 388bn in FY25 at a 42% CAGR during FY22–25, alongside EBITDA and APAT CAGRs of 47% and 51%. To expand its mobile EMS operations, the company has planned joint ventures with Longcheer and Vivo (government approval pending) for smartphone manufacturing, with target production from FY27. In parallel, the company is pursuing backward integration under the electronics component manufacturing scheme, beginning with camera and display module manufacturing, aimed at improving margins, enhancing cost competitiveness, and strengthening its overall market position. We like Dixon for its strong balance sheet, lean working-capital profile, and robust return ratios. However, near-term challenges persist, driven by elevated memory costs, the expiry of the existing smartphone PLI scheme in March-26 with no extension announced yet, and delays in approval of the Vivo JV. We have modelled 25/26/26% CAGR revenue/EBITDA/APAT for FY26/27/28E. We maintain our ADD rating on the stock, with a lower target price of INR 10,740/sh, based on DCF valuation (WACC: 12%, terminal growth 5%).

Kaynes Technology: Kaynes Technology is an Indian end-to-end, IoT-enabled electronics manufacturing services (ESDM) provider, with integrated capabilities across PCBA, box build, and ODM solutions such as smart metering and smart lighting. The company has delivered strong financial performance, with revenue rising sevenfold from INR 3.7bn in FY20 to INR 27bn in FY25, implying a 49% CAGR over FY20–25, alongside EBITDA and APAT CAGRs of 58% and 98%, respectively. As the next growth lever, the company is foraying into OSAT and PCB manufacturing, with planned capex of INR 34bn and INR 14bn, respectively, both projects approved under the ECMS scheme. The OSAT facility in Sanand, Gujarat has recently begun commercial operations. Meanwhile, the multi-layer PCB plant at Chennai is slated to commence operations in FY27. The company's working capital intensity remains elevated, with cumulative operating cash flows remaining negative over FY21–25, underscoring structural pressures on its operating cash inflow profile. While we expect a gradual normalization of the working capital cycle and an improvement in operating cash flow over the coming periods, still working capital requirements are likely to remain structurally high, in our view. Given the capital-intensive nature of upcoming projects, internal accruals and last year's equity fundraising alone may not be sufficient to fully meet cash flow requirements, potentially leading to higher leverage and dilution in return on capital employed. We have modeled revenue, EBITDA, and APAT CAGRs of 40%, 44%, and 32%, respectively, over FY25–28E, aided by ramp-up of OSAT and PCB facility. We maintain our REDUCE rating on the stock, with a lower target price of INR 3,810/sh, based on DCF valuation, (WACC: 12.5%, terminal growth 5%).

Amber Enterprises: Amber is a leading OEM/ODM in India's RAC industry with ~27% market share. While consumer durables (largely RAC) still account for 73% of FY25 revenue, the company has made steady progress in diversifying toward electronics (22%) and railways & mobility (5%). The effectiveness of this strategy is evident in the decline in consumer durables' contribution from 95% in FY18 to 73% in FY25, which is expected to reduce further to ~62% by FY28E, improving earnings stability and reducing seasonality risk. To support this shift, Amber is accelerating investments in electronics, especially PCB manufacturing and inorganic acquisitions (Power One, Shogini Technoarts, and Unitronics). We estimate cumulative capex of ~INR 44bn over FY26-28E (vs. an earlier year's annual average of ~INR 5bn), largely to support PCB capacity expansion and selective inorganic acquisitions, to be funded through a mix of internal accruals and equity/preferential issuances. Notwithstanding the stepped-up capex cycle, we expect Amber's net debt to remain minimal, aided by robust earnings growth and equity-led funding. We remain positive on Amber, underpinned by its leadership in the RAC market, expanding addressable opportunity, strong growth visibility, ramp-up of the margin-accretive electronics segment, and a healthy balance sheet supported by lean working-capital management. We model revenue, EBITDA, and APAT CAGRs of 24%, 28%, and 38%, respectively, over FY25–28E. We maintain our BUY rating with a lower target price of INR 8,300/sh, based on DCF valuation (WACC: 12%, terminal growth: 5%).

Syrma SGS Technology: Syrma SGS stands out as one of India's key EMS players, with core capabilities spanning PCBA, box-build solutions, and RFID-based products. The company has delivered strong growth, with revenues quadrupling from INR 9bn in FY20 to INR 38bn in FY25, translating into a robust 34% CAGR. Over the same period, EBITDA and APAT grew at 19% and 13% CAGR, respectively. However, EBITDA margins moderated from 15.8% in FY20 to 8.5% in FY25, largely due to higher exposure to the lower-margin consumer segment, which accounted for 36% of revenues in FY25. Syrma benefits from a strong export footprint, with presence across more than 20 countries and exports contributing 23% of revenues in FY25. Over recent years, the company has undertaken multiple inorganic acquisitions to strengthen capabilities across high-growth segments. Additionally, Syrma is setting up a PCB manufacturing facility through a joint venture with South Korea-based Shinhyup Electronics under the ECMS scheme, further deepening its participation across the electronics value chain and export markets. The project entails a total capex of ~INR 15bn to be commissioned in phases by FY30, with the first phase expected to be completed by Dec-26E. We like Syrma for its strong growth visibility, diversified client and segment base, expanding value-added mix, and robust balance sheet. We model revenue, EBITDA, and APAT CAGRs of 29%, 38%, and 44%, respectively, over FY26–28E. We maintain our BUY rating on the stock with an unchanged target price of INR 920/sh, based on our DCF valuation (WACC: 12.5%, terminal growth: 5%). Syrma is our top pick in the sector.

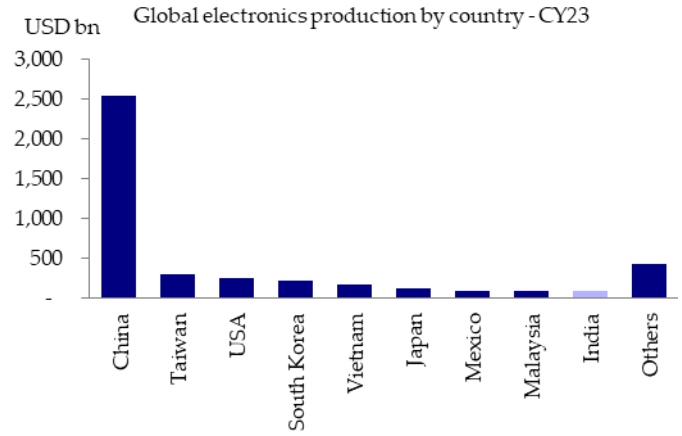
Global electronics industry

Global electronics: massive pool of trade

Electronics manufacturing is the most globally interconnected industry in the world. Behind every smartphone, laptop, or server lies a web of international transactions involving semiconductors, batteries, connectors, printed circuit boards, and hundreds of other components.

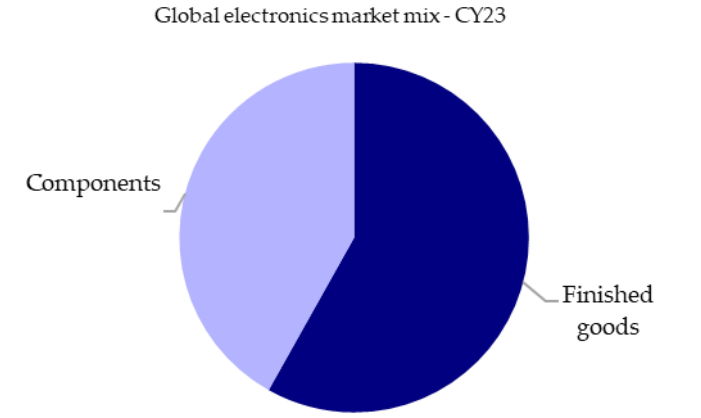
In CY23, the global electronics market stood at ~USD 4.3trn. China dominated the market with a significant 60% share, followed by Taiwan (7%), the US (6%), South Korea (5%), and Vietnam (4%). Together these top five countries account more than 80% of overall global electronics production, while India held a mere 1-2% share, despite ~4% share in global demand.

China dominates global electronics market with 60% share



Source: Niti Aayog, HSIE Research

Finished goods comprises highest share in global electronics market



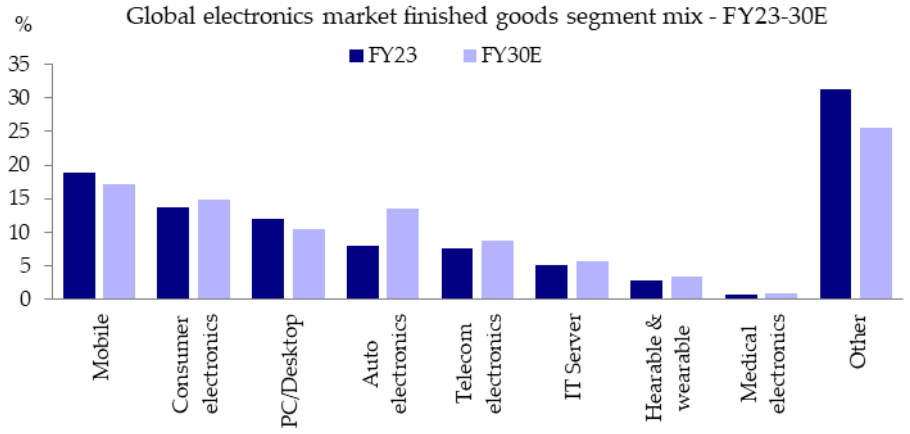
Source: Niti Aayog, HSIE Research

Of the total global electronics market, finished goods represented USD 2.5trn, with the remaining USD 1.8trn attributed to electronic components. Among finished electronic goods, smartphones (19%), consumer electronics (14%), and PCs/laptops/notebooks (12%) emerge as the most significant mass-market segments, collectively representing ~45% of the market share. Conversely, auto electronics (8%), telecom electronics (8%), and IT servers (5%) stand out as the largest segments within the B2B sector. The remaining market share is distributed among other segments, including hearables and wearables, medical, industrial, strategic, IoT, and aerospace.

The electronics component segment which estimated at USD 1.8trn in CY23, comprising multiple items such as PCBs, semiconductors, passives, antennas, sensors, display, camera, battery, electro mechanicals, etc.

The electronics finished product segment is expected to grow by 5% CAGR during CY23-30 to reach USD 3.5trn. The main driver of growth includes an increase in the per capita consumption of electronics, particularly in rapidly expanding developing economies, a trend toward premiumization, and the emergence of new product categories.

Mobile remains the largest segment, though its share falls; autos gain EV momentum



Source: Niti Aayog, HSIE Research

Global electronics component market - CY23

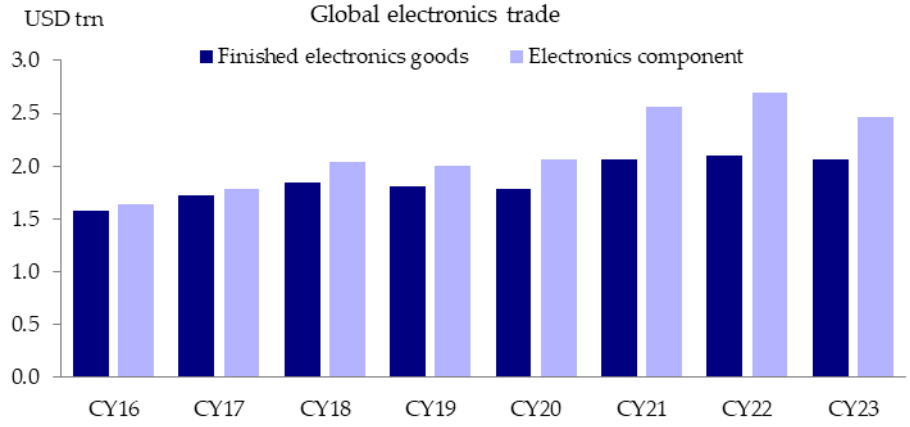
Particulars	USD bn
Non-SMT grade and other components	**370-400**
Low tech passives	20-25
PCB < 8 layers	30-35
Antennas	5-10
Electromechanical components (e.g., connector, switch, sensors, actuators)	115-125
Other components (egg, wire harness, cables, battery circuits, keypads, USB, other components)	200-210
SMT Grade	**275-310**
SMT grade passives (e.g., ceramic capacitors)	30-35
Complex sensors	15-20
Transistors	70-75
Antennas	10-15
8+ layer PCBs	45-50
Other IC chips	95-100
Display	**120-130**
Other	**160-180**
Other components	80-90
Camera components	30-35
Li-ion battery cells	50-55
Active SMT grade	**510-530**
Microprocessor	235-400
Memory	165-170
Storage	50-55
Power electronics, MOSFET/JFET and RF Power (5G)	60-65
Mechanical and composites	**400**
Total	**1,835-1,950**

Source: Niti Aayog, HSIE research

China – the undisputable leader in global electronics trade

Electronics items hold a major share in global exports, with the worldwide trade, often referred to as the Global Value Chain (GVC), estimated at a massive USD 4.5trn for electronics in CY23 (USD 2trn for finished electronics and USD 2.5trn for electronics components). China leads these global electronics exports with 30% share in finished electronics and 18% share in electronics components, followed by EU (9% and 6%), USA (7% and 5%), Vietnam (6% and 5%), respectively. In stark contrast, India's share in this GVC remains very small, at less than 1%.

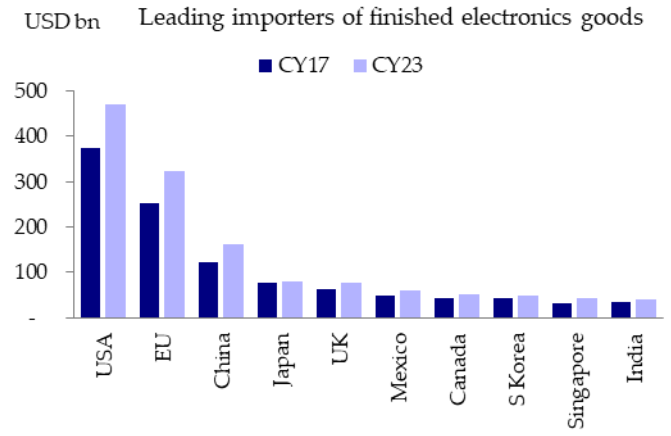
Global electronics goods trade trend



Source: Global electronics association, HSIE Research

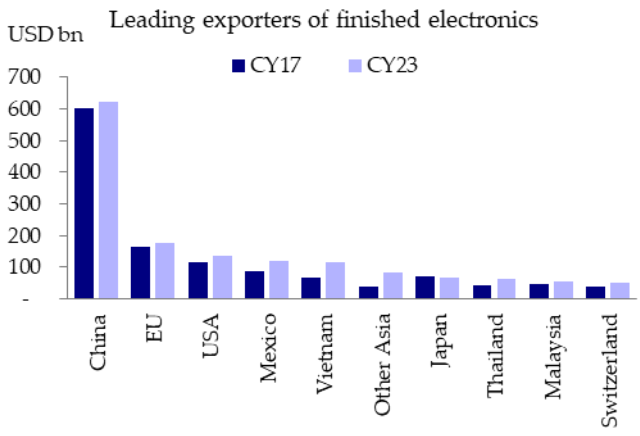
China serves as both the engine and the central hub of global electronics trade. It ranks as the largest importer of electronics inputs and the top supplier of finished electronics products. In CY23, it exported ~USD 1,100bn in electronics goods (USD 620bn in finished products and USD 440bn in components), while importing ~USD 800bn in electronics-related items (USD 630bn in components and ~USD 163bn in finished products). No other country matches this scale in linking upstream components to downstream production.

US and EU are the largest importer of finished electronic goods



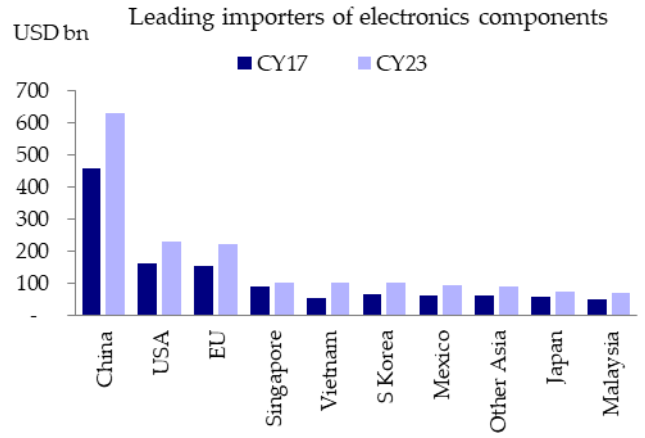
Source: Global electronic association, HSIE Research

China dominates the finished electronics exports



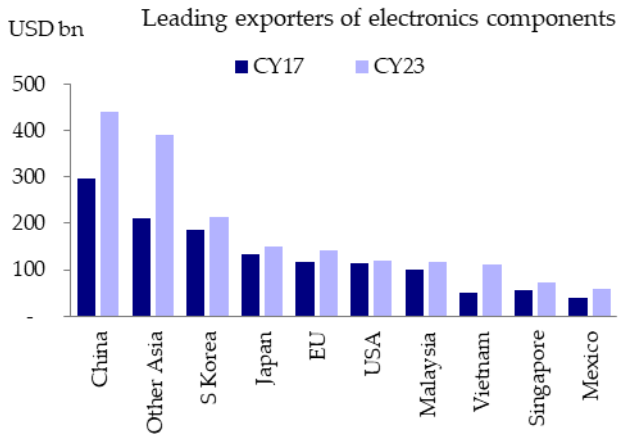
Source: Global electronic association, HSIE Research

China import largest electronic components owing to growing needs for electronics production



Source: Global electronic association, HSIE Research

Asian countries are global hub of electronic components manufacturing



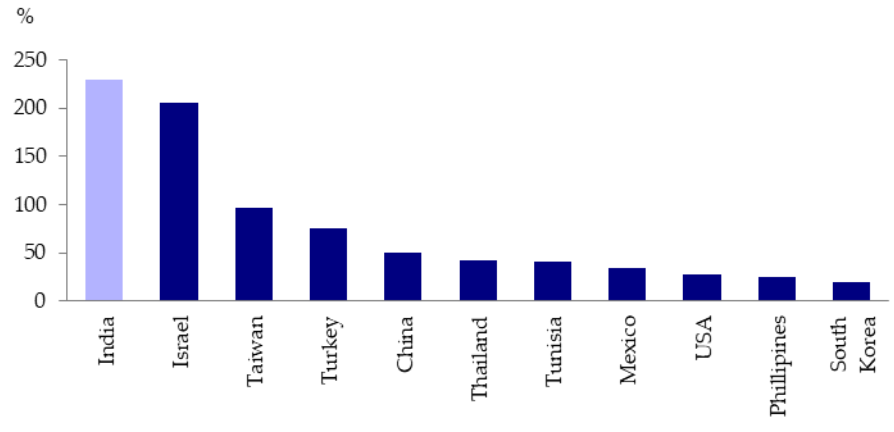
Source: Global electronic association, HSIE Research

Global electronics supply chains dynamics are changing, though China's dominance in components remains firm.

Post-COVID, countries worldwide have pursued supply chain diversification to reduce reliance on China. This has led nations like Vietnam, India, and Taiwan to absorb production previously based in China—though they remain heavily dependent on Chinese inputs.

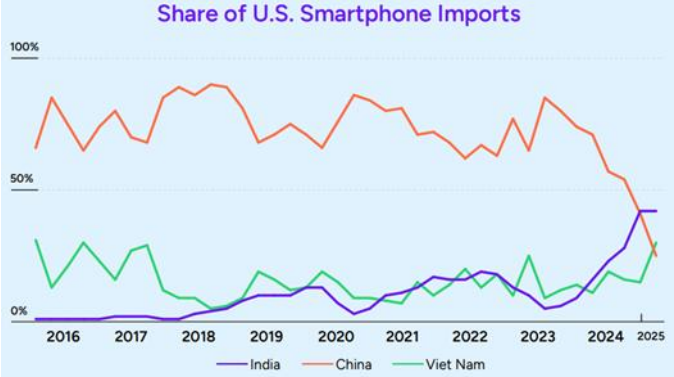
The US and the EU, the world's two largest electronics markets, have seen major shifts in sourcing. In CY24-25, the US electronics trade underwent rapid realignment. Long-established sourcing patterns shifted dramatically, propelled by escalating tariffs, industrial policy incentives, and strategic supply chain recalibration. China's share of US imports declined sharply, signaling a broader reconfiguration. US buyers diversified away from China, with India and Vietnam emerging as key beneficiaries.

India is fastest-growing EU electronics suppliers with 229% growth over CY17-23



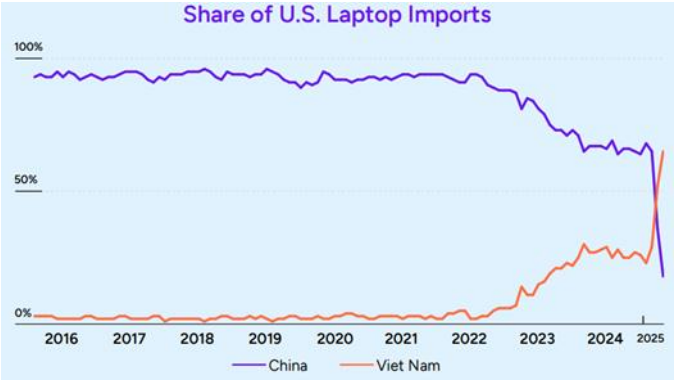
Source: Global electronic association, HSIE Research

India has surpassed China and Vietnam in smartphone exports to the US, driven by iPhone production shift



Source: Global electronic association, HSIE Research

Vietnam emerging as the largest exporter of laptops to the US



Source: Global electronic association, HSIE Research

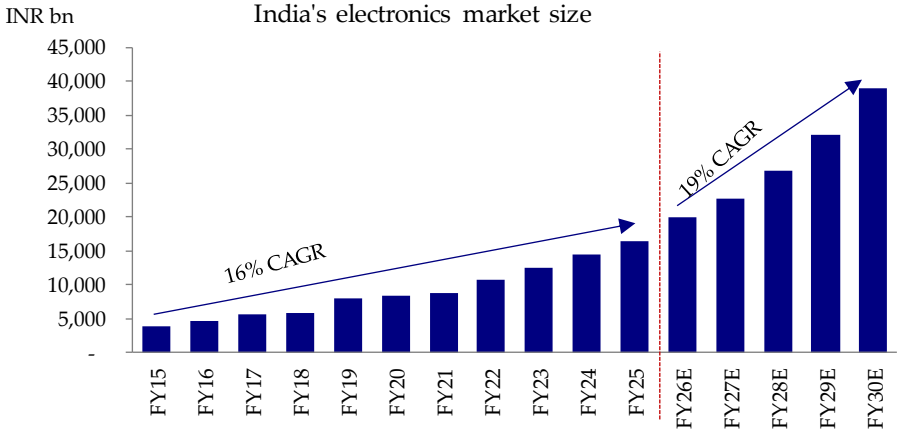
India's electronics industry

A rising electronics market

India has long been seen as having immense potential in electronics manufacturing, owing to its vast population, low labor costs, and rising domestic demand—making it an appealing destination for global firms that are diversifying away from China. Yet, its limited integration into the global value chain (GVC) has constrained growth. ~70% of international trade and 80% of global electronics exports stem from GVC-linked activities, underscoring India's need for deeper participation to strengthen its sector. The scale and export prowess of other leading nations highlight their competitive edge in this massive market.

India's electronics market size has shown healthy growth of 16% CAGR over the past 10 years, from INR 3.8trn in FY15 to reach INR 16.3trn in FY25, with expectation to grow more than 2x to INR 39trn by FY30E at a 19% CAGR over FY25-30E.

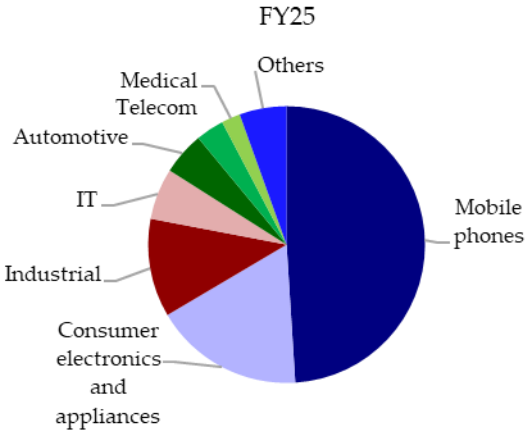
India's electronics market size has grown 3x in past 10 years at a 16% CAGR



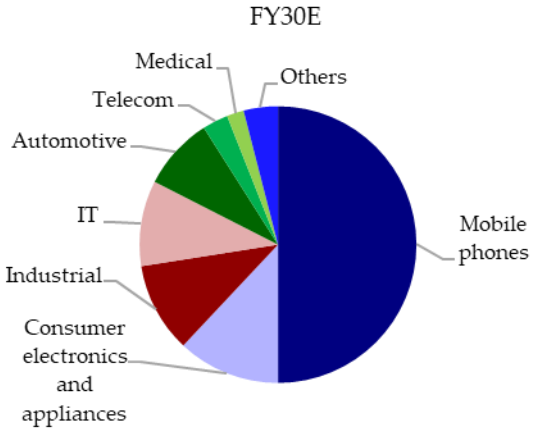
Source: Ministry of electronics and IT, Amber enterprises placement document, HSIE Research

India's electronics market is dominant by mobile phone segment which accounts ~49% of total electronics consumption, followed by consumer electronics and appliances at 18%, industrial at 12%, IT at 6%, automotive at 5%, telecom at 3%, medical at 2% and balance 6% by other segments in FY25.

Mobile phones will continue dominating electronics consumption at ~50% share, with IT and auto gaining ground while consumer electronics and appliances lose share



Source: Amber Enterprises placement document, HSIE Research



Source: Amber Enterprises placement document, HSIE Research

The rise of electronics production in India

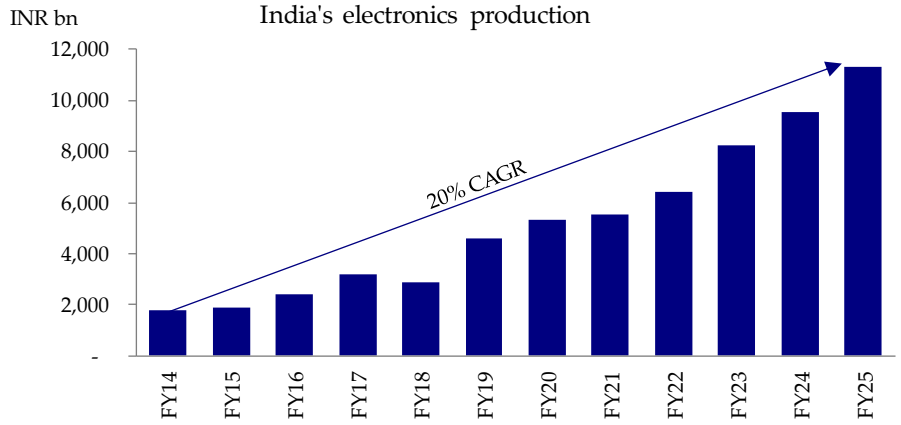
In the past couple of years, the nation's potential has started to emerge. The domestic electronics manufacturing industry has witnessed robust growth, underpinned by the strategic government push to position India as a global manufacturing hub. The domestic production of electronic goods has increased substantially over the past 10 years, expanded 6x, from INR 1.9trn in FY15 to INR 11.3trn in FY25, rendering a 20% CAGR. This growth trajectory was led by a combination of factors, including a large and growing domestic market, rising disposable incomes, increasing export opportunities due to global geopolitical opportunities and favorable government policies including production linked incentives (PLI). Additionally, these reforms have attracted notable foreign investments in smartphone and semi-conductor manufacturing.

This immersive growth was predominantly driven by a sharp surge in mobile phone manufacturing, which scaled 29x over the same period, from INR 0.2trn in FY15 to reach INR 5.5trn production in FY25 (~40% CAGR). Consequently, the share of mobile phone manufacturing in total electronics production has risen substantially from 10% in FY15 to 48% in FY25, underscoring the dominant role in the industry's expansion.

India's electronics production extends beyond smartphones to key categories: consumer electronics (~11% share in FY24 share), industrial electronics (11% share), electronic equipment (9% share), automotive electronics (7% share), and others including strategic, IT hardware, lighting, telecom, wearables, and hearables. So, excluding mobile phones, domestic production of electronic goods grew at 13% CAGR over FY15-25 to INR 5.8trn.

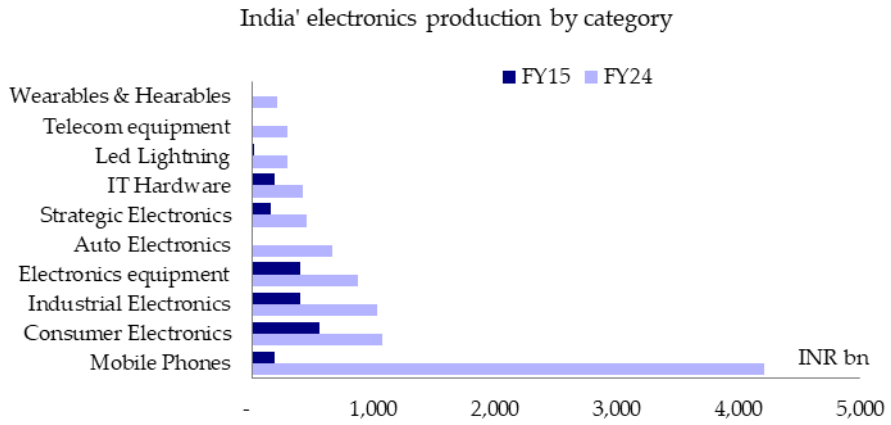
The Indian government has set an ambitious target of achieving USD 500bn (around INR 45trn) in electronics production by FY30 under its electronics vision. This goal comprises USD 350bn from finished goods and USD 150bn from components.

India's electronics production has grown 6x in the past 10 years at 20% CAGR



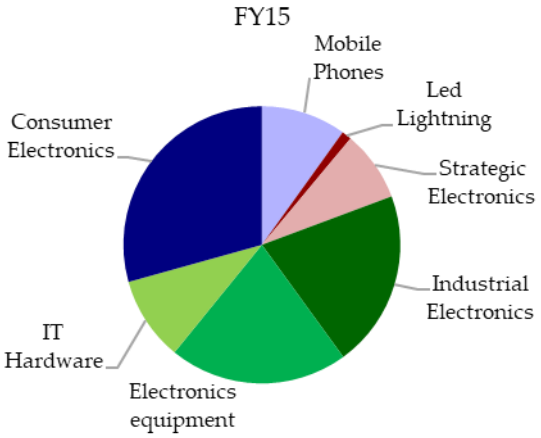
Source: Ministry of Electronics and IT, HSIE Research

Mobile phone contributes the highest in India's electronic production

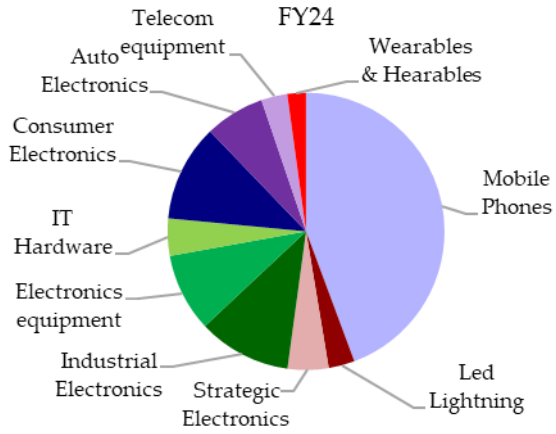


Source: Ministry of Electronics and IT, HSIE Research

Mobile phone share in total electronics production has increased substantially over FY15-24, while the shares of industrial, electronics equipment, and consumer electronics have decreased

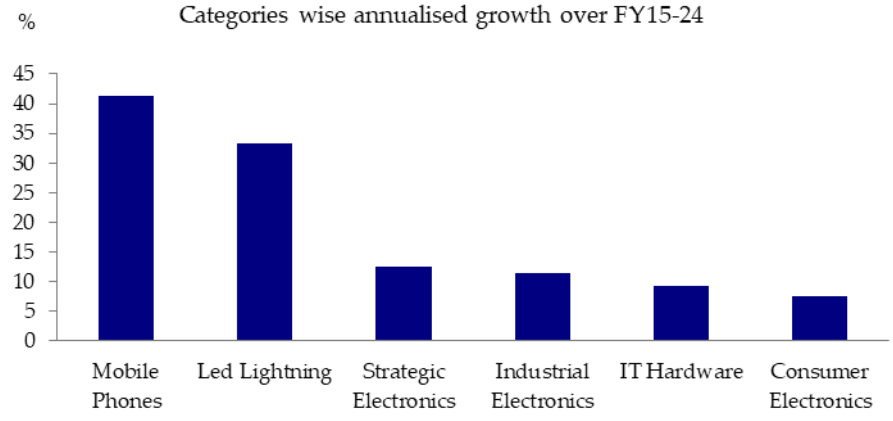


Source: Ministry of Electronics and IT, HSIE Research



Source: Ministry of Electronics and IT, HSIE Research

Mobile phone remains highest-growing segment among all electronic categories



Source: Ministry of Electronics and IT, HSIE Research

Catalysts behind these robust expansions

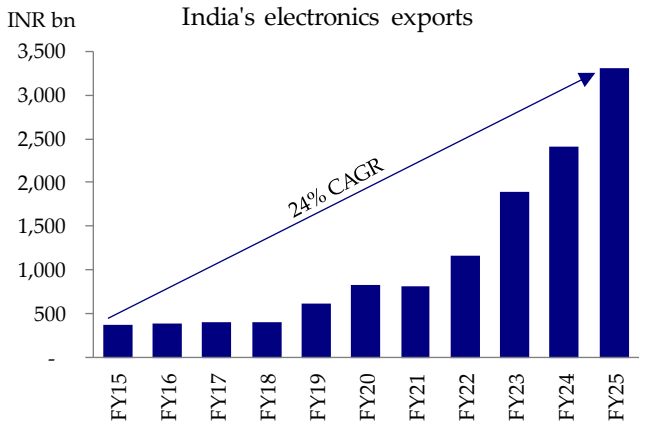
India's policy initiatives—"Make in India," "Digital India," and PLI schemes targeting large-scale electronics, mobile phones, white goods, IT hardware, telecom, and networking—have significantly boosted domestic production. The Electronic Component Manufacturing Scheme, announced in April 2025, promotes local value addition and reduces import reliance for key components like PCBs, camera modules, and display modules. The India Semiconductor Mission (ISM) fosters a robust domestic semiconductor and display ecosystem, while positioning India as a global manufacturing and design hub. FAME II incentivizes auto electronics to advance electrification. Collectively, these measures create an ecosystem integrating electronics value chains to drive growth in mobiles, consumer electronics, telecom, IT hardware, and auto electronics, and establish India as an emerging global electronics powerhouse.

India's electronics export boom: Driving trade growth

India's electronics exports have shown strong growth in the past decade. Electronics have emerged as India's third-largest and fastest growing export category in FY25, rising from the seventh position in FY22. In the first nine months of the year (9MFY26), electronics exports stood at USD 35.2bn, maintaining a strong growth momentum and placing the sector on course to become the country's second-largest exported item. Electronic goods exports grew nine-fold from INR 0.4trn in FY15 to INR 3.3trn in FY25, achieving a robust 24% CAGR. This surge was largely fueled by smartphones, which expanded over 127x from INR 15bn in FY15 to INR 2,000bn in FY25, led by iPhone exports. Mobile phones now represent over 60% of total electronics exports, underscoring India's rising prominence in global mobile manufacturing.

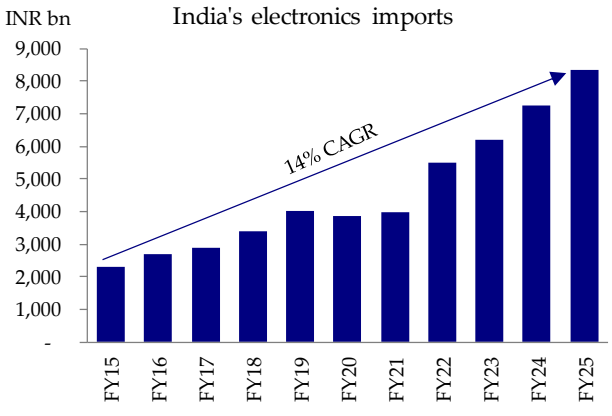
However, India's robust growth in electronics production and exports has also driven a surge in imports, mainly due to components needed for domestic manufacturing—which India largely imports due to lack of capability, infrastructure, and technology to manufacture these domestically. Total electronics imports surged 4x in the last 10 years, reaching INR 8.4trn in FY25, up from INR 2.3trn in FY15, reflecting a 14% CAGR over the period. Imported electronic components made up ~37% of total electronics imports and 28% of domestic production in FY25, underscoring ongoing dependence on other nations for key inputs.

India's electronics exports have registered healthy 24% CAGR over the FY15-25



Source: Trade Statistics – Government of India, HSIE Research

…while imports have also surged registered 14% CAGR over the period



Source: Trade Statistics – Government of India, HSIE Research

Global EMS industry

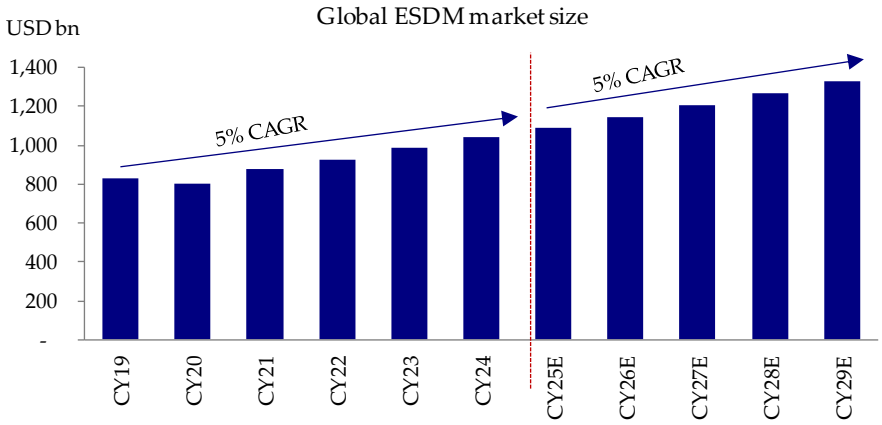
A global powerhouse led by China

The global electronics service and design manufacturing (ESDM) market was estimated at USD 832bn in CY19 and reached USD 1,038bn in CY24, growing at a 4.5% CAGR. It is further expected to reach USD 1,330bn in CY29E, growing at a 5% CAGR over the CY24-29E.

The market includes electronic design and engineering, electronics assembly, and electronics manufacturing services. As of CY24, electronic design and engineering stood at USD 121bn (12% share), electronics assembly (58% share), electronics manufacturing services (25% share) and balance 5% by other electronics services.

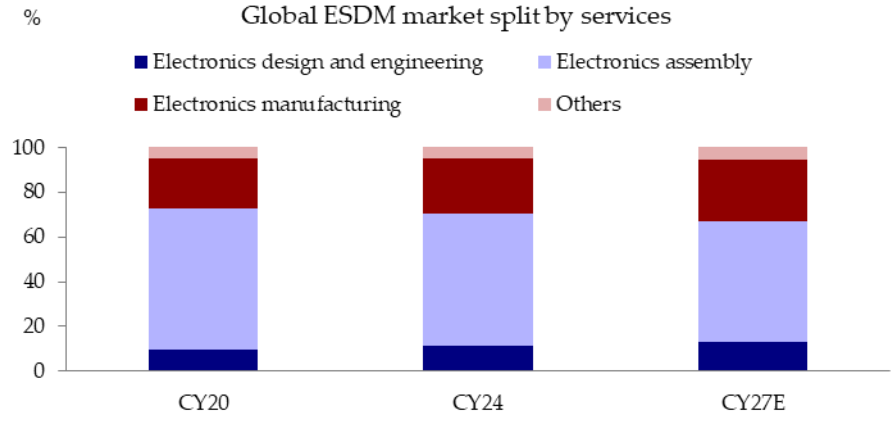
China continues to dominate the global electronics manufacturing landscape, supported by cost advantages and strong technological capabilities. Growth is further accelerated by megatrends such as digitalization, IoT adoption, and rapid urbanization. The region benefits from operational efficiencies, abundant skilled talent, world-class infrastructure, and proximity to major end-user markets, making it a high-growth hub. However, post-COVID19, several global manufacturers have begun adopting a 'China+1' strategy to diversify supply chains. This shift is opening up significant investment opportunities in alternative manufacturing destinations such as Vietnam, India, and the Philippines.

Global EMS market to grow 5% CAGR over the CY24-29E



Source: PG Electroplast placement document, HSIE Research

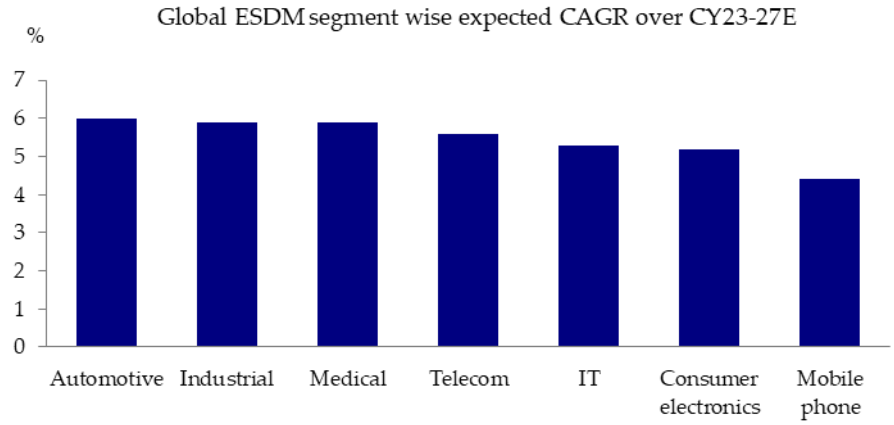
Electronics assembly accounts for a major share in global ESDM industry



Source: Kaynes Technology placement document, HSIE Research

Mobile and consumer electronics remain dominant, especially in contract manufacturing. Automotive, industrial, and healthcare sectors are emerging as fast-growing verticals due to industrial automation and EV technology adoption. IT, telecom, and power segments reflect infrastructure investment and smart energy transitions. Aerospace/defense remains specialized with high complexity requirements. ESDM companies have also benefited from rising consumer spending and technological improvements. Rising demand for smart solutions will fuel future growth.

Globally, the automotive, industrial, and medical segments are expected to register the fastest growth among ESDM segments over CY23–27E



Source: Kaynes Technology placement document, HSIE Research

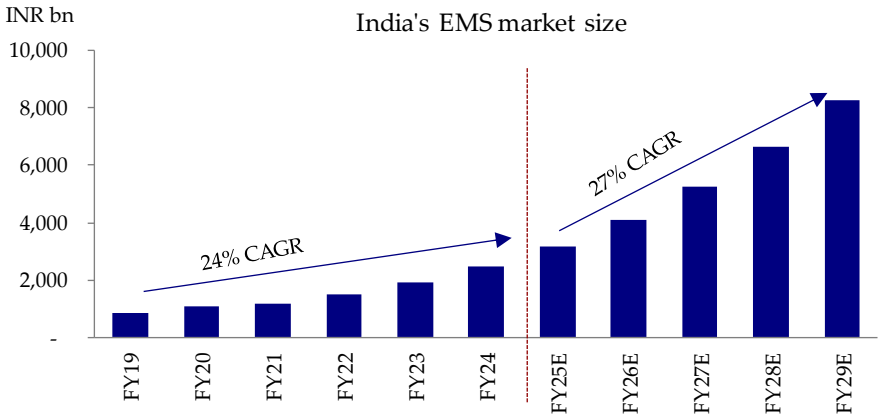
India's EMS industry

Aims for next global electronics powerhouse

EMS market in India was valued at INR 2.5trn in FY24 (~26% of domestic electronics production) and is expected to grow at a 27% CAGR to reach a value of INR 8.2trn in FY29. Indian EMS industry is part of the larger electronics ecosystem of the country. The Indian EMS market comprises various tiers of companies, including global EMS companies with operations in India and large, midsized, and small Indian EMS companies.

The expansion of India's EMS industry is being fueled by a variety of factors. Significant reasons driving the growth are rising labor costs in other parts of the world and a trend among large OEMs to outsource manufacturing rather than invest in their own infrastructure. Due to the size, complexity, and high level of competition in the Indian market, OEMs are focusing more on marketing and aftermarket activities, leaving the production to contract manufacturers.

India's EMS market is expected to grow 27% CAGR over FY24-29E



Source: PG Electroplast placement document, HSIE Research

Mobile phones, consumer electronics, telecom and industrial electronics contribute to more than 84% of the total EMS market in India in FY24. Few EMS providers are slowly evolving to offer complete design services apart from contract manufacturing. This acts as a win-win situation for both EMS players as well as OEMs; EMS players obtain higher margins through this model, and OEMs benefit by outsourcing manufacturing and design activities, enabling them to focus on other activities. High volumes will influence EMS companies to establish the component ecosystem locally and enhance domestic capabilities for component sourcing, making the ecosystem stronger.

Mobile phones contribute the highest share in Indian EMS market

CAGR FY24-29E

Mobile phones: 25.3%

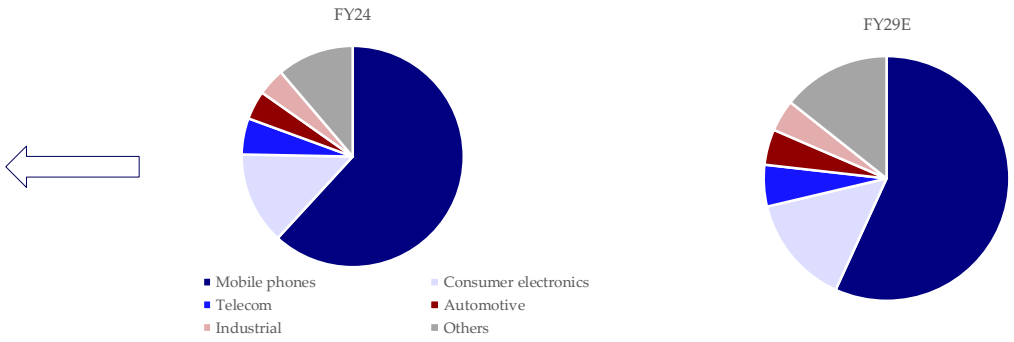
Consumer 29.2%

Telecom 28.3%

Automotive 30.3%

Industrial 28.6%

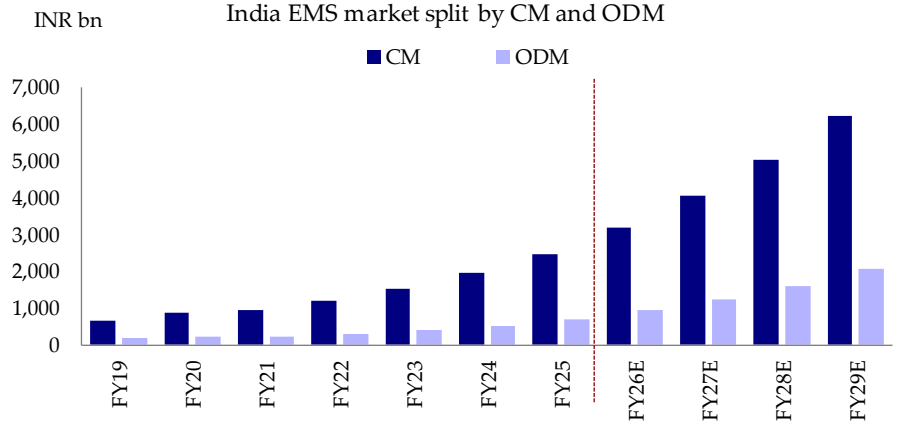
Others 33.8%



Source: PG Electroplast placement document, HSIE Research

In the total EMS market, contract manufacturing (CM) accounts for 79%, while original design manufacturing (ODM) accounts for the remaining 21% in FY24. As reference designs and specifications are provided primarily by the OEMs to EMS providers, there is not much scope for product differentiation. In the Indian industry landscape, there is a dependency on ODMs primarily to manufacture the entry-level products. These products have low differentiation, and the main features for ODMs end up being their quality, cost, and delivery. EMS companies are steadily shifting toward ODM models, providing full turnkey solutions for items from design, product development to reverse logistics. Also, due to increased competition, EMS companies are striving to diversify their product offerings. EMS providers have the expertise to procure and manufacture at faster turnaround times. In the ODM industry, innovation is critical to success. While cost reduction remains the major driver of EMS outsourcing, other factors such as improved design skills have contributed to ODM capabilities.

Contract manufacturing holds the majority share in India's EMS segment



Source: PG Electroplast placement document, HSIE Research

EMS market is also segmented into B2B and B2C segments. Mobile phones and consumer electronics and appliances, which are high volume are entirely B2C, whereas segments such as automotive, aerospace and defense, industrial and telecom fall under the purview of the pure-play B2B segment. In India, the B2C market was valued at INR 1,951bn in FY24 and is expected to maintain its dominance, reaching INR 6,282bn in FY29, while the B2B market is far behind. In FY24, the B2B market was valued at INR 519bn, and it is expected to grow to INR 2,004bn by FY29.

India's presence across the EMS ecosystem

In electronics manufacturing, there are mainly three stages of expansion in the overall electronics value chain. The first is assembly and box-building process including PCBA, second stage is sub-assemblies of components like display module assembly and camera module assembly and third and last stage is component manufacturing. India has a significant presence and capabilities of assemblers/EMS and OEMs in the electronics value chain. Assembly/EMS companies in India include players like Dixon, Amber, Syrma SGS, Kaynes Technology, Foxconn, Pegatron, and Tata Electronics. India currently mainly does only assembly and box-building work, with limited presence in manufacturing of low-complexity components like USB cables, battery chargers, and packs. Most of the high-tech components India continues to import. However, with government policies like ECMS and entry of global electronics manufacturers such as Apple, Foxconn, Micron Technology, and Kunshan Q-Tech, the India EMS space is expected to drive sub-assemblies as well as component manufacturing in India. So, there is an ample opportunity for the country to establish itself as a key player in the electronics global value chain, spanning from designing to component manufacturing and assembly.

India's presence across electronics value chain

Value chain	Description	India's current footprints
Design players/ODM	• Strong design and prototype capabilities as the core business • Often sell their products to multiple clients, allowing them to market products under their brand	No major scaled player exist, attracting start-ups and scaled EMS.
Component makers	**Two models** • Build to print (B2P) manufactures components as per OEM's specs • Build to spec (B2S) co create design manufacturing with ODMs	Small presence in low complexity components. Key components manufacturing under planning stages.
Assemblers/EMS	• Manufacturing services comprising of assembly, testing and packaging • Provides contract manufacturing services to OEMs/ODMs	Assembly ecosystem is booming across segments.
Brand owner/OEM	• Core capabilities in product innovation, sales and marketing • Ownership over product IP, thus retains control on finished product	Presence of major global brands and home grown OEMs.

Source: Niti Aayog, HSIE Research

SEGMENT-WISE DEPTH OF INDIA'S STRENGTH ACROSS THE VALUE CHAIN OF THE ELECTRONICS SECTOR

Depth of India's Presence:		High	Medium	Low
Segment	**Products**	**Final assembly/ sub-assembly**	**Component manufacturing**	**Design**
Mobile	Smartphones	• Assembly for mobile has taken off; ~2 billion cumulative shipments between 2014 and 2022 • Sub-assembly: battery pack, charger largely localised; camera module, display assembly ~25% localisation	• Production of mechanical and composites (casing, cable and box content etc.) • E.g., Tata Electronics for iPhone casing (10%–15% Bill of Materials (BOM))	Minimal to no presence
Consumer electronics	TV	• Multiple EMS (e.g., Dixon, Amber)/OEMs (e.g., Samsung) undertake finished product assembly/sub-assembly • Display is the largest component sub-assembled in India for TVs	Open cells (~60% BOM) are primarily imported	Limited design capabilities with players like Dixon
	Air conditioners		Through-hole components, electro-mechanical components are manufactured	Home-grown OEMs such as Blue Star, Godrej Appliances have established some design and engineering capabilities
	Refrigerators			
IT hardware	Laptop	>80% of laptops consumed domestically are imported	Primarily import dependent	Minimal presence (VVDN Technologies, CDAC)
	Server			
Telecom	4G/5G RAN: baseband unit (incl. CU, DU), Antenna/ RRU, XPON FTTH, others	>40% of total imports are from China	Primarily import dependent	Ongoing design efforts by a consortium led by TCS
Automotive	Powertrain, body and convenience, connectivity	~65% import dependent, i.e., most OEMS import sub-assemblies	Low-tech components such as wire harnesses and connectors are manufactured (~10% BOM)	Leading home-grown OEMs such as Tata Motors and M&M have established product design and engineering capabilities, but have limited capabilities in electronics
Hearables and wearables	Smartwatch, headphones, wristband, glasses, ring,	Largely box assembly (No PCBA today) e.g., Dixon for boAt	Primarily import dependent	Minimal to no presence

Source: Niti Aayog

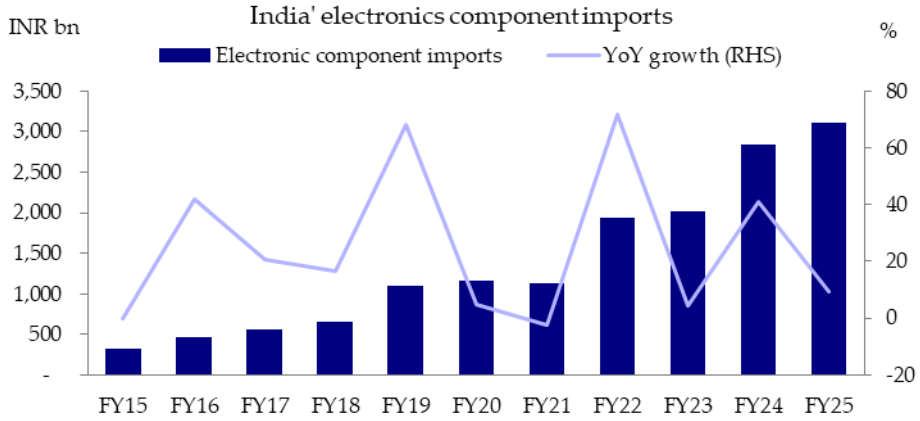
Source: Niti Aayog, HSIE Research

Electronics component manufacturing

Next growth driver for India's EMS sector

India's role in global electronics production has expanded steadily, though growth remains reliant on imported components. Electronic component imports reached INR 3.1trn in FY25, up from INR 0.3trn in FY15, a nine-fold surge at 25% CAGR. Large capacities in China and limited domestic capabilities have fueled heavy import dependence, with China including Hong Kong supplying 54% of India's electronic component imports in FY25.

Imports of electronics components surged substantially in 10 years at 25% CAGR



Source: Trade Statistics – Government of India, HSIE Research

To reduce import reliance, the government launched the Electronic Component Manufacturing Scheme (ECMS). Notified in April 2025 with an initial outlay of INR 229bn, later raised to INR 400bn in Feb-2026. It aims to foster a self-sustaining ecosystem for electronics component manufacturing. It focuses on drawing domestic and global investments across the value chain, boosting local value addition, and elevating India's position in global electronics trade.

The target segment categories under scheme includes:

Categories	Components covered
Sub-assemblies	Display modules, camera modules and optical transceivers (SFP)
Bare components	Multi-layer PCBs, non-SMD passive components, electro-mechanical components, Li-ion cells for digital applications, and enclosures for mobile/IT hardware.
Selected bare components	High-Density Interconnector (HDI)/MSAP/Flexible PCBs and Surface Mount Device (SMD) passive components.
Supply chain and materials	Aluminum extrusion, anode material, and laminates (copper clad).
Capital equipment	Capital goods used in electronics manufacturing, including their sub-assemblies and components.

Source: Ministry of Electronics and IT, HSIE Research

Snapshot of electronics component manufacturing scheme (ECMS)

Sr. No.	Target segments	Cumulative investment (INR bn)	Turnover linked incentive (%)	Capex incentive (%)
	Sub-assemblies			
1	Display module sub-assembly	2.5	4/4/3/2/2/1	NA
2	Camera module sub-assembly	2.5	5/4/4/3/2/2	NA
	Bare components			
3	Non-SMD passive components	0.5	8/7/7/6/5/4	NA
4	Electro-mechanicals	0.5	8/7/7/6/5/4	NA
5	Multi-layer PCB	0.5	6 layers or above 6/6/5/5/4/4 8 layers or above 10/8/7/6/5/5	NA
6	Li-ion cells for digital application (excluding storage and mobility)	5	6/6/5/5/4/4	NA
7	Enclosures for mobile, IT hardware products and related devices	5	7/6/5/4/4/3	NA
	Selected bare components			
8	HDI/MSAP/Flexible PCB	10	8/7/7/6/5/4	NA
9	SMD passive components	2.5	5/5/4/4/3/3	NA
	Target segments	**Minimum investment (INR bn)**	**Turnover linked incentive (%)**	**Capex incentive (%)**
	Supply chain ecosystem and capital equipment			
10	Supply chain of sub-assemblies (A) and bare components (B) and (C)	0.1	NA	25%
11	Capital goods used in electronics manufacturing including their sub-assemblies and components	0.1	NA	25%

Source: Ministry of Electronics and IT, HSIE Research

Coverage of India's electronics scheme across sectors

Scheme	Mobile	Consumer electronics	Telecom	IT hardware	Auto electronics
Semicon India program	✓	✓	✓	✓	✓
PLI for large scale electronics manufacturing	✓	✓	✓	✓	✓
PLI for automobile and auto components					✓
PLI for IT hardware 1.0 and 2.0				✓	
PLI for telecom and networking equipment			✓		
PLI for white goods		✓			
FAME II					✓
Promotion of manufacturing of electronic components and semiconductors (SPECS)	✓	✓	✓	✓	✓
Electronics cluster manufacturing (EMC) schemes I and II	✓	✓	✓	✓	✓
Electronics development fund (EDF)	✓	✓	✓	✓	✓

Source: Niti Aayog, HSIE Research

Mobile phone manufacturing

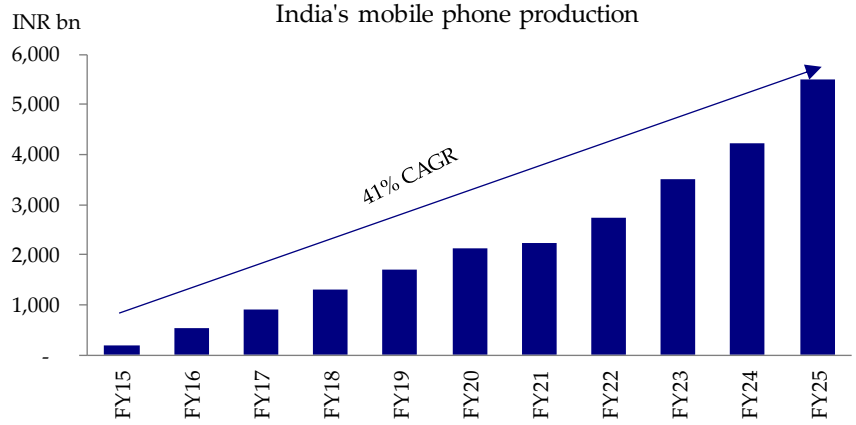
Superstar of India's electronics manufacturing

India's mobile phone manufacturing has emerged as a leading force in the nation's electronics industry. A decade ago, India was a net importer of mobile phones; today, it is the world's second-largest producer. The number of manufacturing units in the country has also grown from just 2 in 2014 to over 300, and local production has surged from 26% to 99%. Currently, ~99% of mobile phones sold in India now made locally, with imports of mobile phone (units), have reduced from 75% share in FY15 to just 0.02% in FY25.

India's domestic mobile phone production soared from INR 180bn in FY15 to INR 5,450bn in FY25, a remarkable 28x increase, reflecting a 41% CAGR for the period. This growth was fuelled by the Phased Manufacturing Programme in 2017 and accelerated with the 2020 PLI scheme, spurring large-scale electronics manufacturing. Subsequently, growing domestic demand and rising exports have maintained the momentum of domestic manufacturing.

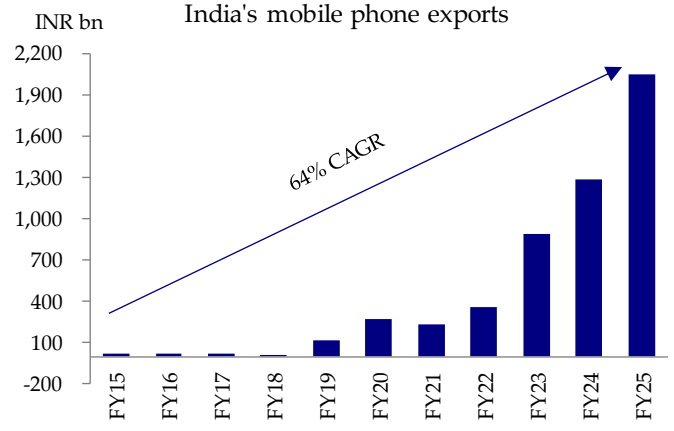
However, this growth was not limited to domestic consumption. India's mobile phone exports have also soared robustly, rising from INR 15bn in FY15 to reach more than INR 2,000bn in FY25, while imports have reduced drastically from INR 49bn in FY15 to INR 4bn in FY25. The exports took a major leap after Apple announcement of diversifying iPhone production to India and also started exports from India. Consequently, iPhone share in total mobile phone exports stood at more than 70%.

India's mobile production reached INR 5.5trn in FY25, at 41% CAGR over FY15-25



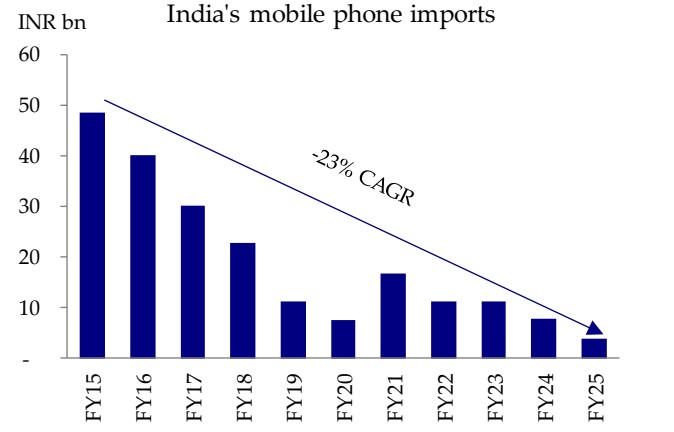
Source: Ministry of Electronics and IT, HSIE Research

India's mobile exports registered impressive 64% CAGR over FY15-25…



Source: Trade Statistics – Government of India, HSIE Research

…while imports declined drastically from INR 49bn in FY15 to INR 4bn in FY25



Source: Trade Statistics – Government of India, HSIE Research

India's smart phone market: massive market ruled by Chinese players

In FY25, India's domestic mobile phone demand has crossed 150mn units. Android devices captured over 90% of the volume market, led by Chinese and Korean brands. As of Q3 CY25, Vivo led with 18% share, followed by Oppo (14%), Samsung (13%), Realme (10%), Xiaomi (9%), Motorola (8%), and others. Apple, the sole non-Android and non-Chinese brand, commanded 10% share.

India's smartphones market top brands share in Q3CY25

Brands	Q3CY24 (%)	Q3CY25 (%)	YoY volume growth (%)
Vivo	16	18	20.7
OPPO	14	14	4.2
Samsung	12	13	6.3
Apple	9	10	25.6
Realme	12	10	-10.9
Xiaomi	11	9	-15.6
Motorola	6	8	52.4
Poco	6	4	-21.9
IQOO	4	3	-16.9
OnePlus	4	2	-30.5
Others	7	8	8.0
Total	**100**	**100**	**4.3**

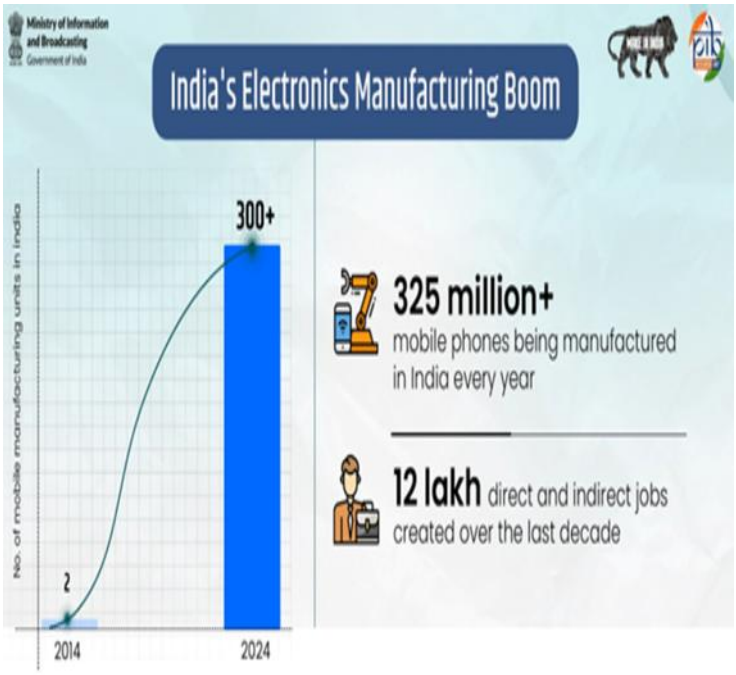
Source: IDC, HSIE Research

Phased Manufacturing Programme and PLI – the game changer for India's mobile phone manufacturing

The Phased Manufacturing Programme (PMP) has been notified in CY17 to promote domestic value addition in mobile phones and their sub-assemblies/parts manufacturing. This scheme aims to encourage large-scale production and create a strong local manufacturing ecosystem for mobile devices. As a result, India has rapidly started attracting investments into this sector and significant manufacturing capacities have been set up in the country. Mobile phone manufacturing has been steadily moving from Semi Knocked Down (SKD) to Completely Knocked Down (CKD) level, thereby progressively increasing the domestic value addition. SKD refers to a product partially assembled before shipping, while CKD means a product is shipped as individual components for final assembly at the destination.

To further boost domestic manufacturing and attract investment in mobile phones, Production Linked Incentive (PLI) scheme for large-scale electronics manufacturing was notified in April-2020. The scheme extends an incentive of 3% to 6% on incremental sales (over the base year) of goods manufactured in India and is covered under target segments viz. mobile phones and specified electronic components, to eligible companies, for a period of five years.

As a result, while India's domestic mobile production and exports had been rising steadily earlier, they have accelerated sharply since the introduction of the PLI scheme in 2020. Production and exports have grown 21% and 50% CAGR over FY20-25, while they have grown at a robust 26% and 79% CAGR over the FY22-25, driven by iPhone production in India and its exports to other countries. PLI has attracted many global companies to set up and expand their manufacturing presence in India. Companies like Apple (through Foxconn, Pegatron, and Tata Electronics) have shifted their major iPhone production to India.



Source: Ministry of IT and Electronics, HSIE Research

PLI scheme led to acceleration in exports, driven by iPhone

In FY25, India's mobile phone exports account for ~37% of total production. The mobile phone exports have seen a significant increase since FY23, largely due to Apple's decision to export iPhone from the country. In FY25, India's total mobile phone exports exceeded INR 2trn, with iPhones alone accounting for ~INR 1.5trn, representing about ~70-75% of the total share.

The rapid expansion of India's mobile exports—driven substantially by Apple's growing iPhone shipments—signals a pivotal shift in the sector. With future production growth becoming increasingly dependent on international markets, Indian mobile manufacturers now face the critical challenge of strengthening their competitiveness to effectively match the global industry leaders. To address this, the Indian government has implemented a suite of policies and schemes, key initiatives including the smartphone PLI scheme (however, smartphone PLI has ended on March-26), the component manufacturing scheme, and the semi-conductor mission to boost local sourcing, reduce production costs, and improve competitiveness. These strategic government interventions are vital for transforming India into a significant global manufacturing hub for mobile phones, moving beyond just assembly to a more integrated and self-reliant ecosystem.

Mobile phone EMS industry – what does India actually do?

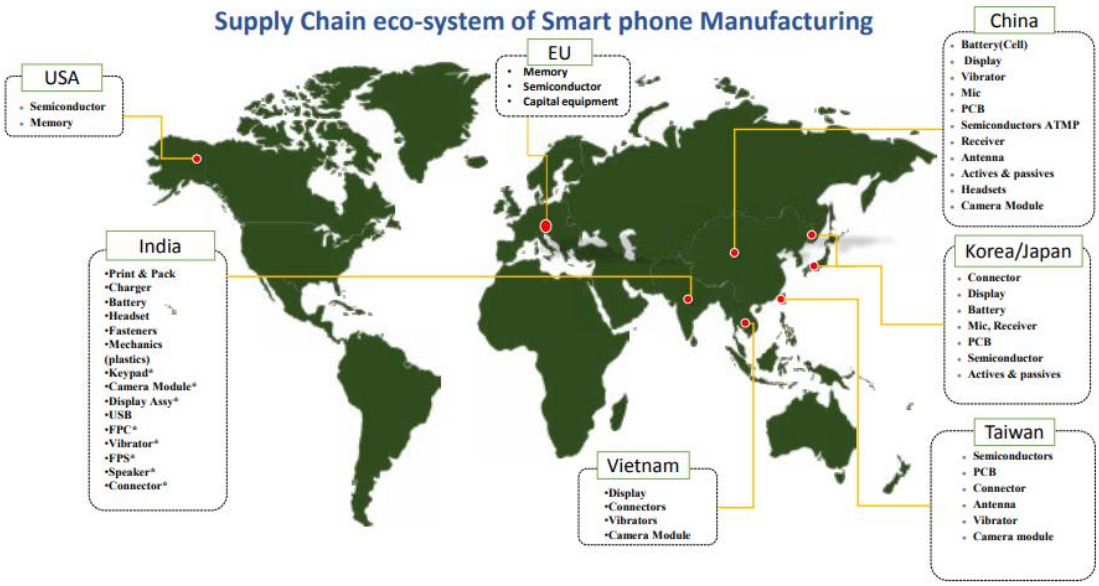
In 2025, India's mobile phone market reached ~150mn units, with Android devices accounting for 135mn. Several brands including Samsung, Xiaomi, and Vivo manufacture their phones in house, while others outsource production to Original Equipment Manufacturers such as Dixon Technologies, Tata Electronics, Bhagwati Products (Micromax), Karbonn, Foxconn, Longcheer, BYD, and others.

Currently, India's involvement in smartphone manufacturing is primarily in the assembly process. India has achieved significant localization of PCBA, battery packs, chargers, USB cable, while other components like camera modules and displays sub-assemblies have only achieved around 25% localization. This indicates that despite strong assembly capabilities, India still heavily relies on imported parts for smartphone manufacturing.

India has relatively achieved advanced capacity for producing mechanical and composite parts, such as phone casings, battery packs, chargers, and USB cables. For instance, Tata Electronics manufactures iPhone casings, achieving 10-15% BoM localization. However, the country still largely relies on imports for a major portion of high-tech components.

India currently undertakes minimal to no design work for smartphones. This highlights that while the country excels in assembly, it heavily relies on foreign companies for technology transfer, designs, intellectual property, and advanced manufacturing equipment. This dependence significantly limits the country's ability to achieve a truly "Made in India" smartphone manufacturing ecosystem.

While India manufactures some smart phone components, key components are still being imported



Source: ICEA, HSIE Research

Comparison between India and China for component localization in smartphones

	India (%)	China (%)
PCBA	96	100
Display assembly	25	75
Camera module	25	95
Mechanics	20	100
Battery pack	95	100
Charger adopter	95	100
Connectors	5	100
Die cut parts	15	100
Gift box	100	100
USB cable	80	100
Wired headset	60	100
Active	0	20
Passive	0	60
Memory and storage	0	20

Source: ICEA, HSIE Research

Semiconductor

Next star of India's electronics manufacturing?

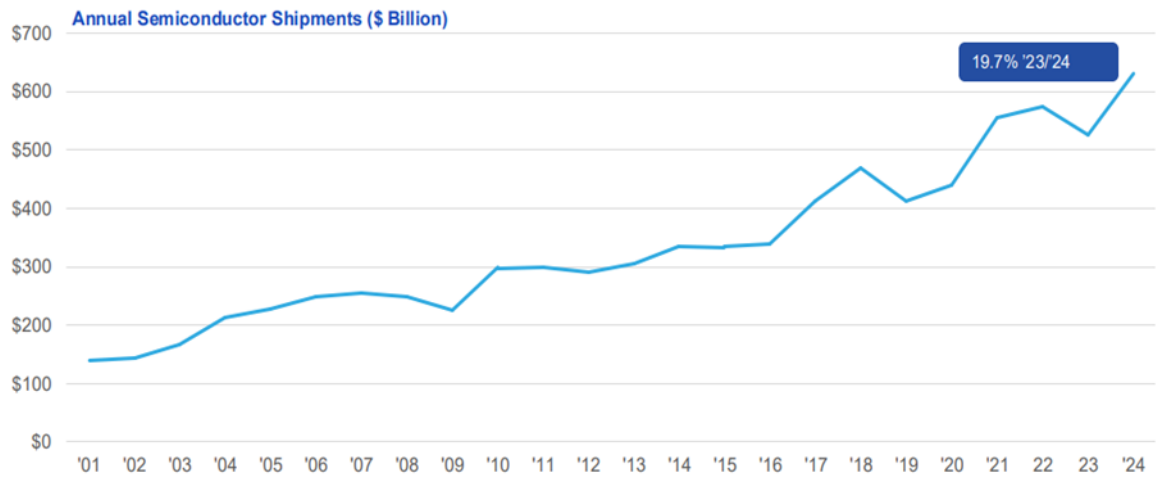
Semiconductors are the backbone of modern electronics, powering computers, mobile devices, telecommunications, automobiles, defense systems, and artificial intelligence. Semiconductors have become critical to the functioning of modern economies. As the world moves toward greater digitalization and automation, semiconductors have become integral to economic security and strategic independence. We can recall the acute shortage of chips that the world faced following the Covid-19 pandemic and the Ukraine-Russia war that affected the manufacturing of cars, mobile phones, and other electronics. Key growth drivers in the semiconductor sector include rapid digitization across industries, boosting demand for faster, more efficient, and smaller electronic components. Advanced chips are increasingly essential for processing and storing massive data volumes from digital platforms, smart devices, and interconnected infrastructure. The swift rise of artificial intelligence and machine learning—both at the edge and in cloud data centers—drives demand for high-performance, energy-efficient processors capable of real-time complex computations.

Global semi-conductor industry

The global semiconductor market has maintained a steady upward trajectory over the last quarter-century, growing from USD 130bn in CY01 to USD 792bn by CY25. This reflects a long-term 7% CAGR, though growth has accelerated to a more rapid 12% CAGR over the past five years. Driven by soaring demand for consumer electronics, IoT, the explosion of AI, and massive data center expansions, the industry is now on track to reach a historic USD 1trn valuation by CY26.

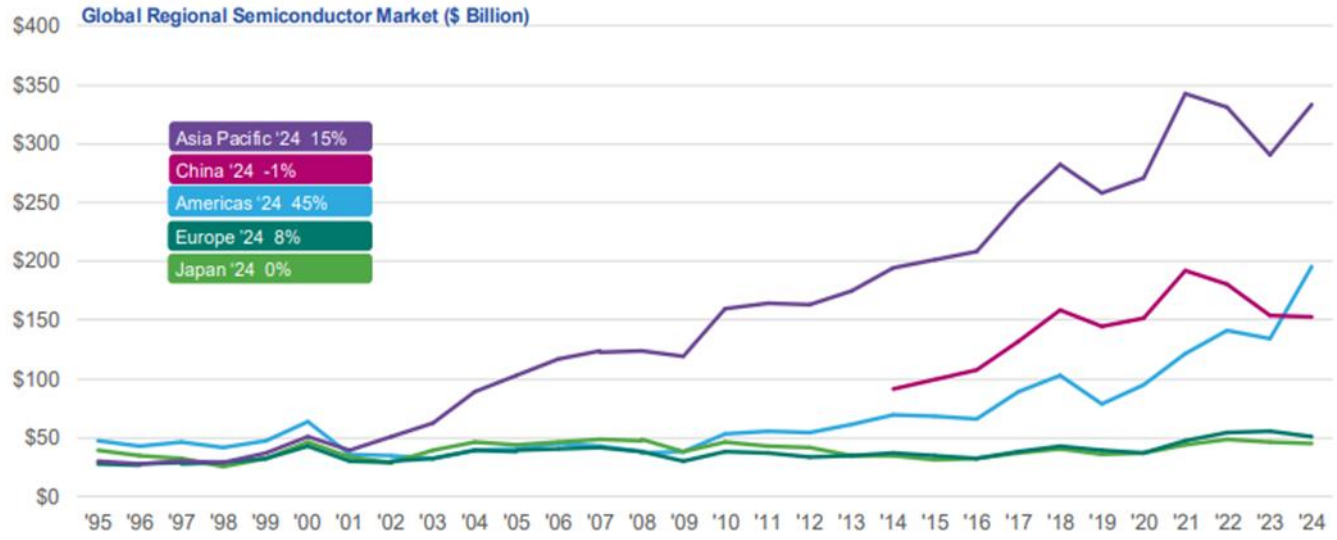
The Asia-Pacific region continues to lead the semiconductor industry, commanding over 50% of the market share in 2024. This dominance began in 2001, fueled by a global shift in electronics manufacturing to the region. The presence of a large EMS industry and massive electronics consumer market in China, Taiwan, Korea, Vietnam, Malaysia, Singapore and India is major region for concentration of semiconductor industry in this region. Since then, the market has expanded over eightfold, growing from USD 40bn to USD 333bn. China remains the region's primary driver, representing 46% of the Asia-Pacific market and 24% of global sales, despite a dip in shipments due to domestic export controls on high-value components and stronger growth in other regions.

The global semiconductor industry has grown at 7% CAGR over the past 25 years



Source: SIA – Semiconductor industry association, HSIE Research

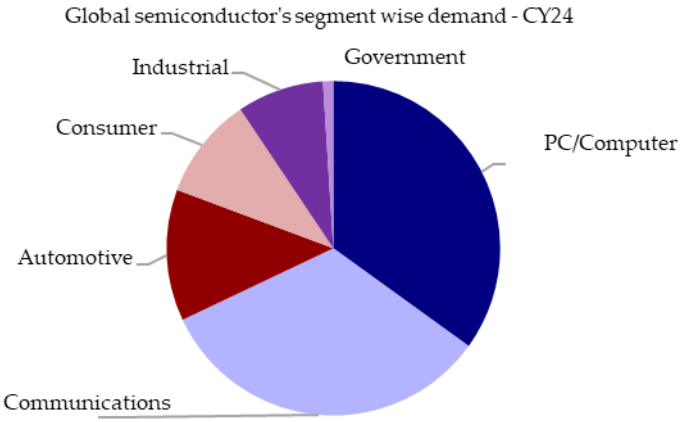
Asia Pacific dominates global semiconductor market led by China who holds ~24% global share



Source: SIA – Semiconductor industry association, HSIE Research

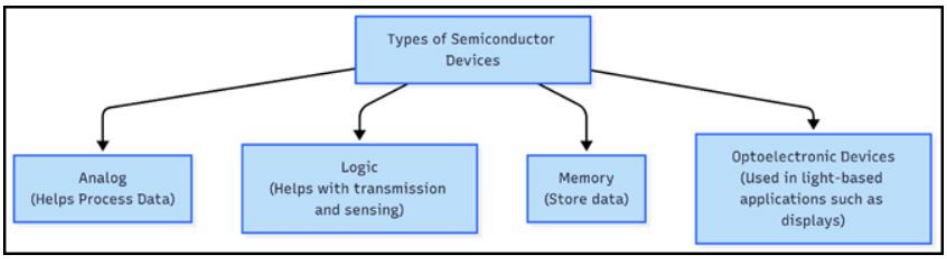
The global semiconductor market in CY24 stood at USD 630bn, with demand driven by PC/Computer (35%), Communication (33%), Automotive (13%), Consumer (10%), Industrial (8%), and Government (1%). The vast majority of semiconductor demand is led by products ultimately purchased by consumers, such as laptops, smartphones, automobiles, and more. Increasingly, consumer demand is more in emerging markets including those in Asia, Latin America, Eastern Europe, and Africa.

Majority of global semiconductor demand generates from PC/computer and communications segment

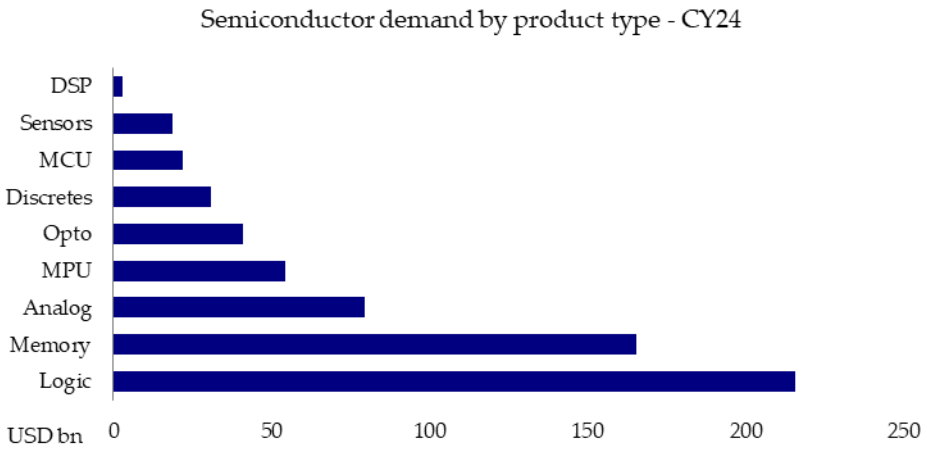


Source: SIA – Semiconductor industry association, HSIE Research

Semiconductor technology has rapidly evolved as the industry develops more advanced products and process technologies for applications in end-use industries. The largest segments of the worldwide semiconductor industry in CY24 were Logic (USD 216bn), Memory (USD 166bn), Analog (USD 80bn), and MPU (USD 54bn), and together these products accounted for ~80% of total semiconductor industry sales. This was followed by Opto (USD 41bn), Discretes (USD 31bn), MCU (USD 22bn), Sensors (USD 19bn), and DSP (USD 3bn).



Logic, Memory, Analog and MPU together account for 80% of the total semiconductor market



Source: SIA – Semiconductor industry association, HSIE Research

US dominates the global semiconductor market, driven by high R&D spending

Regional share of semiconductor shipments by company shows that in CY24, the US companies dominated the semiconductor industry with a 50.4% market share, followed by Korea (21.1%), Europe (9.2%), Japan (8.2%), Taiwan (6.5%), and China (4.5%). The American dominance is primarily due to the country's high investment in research and development. The US semiconductor industry's R&D spending as a percentage of sales stands at 18%, which is higher than any other country's semiconductor industry, followed by Korea (12%), Taiwan (12%), Europe (11%), China (9%), and Japan (6%).

Semiconductor value chain

While semiconductor value chain generally involves only three main stages – design, fabrication and assembly, and testing – the processes are very complex and capital intensive. The semiconductor lifecycle is a highly integrated process beginning with design, where architects utilize Electronic Design Automation (EDA) tools to map complex logic gates and physical layouts onto a digital blueprint. This design is transitioned to the fabrication stage, a capital-intensive phase conducted in specialized "fabs" where photolithography, etching, and chemical vapor deposition are used to print billions of microscopic transistors onto silicon wafers. Finally, the process concludes with Assembly, Testing, and Packaging (ATP), during which the wafer is diced into individual units, encapsulated in protective housing, and subjected to rigorous electrical validation to ensure the final product meets performance specifications before market deployment.

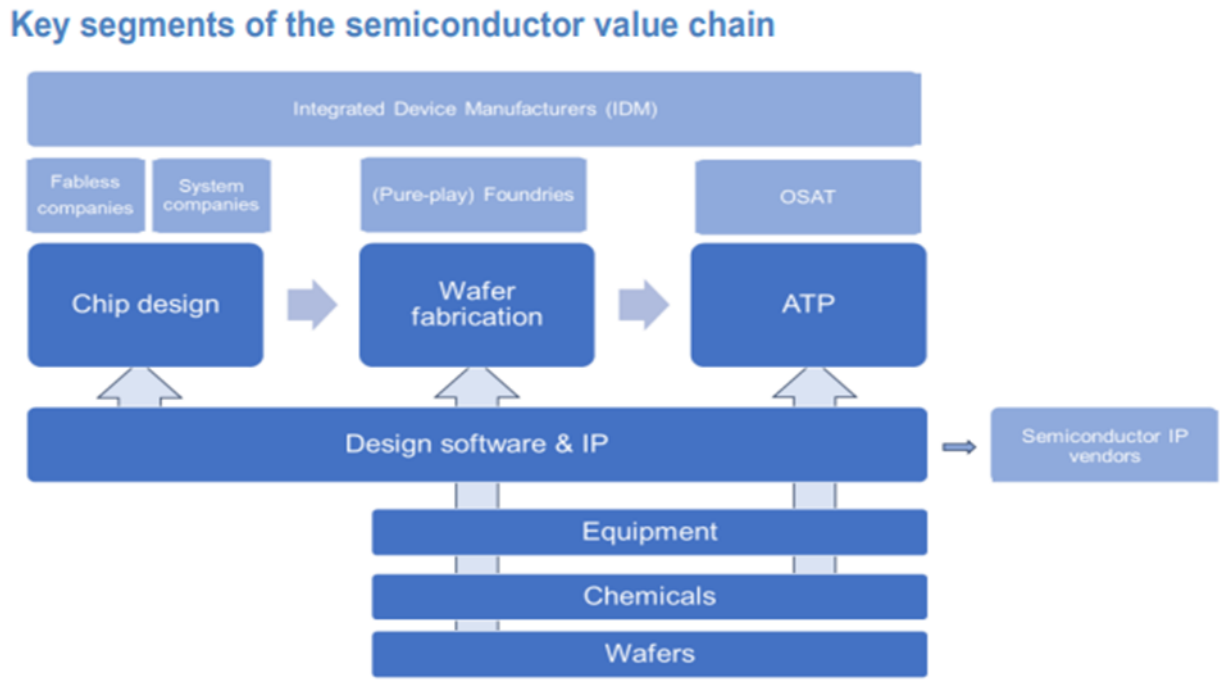
Type of companies involved in semiconductor manufacturing

Integrated device manufacturers (IDMs): These are companies that involve in all key stages of semiconductor manufacturing i.e. in-house design, production and sometimes assembly and packaging too. Intel, Samsung, Micron Technology, Infineon, ST Microelectronics, Renesas, SK Hynix and Texas Instruments are leading IDMs globally.

Foundries: Meanwhile, many semiconductor design firms (such as AMD, NVIDIA, and Qualcomm) are "fabless," meaning they have no production capability, but outsource production to "Foundries" such as TSMC or Global Foundries.

Outsourced Semiconductor Assembly and Test (OSAT): OSAT companies that provide only final stage service i.e. packaging, assembly, and testing—for integrated circuits after wafer fabrication process completes. Global notable OSAT companies are ASE Technology Holding (Taiwan), Amkor Technology (USA), and JCET Group (China).

A semiconductor value chain includes chip designing, wafer fabrication, and assembly and testing (ATP)



Source: OECD report on semiconductor value chain, HSIE Research

Global semiconductor supply chain dynamics

The semiconductor industry possesses a diversified ecosystem. The US is a leader in knowledge-intensive activities within the semiconductor value chain, such as chip design, electronic design automation, semiconductor manufacturing equipment and core intellectual property. Conversely, north-east Asia, viz. the countries of China, Taiwan, South Korea, and Japan, house 75% of the global semiconductor manufacturing capacity. Taiwan and South Korea, bolstered by long-established industrial policies, robust infrastructure, and highly skilled workforces, specialize in advanced manufacturing. They collectively hold the entirety of global fabrication capacity in 7nm and 5nm processing nodes. Taiwan produces over 60% of the world's semiconductors, including ~90% of the most advanced ones. China on the other hand dominates the relatively less-skilled intensive and capital-intensive back-end manufacturing activities, commanding the largest global market share in assembly, packaging and testing, followed by Taiwan and Malaysia.

China semi-con industry

China industrial policy has focused on semiconductor since the late 1960s; however, yielding limited success due to over-investment and excess state controls. The aggressive state funding for the semiconductor industry includes a range of other incentives and assistance in acquiring global firms in various areas, which is creating a threat for the rest of the world. China has made success in specific areas of semi-con development such as legacy chips (>28nm technology) and created a vast pool of semiconductor design firms (estimated at over 3,300 firms) and wealth of intellectual property.

However, China struggles in advanced nodes due to lack of success in mature technology, overdependence on western nations for advanced tools, technology, materials and research.

Companies based in the US, Germany, Japan, South Korea, Taiwan, and the UK continue to be front-runners in semiconductor innovation due to their continuous investment in R&D and hiring potential talents. However, supportive Chinese government policies will lead to Chinese companies gaining market share from leading global firms. In semiconductor design, the cost of mask making sets for testing and manufacturing the newly-designed chips is a huge cost, which works as a barrier for the design ecosystem to grow. Chinese government has offered subsidies to manufacture these mask sets by providing up to 80% capex support for the design firms.

Countries worldwide are developing their own domestic semicon ecosystem

The COVID-19 pandemic, the Russia-Ukraine war, and surging demand from AI/data centres have triggered supply chain disruptions and a global semiconductor shortage. Taiwan produces more than 60% of the world's semiconductors, including nearly 90% of the most advanced ones. Such dependence on a single region has exposed global supply chains to significant risks—from pandemics and natural disasters to geopolitical tensions. Recognizing this challenge, many countries are now building secure and diversified supply chains. The US, EU, Japan, and South Korea have launched national strategies to support domestic chip manufacturing and reduce over-reliance on a single region.

Economies worldwide are focusing to develop their domestic semiconductor ecosystem

Government incentives by major region (left to right by size of GDP)

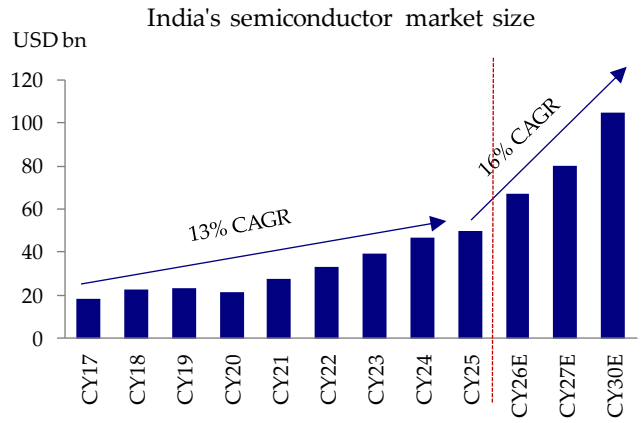
		US	Mainland China	EU	Japan	South Korea	Taiwan
Guidance	Target	Achieve resiliency in semiconductor supply chain	Reach 70% self-sufficiency by 2025	Gain 20% global share by 2030	Earn $112B sales by 2030	Secure foothold in Logic, bolster fab leadership	Breakthrough 1 nm by 2030
	Guiding policy	CHIPS and Science Act, 100-Day Supply Chain Review	National IC Outline, 14th Five Year Plan	Digital Compass 2030	Strategy for Semis and the Digital Industry	K-Belt Semiconductor Strategy	Angstrom Semiconductor Initiative, Moonshot program
Measures	Key Incentive amounts	**$39B** in grants[1]	**$142B** in equity funds	**$47B** in grants	**$17.5B** in grants	**$55B** in tax incentives	**$16B** in tax incentives[4]
	Key Initiatives	25% investment tax credit Grants under the CHIPS Act State-level support	Big Fund I, II, III and local funds State-owned enterprise leaders National science fund	Grants and loans under EU Chips Act Tax credits State aid allowances[2]	National fiscal funding Leading-Edge Semiconductor Technology Center	Tax incentives under K-Chips Act Private-public education programs	Financial subsidies under the Chip Innovation Program Industry-academia co-op, tax credits

Source: SIA – Semiconductor industry association, HSIE Research

India semi-con industry: a baby to nourish

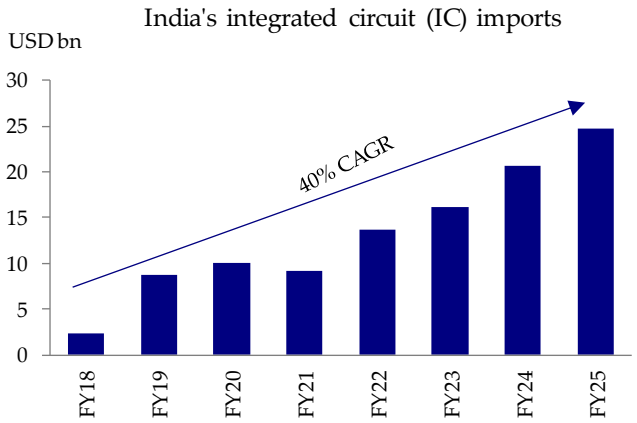
India's semiconductor consumption stood at USD 38bn in FY23 to reach USD 45-50bn in FY25, estimated to grow 2x USD 100-110bn by FY30, projecting a ~16% CAGR over the period. Consumer electronics and wireless communications are the biggest drivers of the semiconductor demand in India. In CY21, only 9% of India's semiconductor components were sourced locally; this could increase to 17% by CY26.

India's semiconductor market size to double over CY25-30E



Source: Ministry of electronics and IT, Kaynes placement document

India majorly imports semiconductor components



Source: Trade Statistics – Government of India, HSIE Research

Current state of India's semiconductor industry and ATP/OSAT:

IC design is India's biggest asset in semiconductor industry. India hubs R&D and design centres for many global MNCs, and accounts for 20% global IC design workforce. Almost every one of the world's top-25 semiconductor design companies—including Intel, Texas Instruments, NVIDIA, and Qualcomm—have design and R&D centres in India.

India is currently expanding the semiconductor value chain with assembly, testing and packaging (ATP) of chips. Many major Indian companies in collaboration with global players have announced plans to build up fabrication and ATP plants in India; for e.g., Tata Electronics has collaborated with PSMC, a Taiwan company, for its upcoming fabrication plant; Kaynes Technology has made agreements with various global players regarding technology transfer and critical raw material sourcing for its OSAT facility.

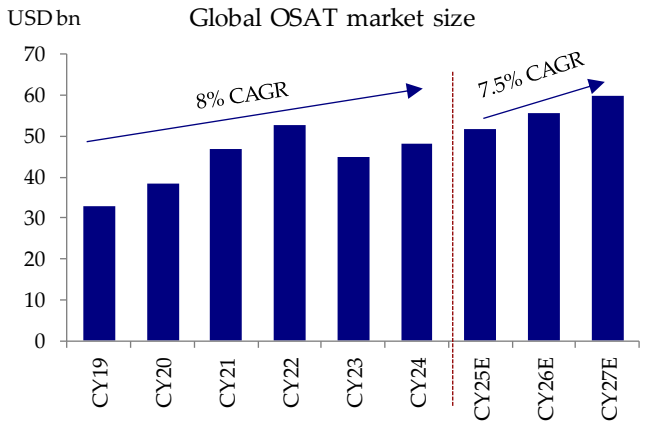
OSAT industry

The global OSAT industry has demonstrated decent growth in the past, up from USD 33bn in CY19 to USD 48bn in CY24, registering 8% CAGR over CY19-24, and expects to reach USD 60bn by CY27, at a 7.5% CAGR. The industry, however, witnessed a decline in CY23 to USD 45bn, owing to challenges like decreased consumer electronics demand and declining cloud service needs impacting the OSAT market negatively in CY23.

OSAT companies play an important role in the semiconductor supply chain, supporting the production of a wide variety of electronic devices, including smartphones, computers, consumer electronics, and automotive systems. The global OSAT market is highly competitive, with leading companies such as ASE Group, Amkor Technology, and JCET at the forefront.

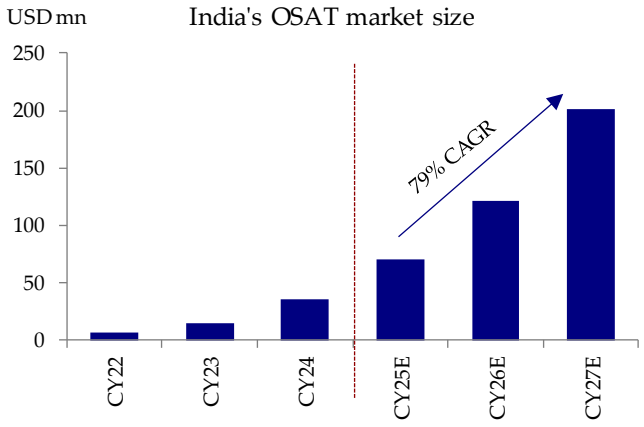
The Indian OSAT market is currently in the early stages of development, with current market size at just USD 35mn; however, it holds substantial potential for growth in the coming years. It is projected to reach a market size of USD 201mn by CY27. This growth could be further accelerated by the establishment of production facilities by major global OSAT players within the country. The Indian government's continued commitment to foster a robust semiconductor ecosystem, combined with the nation's strengths in skilled labour, cost competitiveness, and strategic geographic location, is expected to significantly enhance the growth trajectory of the Indian OSAT market in coming years.

Global OSAT market size to witness 7.5% CAGR over CY24-27E..



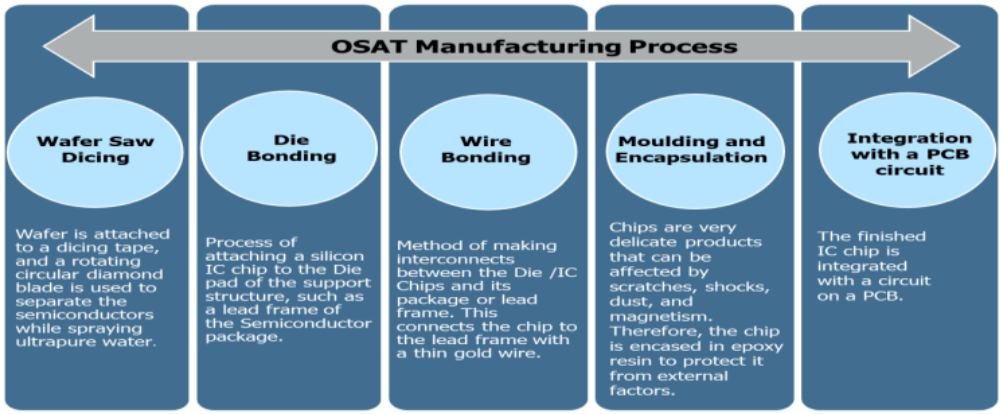
Source: Kaynes Technology, HSIE Research

… India's OSAT industry is still nascent but is projected to grow nearly threefold over CY24–27E



Source: Ministry of Electronics and IT, Kaynes Technology, HSIE Research

OSAT manufacturing process



Source: Kaynes Technology placement document, HSIE Research

Mobile phone to drive India's semiconductor industry

India electronics manufacturing has witnessed steep growth, largely due to the drastically growing mobile phone manufacturing. India's electronics production is valued at a massive INR 11.3trn with mobile phone production at INR 5.5trn. Mobile phone manufacturing accounts for ~49% of the total domestic electronics manufacturing. India's smartphone consumption stood at more than 150mn units in CY25, highlighting an easy and massive market for semiconductor companies to capture domestically.

Presently, the smartphone industry is one of the largest consumers of the semiconductor industry. Semiconductor accounts for ~25-30% of a typical smartphone's bill of materials (BoM). This translates to INR 1.4-1.7trn of the domestic semiconductor demand just from the mobile phone industry. With drastic growth in mobile phone manufacturing, this figure could increase further.

In FY23, the total import of integrated circuits (ICs) reached USD 16bn, of which USD 12bn was only for mobile phones, while total import of ICs reached USD 25bn in FY25. India's total electronics production of INR11.3trn should translate to a semiconductor demand of INR 2.8-3.4trn, considering the industry average of 25-30%.

Other sectors will drive semiconductor consumption as well. India' automotive sector, EV sector and medical device market are witnessing huge demand for semiconductor.

India's Semicon Mission

The India Semiconductor Mission (ISM) was approved by the Union Cabinet in December 2021. With an outlay of INR 760bn, the program aims to provide financial support for investments in semiconductor fabrication, display manufacturing, and chip design to strengthen India's integration into global electronics value chains. ISM aims to build a strong semiconductor and display ecosystem, positioning India as a global hub for electronics manufacturing and design, while serving as the nodal agency for the efficient and seamless implementation of semiconductor and display schemes.

The program aims to provide attractive incentive support to companies/consortia that are engaged in Silicon Semiconductor Fabs, Display Fabs, Compound Semiconductors/Silicon Photonics/Sensors (including MEMS) Fabs, Semiconductor Packaging (ATMP / OSAT) and Semiconductor Design.

This program includes four schemes:

i. **Semiconductor Fabs scheme:** This scheme provides up to 50% fiscal support for setting up semiconductor wafer fabrication units in India. It targets advanced nodes such as 28nm or below, as well as mature technologies.

ii. **Display Fabs scheme:** This scheme offers financial assistance of up to 50% of project cost to set up display fabrication units in India. It covers technologies such as AMOLED and LCD displays, aiming to reduce import dependence and promote domestic innovation in next-gen display manufacturing.

iii. **Compound semiconductors and ATMP/OSAT scheme:** This scheme supports setting up units for compound semiconductors, silicon photonics, MEMS/sensors, and discrete semiconductors. It also includes ATMP/OSAT facilities (chip packaging and testing), with up to 50% capital support, to complete the downstream value chain.

iv. **Design-linked incentive (DLI) scheme:** This scheme has a total outlay of INR 10bn, promotes semiconductor design start-ups and MSMEs by offering financial support across product development stages. The scheme includes reimbursement of R&D costs, access to state-of-the-art design tools. Incentives up to INR 150mn per company will be offered to encourage innovation in chip design.

In February 2026, government has announced another INR 10bn incentive scheme for producing semiconductor equipment and materials in India.

As of December 2025, 10 projects with a total investment of INR 1,600bn have been approved across six states. These include silicon fabrication units, silicon carbide fabs, advanced and memory packaging facilities, and specialized assembly and testing infrastructure.

Approved semiconductor project under "Semicon Mission"

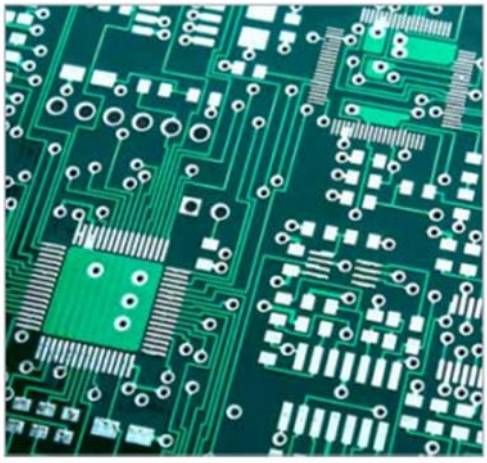
Company	State	Investment (INR bn)	Facility type/details
Micron Technology Inc.	Gujarat	225.16	Assembly and test manufacturing for DRAM and NAND products; serving domestic and international markets
Tata Electronics Private Limited (TEPL)	Gujarat	915.26	Fab facility in technology partnership with PSMC, Taiwan
Tata Electronics Private Limited (TEPL)	Assam	271.20	Facility using indigenous semiconductor packaging technologies
CG Power and Industrial Solutions Limited	Gujarat	75.84	JV with Renesas Electronics America Inc., USA and STARS Microelectronics, Thailand; Outsourced Semiconductor Assembly and Test (OSAT) facility
Kaynes Technology India Limited (KTIL)	Gujarat	32.00	Outsourced Semiconductor Assembly and Test (OSAT) facility
Vama Sundari Investments (Delhi) Private Limited (VSIPL)	Uttar Pradesh	37.06	Outsourced Semiconductor Assembly and Test (OSAT) facility
3D Glass Solutions Inc. (3DGS)	Odisha	19.43	Glass panel substrate production, assembly and Heterogeneous Integration (3DHI)
SiCSem Private Limited	Odisha	20.66	silicon carbide (SiC) power semiconductor plant
Continental Device India Private Limited (CDIL)	Punjab	1.17	Expansion for manufacturing high-power discrete semiconductor devices
Advanced System in Package Technologies Private Limited (ASIP)	Andhra Pradesh	4.80	OSAT/ATMP facility

Source: Ministry of Electronics and IT, HSIE research

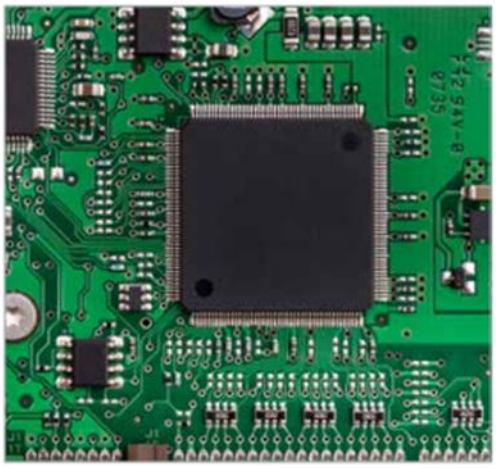
Printed circuit boards (PCB); PCB assembly (PCBA)

PCBs are fundamental building blocks of modern electronics, as the core of nearly every electronic device, from smartphones and computers to household appliances. PCBA is a Printed Circuit Board (PCB which includes bare PCB) with all components mounted and soldered, providing the full functionality it was designed for. Essentially, every electronic device gets its intelligence and function from the PCBA. They provide the physical platform and electrical interconnections for components.

A bare PCB is a base substrate, whereas a PCBA is a fully populated board



Bare PCB



PCBA

Source: ICEA, HSIE Research

PCB classifications

PCBs can be single, double, or multi-layered, with single-layer boards used in simpler devices and multilayer boards dominating more complex applications; for instance, smartphone PCBs may have up to 16 layers, while advanced military systems can feature boards with a 100 or more layers. Components may be mounted on one or both sides of the PCB, referred to respectively as single-sided and double-sided PCBAs.

PCB classification based on layering

Source: Company, HSIE Research

Modern electronics utilize specialized PCB architectures tailored for specific spatial and thermal needs: Flexible PCBs leverage substrates like polyimide to offer high-density, lightweight connections in compact devices like phones, while Rigid-Flex PCBs hybridize this technology by integrating flexible layers with rigid boards to create complex, multi-dimensional assemblies used in everything from cameras to pacemakers. For high-power applications, Metal Core PCBs utilize aluminum or copper bases to provide superior heat dissipation and structural strength; meanwhile, High Density Interconnect (HDI) boards push the limits of miniaturization by employing advanced "via" structures and multiple lamination layers to achieve much higher wiring densities.

HDI, flexible PCB, and multi-layer PCB demand to grow

According to the Global Electronics Association, the share of HDI printed circuit boards in overall PCB fabrication rose to over 49% in CY23 and is expected to increase further in the coming years. HDIs are widely used in complex applications such as satellite communications, advanced driver assistance systems, consumer electronics, aerospace, engine controls, digital cameras, smartphones, and medical devices.

The growing adoption of AI technologies and expansion of data centers have further boosted demand for HDI and multi-layer PCBs, while the rising popularity of foldable and flexible smartphones, tablets, and laptops is driving demand for flexible PCBs.

PCB classification based on material/substrate

Source: Niti Aayog, HSIE Research

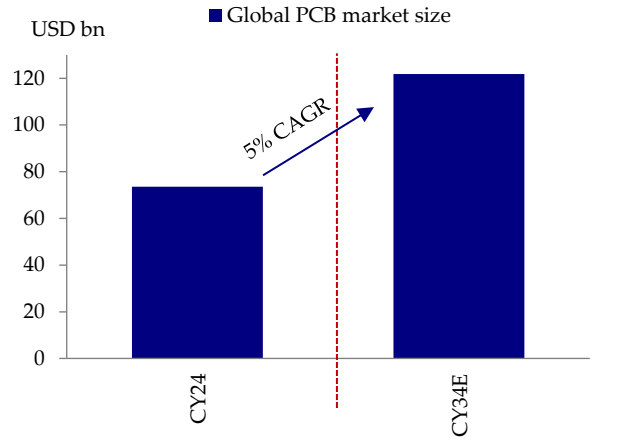
Source: Niti Aayog, Company, HSIE Research

Global PCB market

The global PCB market was valued at ~USD 74bn in CY24 and is projected to reach USD 113bn by CY32, growing at 5% CAGR. This expansion is primarily fueled by the increasing demand for high-performance, compact electronic devices, the rising trend in electric mobility and vehicles, and the growing need for IoT and AI-driven infrastructure. Innovations in multi-layer designs, HDI, and flexible PCBs are further boosting this growth. Notably, the flexible PCB segment alone is estimated to hold a 30% market share, valued at USD 22bn in CY24.

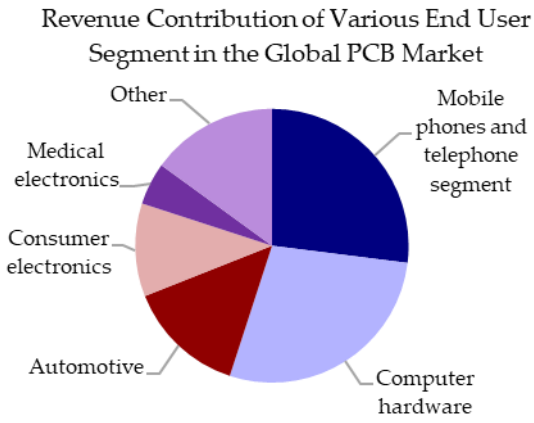
In terms of usage, the market is dominated by mobile and telecom (27%), followed by computer hardware (28%), automotive (14%), consumer electronics (11%), medical (5%), and balance from other sectors including power, energy, lighting and strategic electronics (15%). The Asia-Pacific region is the largest market for PCB with a dominating share of more than 70% of total market size, led by China, Taiwan, South Korea, and India. Large population and increasing demand for electronics are key drivers for such a strong share.

Global PCB market to grow at 5% CAGR over CY24-32E



Source: Kaynes Technology placement document, HSIE Research

Mobile phones and telephone segment generate highest demand for PCB globally



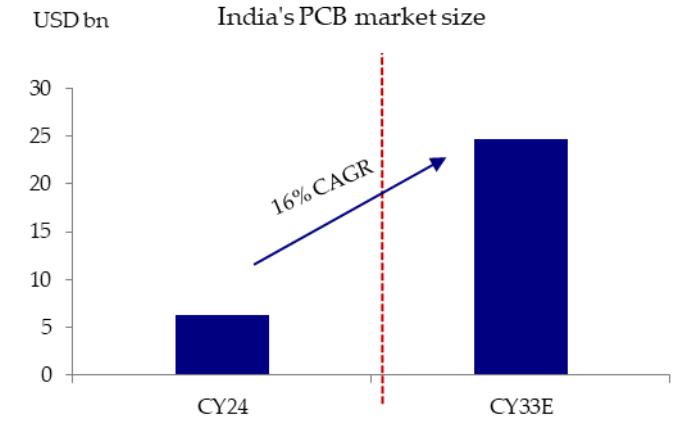
Source: Kaynes Technology placement document, HSIE Research

India's PCB market

India's PCB market stood at USD 6.3bn in CY24, and is projected to reach USD 24.7bn by CY33, indicating a healthy 16% CAGR. Within the total PCB market, the bare PCB segment was valued at USD 3.8bn in CY24. Supported by favorable government policies such as the electronics component manufacturing scheme and PLI, aimed at boosting electronics component manufacturing and the global "China +1" strategy for supply chain diversification, India's domestic PCB industry is undergoing a significant transformation.

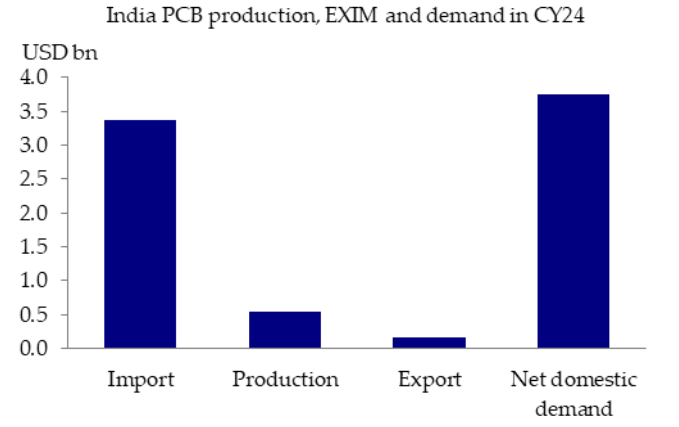
Currently, India's overall PCB demand is largely met through imports; in CY24, the country imported USD 3.4bn worth of PCBs, fulfilling over 90% of its total domestic demand. This heavy reliance on imports presents substantial opportunities for domestic electronic manufacturers to capture this expanding market segment.

India's bare PCB market to witness 16% CAGR during CY24-23E



Source: Kaynes Technology, HSIE Research

Most of India's PCB demand is fulfilled via imports



Source: Kaynes Technology placement document, HSIE Research

Domestic bare PCB supply landscape

AT&S India Ltd. is among the largest producers of bare PCBs in the country, commanding an estimated market share of over 20%. The company manufactures advanced multilayer and high-density interconnect (HDI) PCBs catering to diverse applications such as smartphones, consumer electronics, tablets, ultra-books, wearables, automotive systems, industrial equipment, and medical devices.

Other major domestic players include Epitome Components, Shogini Technoarts, Ascent Circuits, and Genus Electrotech, which collectively account for ~35% of the market and serve both domestic and global customers. In addition, emerging manufacturers like CIPSA-TEC, PCB Power, India Circuit, Nano Electrotech, and Hi-Q Electronics are investing in flexible, rigid-flex, and HDI technologies to address evolving industry requirements and support India's objective of lowering import dependence in electronics manufacturing.

PCBA: Big market, large room for growth

Building robust Printed Circuit Board Assembly (PCBA) manufacturing capabilities is crucial for India to achieve its goal of becoming a global leader in electronics manufacturing. A significant increase in PCBA manufacturing volume is expected to positively transform the manufacturing landscape and foster backward integration. This would attract suppliers of components and raw materials, further strengthening the domestic ecosystem. If the scale of manufacturing gets sufficiently large, it could trigger the design and manufacturing of multi-layer PCBs in India and even benefit semi-conductor chip production. Initially, PCBA operations are projected to add 3-5% value, with the potential to increase to 15-20% in the coming years.

PCBA market in India stood at USD 12-15bn currently. India's PCBA market is predominantly led by the mobile phone segment, owing to higher contribution of mobile phone in total electronics production. The PCBA is a critical component in electronic devices and constitutes a significant portion of the Bill of Materials (BoM), particularly in products such as mobile phones, tablets, notebooks, and desktop PCs. On an average, PCBAs account for ~40% of the total BoM cost in overall electronic market size, which presents a USD 600bn global market for PCBA. Mobile phones have the highest share at ~45–50%, compared to other electronics categories.

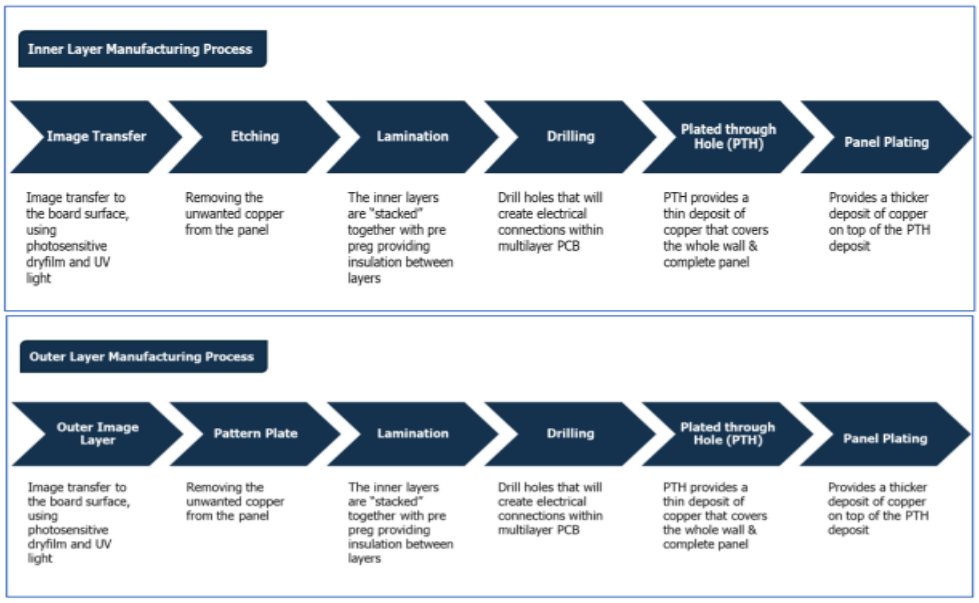
PCBA as % bill of material

Product category	%
Mobile phones	45-50
Tablets, notebooks and desktop PCs	40
Smart TVs, audio devices, video and music streaming devices	20
Consumer appliances	10

Source: ICEA, HSIE research

PCB manufacturing process

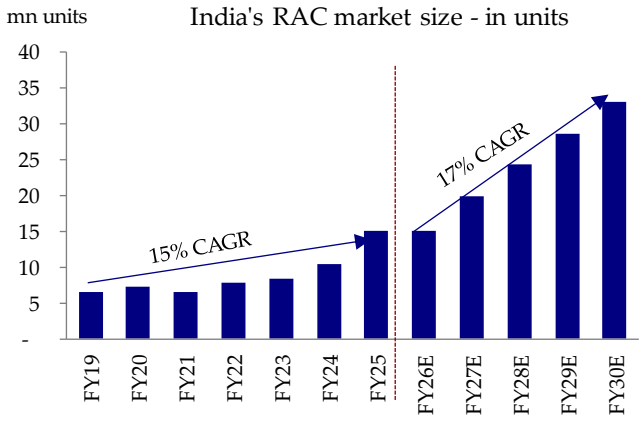
There are four critical stages in the manufacturing process of a PCB and PCBA – design of PCB, manufacturing of laminates, manufacture of bare PCB, and mounting components of PCB. It is noteworthy that each stage is an industry by itself.



India's RAC manufacturing industry

India's RAC industry has shown healthy growth in the last couple of years. Constant heatwaves across the country, rising disposables incomes, increasing urbanization, and increasing affordability are fueling demand for air conditioners in India. Annual domestic sales have doubled from 6.5mn units in FY19 to ~15mn units in FY25, with the market expected to reach 33mn units by FY30E, at a 17% CAGR over FY25-30E. While in value terms, the industry has grown from INR 177bn in FY19 to INR 466bn in FY25, registering 18% CAGR, expecting to reach at INR 800bn by FY30E, at a 19% CAGR.

India's RAC market to register 17% CAGR in coming periods in volume terms…



Source: Amber Enterprises placement document , HSIE Research

…while in value terms, the market will register 19% CAGR

Source: Amber Enterprises placement document , HSIE Research

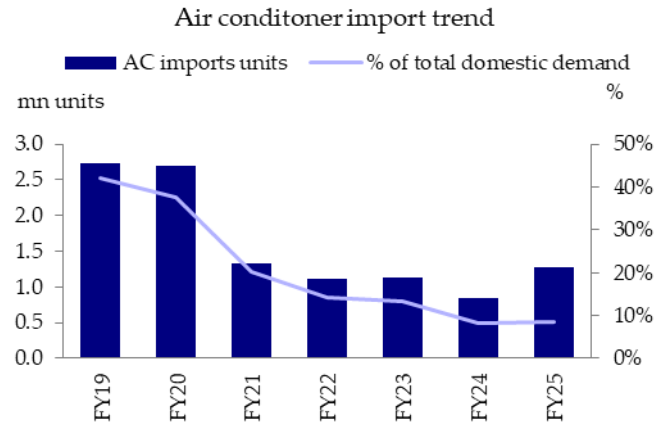
India's RAC manufacturing

As the electronics manufacturing sector has scaled up, local RAC production has surged, from 53% of total supply in FY19 to more than 90% at present. Manufacturing is split between in-house operations and outsourcing, with ODMs and contract manufacturers together comprising 51%—underscoring significant reliance on outsourced production in the industry. This expansion has been led by government initiatives such as the Make in India and PLI schemes for white goods, as well as favorable policies and import restrictions on fully-built RAC units.

Following the ban on importing RAC with refrigerants and fully assembled RACs, the volume of imports into the country has steadily declined. This has curbed fringe manufacturers from simply importing RAC and reselling it. Policy changes along with incentives have enabled the development of the domestic manufacturing set-up in India.

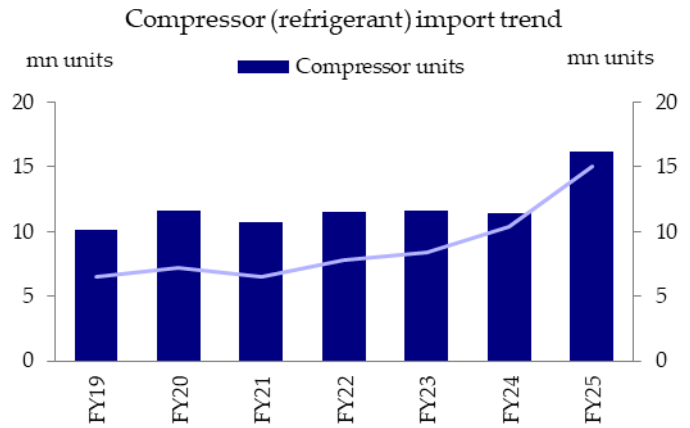
Despite these initiatives and government schemes, majority of components for RAC manufacturing are sourced from abroad. In FY22, the government launched the PLI scheme for white goods to boost domestic manufacturing and attract large investments in manufacturing of key components including ACs. 90% of Bill of Material (BoM) for ACs is covered under this PLI scheme. Overall, these schemes helped increase the country's value addition from 20% a decade ago to 65-70% in FY23.

After government restrictions on AC imports in 2020, they have reduced substantially…



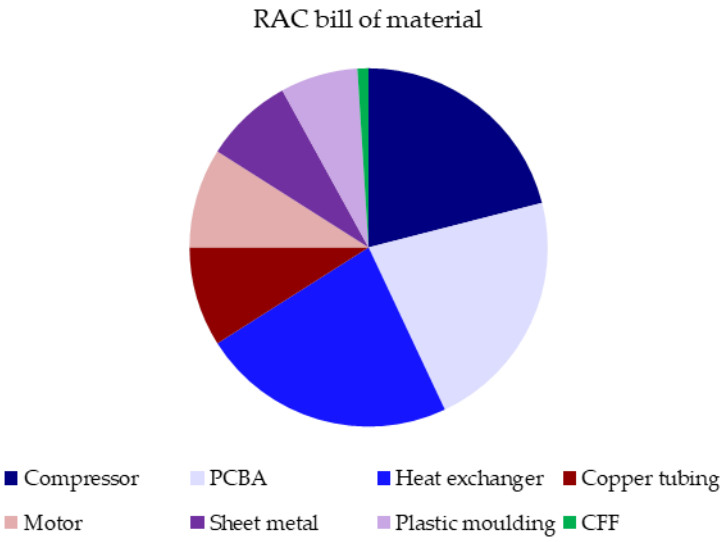
Source: Trade statistics - Government, HSIE Research

…while imports of compressors continue to increase in line with domestic RAC demand trend



Source: Trade statistics - Government , HSIE Research

Compressor, cross flow fan (CFF), heat exchangers, plastic injection molding, and motor cost account for majority of costs of producing a split AC



Source: Epack durable RHP, HSIE Research

Companies Section

INSTITUTIONAL RESEARCH

Dixon Technologies

Near-term challenges; backward integration in focus

Dixon Technologies is India's leading mobile EMS player with 1/4th market share. Over the past decade, the company has delivered strong financial performance, with revenue growing 32x from INR 12bn in FY15 to INR 388bn in FY25 at a 42% CAGR during FY22–25, alongside EBITDA and APAT CAGRs of 47% and 51%. To expand its mobile EMS operations, the company has planned joint ventures with Longcheer and Vivo (government approval pending) for smartphone manufacturing, with target production from FY27. In parallel, the company is pursuing backward integration under the electronics component manufacturing scheme, beginning with camera and display module manufacturing, aimed at improving margins, enhancing cost competitiveness, and strengthening its overall market position. We like Dixon for its strong balance sheet, lean working-capital profile, and robust return ratios. However, near-term challenges persist, driven by elevated memory costs, the expiry of the existing smartphone PLI scheme in March-26 with no extension announced yet, and delays in approval of the Vivo JV. We have modelled 25/26/26% CAGR revenue/EBITDA/APAT for FY26/27/28E. We maintain our ADD rating on the stock, with a lower target price of INR 10,740/sh, based on DCF valuation (WACC: 12%, terminal growth 5%).

- **Leading player in India's mobile EMS space:** Dixon Technologies is India's leading mobile EMS players with 1/4th market share. Major brands which company caters to are Motorola, Samsung, Xiaomi, Oppo, Realme, Itel, Tecno, Infinix, etc. The company plans to add India's biggest mobile phone seller Vivo as its client soon. It also operates across telecom electronics, IT hardware (notebooks and laptops), consumer electronics, lighting, and home appliances segments. The Mobile and EMS segment remains the core one of the business, contributing 85% of FY25 revenue, followed by consumer electronics (9%), home appliances (4%), and lighting (2%). Mobile phones alone account for nearly three-fourths of total revenue.
- **Solid topline performance, while margins stay thin:** Dixon has delivered strong financial growth over the past decade, with revenue increasing 32x from INR 12bn in FY15 to INR 388bn in FY25, implying a 42% CAGR, which further accelerated to 54% during FY22–25. Over FY15–25, EBITDA and APAT grew at CAGRs of 47% and 51%, respectively, rising to 58% and 55% in FY22–25, though EBITDA margins remained modest at 4% due to limited value addition in mobile business.
- **Competition heating up:** India's mobile EMS sector is facing intense competition as domestic and Chinese players scale up operations and operate at thinner margins to capture market share. Dixon, which is currently focused on the android segment, faces strong competition from both Indian EMS players such as Bhagwati Products and Karbonn, as well as large Chinese players like DBG and BYD. Meanwhile, iPhone manufacturing in India is presently dominated by Tata Electronics, Pegatron, and Foxconn.
- **JV with Vivo and Longcheer will be key watch for mobile EMS growth:** To scale its mobile EMS business, Dixon has announced JVs with Vivo and Longcheer for smartphone manufacturing. For Vivo JV company is targeting volumes of 18–20mn units by FY28, while the Longcheer JV is expected to deliver 8–10mn units in FY27, including existing Longcheer-related volumes, with further upside supported by Longcheer's strong client base. As both partners are Chinese entities, the proposals required PN3 government approval; while clearance for the Longcheer JV has been received, the Vivo JV remains pending amid heightened scrutiny of Chinese companies. While approvals and subsequent volume ramp-up are expected in the coming months, progress on these JVs remains a key monitorable, given their importance to Dixon's future growth.

ADD

CMP *(as on 02 Apr 2026)*	**INR 9,920**
Target Price	**INR 10,740**
NIFTY	**22,713**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 11,520	INR 10,740
EPS revision %	FY26E	FY27E
	-4.0	*-5.1*

KEY STOCK DATA

Bloomberg code	DIXON IN
No. of Shares (mn)	61
MCap (INR bn) / ($ mn)	603/6,478
6m avg traded value (INR mn)	7,137
52 Week high / low	INR 18,472/9,600

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(18.5)	(39.7)	(26.2)
Relative (%)	(3.9)	(30.2)	(21.9)

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	28.92	28.83
FIs & Local MFs	28.93	29.06
FPIs	20.69	18.68
Public & Others	21.45	23.43
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Keshav Lahoti
keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Mahesh Nagda
mahesh.nagda@hdfcsec.com
+91-22-6171-7319

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

- **Component foray will improve margins:** To enhance cost efficiency, expand market share, and improve margins, Dixon is entering component manufacturing by setting up camera and display module production under the ECMS scheme. Camera modules have already received approval, while display module approval is expected shortly. These components will be used for captive consumption as well as external sales. For camera modules, Dixon has acquired a 51% stake in Q-tech India, a subsidiary of China-based Q-tech Group, whose FY25 revenue stood at ~INR 20bn with ~7-8% EBITDAM, and Dixon targets scaling this to INR 60-65bn, with ~10% EBITDAM over the next two years. For display modules, Dixon has formed a JV with China-based HKC Corporation, holding a 74% stake, to manufacture smartphone, notebook, and automotive displays, offering peak revenue potential of INR ~80-100bn with 15–19% EBITDAM.
- **IT hardware and telecom to further boost growth:** Dixon is seeking to diversify beyond mobile EMS by scaling up its IT hardware and telecom electronics businesses. In IT hardware, the company currently manufactures laptops and notebooks for customers including HP, Asus, Lenovo, and Acer. It has also entered into a 60:40 joint venture with Taiwan-based PC ODM Inventec to manufacture notebooks, desktops, and servers, with operations expected to commence in Q1 FY27. This initiative is expected to drive strong growth, particularly in higher-margin servers, with IT hardware revenues projected to increase from INR15bn in FY26E to INR 35-40bn by FY27E. We expect telecom sector strong growth to continue to be driven by healthy demand for 5G, broadband, and IPTV equipment.
- **Outlook and valuation:** Dixon continues to be a leading mobile EMS player in India, supported by a strong market position and a diversified customer base. However, intensifying competition and rising memory prices could weigh on near-term volume growth. To address these challenges, Dixon plans to scale its mobile handset business through joint ventures with Longcheer and Vivo, which are expected to support growth and drive market share gains. Backward-integration initiatives should improve margins and enhance cost competitiveness, while diversification into the telecom and IT hardware segments provides additional growth levers. We like Dixon for its strong balance sheet, lean working-capital profile, and robust return ratios. That said, the near-term outlook remains challenging amid elevated memory costs, the impending expiry of PLI incentives in Mar-26E, pending approval of the Vivo JV, and the gradual ramp-up of backward-integration efforts. We have modelled 25/26/26% CAGR revenue/EBITDA/APAT for FY26/27/28E. We maintain our ADD rating on the stock, with a lower target price of INR 10,740/sh, based on DCF valuation (WACC: 12%, terminal growth 5%).

Annual financial summary (consolidated)

YE Mar (INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	64,482	1,06,971	1,21,920	1,76,909	3,88,601	4,87,036	6,08,396	7,57,742
EBITDA	2,866	3,791	5,128	6,976	15,076	18,640	22,347	30,024
EBITDAM (%)	4.4	3.5	4.2	3.9	3.9	3.8	3.7	4.0
APAT	1,598	1,902	2,555	3,678	7,046	8,205	9,723	14,189
Diluted EPS (Rs)	27.3	32.0	42.9	61.5	116.9	136.2	161.4	235.5
P/E (x)	363.6	309.6	231.2	161.4	84.8	72.8	61.5	42.1
EV / EBITDA (x)	202.7	155.6	115.1	85.0	39.6	32.5	27.2	20.2
RoE (%)	25.0	21.9	22.4	24.7	29.9	22.7	20.9	24.6

Source: Company, HSIE Research

Leading player in India's mobile EMS space

Dixon Technologies is among India's leading EMS players, with a strong foothold in mobile phone manufacturing. Major brands that the company caters to are Motorola, Samsung, Xiaomi, Oppo, Realme, Itel, Tecno, and Infinix. The company plans to add India's biggest mobile phone seller Vivo as its client soon.

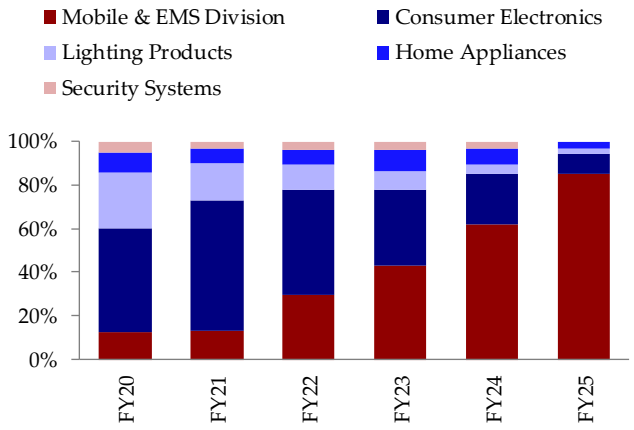
Beyond mobiles, Dixon has a presence across telecom electronics, IT hardware products such as notebooks and laptops, lighting solutions, consumer electronics, and home appliances including washing machines, refrigerators, vacuum cleaners, and kitchen appliances.

The company's key clients include both global and domestic brands such as Xiaomi, Samsung, Hisense, Panasonic, Acer, Toshiba, BPL, Lloyd, VU, Motorola, Signify, Wipro, RR Kabel, Crompton, Havells, Orient, Bajaj, Eveready, Bosch, Godrej, Voltas-Beko, Sharp, Onida, Reliance, Flipkart, and Croma.

Segment-wise, Dixon derives the majority of its revenue from the mobile and EMS division, which accounted for 85% of FY25 revenue, followed by consumer electronics at 9%, home appliances at 4%, and lighting products at 2%.

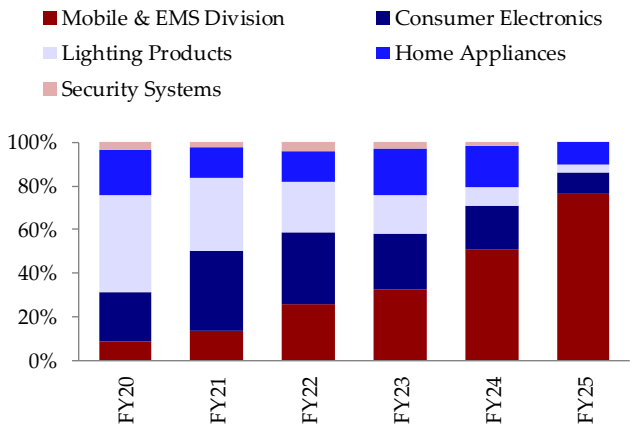
From a product mix perspective, mobile phones contribute ~74% of revenue, while telecom products account for 9%, televisions 7%, washing machines 4%, refrigerators 2%, lighting 2%, and hearables and wearables 2%.

Mobile and EMS division form majority of the revenue…



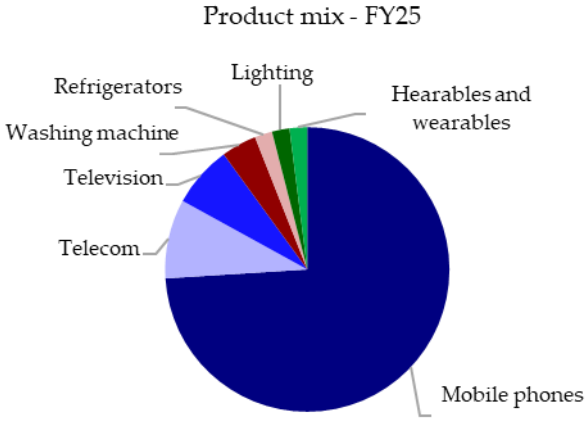
Source: Company, HSIE Research, Note: Security systems discontinued from FY25 after company liquidated its JV stake to Aditya Infotech.

…same in EBITDA mix



Source: Company, HSIE Research

Mobile phone alone accounts ~3/4th of total revenue



Source: Company, HSIE Research

Solid topline performance, while margins stay thin

Dixon has delivered strong financial growth over the last decade. Revenue surged 32x from INR 12bn in FY15 to INR 388bn in FY25, translating into a 42% CAGR, with an even higher 54% CAGR during FY22-25. Over FY15–25, EBITDA and APAT grew at CAGRs of 47% and 51%, respectively, rising to 58% and 55% in FY22–25, though EBITDA margins remained modest at 4% due to limited value addition in mobile business. In 9MFY26, revenue rose 34% YoY to INR 383bn, while EBITDA and APAT increased by 37% and 26%, respectively. The growth was primarily driven by the mobile EMS division, which expanded 45% YoY. EBITDAM remained unchanged YoY at 3.8%.

Competition heating up; loss of some market share

India's mobile EMS sector is experiencing strong competitive pressure as both domestic companies and Chinese players scale up operations and working with thinner margins to gain market share.

Dixon, which currently operates only in the Android segment, is facing significant competition from Indian EMS players such as Bhagwati Products and Karbonn, as well as large Chinese EMS firms like DBG and BYD, leading to a loss of market share.

In the iPhone segment, manufacturing in India is presently being handled by Tata Electronics, Pegatron, and Foxconn.

Financial snapshot of major players in Indian mobile EMS space

Company	FY25 (INR mn)					Revenue CAGR % FY23-25	EBITDA CAGR % FY23-25	APAT CAGR % FY23-25
	Revenue	EBITDA	EBITDA margin (%)	PAT	PAT margin (%)			
Dixon Technologies	3,88,601	15,076	3.9	7,046	1.8	79	71	66
Bhagwati Products	62,044	888	1.4	311	0.5	154	70	319
DBG	1,74,370	1,912	1.1	704	0.4	67	13	5
Pegatron	3,42,644	11,915	3.5	6,332	1.8	55	-	-
Tata Electronics	6,62,063	29,455	4.4	-696	-0.1	1443	-	-

Source: VCC edge, Company, HSIE research

Competition scenario in Indian mobile EMS space

Contract manufacturer	JV/ODM partner	Major clients
Dixon Technologies	Longcheer	Motorola, Samsung, Xiaomi, Oppo, Realme, Itel, Tecno, Infinix
Bhagwati Products	Huaqin	Vivo, Oppo
DBG	Longcheer, Huaqin	Xiaomi, Vivo, Oppo
BYD	-	Xiaomi
Neolyncs (UTL)	-	Motorola
Pegatron	-	Apple
Foxconn	-	Apple
Tata Electronics	-	Apple

Source: Companies, HSIE research

JVs with Vivo and Longcheer key for mobile EMS growth

To scale its mobile EMS business, Dixon has announced JVs with Vivo and Longcheer for smartphone manufacturing. Under the JV with Vivo, the company plans to produce Vivo-branded smartphones, with target 18–20mn units by FY28. In the JV with Longcheer, Dixon expects volumes of 8–10mn units in FY27, which includes the existing Longcheer-related manufacturing currently handled by Dixon. The company anticipates additional volume expansion under this JV over the following years since Longcheer has a big client base including Samsung, Oppo, Xiaomi and other top mobile phone brands.

Longcheer Intelligence is a Chinese Original Design Manufacturer (ODM) that designs and manufactures smartphones and other smart devices for global brands. As both partners are Chinese companies, the proposals require PN3 approval from the government. While approval for the Longcheer JV has been received, the Vivo JV remains pending due to heightened scrutiny of Chinese entities in India, driven by strained bilateral relations and ongoing tax-related issues involving Vivo group companies. The progress on Vivo JVs remains a key monitorable, given their significant contribution to Dixon's future volume growth.

Component foray to strengthen, drive mobile EMS expansion

Component manufacturing to give margin leverage

To strengthen its cost competitiveness, enhance market share, and improve margins, Dixon has ventured into component manufacturing. The company has announced plans to produce camera modules and display modules, both has received government approval under ECMS scheme. The company plans to use both components, largely for captive consumption, though it also has plans to sell them in the market.

For camera modules, the company has acquired a 51% stake in Q-tech India, the Indian subsidiary of China-based Q-tech Group, which manufactures camera modules and fingerprint recognition modules. Kunshan Q-tech India reported revenue of INR 20bn, with EBITDAM ~7-8% margin in FY25, while Dixon targets to ramp it up to INR 60-65bn with above 10% EBITDAM in the next two years.

For display module manufacturing, the company has entered into a JV with HKC Corporation, a China-based global display module manufacturer. Dixon will hold a 74% stake in the JV and will produce smartphone displays, notebook displays, and automotive displays, while LED TV modules are currently under planning. The venture has potential of ~INR 80-100bn revenue at peak utilization, with 15-19% EBITDAM. Owing to high-margin business, component manufacturing can more than offset PLI incentive loss by FY28E.

Dixon component manufacturing in mobile EMS plans

Component	JV/ODM partner	Capacity	Revenue and margin profile	Planned capex	Timeline
Camera Module	Kunshan Q-Tech	Initially capacity 70mn units with planned expansion to 190-200mn units.	Kunshan Q-tech India company revenue of INR 20bn with EBITDAM ~7-8% margin. Dixon targets to ramp up it INR 60-65bn with +10% EBITDAM in next 2 years.	INR 3bn (excluding acquisition cost)	Capacity expansion will be made in next 6-months in Q-tech. In next 1.5-2 years, major ramp up will be made.
Display Module	HKC China	Initially 24mn smartphone displays will be expanded to 55mn.	Potential of INR 80-100bn revenue at peak utilisation; 15-19% EBITDAM (largely for captive consumption)	INR 10bn	Trial production is expected to start from H1FY27.

Source: Company, HSIE research

IT hardware and telecom to further boost growth

Strong growth potential in IT hardware division

Dixon is aiming to grow beyond its mobile EMS vertical by scaling up its presence in IT hardware and telecom electronics. In IT hardware, the company currently has a production facility for manufacturing of laptop, notebooks in Chennai, with key clients including HP, Asus, Lenovo, and Acer. To strengthen this segment, Dixon has set up a JV with Inventec, a Taiwan based global PC ODM, for manufacturing notebook PCs, desktop PCs (including components), and servers in India. Inventec is among the world's top five PC ODMs, with capabilities across notebooks, desktops, AIO systems, servers, and handheld devices.

Dixon will hold 60%, while Inventec will own 40% in the venture. The JV is expected to become operational in the Q1FY27. Dixon sees significant growth potential from this venture, especially in servers, driven by rising demand from AWS and data centers, a market that offers both large revenue opportunities and healthy margins.

Dixon plans to scale its IT hardware business, with revenue expected to increase from INR 15bn in FY26E to INR 35-40bn by FY27E following the JV. To strengthen its position, the company is driving backward integration across key IT hardware components such as display modules (through its JV with HKC), SSDs, memory modules, power supplies, and mechanicals.

Telecom and networking product division to see traction

Dixon's telecom and networking division currently manufactures 5G fixed wireless access devices, IPTV set-top boxes, and optical network terminals such as Wi-Fi routers, with an installed capacity of over 22mn units. The company also operates a joint venture with Bharti Airtel to produce telecom and networking products specifically for Airtel.

To accelerate growth in this segment, Dixon is deepening backward integration by localizing key components including castings, moldings, adapters, and other critical parts. It is simultaneously expanding beyond traditional customer premises equipment (CPE) into non-CPE, low-volume, high-mix telecom products such as RAN equipment, ethernet switches, and network transport devices. As part of this roadmap, the company will begin manufacturing optical transceivers/SFPs in FY27 under the ECMS scheme (approval received from the government), supported by a planned capex of INR 500mn. Telecom division revenue for FY26 is guided at INR 52bn.

The company has a strong order book with its anchor customer, supported by export opportunities with large ODMs, and is also in discussions for a JV related to a "critical component for telecom devices," with details yet to be disclosed. Management expects the telecom division to scale 2x to around USD 1bn in the next couple of years, driven by robust demand for network equipment on the back of rapid broadband penetration, strong 5G FWA requirements, and a very healthy pipeline for IPTV set-top boxes.

Targeting growth in other business segments

Beyond mobile, telecom and IT hardware, Dixon has presence in lighting, home appliances and consumer electronics products such as TV, refrigerators, washing machines, kitchen appliances, etc.

Lighting division to see growth in both domestic and export market

In lighting, Dixon is one of India's largest ODM players, offering a portfolio of over 2,000 lighting products. In FY25, the company held a 25% manufacturing market share in consumer lighting. To strengthen this division, Dixon has formed a JV with Signify Innovations India (formerly Philips Lighting India) to manufacture lighting products and accessories for Signify as well as for other brands. For FY26E, company is targeting INR 8bn in revenue from the lighting segment. The company also highlighted strong traction in exports targeting key markets such as the US, Germany, and the Middle-East.

Expanding portfolio in washing machine, refrigerator to drive growth

Dixon is a major player in the washing machine market, holding a 35% manufacturing market share in semi-automatic washing machines and ~15% in front-load fully automatic machines in FY25. The company continues to expand its product portfolio to enhance its market presence. It currently manufactures semi-automatic and top-load fully automatic washing machines and plans to launch front-load fully automatic models by H1FY27. In FY25, the washing machine division reported revenue of INR 13.6bn.

In refrigerator also, the company is expanding its portfolio to enhance market presence. It has started 50 liters' refrigerator products while planning to launch deep freezers and side-by-side door refrigerators in the coming months. In FY25, the refrigerator division reported revenue of ~INR 7bn.

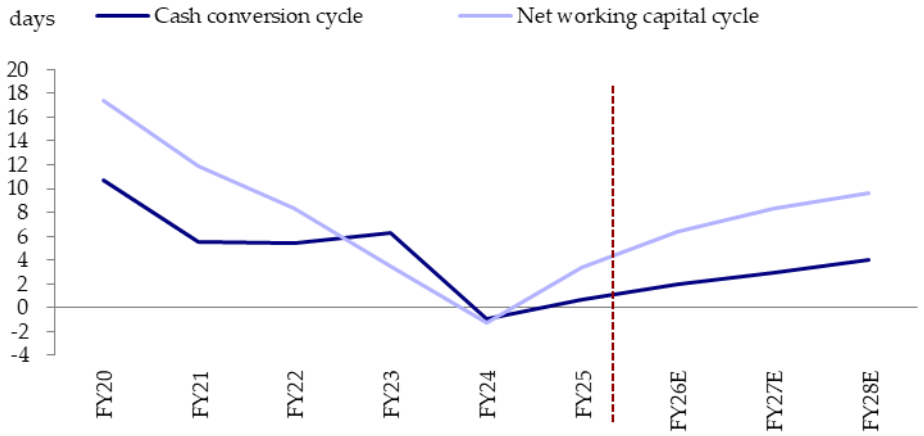
Television division to remain subdued owing to slowing industry

In FY25, revenue from TVs stood at ~INR 29bn (7% of revenue mix). We believe TV industry growth is slowing, so this segment growth will remain tepid. However, the company is exploring adjacent display categories such as signage and other formats to expand this segment.

Lean working capital profile

Dixon enjoys a lean working-capital profile, with its cash conversion cycle at a mere 0-5 days. This is led by extended payable periods of around 3 months, while inventory remains at around one month and receivables at 1.5-2 months, resulting in minimal net working-capital needs. Going forward, we expect the company's working capital to remain lean.

Working capital cycle to remain lean

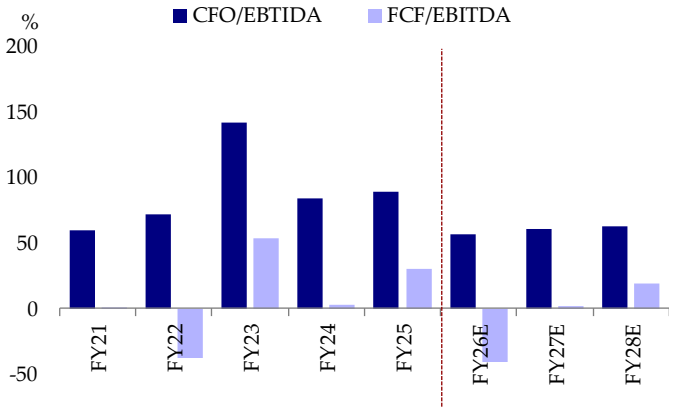


Source: Company, HSIE Research

Capex and leverage analysis

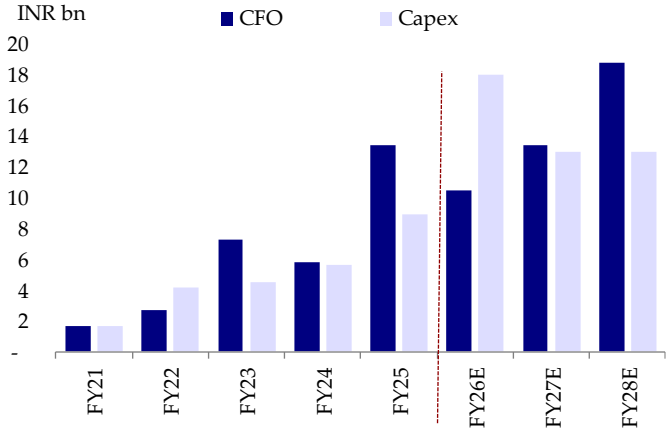
Dixon benefits from a high asset-turnover model (17x in FY25), which supports a healthy return profile. The company's capital expenditure is mainly directed toward setting up manufacturing facilities, while maintenance capex is low. Capex in FY25 stood at INR 9bn; however, planned investments in component manufacturing (camera and display modules) and the acquisition of Q-tech India are expected to drive capex sharply higher. We estimate capex at INR 18bn in FY26E and INR 44bn cumulatively over FY26–28E. Given the capex-intensive nature of these initiatives and increased backward integration, asset-turnover ratios are likely to dilute.

Owing to backward integration, cash flow ratios to dilute



Source: Company, HSIE Research

CFO to improve going forward; Capex intensity to accelerate owing to investments in backward integration



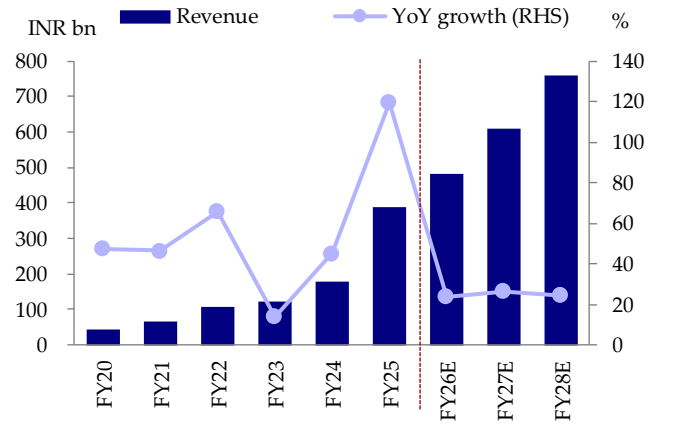
Source: Company, HSIE Research

Financial summary

Over FY25-28E, we expect Dixon to report healthy revenue and EBITDA growth, driven by the anticipated ramp-up of the Vivo JV and supported by incremental contributions from component manufacturing initiatives, along with continued growth across other segments such as telecom and IT hardware. We forecast revenue, EBITDA, and APAT CAGRs of around 25–26% over FY25–28E.

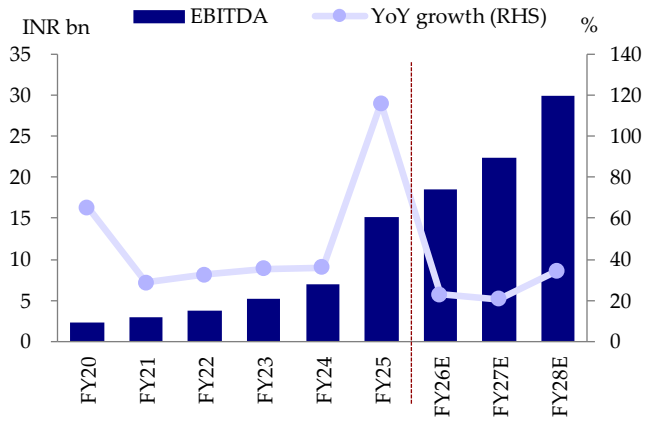
We expect EBITDA and APAT margins to improve in FY28E compared with FY26E levels, as the impact of the PLI incentive expiry is likely to be offset by incremental contributions from component manufacturing, overall margins will improve in coming periods as component manufacturing ramps up.

Company revenue to grow 25% CAGR over the FY25-28E



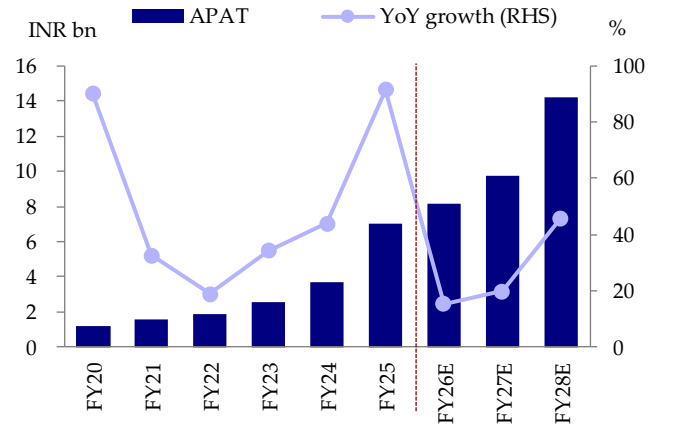
Source: Company, HSIE Research

EBITDA to witness 26% CAGR over the FY25-28E



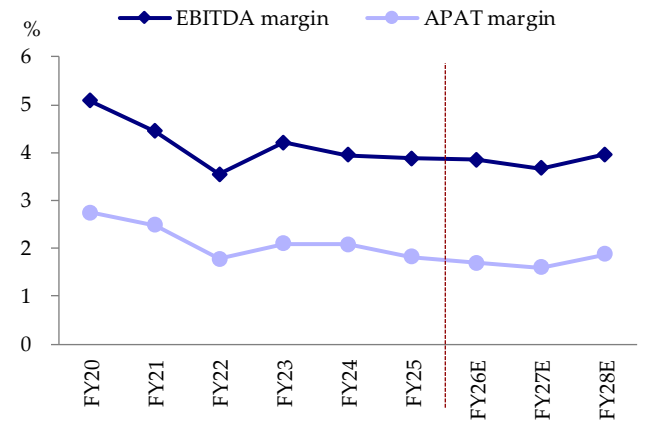
Source: Company, HSIE Research

APAT to register 26% CAGR over the FY25-28E



Source: Company, HSIE Research

Margins to improve in FY28E as component manufacturing ramps up



Source: Company, HSIE Research

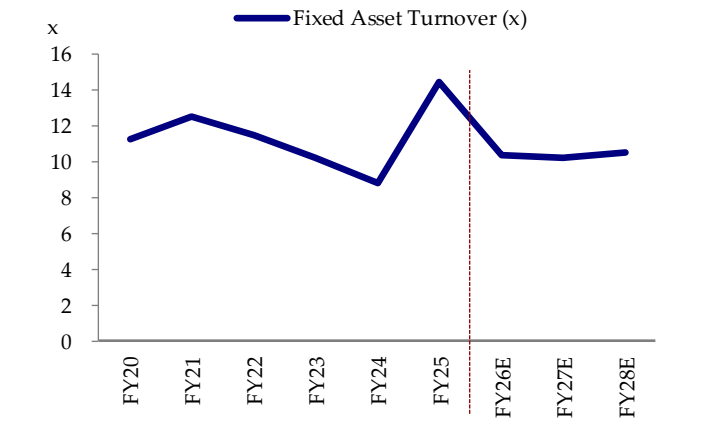
Du Pont analysis

Net profit margins are projected to marginally improve by FY28E, as higher contributions from component manufacturing outweigh the drag from PLI expiry. Meanwhile, asset turnover is expected to fall from 3.3x in FY25 to 2.8x by FY28E, as the capex pace will accelerate owing to upcoming component manufacturing capex projects, which would require time to ramp up and dilute asset-turnover ratios. The leverage factor is expected to ease from 5x in FY25 to 4.7x in FY28E, as the capex is likely to be funded through a combination of internal accruals and contributions from JV partners. Consequently, ROE is expected to decline from 30% in FY25 to 24.6% in FY28E.

Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net margin (%)	1.8	2.1	2.1	1.8	1.7	1.6	1.9
Asset Turnover (x)	3.0	2.7	3.0	3.3	2.7	2.8	2.8
Leverage factor (x)	4.1	3.9	3.9	5.0	5.0	4.7	4.7
RoE (%)	**21.9**	**22.4**	**24.7**	**29.9**	**22.7**	**20.9**	**24.6**

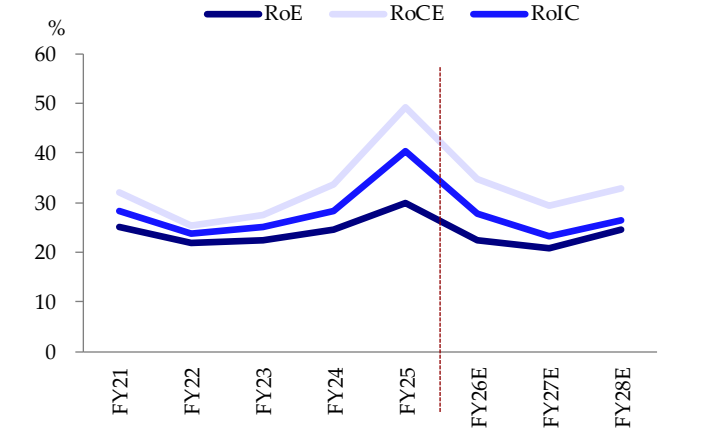
Source: Company, HSIE Research

Fixed asset turnover to dilute in coming periods owing to backward integration



Source: Company, HSIE Research

Return ratios to dilute in coming periods as component manufacturing will take time to ramp up



Source: Company, HSIE Research

Management profile

Key managerial personnel

Name	Designation	Education and Experience
Mr. Sunil Vachani	Executive Chairman	Mr. Sunil Vachani is the Executive Chairman of Dixon Technologies (India) Limited. He holds an Associate of Applied Arts degree in Business Administration from the American College in London. As the Promoter of Dixon Technologies, he has been instrumental in driving the company's growth and business development, bringing over 30 years of extensive experience in the EMS industry.
Mr. Atul B Lall	Managing Director & Vice Chairman	Mr. Atul B Lall is the Managing Director and Vice Chairman of Dixon Technologies (India) Limited. Holding a Master's Degree in Management Studies from the Birla Institute of Technology and Science, Pilani, Mr. Lall has spearheaded Dixon Technologies since its inception, building it into a leading force within the EMS Industry. He is responsible for the company's overall strategy and business operations.
Mr. Manoj Maheshwari	Non-Executive & Non-Independent Director	Mr. Manoj Maheshwari serves as a Non-Executive & Non-Independent Director of the Company. He is a fellow member of the Institute of Chartered Accountants of India and an associate member of the Institute of Company Secretaries of India. Additionally, he holds a Post Graduate Diploma in Business Administration from Symbiosis Centre for Distance Learning. Mr. Maheshwari brings nearly three decades of extensive experience in finance functions, encompassing a wide array of financial and corporate aspects, including mergers and acquisitions (M&A), capital expenditure, and fund raising through both debt and equity.
Mr. Saurabh Gupta	Director, Finance and Group Chief Financial Officer	Mr. Saurabh Gupta, Director, Finance and Group Chief Financial Officer & Corporate Strategy of Dixon Technologies (India) Ltd is a Chartered Accountant, Company Secretary, MBA from MDI Gurgaon and has also completed Advanced Management Program form Harvard Business School. Over a rapidly progressing career span of 21+ years, he has gained extensive exposure and expertise in the various facets of financials functions across manufacturing, cinema, real estate and consulting companies. He has wealth of experience in fund raising (equity/debt) & in ensuring optimum capital structure, Risk & Treasury Management, Investor Relations, Digital Transformation, Mergers & Acquisitions, Strategic Planning, Process Optimization, Corporate Governance & Leadership.

Source: Company, HSIE Research

Key risks

- **High concentration in mobile EMS:** The company's revenue is predominantly driven by its mobile segment, which contributes three-fourth of total revenue. This heavy reliance exposes the business to considerable risk, as any slowdown or adverse developments in this segment could significantly affect the company's overall performance. Secondly, revenue dependency of key customers is high.
- **Competitive environment:** The company operates in a highly competitive market, facing intensifying rivalry from both domestic and international players, particularly Chinese firms. This growing competition poses a potential threat to its market share.
- **Outsourcing trends:** The company's business model is heavily reliant on the prevailing trend of brands outsourcing their manufacturing. Any strategic shift by these brands toward in-house production could negatively affect the company's operations and growth prospects.
- **Backward integration:** The company is investing in backward integration through component manufacturing to strengthen cost competitiveness and improve margins. However, failure to successfully scale up component manufacturing will impact its margins expansion plans.
- **Non-receipt of approval for Vivo JV:** The company is awaiting government approval for its proposed joint venture with Vivo, which has already faced delays. Any further delay or failure to obtain approval will impact its growth plans.
- **Surging memory price:** Rising memory costs may compel smartphone brands to hike retail prices, particularly in the entry-level segment—the largest volume contributor in India—which could lead to demand softening across the industry. Given Dixon's significant exposure to entry-level smartphones, this trend would impact its smartphone volumes.

Outlook and valuation

Dixon continues to be a leading mobile EMS player in India, supported by a strong market position and a diversified customer base. However, intensifying competition and rising memory prices could weigh on near-term volume growth. To address these challenges, Dixon plans to scale its mobile handset business through joint ventures with Longcheer and Vivo, which are expected to support growth and drive market share gains. Backward-integration initiatives should improve margins and enhance cost competitiveness, while diversification into the telecom and IT hardware segments provides additional growth levers. We like Dixon for its strong balance sheet, lean working-capital profile, and robust return ratios. That said, the near-term outlook remains challenging amid elevated memory costs, the impending expiry of PLI incentives in Mar-26E, pending approval of the Vivo JV, and the gradual ramp-up of backward-integration efforts. We have modelled 25/26/26% CAGR revenue/EBITDA/APAT for FY26/27/28E. We maintain our ADD rating on the stock, with a lower target price of INR 10,740/sh, based on DCF valuation (WACC: 12%, terminal growth 5%).

Estimates revision summary

In light of muted mobile phone demand, we have cut our revenue estimates by 3–4% and our APAT estimates by ~5% for FY26–28E.

INR mn	FY26E New	FY27E New	FY28E New	FY26E Old	FY27E Old	FY28E Old	FY26E Change %	FY27E Change %	FY28E Change %
Net Sales	4,87,036	6,08,396	7,57,742	4,93,896	6,27,565	7,90,142	-1.4	-3.1	-4.1
EBITDA	18,640	22,347	30,024	18,923	22,944	30,410	-1.5	-2.6	-1.3
APAT	8,205	9,723	14,189	8,549	10,248	15,014	-4.0	-5.1	-5.5
AEPS	136.2	161.4	235.5	141.9	170.1	249.2	-4.0	-5.1	-5.5

Source: Company, HSIE Research

Financials

Consolidated Income Statement

YE Mar (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	**1,06,971**	**1,21,920**	**1,76,909**	**3,88,601**	**4,87,036**	**6,08,396**	**7,57,742**
Growth (%)	65.9	14.0	45.1	119.7	25.3	24.9	24.5
Material Expenses	97,792	1,10,207	1,60,390	3,58,328	4,50,995	5,60,941	6,92,576
Employee Expense	1,978	2,517	3,327	5,674	7,306	7,909	9,851
Other Expenses	3,409	4,069	6,217	9,523	10,095	17,199	25,291
EBITDA	**3,791**	**5,128**	**6,976**	**15,076**	**18,640**	**22,347**	**30,024**
EBITDA Growth (%)	**32.3**	**35.3**	**36.1**	**116.1**	**23.6**	**19.9**	**34.4**
EBITDA Margin (%)	**3.5**	**4.2**	**3.9**	**3.9**	**3.8**	**3.7**	**4.0**
Depreciation	840	1,146	1,619	2,810	3,912	5,101	6,123
EBIT	**2,952**	**3,981**	**5,358**	**12,266**	**14,728**	**17,246**	**23,901**
Other Income (Including EO Items)	38	56	226	202	154	185	222
Interest	442	606	747	1,544	1,470	1,741	1,934
PBT	**2,548**	**3,432**	**4,836**	**10,924**	**13,413**	**15,690**	**22,189**
Total Tax	644	897	1,189	2,682	3,353	3,923	5,547
Profit before JV/Associates/NCI	1,904	2,535	3,647	8,242	10,060	11,768	16,642
Share of JV/Associates	-1	16	102	174	226	452	542
Non-controlling Interest	2	-4	72	1,370	2,080	2,496	2,995
RPAT	1,902	2,555	3,678	10,955	12,435	9,723	14,189
Adjusted PAT	**1,902**	**2,555**	**3,678**	**7,046**	**8,205**	**9,723**	**14,189**
APAT Growth (%)	**19.0**	**34.4**	**43.9**	**91.6**	**16.5**	**18.5**	**45.9**
AEPS	**32.0**	**42.9**	**61.5**	**116.9**	**136.2**	**161.4**	**235.5**
AEPS Growth (%)	**17.5**	**33.9**	**43.3**	**90.2**	**16.5**	**18.5**	**45.9**

Consolidated Balance Sheet

YE Mar (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS							
Share Capital - Equity	119	119	120	121	121	121	121
Other Equity	9,849	12,730	16,829	29,982	41,935	50,935	64,040
Total Shareholders' Funds	**9,968**	**12,849**	**16,949**	**30,102**	**42,055**	**51,056**	**64,160**
NCI	6	(3)	276	4,591	6,671	9,167	12,163
Total Debt	**4,580**	**1,826**	**1,550**	**2,023**	**11,023**	**15,023**	**17,023**
Net Deferred Taxes	201	224	240	980	1,114	1,271	1,493
Other Non-Current Liabilities	2,266	2,862	3,989	5,141	5,556	6,211	6,826
TOTAL SOURCES OF FUNDS	**17,020**	**17,758**	**23,003**	**42,837**	**66,420**	**82,728**	**1,01,665**
APPLICATION OF FUNDS							
Net Block	7,583	9,425	16,368	21,091	37,743	46,950	55,253
Goodwill	303	303	303	570	570	570	570
CWIP	224	1,197	683	2,570	1,000	1,000	1,000
Intangible assets	188	224	307	385	385	370	340
Right of Use Assets	1,959	2,484	2,985	5,692	8,034	8,804	9,786
Non-Current Investments	59	142	200	5,356	5,356	5,356	5,356
Other Non-Current Assets	986	1,627	686	971	1,216	1,520	1,893
Total Non-current Assets	**11,302**	**15,402**	**21,533**	**36,634**	**54,305**	**64,569**	**74,198**
Current-Investments	1,350	300	-	-	-	-	-
Inventories	11,557	9,579	16,950	39,924	46,702	60,006	76,812
Debtors	13,564	17,155	23,179	69,655	66,717	83,342	1,03,800
Cash & Equivalents	1,823	2,292	2,087	2,635	3,513	4,268	7,375
Other Current Assets	3,176	2,068	6,147	18,730	23,431	29,227	36,359
Total Current Assets	**31,470**	**31,393**	**48,363**	**1,30,944**	**1,40,363**	**1,76,843**	**2,24,346**
Creditors	23,137	24,519	40,598	1,08,837	1,10,751	1,38,348	1,72,308
Other Current Liabilities & Provns	2,615	4,517	6,294	15,904	17,497	20,336	24,571
Total Current Liabilities	**25,752**	**29,036**	**46,892**	**1,24,741**	**1,28,248**	**1,58,684**	**1,96,879**
Net Current Assets	**5,718**	**2,357**	**1,471**	**6,203**	**12,115**	**18,159**	**27,467**
TOTAL APPLICATION OF FUNDS	**17,020**	**17,758**	**23,003**	**42,837**	**66,420**	**82,728**	**1,01,665**

Source: Company, HSIE Research

Consolidated Cash Flow

YE Mar (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	**2,547**	**3,448**	**4,837**	**15,524**	**13,639**	**16,142**	**22,731**
Non-operating & EO Items	80	114	(54)	795	(56)	(39)	(43)
Interest Expenses	442	606	747	1,544	1,470	1,741	1,934
Depreciation	840	1,146	1,619	2,810	3,912	5,101	6,123
Working Capital Change	(641)	2,764	(88)	(4,473)	(5,163)	(5,447)	(6,397)
Tax Paid	(540)	(820)	(1,218)	(2,760)	(3,353)	(3,923)	(5,547)
OPERATING CASH FLOW (a)	**2,728**	**7,258**	**5,843**	**13,441**	**10,448**	**13,575**	**18,801**
Capex	(4,174)	(4,502)	(5,686)	(8,956)	(18,000)	(13,000)	(13,000)
Free Cash Flow (FCF)	(1,446)	2,755	157	4,485	(7,552)	575	5,801
Investments	(498)	929	346	(3,208)	-	-	-
Non-operating Income	7	13	11	81	33	33	33
Others	21	4	20	(206)	-	-	-
INVESTING CASH FLOW (b)	**(4,645)**	**(3,556)**	**(5,309)**	**(12,289)**	**(17,967)**	**(12,967)**	**(12,967)**
Debt Issuance/(Repaid)	3,026	(2,776)	(276)	583	9,000	4,000	2,000
Interest Expenses	(567)	(737)	(494)	(1,219)	(1,470)	(1,741)	(1,934)
FCFE	1,014	(758)	(613)	3,848	(22)	2,834	5,867
Share Capital Issuance	642	336	469	1,399	-	-	-
Dividend	(59)	(119)	(179)	(329)	(482)	(723)	(1,085)
Others	-	-	(220)	(700)	(2,881)	(1,388)	(1,708)
FINANCING CASH FLOW (c)	**3,043**	**(3,296)**	**(700)**	**(266)**	**4,167**	**148**	**(2,727)**
NET CASH FLOW (a+b+c)	**1,126**	**406**	**(166)**	**886**	**(3,353)**	**755**	**3,107**
EO Items, Others	-	-	-	-	4,230	-	-
Closing Cash & Equivalents	1,765	2,170	2,005	2,309	3,186	3,941	7,048

Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PROFITABILITY (%)							
GPM	8.6	9.6	9.3	7.8	7.4	7.8	8.6
EBITDA Margin (%)	3.5	4.2	3.9	3.9	3.8	3.7	4.0
EBIT Margin	2.8	3.3	3.0	3.2	3.0	2.8	3.2
PBT Margin	2.4	2.8	2.7	2.8	2.8	2.6	2.9
APAT Margin	1.8	2.1	2.1	1.8	1.7	1.6	1.9
RoE	21.9	22.4	24.7	29.9	22.7	20.9	24.6
RoIC (or Core RoCE)	23.6	25.1	28.4	40.3	27.9	23.2	26.4
RoCE	25.5	27.6	33.7	49.3	34.9	29.3	32.8
EFFICIENCY							
Tax Rate (%)	25.3	26.1	24.6	24.6	25.0	25.0	25.0
Fixed Asset Turnover (x)	14.8	11.5	11.1	16.6	13.3	11.5	11.5
Inventory (days)	32	32	35	37	35	36	37
Debtors (days)	42	46	48	65	50	50	50
Other Current Assets (days)	9	8	13	18	18	18	18
Payables (days)	69	71	84	102	83	83	83
Other Current Liab & Provns (days)	6	11	13	15	13	12	12
Cash Conversion Cycle (days)	5	6	(1)	1	2	3	4
Net working capital (days)	8	3	(1)	3	6	8	10
Net D/E (x)	0.3	(0.0)	(0.0)	(0.0)	0.2	0.2	0.2
Interest Coverage (x)	6.7	6.6	7.2	7.9	10.0	9.9	12.4
PER SHARE DATA (Rs)							
EPS	32.0	42.9	61.5	116.9	136.2	161.4	235.5
CEPS	46.2	62.1	88.5	163.6	201.1	246.0	337.1
Dividend	2.0	3.0	5.0	8.0	12.0	18.0	23.0
Book Value	168.0	215.7	283.3	499.6	698.0	847.4	1,064.9
VALUATION							
P/E (x)	309.6	231.2	161.4	84.8	72.8	61.5	42.1
P/BV (x)	59.1	46.0	35.0	19.9	14.2	11.7	9.3
EV/EBITDA (x)	155.6	115.1	85.0	39.6	32.5	27.2	20.2
EV/Revenues (x)	5.5	4.8	3.4	1.5	1.2	1.0	0.8
OCF/EV (%)	0.5	1.2	1.0	2.3	1.7	2.2	3.1
FCF/EV (%)	(0.2)	0.5	0.0	0.8	(1.2)	0.1	1.0
FCFE/Mkt Cap (%)	0.2	(0.1)	(0.1)	0.6	(0.0)	0.5	1.0
Dividend Yield (%)	0.0	0.0	0.1	0.1	0.1	0.2	0.2

Source: Company, HSIE Research

INSTITUTIONAL RESEARCH

Kaynes Technology

Working capital challenges persist

Kaynes Technology is an Indian end-to-end, IoT-enabled electronics manufacturing services (ESDM) provider, with integrated capabilities across PCBA, box build, and ODM solutions such as smart metering and smart lighting. The company has delivered strong financial performance, with revenue rising sevenfold from INR 3.7bn in FY20 to INR 27bn in FY25, implying a 49% CAGR over FY20–25, alongside EBITDA and APAT CAGRs of 58% and 98%, respectively. As the next growth lever, the company is foraying into OSAT and PCB manufacturing, with planned capex of INR 34bn and INR 14bn, respectively, both projects approved under the ECMS scheme. The OSAT facility in Sanand, Gujarat has recently begun commercial operations. Meanwhile, the multi-layer PCB plant at Chennai is slated to commence operations in FY27. The company's working capital intensity remains elevated, with cumulative operating cash flows remaining negative over FY21–25, underscoring structural pressures on its operating cash inflow profile. While we expect a gradual normalization of the working capital cycle and an improvement in operating cash flow over the coming periods, still working capital requirements are likely to remain structurally high, in our view. Given the capital-intensive nature of upcoming projects, internal accruals and last year's equity fundraising alone may not be sufficient to fully meet cash flow requirements, potentially leading to higher leverage and dilution in return on capital employed. We have modeled revenue, EBITDA, and APAT CAGRs of 40%, 44%, and 32%, respectively, over FY25–28E, aided by ramp-up of OSAT and PCB facility. We maintain our REDUCE rating on the stock, with a lower target price of INR 3,810/sh, based on DCF valuation, (WACC: 12.5%, terminal growth 5%).

- **End-to-end integrated EMS player; diversified product portfolio:** Kaynes Technology stands as India's end-to-end integrated and IoT-enabled electronics manufacturing provider, offering full-spectrum ESDM services. The company is involved in the business of box build, PCBA, and ODM (smart metering, smart street lighting, etc.). It maintains a diversified revenue portfolio spanning multiple segments: industrial (55% share), automotive (26%), IoT/IT (8%), railways (7%), with the remainder (4%) from medical, aerospace, and strategic electronics.

- **Semiconductor - OSAT and PCB to drive future growth:** Kaynes is foraying into OSAT and PCB segments through vertical integration in OSAT and backward integration into PCBs, with planned capex of INR 34bn and INR 14bn respectively. Both projects are approved under the ECMS scheme with capex-incentive support from both central and state governments. The OSAT facility at Sanand, Gujarat, is being commissioned in phases, with Phase 1 having recently commenced commercial production. The OSAT facility enjoys healthy order visibility, with 60% of capacity already tied up with its top four customers. The anchor clients include Alpha & Omega Semiconductor (AOS), L&T Semiconductor, and Infineon. Through OSAT, the company targets power electronics products for automotive, healthcare, industrial, consumer goods, wireless devices, and IoT segments. Meanwhile, the PCB facility in Chennai is expected to commence operations in FY27. This project targets high-end, complex, multilayer PCBs for telecom, medical, automotive-EV, smartphones, defense, aerospace, industrial, and strategic electronics segments.

REDUCE

CMP *(as on 02 Apr 2026)*	INR 3,538
Target Price	INR 3,810
NIFTY	22,713

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 4,030	INR 3,810
EPS revision %	FY26E -0.9	FY27E -3.7

KEY STOCK DATA	
Bloomberg code	KAYNES IN
No. of Shares (mn)	67
MCap (INR bn) / ($ mn)	237/2,547
6m avg traded value (INR mn)	8,278
52 Week high / low	INR 7,705/3,295

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(11.0)	(50.6)	(29.8)
Relative (%)	3.5	(41.1)	(25.5)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	53.46	53.46
FIs & Local MFs	23.66	16.73
FPIs	10.71	8.87
Public & Others	12.17	20.93
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Keshav Lahoti
keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Mahesh Nagda
mahesh.nagda@hdfcsec.com
+91-22-6171-7319

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

- **Strong financial performance, healthy margin profile:** Kaynes has delivered robust financial performance in recent years, with revenue increasing nearly sevenfold from INR 3.7bn in FY20 to INR 27bn in FY25, translating into a strong 49% CAGR that further accelerated to 57% over FY22–25. Over FY20–25, EBITDA and APAT grew at CAGRs of 58% and 98%, respectively, while growth over FY22–25 stood at 64% for EBITDA and 92% for APAT. EBITDA margins expanded meaningfully from 9.6% in FY19 to 15.1% in FY25, supported by an improved product mix. Revenue growth has been largely led by the industrial segment, which accounts for 55% of the mix, led by the smart metering business along with the automotive segment contributing 26%. In 9MFY26, revenue rose 37% YoY to INR 23.8bn, while EBITDA and APAT each recorded 55% YoY growth.
- **Stretch working capital; negative OCF:** Kaynes' working capital profile has remained stretched and has deteriorated further, following its entry into the smart metering business. The segment is inherently working capital intensive due to its exposure to large utility projects, which typically involve longer billing and collection cycles than the company's other businesses. In FY25, debtors, including long-term receivables from the smart metering subsidiary Iskraemeco India Pvt Ltd, stood at INR 5.1bn, accounting for 82% of the subsidiary's revenue. Consequently, the company's working capital cycle remained elevated at around 3-4 months as of Mar-25 and extended further by Dec-25. On an adjusted basis, including long-term debtors, FY25 working capital days would increase by an additional 44 days. These factors have constrained cash flow generation, with cumulative operating cash flows remaining negative over FY21-25, highlighting structural pressures on the company's operating cash inflow profile.
- **Outlook and valuation**: Kaynes is a leading EMS player in India with a strong margin profile. Its expansion into OSAT and PCB manufacturing is expected to support healthy medium-term growth; however, successful execution and timely scaling of these new segments will be critical to fully realizing this potential. The company's working capital intensity remains elevated, with cumulative operating cash flows remaining negative over FY21–25, underscoring structural pressures on its operating cash inflow profile. While we expect a gradual normalization of the working capital cycle and an improvement in operating cash flows over the coming periods, still working capital requirements are likely to remain structurally high, in our view. Given the capital-intensive nature of upcoming projects, internal accruals and last year's equity fundraising alone may not be sufficient to fully meet cash flow requirements, potentially leading to higher leverage and dilution in return on capital employed. We have modelled revenue, EBITDA, and APAT CAGRs of 40%, 44%, and 32%, respectively, over FY25–28E aided by ramp up of OSAT and PCB facility. We maintain our REDUCE rating on the stock, with a lower target price of INR 3,810/sh, based on DCF valuation, (WACC: 12.5%, terminal growth 5%).

Annual financial summary (consolidated)

YE Mar (INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	4,206	7,062	11,261	18,046	27,218	38,649	56,238	74,561
EBITDA	409	937	1,683	2,542	4,107	6,184	8,829	12,153
EBITDAM (%)	9.7	13.3	14.9	14.1	15.1	16.0	15.7	16.3
APAT	94	414	952	1,833	2,934	4,206	5,417	6,826
Diluted EPS (Rs)	13.8	9.0	16.4	28.7	45.8	62.8	80.9	101.9
EV / EBITDA (x)	61.9	175.9	120.1	84.2	54.8	37.2	26.9	20.1
P/E (x)	256.5	394.0	216.1	123.4	77.3	56.3	43.7	34.7
RoE (%)	7.8	24.3	16.4	10.6	11.0	11.0	10.6	11.9

Source: Company, HSIE Research

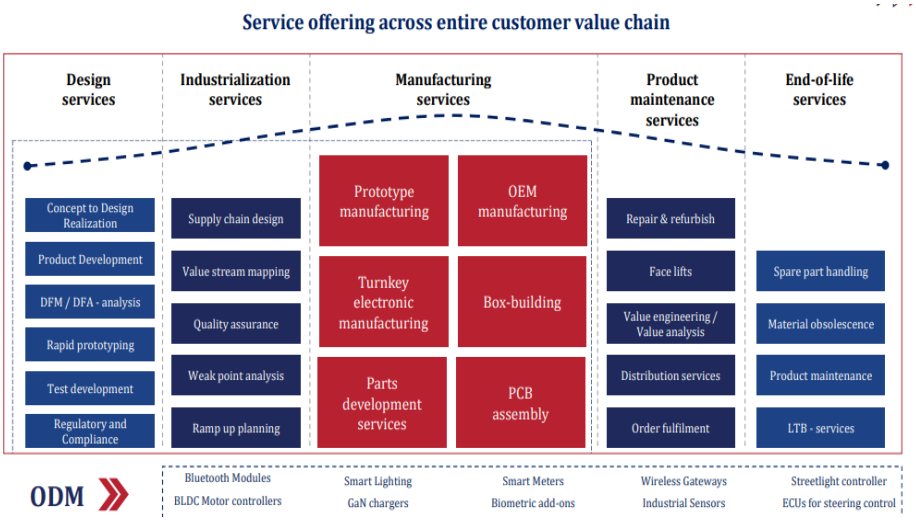
End-to-end integrated EMS player

Kaynes Technology is India's end-to-end integrated and IoT solutions-enabled electronics manufacturing player with capabilities across the entire spectrum of electronics system design and manufacturing (ESDM) services. The company has extensive experience providing conceptual design, process engineering, integrated manufacturing, and life-cycle support to major players in automotive, industrial (including electric vehicles or EVs), aerospace, outer-space and strategic electronics, medical, railways, Internet of Things (IoT), information technology (IT), and IT hardware—high-performance computing servers (HPCS).

The company's operations are segmented based on the stage of service delivery, with revenues primarily derived from OEM-led turnkey solutions. Box-build services constitute 39% of the revenue mix, while PCBA services account for 43%. The remaining 18% is contributed by ODM offerings, encompassing smart metering, smart street lighting, BLDC technology, Bluetooth modules, inverter solutions, gallium nitride (GaN)-based charging technologies, and IoT solutions for smart consumer appliances and devices.

From an end-market perspective, the revenue mix include, industrial segment at 55%, followed by automotive at 26%, IoT/IT at 8%, and railways at 7%, with the balance 4% contributed by medical, aerospace, and strategic electronics segments.

Kaynes has end-to-end design and engineering capabilities

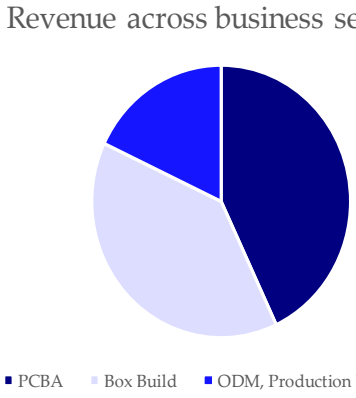


Source: Company, HSIE Research

Diversified product portfolio

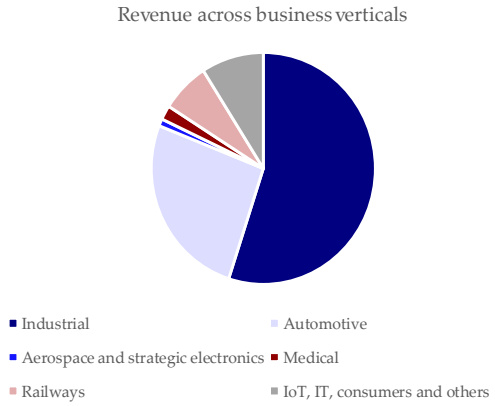
Source: Company, HSIE Research

Kaynes majority of revenue generates from PCBA and Box build business…



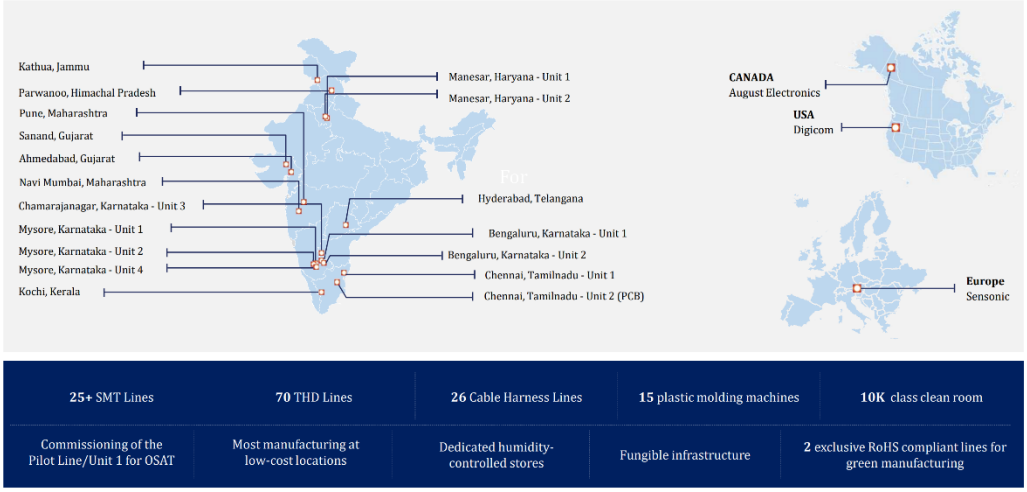
Source: Company, HSIE Research

… while, industrial and automotive together contributes around 80% of total revenue



Source: Company, HSIE Research

Kaynes has production facilities across the India and few in North America and Europe



Source: Company, HSIE Research

Strong financial performance

Kaynes has delivered strong financial performance over the past few years, with revenue increasing nearly sevenfold from INR 3.7bn in FY20 to INR 27bn in FY25, translating into a robust 49% CAGR and an accelerated 57% CAGR during FY22–25. EBITDA and APAT grew at CAGRs of 58% and 98%, respectively, over FY20–25, strengthening further to 64% and 92% over FY22–25. EBITDA margins expanded meaningfully from 9.6% in FY19 to 15.1% in FY25. Growth has been primarily driven by the industrial segment forming 55% of revenue mix (especially smart metering business), and the automotive segment with a 26% share; these segments recorded CAGRs of 66% and 57%, respectively, over FY20–25. In 9MFY26, revenue rose 37% YoY to INR 23.8bn, while EBITDA and APAT each grew 55% YoY.

Semiconductor – OSAT, PCB to drive future growth

Kaynes is venturing into the OSAT and PCB segments through vertical integration in OSAT and backward integration into PCBs, with planned capex of INR 34bn and INR 14bn, respectively. Both projects have received approval under the ECMS scheme.

The OSAT facility at Sanand, Gujarat, is being commissioned in phases, with Phase 1 having recently commenced commercial production. The OSAT facility enjoys healthy order visibility, with 60% of capacity tied up with its top four customers. The company has entered into strategic partnerships with global players such as Mitsui & Co., AOI Electronics, Aptos Technology, Globetronics Technology, and UST for technology collaboration and raw material sourcing. Anchor customers include Alpha & Omega Semiconductor (AOS), L&T Semiconductor, and Infineon. The target end markets span power electronics, automotive, healthcare, and industrial applications, as well as consumer goods, wireless devices, and IoT. The total project cost is INR 34bn; however, the company qualifies for a ~50% central capex subsidy and an additional ~20-25% state subsidy on eligible capex.

The PCB facility in Chennai is expected to commence operations in FY27. The company will focus on high-end, complex, and multilayer PCBs catering to sectors including telecom, medical devices, automotive-EV, smartphones, defense, aerospace, industrial applications, and strategic electronics. The total cost of the project is INR 14bn, while the company will qualify for ~40% state capex subsidy and an additional ~25% central subsidy on allowed capex.

Company OSAT facility in Sanand, Gujarat

Source: Company, HSIE Research

Company PCB facility in Chennai

Kaynes Circuits – Chennai

- 1. About 5 Million SQ MT of PCB Manufacturing Capacity in India
- 2. Multi Layer PCB both Rigid and Rigid Flex (High Layer Count Printed Circuit Boards, of up to 74 layers).
- 3. HDI PCB (High Density Interconnect Boards)
- 4. Flexible PCB (up to 16 layers.)

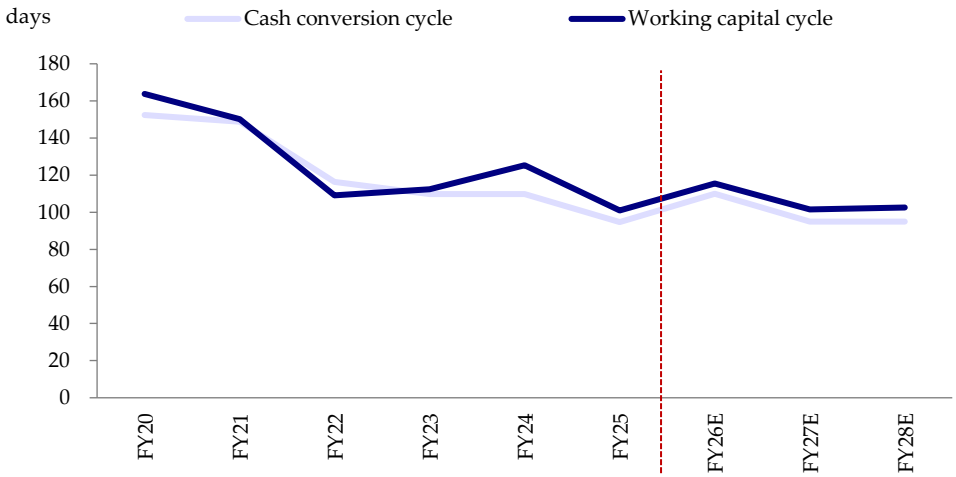
- Key Areas of Usage:
  - Telecom
  - Medical
  - Auto- EV
  - Strategic sectors
  - Smart Phones

Source: Company, HSIE Research

Stretch working capital; negative OCF

Kaynes' working capital profile has remained stretched and has deteriorated further, following its entry into the smart metering business. The segment is inherently working capital intensive due to its exposure to large utility projects, which typically involve longer billing and collection cycles than the company's other businesses. In FY25, debtors, including long-term receivables from the smart metering subsidiary Iskraemeco India Pvt Ltd, stood at INR 5.1bn, accounting for 82% of the subsidiary's revenue. Consequently, the company's working capital cycle remained elevated at around 3-4 months as of Mar-25 and extended further by Dec-25. On an adjusted basis, including long-term debtors, FY25 working capital days would increase by an additional 44 days. These factors have constrained cash flow generation, with cumulative operating cash flows remaining negative over FY21-25, highlighting structural pressures on the company's operating cash inflow profile.

Working capital cycle will ease though remain elevated

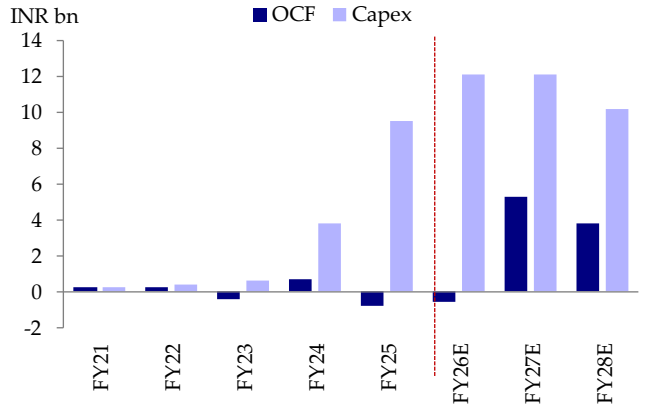


Source: Company, HSIE Research

Capex and leverage analysis

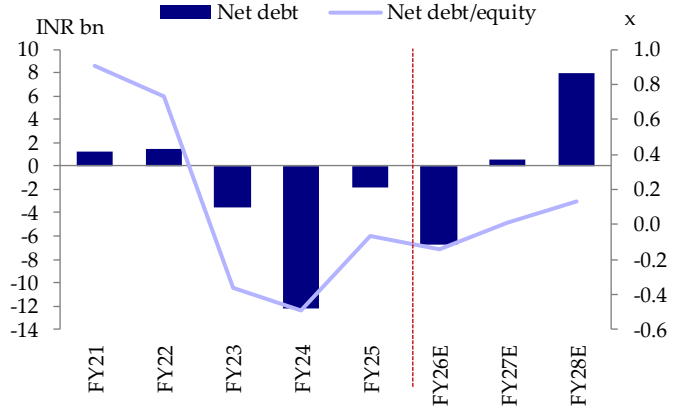
Kaynes' total asset turnover remains low at 0.7x in FY25, despite a strong fixed-asset turnover of 5.7x, due to working-capital-intensive nature of its business. Its capex pace has accelerated from ~INR 0.5bn till FY23 to ~INR 4/9.5bn in FY24/25. We expect the pace to further accelerate, owing to the ongoing OSAT and PCB projects, and inorganic acquisitions (August Electronics). We project capex of ~INR 34bn over FY26–28E, to be funded partly through equity raised in FY26, with the balance to meet via incremental debt. As a result, the company's leverage is expected to increase.

Both OCF and capex to increase in coming periods



Source: Company, HSIE Research

Debt to increase due to accelerated capex requirements

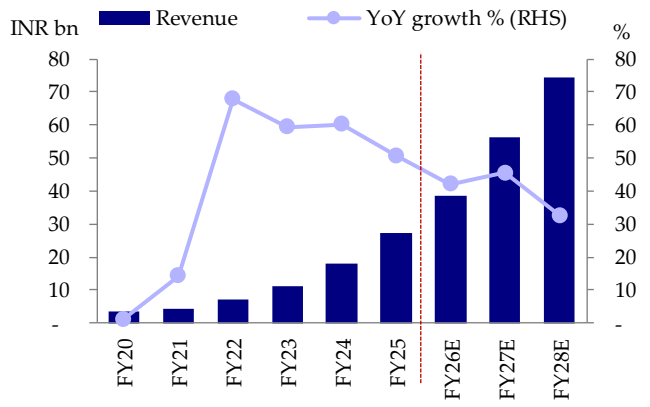


Source: Company, HSIE Research

Financial summary

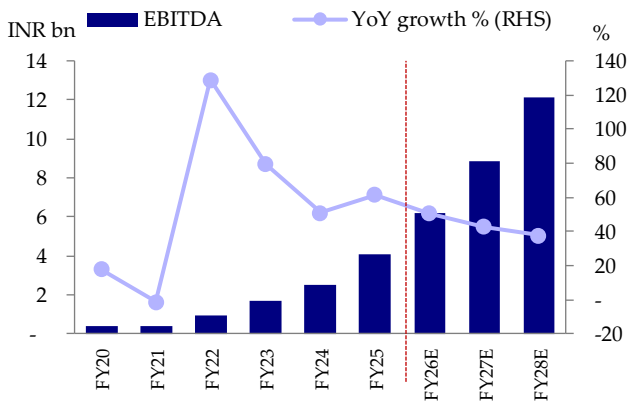
Over FY25-28E, we expect Kaynes to deliver healthy financial growth, driven by incremental contributions from the upcoming OSAT and PCB facilities. We forecast revenue, EBITDA, and APAT CAGRs of 40%, 44%, and 32%, respectively. We expect the EBITDA margin to improve by 120bps during FY25-28E, driven by better product mix and contribution from coming OSAT and PCB facilities. However, net profit margins are expected to decline by ~160 bps over the same period, driven by higher finance costs and increased depreciation, following the commissioning of new facilities as the company enters the OSAT and PCB manufacturing businesses.

Revenue to clock 40% CAGR over the FY25-28E



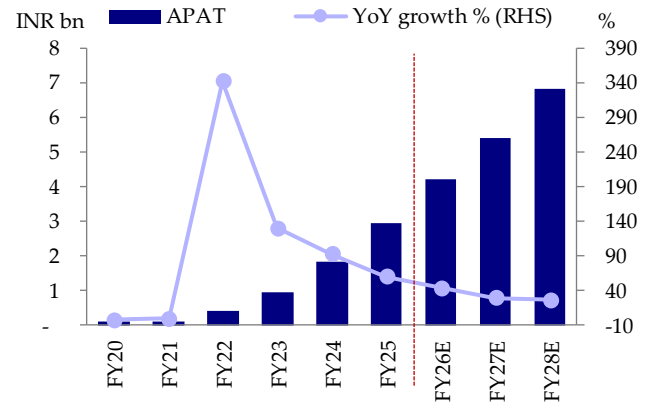
Source: Company, HSIE Research

EBITDA to grow 44% CAGR over the FY25-28E



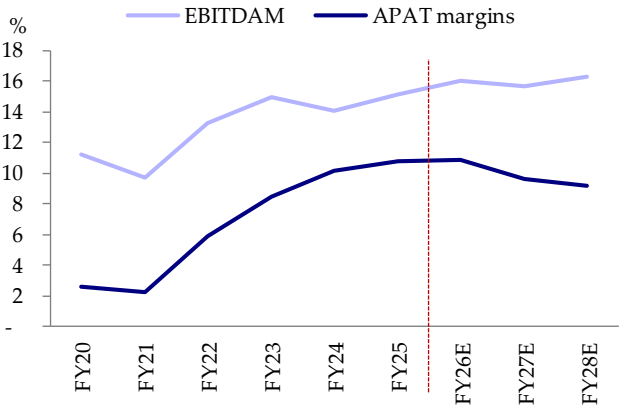
Source: Company, HSIE Research

APAT to grow 32% CAGR over the FY25-28E



Source: Company, HSIE Research

EBITDA margin to improve, led by better product mix and contribution from upcoming OSAT and PCB facilities; though net profit margins are likely to decline due to higher finance costs and increased depreciation



Source: Company, HSIE Research

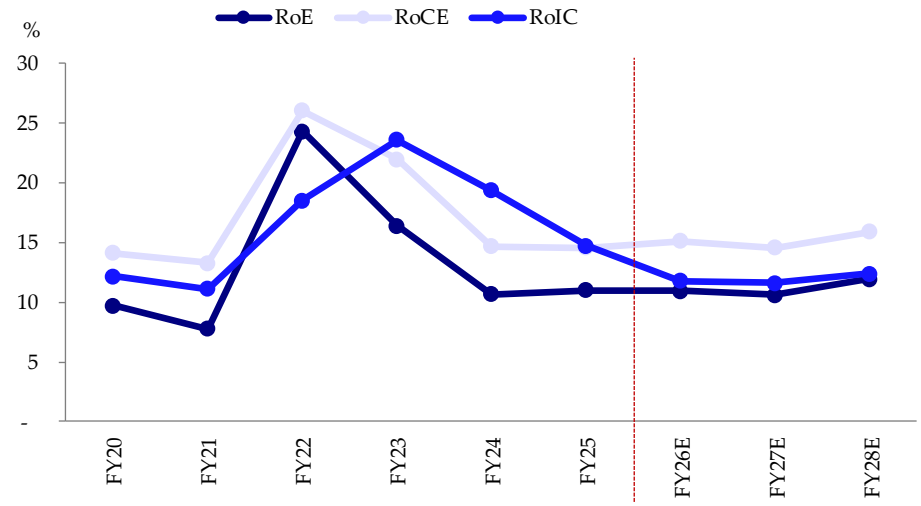
Du Pont analysis

Kaynes' EBITDA margin is projected to expand by 120bps over FY25–28E, supported by an improved product mix. However, net profit margins are expected to decline by 160bps over the same period due to higher finance costs and elevated depreciation from new facilities. Asset turnover is forecast to improve from 0.7x in FY25 to 0.8x by FY28E, returning to FY24 levels, aided by a better working capital cycle. Financial leverage is likely to increase as the company raises debt to fund its expansion plans and working capital needs. Consequently, the RoE is expected to improve from 11.0% in FY25 to 11.9% by FY28E.

Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net profit margin (%)	5.9	8.5	10.2	10.8	10.9	9.6	9.2
Asset Turnover (x)	1.4	1.1	0.8	0.7	0.7	0.8	0.8
Leverage factor (x)	3.0	1.8	1.4	1.5	1.5	1.4	1.6
RoE (%)	**24.1**	**16.4**	**10.6**	**11.0**	**10.9**	**10.6**	**11.9**

Source: Company, HSIE Research

RoE will improve, though RoCE and RoIC may dilute



Source: Company, HSIE Research

Management profile

Key managerial personnel

Name	Designation	Education and Experience
Ms. Savitha Ramesh	Chairperson	Ms. Savitha Ramesh serves as a Promoter and Chairperson, having been associated with the company since 1996. She holds a Bachelor's degree in Commerce from the University of Madras and brings approximately 25 years of experience in the EMS industry. She oversees the implementation of processes, systems, and controls across the company.
Mr. Ramesh Kunhikannan	Executive Vice-Chairman	Mr. Ramesh Kunhikannan serves as a Promoter and Executive Vice Chairman, having been associated with the company since its inception in 1988. He holds a Bachelor's degree in Electrical Engineering from NIE Mysore and brings 33 years of experience in the EMS industry.
Mr. Muthukumar Narayanswamy	Managing Director	Mr. Muthukumar Narayanswamy, is the Managing Director. He has 37 years of diverse experience in Manufacturing, Operations, Sustainable Business Strategy, and Technology Transformation. He holds MSc in Applied Sciences – Rubber Technology from Anna University, MBA in International Marketing from Thiagarajar School of Management and PhD in Operations Management from Annamalai University.
Mr. Jairam P Sampath	Whole Time Director and CFO	Mr. Jairam P Sampath is the Whole Time Director & Chief Financial Officer. He has been a part of Company since 2011 and is currently leading the finance and strategy functions of the Company. He holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology Madras and a post graduate diploma in management from the Indian Institute of Management Ahmedabad. He has over 30 years of experience in manufacturing, operations, finance and sales & marketing.
Mr. Sajan Anandaraman	Head of Commercial and Corporate Affairs	Mr. Sajan Anandaraman is head of Commercial and Corporate Affairs. He has been part of company since 1995. He is an Engineering Graduate from University of Calicut. In 2010, he has Completed Executive General Management Program from IIM-B. In his twenty-five years of experience in company, he has been holding various functions like Business Management System & Audit, Commercial Operations, Export & Import, Indirect Taxation, MIS and Management Audit.

Source: Company, HSIE Research

Key risks

High working capital requirement and negative OCF: The company's working capital cycle remains stretched, primarily due to elevated receivable days in the smart-metering business. Consequently, operating cash flows continue to remain negative. If this trend persists, the company will need to raise additional funds to meet its operating requirements.

Raw material sourcing: The company relies on a global supply chain, particularly for semiconductors. Any inability to procure raw material on favorable terms or disruptions in the supply chain would impact operations.

Ramp-up in OSAT and PCB facilities: The new OSAT and upcoming PCB facilities will require time to ramp up. Any significant delays or slow ramp-up would negatively impact the company's financial performance. Secondly, if margins remain low for this project, it could dilute overall return ratios.

Dependency on government incentive: The company receives incentives from the government. Any delay, denial, or expiry of incentive scheme will impact the company's margins.

Outlook and valuation

Kaynes is a leading EMS player in India with a strong margin profile. Its expansion into OSAT and PCB manufacturing is expected to support healthy medium-term growth; however, successful execution and timely scaling of these new segments will be critical to fully realizing this potential. The company's working capital intensity remains elevated, with cumulative operating cash flows remaining negative over FY21–25, underscoring structural pressures on its operating cash inflow profile. While we expect a gradual normalization of the working capital cycle and an improvement in operating cash flows over the coming periods, still working capital requirements are likely to remain structurally high, in our view. Given the capital-intensive nature of upcoming projects, internal accruals and last year's equity fundraising alone may not be sufficient to fully meet cash flow requirements, potentially leading to higher leverage and dilution in return on capital employed. We have modelled revenue, EBITDA, and APAT CAGRs of 40%, 44%, and 32%, respectively, over FY25–28E aided by ramp up of OSAT and PCB facility. We maintain our REDUCE rating on the stock, with a lower target price of INR 3,810/sh, based on DCF valuation, (WACC: 12.5%, terminal growth 5%).

Estimates revision summary

We maintain our revenue estimates, while marginally trimming margin assumptions due to cost inflation, resulting in a reduction in APAT estimates by 1/4/3% for FY26/27/28E.

INR mn	FY26E New	FY27E New	FY28E New	FY26E Old	FY27E Old	FY28E Old	FY26E Change %	FY27E Change %	FY28E Change %
Net Sales	38,649	56,238	74,561	38,649	56,238	74,561	0.0	0.0	0.0
EBITDA	6,184	8,829	12,153	6,184	9,111	12,377	0.0	-3.1	-1.8
APAT	4,206	5,417	6,826	4,243	5,623	7,000	-0.9	-3.7	-2.5
AEPS	62.8	80.9	101.9	63.4	84.0	104.5	-0.9	-3.7	-2.5

Source: Company, HSIE Research

Consolidated Income Statement

YE Mar (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	**7,062**	**11,261**	**18,046**	**27,218**	**38,649**	**56,238**	**74,561**
Growth (%)	67.9	59.4	60.3	50.8	42.0	45.5	32.6
Material Expenses	4,894	7,801	13,299	18,997	25,122	35,880	47,570
Employee Expense	602	771	1,028	1,781	3,092	3,937	4,921
Other Expenses	629	1,006	1,178	2,333	4,251	7,592	9,917
EBITDA	**937**	**1,683**	**2,542**	**4,107**	**6,184**	**8,829**	**12,153**
EBITDA Growth (%)	**129.1**	**79.7**	**51.0**	**61.6**	**50.6**	**42.8**	**37.6**
EBITDA Margin (%)	**13.3**	**14.9**	**14.1**	**15.1**	**16.0**	**15.7**	**16.3**
Depreciation	132	187	251	447	835	1,414	1,998
EBIT	**805**	**1,496**	**2,290**	**3,660**	**5,349**	**7,416**	**10,156**
Other Income (Including EO Items)	41	114	559	1,070	1,425	1,167	1,290
Interest	256	349	534	1,013	1,166	1,244	2,004
PBT	**590**	**1,260**	**2,316**	**3,716**	**5,608**	**7,339**	**9,442**
Total Tax	174	308	483	782	1,402	1,835	2,360
Profit before JV/Associates/NCI	417	952	1,833	2,934	4,206	5,504	7,081
Non-controlling Interest	2	-	-	-	-	88	256
Exceptional Gain/ (loss)	-	-	-	-	-	-	-
RPAT	**414**	**952**	**1,833**	**2,934**	**4,206**	**5,417**	**6,826**
Adjusted PAT	**414**	**952**	**1,833**	**2,934**	**4,206**	**5,417**	**6,826**
APAT Growth (%)	**342.0**	**129.7**	**92.5**	**60.1**	**43.3**	**28.8**	**26.0**
AEPS	**9.0**	**16.4**	**28.7**	**45.8**	**62.8**	**80.9**	**101.9**
AEPS Growth (%)	**(34.9)**	**82.3**	**75.1**	**59.7**	**37.2**	**28.8**	**26.0**

Source: Company, HSIE Research

Consolidated Balance Sheet

YE Mar (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS							
Share Capital - Equity	465	581	639	641	670	670	670
Other Equity	1,560	9,009	24,230	27,762	47,689	53,106	59,932
Total Shareholders' Funds	**2,026**	**9,590**	**24,869**	**28,403**	**48,358**	**53,775**	**60,601**
NCI	11	13	16	40	40	127	383
Total Debt	**1,695**	**1,359**	**3,061**	**8,755**	**4,148**	**11,730**	**17,980**
Net Deferred Taxes	68	77	102	130	242	389	578
Other Non-Current Liabilities	205	205	192	344	488	711	942
TOTAL SOURCES OF FUNDS	**4,005**	**11,244**	**28,239**	**37,671**	**53,277**	**66,733**	**80,484**
APPLICATION OF FUNDS							
Net Block	640	902	2,594	5,045	16,347	27,139	35,380
Goodwill	23	23	152	141	141	141	141
CWIP	83	293	1,051	3,913	4,000	4,000	4,000
Intangible assets	290	221	183	1,329	1,304	1,308	1,301
Right of Use Assets	181	171	263	1,935	224	605	981
Non-Current Investments	15	33	1,318	1,324	1,324	1,324	1,324
Other Non-Current Assets	129	236	1,224	5,893	6,791	5,377	6,383
Total Non-current Assets	**1,361**	**1,880**	**6,785**	**19,580**	**30,132**	**39,894**	**49,510**
Current-Investments	-	-	-	-	-	-	-
Inventories	2,264	4,132	5,483	8,144	11,648	13,867	18,385
Debtors	1,977	2,271	3,556	5,746	9,530	11,556	15,321
Cash & Equivalents	216	4,860	15,256	10,563	10,923	11,207	10,040
Other Current Assets	407	1,045	1,572	2,379	3,097	4,438	5,795
Total Current Assets	**4,864**	**12,308**	**25,867**	**26,832**	**35,197**	**41,069**	**49,541**
Creditors	1,641	2,229	3,610	6,829	9,530	10,785	14,299
Other Current Liabilities & Provns	578	714	803	1,912	2,522	3,444	4,268
Total Current Liabilities	**2,219**	**2,943**	**4,413**	**8,741**	**12,051**	**14,230**	**18,568**
Net Current Assets	**2,645**	**9,365**	**21,454**	**18,091**	**23,146**	**26,839**	**30,973**
TOTAL APPLICATION OF FUNDS	**4,005**	**11,244**	**28,239**	**37,671**	**53,277**	**66,733**	**80,484**

Source: Company, HSIE Research

Consolidated Cash Flow

YE Mar (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	**590**	**1,260**	**2,316**	**3,716**	**5,608**	**7,339**	**9,442**
Non-operating & EO Items	(11)	(84)	(1,388)	(834)	(2,099)	543	(1,942)
Interest Expenses	256	349	534	1,013	1,166	1,244	2,004
Depreciation	132	187	251	447	835	1,414	1,998
Working Capital Change	(742)	(1,626)	(530)	(4,522)	(4,708)	(3,429)	(5,323)
Tax Paid	(14)	(503)	(481)	(644)	(1,402)	(1,835)	(2,360)
OPERATING CASH FLOW (a)	**211**	**(416)**	**701**	**(823)**	**(600)**	**5,275**	**3,818**
Capex	(422)	(581)	(3,826)	(9,487)	(12,110)	(12,150)	(10,150)
Free Cash Flow (FCF)	**(211)**	**(997)**	**(3,125)**	**(10,311)**	**(12,710)**	**(6,875)**	**(6,332)**
Investments	(33)	(4,453)	(11,488)	4,975	500	-	-
Non-operating Income	11	98	262	966	1,355	1,083	1,192
INVESTING CASH FLOW (b)	**(445)**	**(4,937)**	**(15,052)**	**(3,547)**	**(10,255)**	**(11,067)**	**(8,958)**
Debt Issuance/(Repaid)	301	(336)	1,702	5,694	(4,606)	7,582	6,249
Interest Expenses	(256)	(349)	(534)	(1,013)	(1,166)	(1,244)	(2,004)
FCFE	(166)	(1,683)	(1,957)	(5,629)	(18,482)	(537)	(2,086)
Share Capital Issuance	228	6,229	13,436	27	15,750	-	-
Dividend	-	-	-	-	-	-	-
Others	-	-	(318)	(58)	1,737	(262)	(273)
FINANCING CASH FLOW (c)	**272**	**5,543**	**14,286**	**4,650**	**11,715**	**6,076**	**3,972**
NET CASH FLOW (a+b+c)	**38**	**191**	**(65)**	**280**	**860**	**284**	**(1,167)**
EO Items, Others	-	-	-	-	-	-	-
Closing Cash & Equivalents	**69**	**259**	**194**	**474**	**1,334**	**1,619**	**452**

Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PROFITABILITY (%)							
GPM	30.7	30.7	26.3	30.2	35.0	36.2	36.2
EBITDA Margin (%)	13.3	14.9	14.1	15.1	16.0	15.7	16.3
EBIT Margin	11.4	13.3	12.7	13.4	13.8	13.2	13.6
PBT Margin	8.4	11.2	12.8	13.7	14.5	13.1	12.7
APAT Margin	5.9	8.5	10.2	10.8	10.9	9.6	9.2
RoE	24.3	16.4	10.6	11.0	11.0	10.6	11.9
RoIC (or Core RoCE)	18.5	23.5	19.3	14.7	11.8	11.6	12.4
RoCE	26.0	21.9	22.9	25.5	22.0	19.1	19.7
EFFICIENCY							
Tax Rate (%)	29.4	24.5	20.8	21.0	25.0	25.0	25.0
Fixed Asset Turnover (x)	6.8	8.8	7.6	5.7	3.2	2.3	2.1
Inventory (days)	101	104	111	109	110	90	90
Debtors (days)	83	69	72	77	90	75	75
Other Current Assets (days)	16	24	32	32	29	29	28
Payables (days)	67	63	73	92	90	70	70
Other Current Liab & Provns (days)	23	21	16	26	24	22	21
Cash Conversion Cycle (days)	116	110	110	95	110	95	95
Working capital Cycle (days)	109	112	125	101	115	101	102
Net D/E (x)	0.7	(0.4)	(0.5)	(0.1)	(0.1)	0.0	0.1
Interest Coverage (x)	3.1	4.3	4.3	3.6	4.6	6.0	5.1
PER SHARE DATA (Rs)							
EPS	9.0	16.4	28.7	45.8	62.8	80.9	101.9
CEPS	11.8	19.6	32.6	52.8	75.3	102.0	131.8
Dividend	-	-	-	-	-	-	-
Book Value	43.9	164.9	389.1	443.2	722.2	803.1	905.1
VALUATION							
P/E (x)	394.0	216.1	123.4	77.3	56.3	43.7	34.7
P/BV (x)	80.6	21.4	9.1	8.0	4.9	4.4	3.9
EV/EBITDA (x)	175.9	120.1	84.2	54.8	37.2	26.9	20.1
EV/Revenues (x)	23.3	18.0	11.9	8.3	6.0	4.2	3.3
OCF/EV (%)	0.1	(0.2)	0.3	(0.4)	(0.3)	2.2	1.6
FCF/EV (%)	(0.1)	(0.5)	(1.5)	(4.6)	(5.5)	(2.9)	(2.6)
FCFE/Mkt Cap (%)	(0.1)	(0.8)	(0.9)	(2.5)	(7.8)	(0.2)	(0.9)
Dividend Yield (%)	-	-	-	-	-	-	-

Source: Company, HSIE Research

INSTITUTIONAL RESEARCH

Amber Enterprises

RAC leadership to electronics-led growth

Amber is a leading OEM/ODM in India's RAC industry with ~27% market share. While consumer durables (largely RAC) still account for 73% of FY25 revenue, the company has made steady progress in diversifying toward electronics (22%) and railways & mobility (5%). The effectiveness of this strategy is evident in the decline in consumer durables' contribution from 95% in FY18 to 73% in FY25, which is expected to reduce further to ~62% by FY28E, improving earnings stability and reducing seasonality risk. To support this shift, Amber is accelerating investments in electronics, especially PCB manufacturing and inorganic acquisitions (Power One, Shogini Technoarts, and Unitronics). We estimate cumulative capex of ~INR 44bn over FY26-28E (vs. an earlier years annual average of ~INR 5bn), largely to support PCB capacity expansion and selective inorganic acquisitions, to be funded through a mix of internal accruals and equity/preferential issuances. Notwithstanding the stepped-up capex cycle, we expect Amber's net debt to remain minimal, aided by robust earnings growth and equity-led funding. We remain positive on Amber, underpinned by its leadership in the RAC market, expanding addressable opportunity, strong growth visibility, ramp-up of the margin-accretive electronics segment, and a healthy balance sheet supported by lean working-capital management. We model revenue, EBITDA, and APAT CAGRs of 24%, 28%, and 38%, respectively, over FY25–28E. We maintain our BUY rating with a lower target price of INR 8,300/sh, based on DCF valuation (WACC: 12%, terminal growth: 5%).

- **Leading player in RAC manufacturing:** Amber stands as a leading player in the room air conditioner (RAC) manufacturing landscape in India, with ~27% market share in OEM/ODM space. The company produces RACs and commercial air conditioners including AC components. Beyond this, it offers integrated heating, ventilation, and air conditioning (HVAC) solutions to major multinational corporations, domestic consumer durables companies, railways, metro trains, buses, defence, etc. With about 70% bill of materials (BoM) catering capability, it supplies to major RAC companies, including Fujitsu General, LG, Voltas, Panasonic, Samsung, Mitsubishi, Godrej, Blue Star, etc.
- **Strategic diversification to reduce dependency on cyclical RAC:** Amber's revenue mix remains skewed toward consumer durables, which accounted for ~73% of FY25 revenue, largely driven by RAC/AC-related products. The remaining contribution is from the electronics segment (~22%) and railways & mobility (~5%). Given the air-conditioning industry's inherent sensitivity to weather conditions, weak summer seasons can materially impact industry volumes and, in turn, earnings visibility for RAC-focused players. To mitigate this end-market concentration risk, Amber has been steadily diversifying into the higher-margin electronics segment, encompassing PCBA, PCB fabrication, and box-build solutions. In parallel, the company is expanding into adjacencies such as industrial and automation electronics and industrial power electronics, primarily through inorganic initiatives, to scale its non-RAC portfolio. The execution of this diversification strategy is clearly visible in the steadily declining share of consumer durables, which has reduced from 95% in FY18 to 73% in FY25 and is expected to further decline to ~62% by FY28E. This underscores Amber's deliberate portfolio rebalancing toward less seasonal, higher-value electronics businesses and improved earnings resilience over the medium term.

BUY

CMP *(as on 02 April 2026)*	INR 6,281
Target Price	INR 8,300
NIFTY	22,713

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 8,520	INR 8,300
EPS revision %	FY26E	FY27E
	-8.8	*-3.9*

KEY STOCK DATA

Bloomberg code	AMBER IN
No. of Shares (mn)	35
MCap (INR bn) / ($ mn)	221/2,374
6m avg traded value (INR mn)	2,331
52 Week high / low	INR 8,626/5,401

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.1)	(23.8)	(10.2)
Relative (%)	11.4	(14.3)	(5.9)

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	38.22	38.19
FIs & Local MFs	20.20	23.86
FPIs	30.61	26.98
Public & Others	10.97	10.97
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Keshav Lahoti
keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Mahesh Nagda
mahesh.nagda@hdfcsec.com
+91-22-6171-7319

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

- **Strong track record – gaining market share:** Amber has delivered a strong financial performance over the past decade, outperforming industry growth. Revenue expanded eightfold from INR 12bn in FY15 to INR 99bn in FY25, translating into a 23% CAGR, which further accelerated to 33% over FY22-25. EBITDA and APAT grew at CAGRs of 22% and 24%, respectively, over FY15-25, accelerating to 41% and 31% over FY22-25. Notably, in 9MFY26, despite flattish YoY growth in the RAC industry, Amber reported 29% YoY revenue growth, led by the electronics segment.
- **PCB manufacturing to emerge as a key growth driver for Amber:** As a part of its strategy to scale the electronics division and enhance backward integration, Amber is expanding its PCB manufacturing capabilities. The company entered the PCB manufacturing space in FY24 through the acquisition of Ascent Circuits. Building on this platform, Amber is investing ~INR 10bn to set up a multi-layer PCB manufacturing facility, with trial production for phase-1 costing INR 6bn expected to commence by Q2FY27. Further strengthening its presence in the high-end PCB segment, Amber has entered into a joint venture with Korea Circuit to manufacture advanced PCBs, including HDI and flex PCBs as well as semiconductor substrates. The JV targets structurally high-growth and technologically advanced end-markets such as mobile handsets, medical devices, semiconductors, and aerospace. Commercial operations will be phased, with phase-1 expected to commence in FY28. Both the multi-layer PCB project and the Korea Circuit JV are eligible under the ECMS and have secured approvals for incentives from both central and state governments, supporting project viability and returns.
- **Outlook and valuation**: We remain positive on Amber, underpinned by its leadership in the RAC market, expanding addressable opportunity, strong growth visibility, ramp-up of the margin-accretive electronics segment, and a healthy balance sheet supported by lean working-capital management. The company's strategic diversification beyond RAC, particularly through scaling PCB and PCBA manufacturing within the electronics segment, is well positioned to drive sustained growth and margin expansion over the medium term. We expect robust growth across segments and have modelled revenue, EBITDA, and APAT CAGRs of 24%, 28%, and 38%, respectively, over FY25–28E. We maintain our BUY rating with a lower target price of INR 8,300/sh, based on DCF valuation (WACC: 12%, terminal growth: 5%).

Annual financial summary (consolidated)

YE Mar (INR bn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	30,305	42,064	69,271	67,293	99,730	1,25,739	1,60,388	1,91,559
EBITDA	2,203	2,754	4,179	4,919	7,634	9,746	12,896	16,086
EBITDAM (%)	7.3	6.5	6.0	7.3	7.7	7.8	8.0	8.4
APAT	816	1,092	1,572	1,329	2,436	2,905	5,217	6,425
Diluted EPS (Rs)	24.2	32.4	46.7	39.4	72.0	82.8	148.7	183.1
P/E (x)	259.4	193.8	134.6	159.3	87.2	75.9	42.2	34.3
EV/EBITDA (x)	96.3	78.1	52.1	44.3	29.3	22.8	17.6	14.0
RoE (%)	6.0	6.5	8.6	6.7	11.2	7.7	9.5	10.5

Source: Company, HSIE Research

Leading player in RAC manufacturing

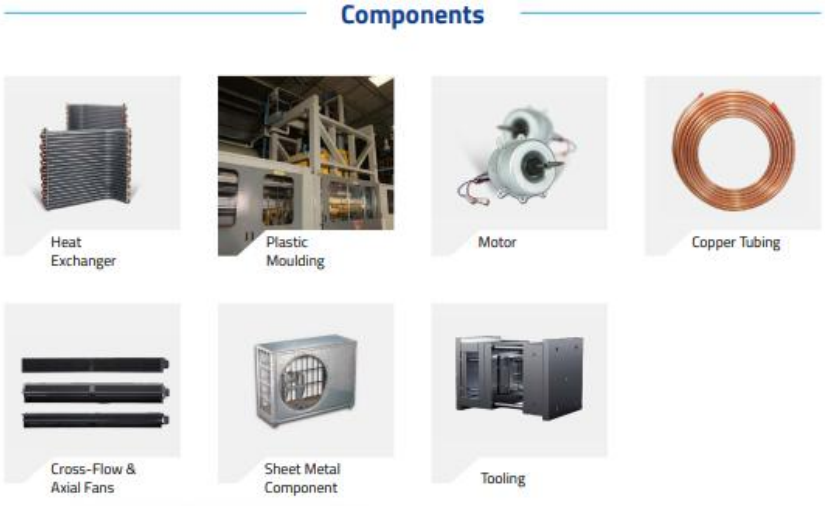
Leader in India's OEM/ODM RAC manufacturing space

Amber stands as a leading player in the room air conditioner (RAC) manufacturing landscape in India, with ~27% market share in OEM/ODM. The company produces RACs and commercial air conditioners (CACs) including critical RAC components, such as heat exchangers. Beyond this, it offers integrated heating, ventilation, and air conditioning (HVAC) solutions to major multinational corporations, Indian consumer durables companies, railways, metro trains, buses, defence, etc. The company operates 24 RAC facilities across India, strategically located near major customer markets. With about 70% bill of materials (BoM) catering capability, it supplies to major RAC companies, including Fujitsu General, LG, Voltas, Panasonic, Samsung, Mitsubishi, Godrej, Blue Star, etc.

Company air conditioning finished product portfolio

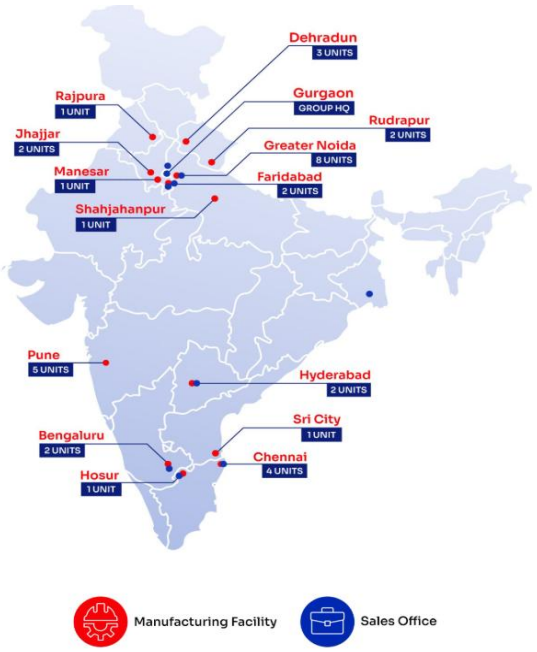
Source: Company, HSIE Research

Company air conditioning component product portfolio



Source: Company, HSIE Research

The company has 30 manufacturing facilities across the country, including 24 RAC units, five electronics manufacturing facilities, and one facility dedicated to railway products



Source: Company, HSIE Research

Source: Company, HSIE Research

Diversifying to reduce reliance on cyclical RAC

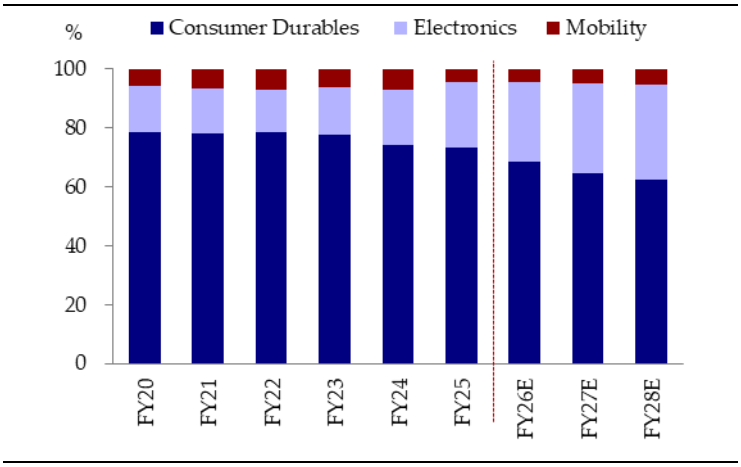
Amber operates across three key verticals — Consumer Durables, Electronics, and Railways & Mobility. Consumer durables remains the largest contributor, accounting for 73% of consolidated revenues in FY25, while electronics contributes ~22% and railways & mobility ~5%. The company has materially diversified its revenue profile over time. In FY18, consumer durables contributed nearly 95% of revenues, with RAC finished goods accounting for ~70%. This concentration has steadily reduced, with RAC finished goods declining to ~43% of revenues in FY25, driven by expansion into electronics and railways.

We expect this diversification trend to continue, with the consumer durables mix moderating to ~62% by FY28E, led by faster growth in electronics and railways, supported by both organic scale-up and inorganic acquisitions.

Amber's operating divisions

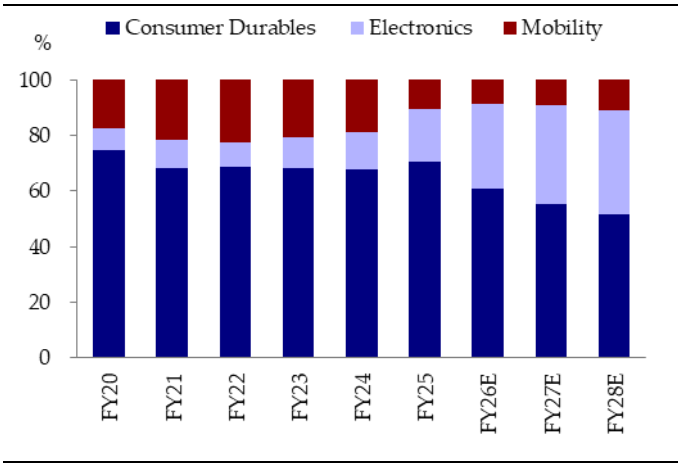
Source: Company, HSIE Research

Electronics revenue share rising; consumer durables declining…



Source: Company, HSIE Research

…same trend to continue in EBITDA mix



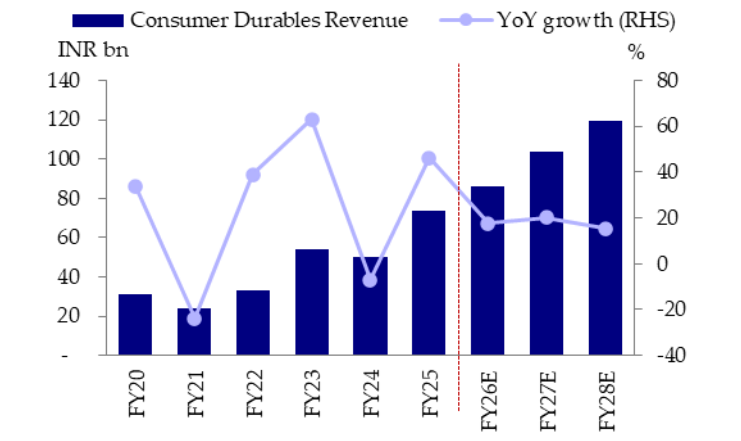
Source: Company, HSIE Research

Diversifying beyond consumer durables

Given the company's high revenue concentration in the Consumer Durables segment, which is largely driven by air conditioner-related products, Amber remains inherently exposed to the seasonality risks of the RAC industry. As a result, a weaker-than-normal summer season could adversely impact volumes and overall financial performance. To reduce dependence on a single end-market, the company has been strategically diversifying its revenue mix, with a sharper focus on the higher-margin electronics segment, including PCBA, PCB manufacturing, and box-build assemblies, which offers more stable, year-round demand and improved margin resilience.

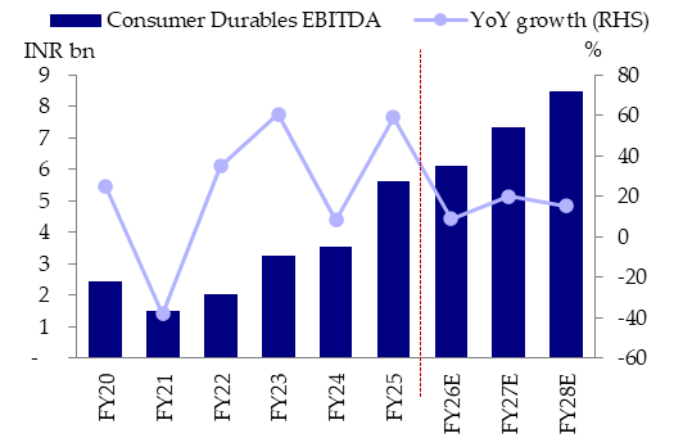
In parallel, Amber is broadening its non-RAC exposure by expanding its component portfolio across adjacent end-markets, including refrigerators, washing machines, water purifiers, automobiles, energy meters, set-top boxes, and other consumer and industrial applications. Additionally, the company is targeting entry into newer high-value segments, such as industrial and automation electronics as well as industrial power electronics, primarily through an inorganic route. These initiatives are expected to further diversify the revenue base and enhance the contribution of non-RAC segments over the medium term.

Consumer durables revenue is expected to grow at an 18% CAGR over FY25–28E….



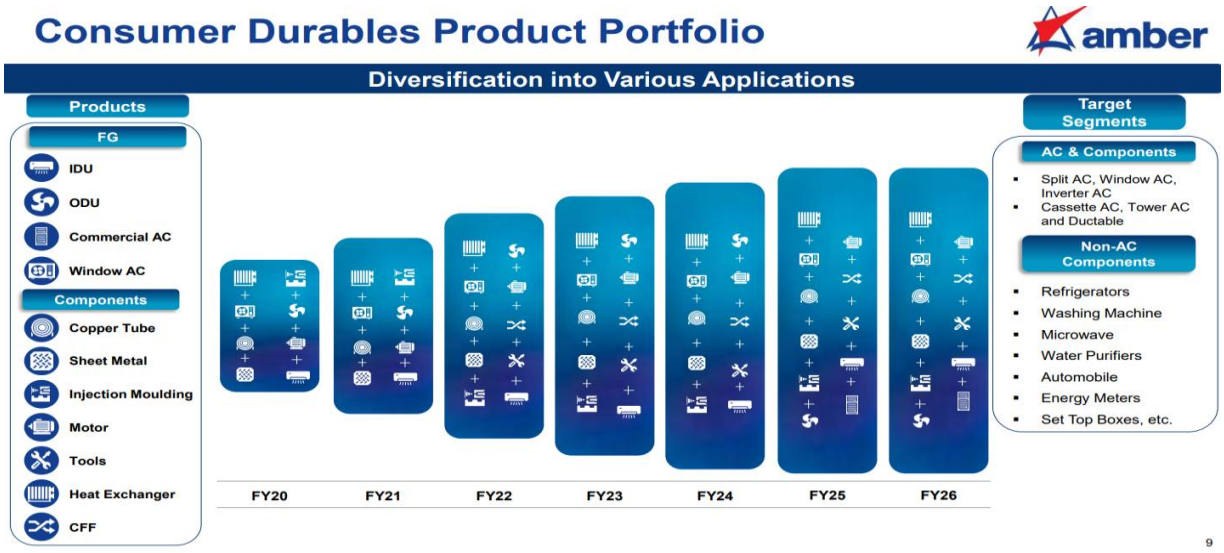
Source: Company, HSIE Research

…while division EBITDA to grow at 15% CAGR over the same period



Source: Company, HSIE Research

The company's consumer durables portfolio has steadily expanded over the years



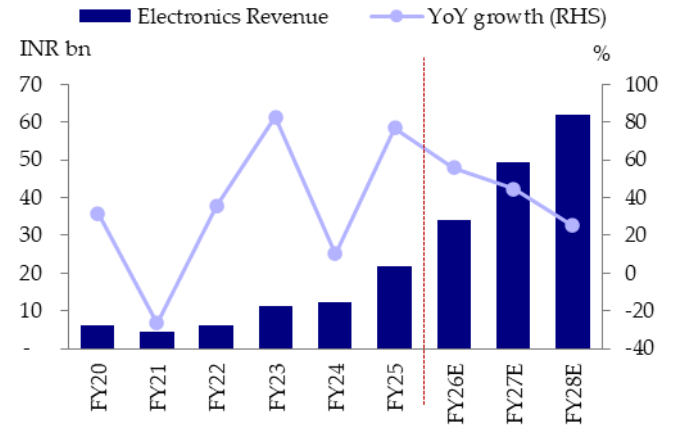
Source: Company, HSIE Research

Electronics division to grow at a strong pace

Amber's electronics division has delivered strong growth over the years, supported by a calibrated mix of acquisitions and strategic partnerships. Initially focused on electronics content for consumer-durables products, the division has progressively diversified into higher growth end-markets such as hearables and wearables, smart meters, automotive, telecom, industrials, and aerospace & defence applications. Within the electronics segment, PCBA accounts for ~85% of revenues, while bare PCBs contribute the remaining ~15%.

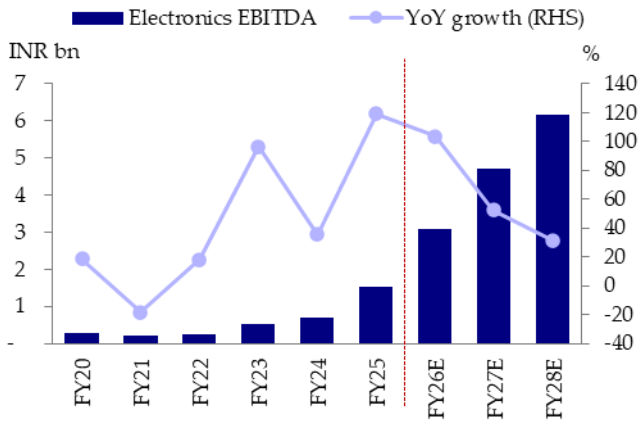
To grow electronics division, the company is working on expansion of PCBA and bare PCB manufacturing, encompassing advanced variants such as multilayer, HDI, flex, and semiconductor substrates PCBs. For this, it is expanding its current PCB facility in Ascent Circuits and has also entered into a joint venture with Korea Circuit.

We expect electronics division revenue to grow 41% CAGR over the FY25-28E…



Source: Company, HSIE Research

…while division EBITDA to grow strong 60% CAGR over the same period, aided by improving business mix

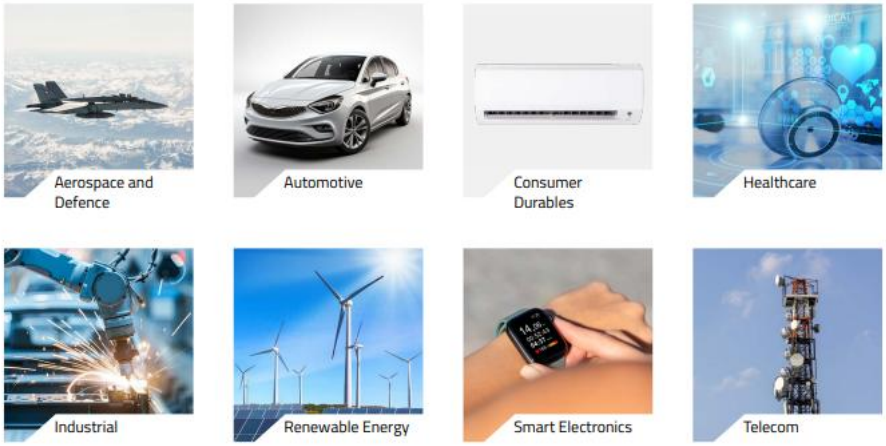


Source: Company, HSIE Research

The company's electronics division specializes in PCB manufacturing, PCBA, and box-build solutions

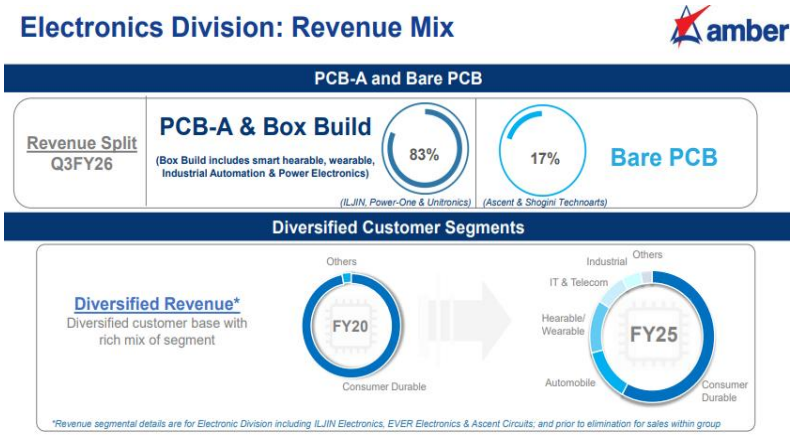
Source: Company, HSIE Research

Company target key segments within its electronics division



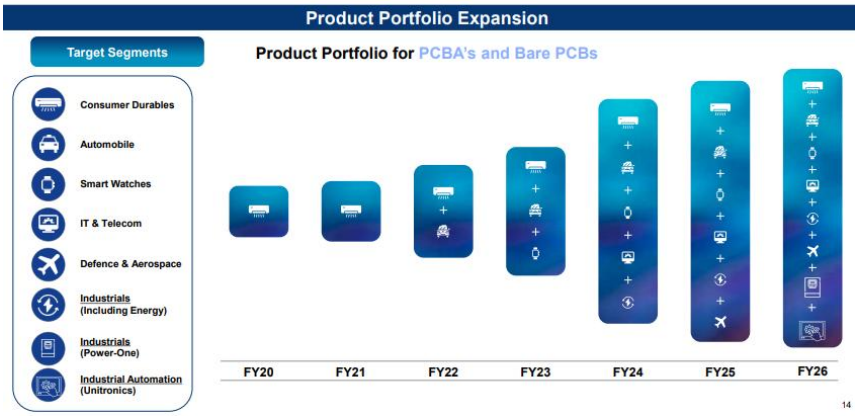
Source: Company, HSIE Research

PCBA accounts for the highest share in electronics division



Source: Company, HSIE Research

Amber is expanding its product portfolio for PCBAs and Bare PCBs



Source: Company, HSIE Research

Backward integration through PCB manufacturing will be a major growth driver

Amber is expanding its PCB manufacturing capabilities to strengthen backward integration within the electronics value chain. In 2024, the company entered the bare PCB segment through the acquisition of Ascent Circuits, which manufactures single-sided, double-sided, multilayer, and RF PCBs. In FY25, the company generated INR3.3bn in revenue from the bare PCB business.

To further scale its capabilities, Amber is setting up a new multilayer PCB facility in Hosur, Tamil Nadu, with a total planned investment of INR10bn, of which Phase-1 entails INR6bn. Trial production is expected to commence by Q2FY27. The project has been approved under the electronics components manufacturing scheme (ECMS) and is eligible for both central and state government incentives. Management expects the multilayer PCB business to deliver operating margins of 15-20% over the medium term.

JV with Korea circuit for high-end PCBs

Amber formed a joint venture with Korea Circuit to manufacture high-end PCBs — including HDI, flex, and semiconductor substrates — targeting advanced sectors like mobile phones, medical devices, semiconductors, and aerospace. This JV qualifies under the ECMS, with government approval secured and also have state government incentive program approval. Operations are expected to commence in phases with Phase-1 by FY28. Total phased capex stands at INR 32bn, with Phase 1 requiring INR 12bn.

Inorganic expansion to further aid in expanding electronics division

In August 2025, Amber through ILJIN has acquired 60% stake in Power One Micro Systems, expanding its footprint across battery energy storage systems, solar inverters, EV chargers, UPS, and solar power plants. In October 2025, ILJIN has made further inorganic expansion, acquired a controlling stake in Unitronics of 40%, which now stands at 49.66%. Unitronics is an Israel-based company specializing in programmable logic controllers (PLCs), human-machine interfaces (HMIs), variable frequency drives (VFD) and related products. Unitronics maintains a strong global footprint, with ~55% of its revenue derived from the United States and ~40% from the European Union. This acquisition enables the company to supply its PCBA and bare PCB services to Unitronics, while gaining access to key international markets. In Dec 2025, the company made a further acquisition, buying an 80% stake in Shogini Technoarts, a Pune-based PCB manufacturer, to strengthen the PCB business.

Through Power One acquisition, the company expanded the product portfolio to include power electronics

Source: Company, HSIE Research

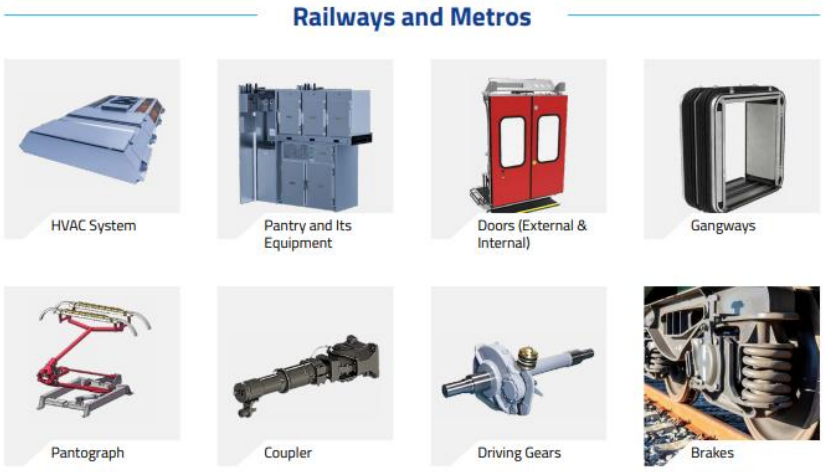
Unitronics' acquisition has given the company access to industrial automation products

Source: Company, HSIE Research

Railway revenue to double in the next two years

Amber's railways and mobility segment has undergone a strategic transformation over the years. The company initially entered the segment with air-conditioning and pantry solutions and has since significantly broadened its product portfolio to include doors, gangways, couplers, pantographs, and braking systems. This portfolio expansion has materially enhanced Amber's wallet share per coach, increasing from ~4% earlier to ~16-18% currently.

Company's railways and metro product portfolio

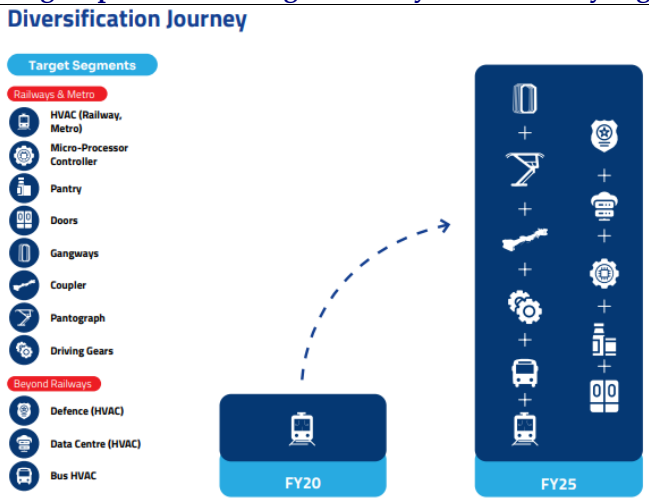


Source: Company, HSIE Research

Company also has presence in defense, data centers, and bus cooling

Source: Company, HSIE Research

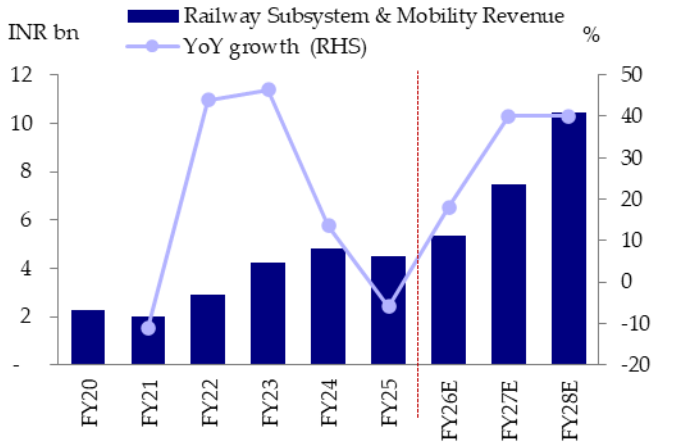
Amber is continuously expanding its product offering in railways and mobility segment



Source: Company, HSIE Research

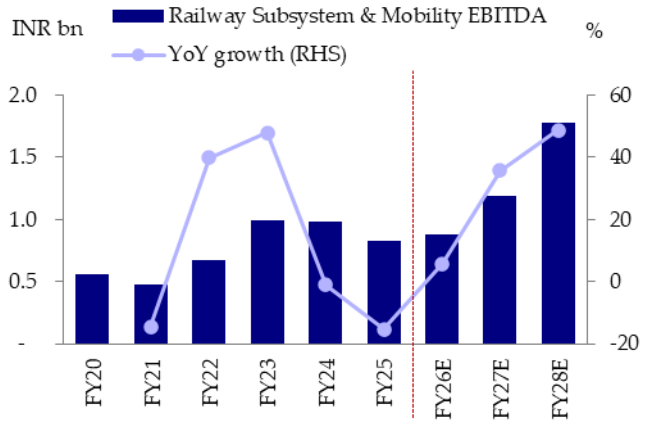
The Railways & Mobility segment contributes 5% to revenues, as of FY25. Management is targeting a doubling of this contribution over the next two years, supported by a strong order book of ~INR 26bn, as of December 2025. Growth visibility is further aided by an ongoing greenfield capacity expansion at subsidiary Sidwal, with commercial operations expected to commence soon. In addition, the company has entered into a joint venture with South Korea-based Yujin Machinery to expand portfolio to include critical railway subsystems, with commercial production envisaged in H2FY27, subject to receipt of RDSO approvals.

We expect railway and mobility division revenue to clock 32% CAGR over the FY25-28E…



Source: Company, HSIE Research. Note: This division started in FY20.

…while division EBITDA to grow 29% CAGR over the same period



Source: Company, HSIE Research

Company anticipates strong growth in railway division on the back of healthy order book visibility

Source: Company, HSIE Research

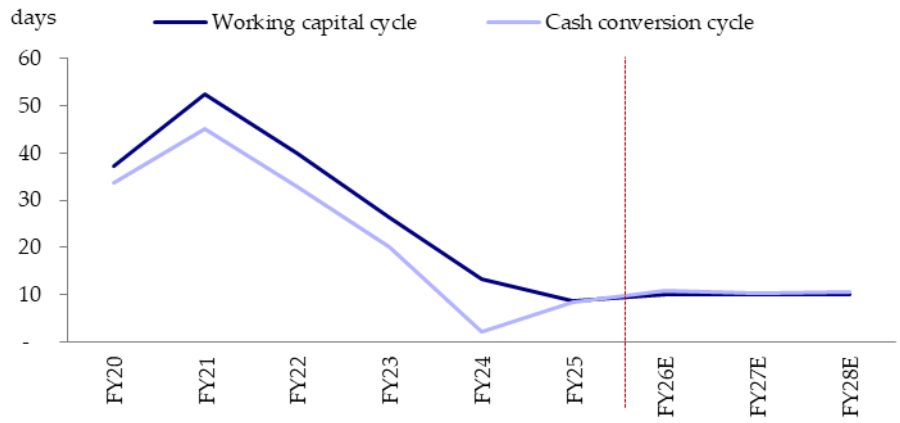
Robust financial performance: outpacing industry

Amber has delivered strong financial performance over the past decade, outpacing the overall industry growth. Revenue has increased nearly eightfold, from INR12bn in FY15 to INR 99bn in FY25, translating into a healthy 23% CAGR over FY15-25, which further accelerated to 33% CAGR during FY22-25. Profitability has scaled in line with revenue growth, with EBITDA and APAT expanding at a CAGR of 22% and 24%, respectively, over FY15-25, and accelerating to 41% and 31% CAGR during FY22-25. EBITDA margins have remained broadly stable at ~7-8% over the last decade, reflecting disciplined execution despite scale-up and diversification. In 9MFY26, despite a weak demand environment in the RAC industry, Amber reported 29% YoY revenue growth, driven by strong performance across all segments, led by the electronics division, underscoring the benefits of its diversified business model.

Lean working capital profile

Amber maintains a lean working-capital structure, with both the cash conversion cycle and net working capital at ~10 days. This is supported by extended payable days of ~3-4 months, while inventory levels remain at around two months and receivables at 2-3 months, resulting in minimal working capital requirements. We expect the company to sustain a similar working-capital profile, going forward, aided by its strong vendor relationships and efficient operating model.

Both working capital and cash conversion cycle are expected to remain at a similar level



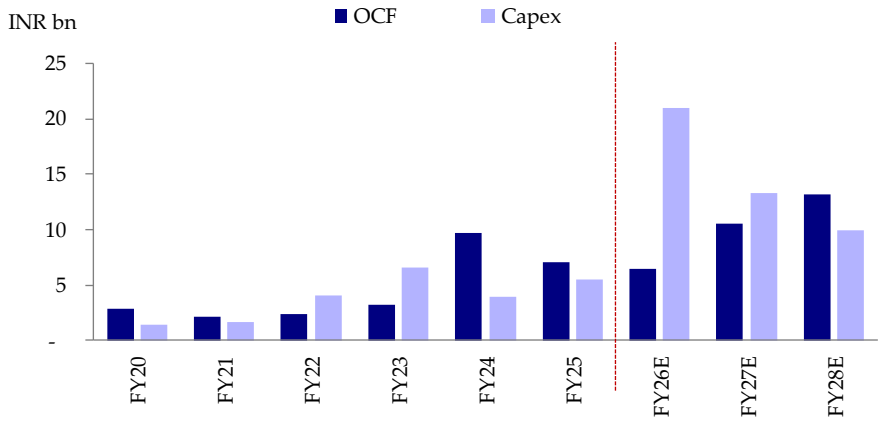
Source: Company, HSIE Research

Capex and leverage analysis

Following the government's import restrictions on complete built-up air conditioners (CBUs) in October 2020, the RAC industry has undergone a structural shift toward domestic manufacturing. This has driven sustained demand growth for contract manufacturers such as Amber, necessitating continuous capacity addition to support volume expansion and market share gains. Accordingly, Amber has meaningfully stepped up its capex since FY22 to align the manufacturing capacity with rising demand.

Over FY22-25, the company's average annual capex stood at ~INR 5bn. We expect the capex intensity to accelerate further, led by ongoing investments in the PCB business and recent inorganic acquisitions (Power One, Shogini Technoarts, and Unitronics). We estimate cumulative capex of ~INR 44bn over FY26-28E, to be funded through a mix of internal accruals and equity/preferential issuances. In FY26, Amber raised ~INR 10bn through an equity issue, while its subsidiary ILJIN raised ~INR 17.5bn via preferential allotment through a private placement to fund the capex plans. Despite the aggressive investment pipeline, we expect Amber's leverage profile to improve over FY25-28E, supported by strong earnings growth and equity-led funding of expansion.

Improving profitability to drive OCF growth; capex intensity to ramp up for PCB expansion and acquisitions

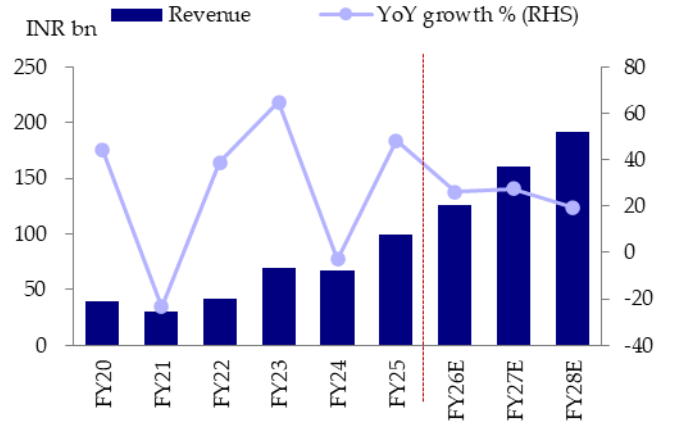


Source: Company, HSIE Research

Financial summary

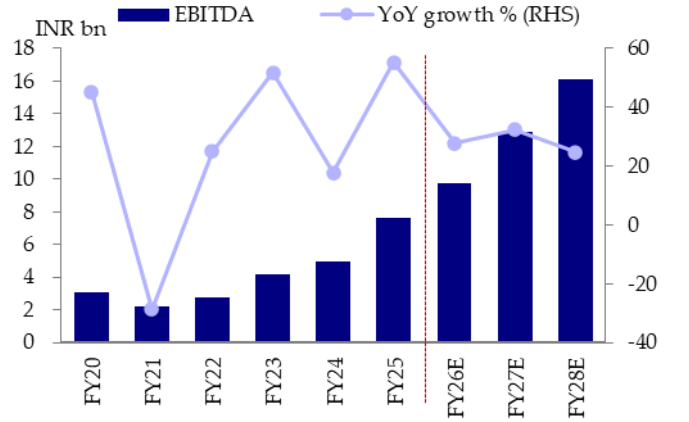
Over FY25-28E, we anticipate Amber to deliver a healthy earnings trajectory, led by sustained momentum in the consumer durables segment and strong execution in the electronics as well as railways and mobility verticals. Growth is expected to be led by incremental revenue contributions from the upcoming PCB manufacturing capacities, recent inorganic acquisitions, and capacity augmentation in the railway segment through Sidwal and the Yujin Machinery JV. We expect revenue, EBITDA, and APAT to grow at CAGRs of 24%, 28%, and 38%, respectively, over the forecast period. EBITDA margins are projected to expand by ~70bps, while APAT margins by ~100bps, primarily reflecting margin accretion within the electronics segment as the higher-margin PCB and acquired business scales up.

We project 24% revenue CAGR over FY25-28E…



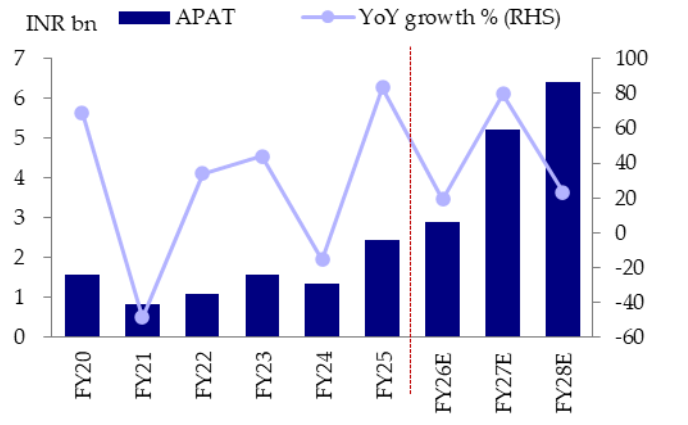
Source: Company, HSIE Research

…28% EBITDA CAGR over the same period



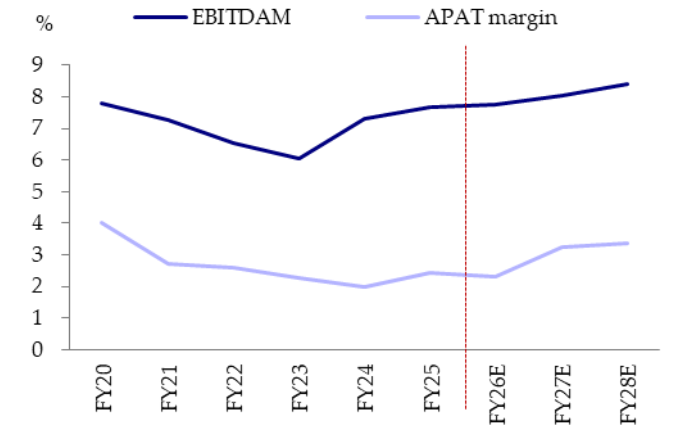
Source: Company, HSIE Research

APAT to grow at a 38% CAGR over FY25–28E, aided by stronger EBITDA and lower finance costs



Source: Company, HSIE Research

Margins expected to improve, led mainly by improving mix in the electronics segment



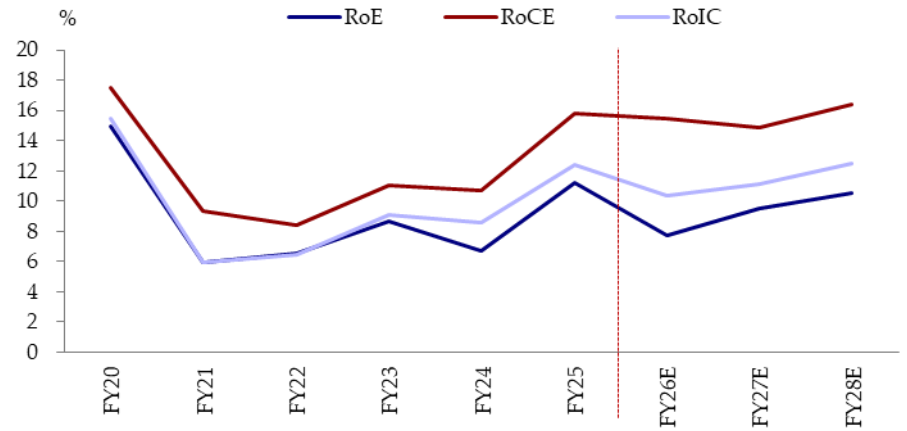
Source: Company, HSIE Research

Du Pont analysis

Amber's total asset turnover remained modest at ~1.3x in FY25, reflecting elevated receivable and inventory days, despite a relatively strong fixed-asset turnover of ~3.7x. We expect overall asset turnover to remain broadly stable over FY25–28E. Over the same period, APAT margins are expected to expand by ~100bps, driven primarily by margin accretion in the electronics division and lower finance costs. However, financial leverage is likely to decline following the preferential equity infusion at ILJIN and Amber's equity raise in FY26, which should lead to a reduction in debt levels. Consequently, notwithstanding improving profitability, RoE is expected to moderate marginally from ~11.2% in FY25 to ~10.5% by FY28E, reflecting balance sheet deleveraging and a higher equity base.

Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net profit margin (%)	2.6	2.4	2.0	2.4	2.3	3.3	3.4
Asset Turnover (x)	1.0	1.2	1.0	1.3	1.3	1.3	1.3
Leverage factor (x)	2.5	3.1	3.2	3.5	2.6	2.2	2.3
RoE (%)	6.5	8.6	6.7	11.2	7.7	9.5	10.5

Past volatility in return ratios led by RAC dependence; diversification to smoothen returns, going forward



Source: Company, HSIE Research

Management profile

Key managerial personnel

Name	Designation	Education and Experience
Mr. Jasbir Singh	Executive Chairman, CEO & Whole-time Director	Mr. Jasbir Singh holds a bachelor's degree in industrial production and a Master of Business Administration (MBA). He possesses over 25 years of experience in the manufacturing of consumer durables and electronics. In 2018, he was honored with the "Man of Appliances" award by the Consumer Electronics and Appliances Manufacturers Association (CEAMA) for his significant contributions to the Indian appliances industry. He is actively engaged in industry advocacy, serving as co-chair of the FICCI committee on electronics & white goods manufacturing, co-chair of the Indian Cellular and Electronics Association (ICEA), president of the All India Organization of Electronics (AIOE), and vice chairman of the Marine Products Export Development Authority (MEDEPC).
Mr. Daljit Singh	Managing Director	Mr. Daljit Singh holds a bachelor's degree in electronic engineering and a master's degree in information technology. He serves as a co-promoter of the company and has been instrumental in driving Amber's transformational growth. He has played a pivotal role in customer acquisition, strategic development, production and capacity expansion, geographic expansion, product innovation, and diversification into new market segments. Additionally, he has led the successful integration of multiple inorganic acquisitions. He currently spearheads environmental, social, and governance (ESG) initiatives across the group.
Mr. Sachin Gupta	Whole-time Director and CEO of Consumer Durables	Mr. Sachin Gupta has been instrumental in scaling the company's consumer durables division and drove multi-fold growth through customer acquisition, product expansion, talent development, and entry into the commercial air conditioning segment. He brings over 20 years of industry experience, with prior roles at LG and Godrej. He holds an engineering degree, a post graduate diploma in management (PGDM), Six Sigma Black Belt certification, and Toyota Production System certification.
Mr. Sanjay K Arora	Whole Time Director, ILJIN Electronics and Head of Ambers's Electronics Division	Mr. Sanjay Kumar Arora played a pivotal role in building and scaling Amber's EMS business. He led entry into new segments and customer additions, while spearheading the foray into printed circuit board (PCB) manufacturing through the acquisition of Ascent Circuits. An Electrical Engineer specializing in Electronics and Television Technology, he brings approximately 40 years of experience across Onida, LG, and the Amber Group.
Mr. Udaiveer Singh	Managing Director, Sidwal Industries and Head of Ambers's Mobility Application Division	Mr. Udaiveer Singh has been associated with the company for over three decades. He played a crucial role in the Amber Group's growth through customer additions, strategic planning, and leadership of key business units. He was instrumental in establishing technology transfer collaborations and joint ventures. Additionally, he led Sidwal's expansion beyond heating, ventilation, and air conditioning (HVAC) into pantry systems, doors, and gangways. Mr. Singh holds a diploma in mechanical engineering and brings around 32 years of industry experience.
Mr. Sudhir Goyal	Chief Financial Officer – Group	Mr. Sudhir Goyal, a chartered accountant, brings over two decades of experience in finance, treasury, mergers and acquisitions, fundraising, tax planning, financial controls, and risk management. He has been associated with Amber since October 2012. Mr. Goyal led the initial public offering (IPO), qualified institutional placement (QIP), and multiple fundraising initiatives, while playing a pivotal role in evaluating and executing inorganic growth opportunities.

Source: Company, HSIE Research

Key risks

Industry seasonality and slowdown: RAC demand is highly seasonal and weather-dependent, resulting in volatility in quarterly sales and margins; unseasonal weather can materially disrupt industry demand.

Dependence on outsourcing trend: The business relies heavily on OEMs continuing to outsource manufacturing; any shift toward in-house production by brands could adversely impact volumes and operations.

Customer concentration: Dependence on large OEMs could impact volumes/pricing if relationships weaken.

Execution risk in electronics/PCB expansion: Delays, cost overruns, or slower-than-expected ramp-up could impact returns.

Outlook and valuation

We remain positive on Amber, underpinned by its leadership in the RAC market, expanding addressable opportunity, strong growth visibility, ramp-up of the margin-accretive electronics segment, and a healthy balance sheet supported by lean working-capital management. The company's strategic diversification beyond RAC, particularly through scaling PCB and PCBA manufacturing within the electronics segment, is well positioned to drive sustained growth and margin expansion over the medium term. We expect robust growth across segments and have modelled revenue, EBITDA, and APAT CAGRs of 24%, 28%, and 38%, respectively, over FY25–28E. We maintain our BUY rating with a lower target price of INR 8,300/sh, based on DCF valuation (WACC: 12%, terminal growth: 5%).

Estimates revision summary

With RAC demand yet to pick up meaningfully and amid rising commodity cost pressures, we have trimmed our revenue estimates by 2–3% for FY26/27/28E. Additionally, revisions to JV and non-controlling interest assumptions have led to a reduction in APAT estimates by 9%/4%/1% for FY26/27/28E.

INR mn	FY26E New	FY27E New	FY28E New	FY26E Old	FY27E Old	FY28E Old	FY26E Change %	FY27E Change %	FY28E Change %
Net Sales	1,25,739	1,60,388	1,91,559	1,29,519	1,62,931	1,95,537	-2.9	-1.6	-2.0
EBITDA	9,746	12,896	16,086	10,013	12,998	16,180	-2.7	-0.8	-0.6
APAT	2,905	5,217	6,425	3,184	5,428	6,520	-8.8	-3.9	-1.5
AEPS	82.8	148.7	183.1	90.7	154.7	185.9	-8.8	-3.9	-1.5

Source: Company, HSIE Research

Consolidated Income Statement

YE Mar (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	**42,064**	**69,271**	**67,293**	**99,730**	**1,25,739**	**1,60,388**	**1,91,559**
Growth (%)	38.8	64.7	(2.9)	48.2	26.1	27.6	19.4
Material Expenses	35,297	58,678	54,999	81,856	1,02,981	1,30,556	1,54,205
Employee Expense	1,500	2,116	2,572	3,246	4,652	4,812	6,513
Other Expenses	2,514	4,298	4,802	6,995	8,361	12,124	14,755
EBITDA	**2,754**	**4,179**	**4,919**	**7,634**	**9,746**	**12,896**	**16,086**
EBITDA Growth (%)	**25.0**	**51.8**	**17.7**	**55.2**	**27.7**	**32.3**	**24.7**
EBITDA Margin (%)	**6.5**	**6.0**	**7.3**	**7.7**	**7.8**	**8.0**	**8.4**
Depreciation	1,079	1,391	1,865	2,283	3,167	4,163	5,000
EBIT	1,675	2,788	3,054	5,351	6,579	8,734	11,086
Other Income (Including EO Items)	332	527	553	736	1,390	932	796
Interest	464	1,118	1,670	2,087	2,780	1,429	1,772
PBT	**1,543**	**2,197**	**1,937**	**3,999**	**5,189**	**8,237**	**10,110**
Total Tax	429	559	519	1,188	1,609	2,059	2,528
Profit before JV/Associates/NCI	1,113	1,638	1,418	2,811	3,581	6,178	7,583
Share of JV/Associates	-	-	-23	-300	-290	-261	-248
Non-controlling Interest	21	66	66	76	386	700	910
Exceptional Gain/ (loss)	-	-	-	-	-781	-	-
RPAT	1,092	1,572	1,329	2,436	2,124	5,217	6,425
Adjusted PAT	**1,092**	**1,572**	**1,329**	**2,436**	**2,905**	**5,217**	**6,425**
APAT Growth (%)	**33.8**	**44.0**	**(15.5)**	**83.3**	**19.3**	**79.6**	**23.2**
AEPS	**32.4**	**46.7**	**39.4**	**72.0**	**82.8**	**148.7**	**183.1**
AEPS Growth (%)	**33.8**	**44.0**	**(15.5)**	**82.6**	**15.0**	**79.6**	**23.2**

Source: Company, HSIE Research

Consolidated Balance Sheet

YE Mar (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS							
Share Capital - Equity	337	337	337	338	351	351	351
Other Equity	17,005	18,751	20,307	22,520	52,131	57,347	63,772
Total Shareholders' Funds	**17,342**	**19,088**	**20,644**	**22,858**	**52,481**	**57,698**	**64,123**
NCI	387	452	518	245	631	1,331	2,241
Total Debt	10,318	13,437	14,332	19,400	8,400	11,400	11,400
Net Deferred Taxes	954	947	1,348	1,749	1,801	1,842	1,893
Other Non-Current Liabilities	811	1,661	3,865	4,257	5,086	6,400	7,544
TOTAL SOURCES OF FUNDS	**29,812**	**35,586**	**40,706**	**48,510**	**68,400**	**78,672**	**87,201**
APPLICATION OF FUNDS							
Net Block	9,898	16,166	19,252	20,824	39,473	49,778	55,846
Goodwill	1,457	1,425	3,609	3,609	3,609	3,609	3,609
CWIP	1,282	503	908	1,977	1,500	1,000	750
Intangible assets	2,804	2,899	3,724	3,950	3,859	3,486	3,092
Right of Use Assets	893	1,725	1,667	1,858	3,033	3,739	4,253
Non-Current Investments	1,056	23	1,109	1,345	1,345	1,345	1,345
Other Non-Current Assets	2,021	1,296	2,073	4,223	5,020	6,036	6,835
Total Non-current Assets	**19,411**	**24,038**	**32,342**	**37,785**	**57,839**	**68,992**	**75,729**
Current-Investments	1,198	1,912	1,064	1,170	1,170	2,170	3,170
Inventories	8,408	10,913	8,408	16,551	18,947	24,168	28,865
Debtors	13,149	17,631	15,693	17,501	22,392	28,562	34,113
Cash & Equivalents	5,626	5,594	6,913	7,268	5,673	2,965	2,828
Other Current Assets	1,304	2,315	1,481	3,991	4,774	5,843	6,974
Total Current Assets	**29,685**	**38,365**	**33,559**	**46,480**	**52,956**	**63,707**	**75,950**
Creditors	17,021	23,039	21,671	31,703	37,894	48,336	57,730
Other Current Liabilities & Provns	2,263	3,778	3,525	4,051	4,501	5,691	6,747
Total Current Liabilities	**19,284**	**26,817**	**25,196**	**35,755**	**42,395**	**54,027**	**64,477**
Net Current Assets	**10,401**	**11,548**	**8,364**	**10,725**	**10,561**	**9,680**	**11,472**
TOTAL APPLICATION OF FUNDS	**29,812**	**35,586**	**40,706**	**48,510**	**68,400**	**78,672**	**87,201**

Source: Company, HSIE Research

Consolidated Cash Flow

YE Mar (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	**1,543**	**2,197**	**1,913**	**3,700**	**4,899**	**7,976**	**9,862**
Non-operating & EO Items	(78)	(379)	(371)	(523)	(1,275)	(93)	70
Interest Expenses	464	1,118	1,670	2,087	2,780	1,429	1,772
Depreciation	1,079	1,391	1,865	2,283	3,167	4,163	5,000
Working Capital Change	(62)	(582)	5,032	272	(1,437)	(858)	(941)
Tax Paid	(539)	(539)	(461)	(710)	(1,609)	(2,059)	(2,528)
OPERATING CASH FLOW (a)	**2,407**	**3,206**	**9,648**	**7,109**	**6,525**	**10,557**	**13,236**
Capex	(4,077)	(6,535)	(3,977)	(5,556)	(21,000)	(13,250)	(10,000)
Free Cash Flow (FCF)	(1,670)	(3,329)	5,671	1,553	(14,475)	(2,693)	3,236
Investments	(2,546)	1,337	(2,609)	(2,580)	-	3,000	(1,000)
Non-operating Income	193	310	401	454	512	148	69
Others	(465)	-	(4,161)	(1,848)	-	-	-
INVESTING CASH FLOW (b)	**(6,896)**	**(4,888)**	**(10,345)**	**(9,529)**	**(20,488)**	**(10,102)**	**(10,931)**
Debt Issuance/(Repaid)	6,031	3,120	589	5,067	(11,000)	3,000	-
Interest Expenses	(430)	(1,097)	(1,567)	(1,970)	(2,780)	(1,429)	(1,772)
FCFE	3,931	(1,306)	4,693	4,650	(28,254)	(1,122)	1,463
Share Capital Issuance	-	-	-	353	27,500	-	-
Dividend	-	-	-	-	-	-	-
Others	(46)	(96)	(238)	(221)	(1,352)	(735)	(669)
FINANCING CASH FLOW (c)	**5,555**	**1,928**	**(1,216)**	**3,229**	**12,368**	**836**	**(2,442)**
NET CASH FLOW (a+b+c)	**1,066**	**246**	**(1,913)**	**809**	**(1,594)**	**1,291**	**(137)**
EO Items, Others	-	-	-	-	(781)	-	-
Closing Cash & Equivalents	**2,986**	**3,232**	**1,319**	**2,128**	**533**	**1,825**	**1,688**

Key Ratios

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PROFITABILITY							
GPM	16.1	15.3	18.3	17.9	18.1	18.6	19.5
EBITDA Margin (%)	6.5	6.0	7.3	7.7	7.8	8.0	8.4
EBIT Margin	4.0	4.0	4.5	5.4	5.2	5.4	5.8
PBT Margin	3.7	3.2	2.9	4.0	4.1	5.1	5.3
APAT Margin	2.6	2.3	2.0	2.4	2.3	3.3	3.4
RoE	6.5	8.6	6.7	11.2	7.7	9.5	10.5
RoIC (or Core RoCE)	6.5	9.1	8.6	12.4	10.3	11.1	12.5
RoCE	8.4	11.0	10.7	15.8	15.5	14.9	16.4
EFFICIENCY							
Tax Rate (%)	27.8	25.4	26.8	29.7	31.0	25.0	25.0
Fixed Asset Turnover (x)	3.4	4.0	2.9	3.7	3.2	2.9	2.8
Inventory (days)	68	51	46	61	55	55	55
Debtors (days)	103	81	85	64	65	65	65
Other Current Assets (days)	9	10	8	15	14	13	13
Payables (days)	131	106	118	116	110	110	110
Other Current Liab & Provns (days)	16	16	19	15	13	13	13
Cash Conversion Cycle (days)	40	26	13	9	10	10	10
Working capital (days)	33	20	2	8	11	10	10
Net D/E (x)	0.3	0.4	0.4	0.5	0.1	0.1	0.1
Interest Coverage (x)	3.6	2.5	1.8	2.6	2.4	6.1	6.3
PER SHARE DATA (Rs)							
EPS	32.4	46.7	39.4	72.0	82.8	148.7	183.1
CEPS	64.4	87.9	94.8	139.5	173.1	267.4	325.6
Dividend	-	-	-	-	-	-	-
Book Value	514.7	566.5	612.7	675.8	1,496.0	1,644.7	1,827.8
VALUATION							
P/E (x)	193.8	134.6	159.3	87.2	75.9	42.2	34.3
P/BV (x)	12.2	11.1	10.3	9.3	4.2	3.8	3.4
EV/EBITDA (x)	78.1	52.1	44.3	29.3	22.8	17.6	14.0
EV/Revenues (x)	5.1	3.1	3.2	2.2	1.8	1.4	1.2
OCF/EV (%)	1.1	1.5	4.4	3.2	2.9	4.7	5.9
FCF/EV (%)	(0.8)	(1.5)	2.6	0.7	(6.5)	(1.2)	1.4
FCFE/Mkt Cap (%)	1.9	(0.6)	2.2	2.2	(12.8)	(0.5)	0.7
Dividend Yield (%)	-	-	-	-	-	-	-

Source: Company, HSIE Research

INSTITUTIONAL RESEARCH

Syrma SGS Technology

Diversified player with a broadening value chain

Syrma SGS stands out as one of India's key EMS players, with core capabilities spanning PCBA, box-build solutions, and RFID-based products. The company has delivered strong growth, with revenues quadrupling from INR 9bn in FY20 to INR 38bn in FY25, translating into a robust 34% CAGR. Over the same period, EBITDA and APAT grew at 19% and 13% CAGR, respectively. However, EBITDA margins moderated from 15.8% in FY20 to 8.5% in FY25, largely due to higher exposure to the lower-margin consumer segment, which accounted for 36% of revenues in FY25. Syrma benefits from a strong export footprint, with presence across more than 20 countries and exports contributing 23% of revenues in FY25. Over recent years, the company has undertaken multiple inorganic acquisitions to strengthen capabilities across high-growth segments. Additionally, Syrma is setting up a PCB manufacturing facility through a joint venture with South Korea-based Shinhyup Electronics under the ECMS scheme, further deepening its participation across the electronics value chain and export markets. The project entails a total capex of ~INR 15bn to be commissioned in phases by FY30, with the first phase expected to be completed by Dec-26E. We like Syrma for its strong growth visibility, diversified client and segment base, expanding value-added mix, and robust balance sheet. We model revenue, EBITDA, and APAT CAGRs of 29%, 38%, and 44%, respectively, over FY26–28E. We maintain our BUY rating on the stock with an unchanged target price of INR 920/sh, based on our DCF valuation (WACC: 12.5%, terminal growth: 5%). Syrma is our top pick in the sector.

- **Key EMS player; diversified client base:** Syrma is a key Indian EMS player serving over 300 customers across consumer, industrial, automotive and electric mobility, healthcare, railways, and IT sectors, with a strong export footprint across 20+ countries and exports contributing 23% of revenues. In FY25, the revenue mix comprised consumer (35%), industrial (29%), automotive (22%), healthcare (8%), and IT and railways (6%). We expect strong growth across segments, driven by new client additions in domestic and export markets, new product launches, and expansion through JVs and acquisitions, with automotive, industrial, defence, railways, and exports as key growth drivers.

- **Healthy financial performance:** Syrma has demonstrated strong growth, with revenue quadrupling from INR 9bn in FY20 to INR 38bn in FY25, translating into a 34% CAGR, which accelerated to 44% during FY22-25. EBITDA and APAT grew at 19% and 13% CAGRs over FY20–25, improving to 37% and 34% in FY22–25, although EBITDA margins declined from 15.8% in FY20 to 8.5% in FY25 due to higher exposure to the lower-margin consumer segment.

- **Inorganic expansions enhanced capabilities and broadened offerings:** Syrma has undertaken multiple acquisitions and joint ventures over the past few years to deepen capabilities and expand into high-growth segments. These include the acquisition of Perfect ID to strengthen RFID labels and inlays; Syrma Johari Medtech to enter regulated medical devices; a JV with Italy-based Elemaster to expand railway, industrial, and medical electronics; a JV with Premier Energies to acquire KSolare Energy and enter energy storage systems; and majority stakes in Elcome Integrated Systems and Navicom Technology to bolster defense and maritime electronics. Additionally, Syrma formed a JV with Korea-based Shinhyup Electronics in 2025 to set up PCB manufacturing in India, further expanding its presence across the electronics value chain and export markets.

BUY

CMP *(as on 02 April 2026)*	**INR 797**
Target Price	**INR 920**
NIFTY	**22,713**

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 920	INR 920
EPS revision %	FY26E -	FY27E -

KEY STOCK DATA

Bloomberg code	SYRMA IN
No. of Shares (mn)	193
MCap (INR bn) / ($ mn)	154/1,649
6m avg traded value (INR mn)	1,387
52 Week high / low	INR 910/355

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	7.3	(1.0)	70.7
Relative (%)	21.8	8.5	75.0

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	42.98	42.72
FIs & Local MFs	16.38	15.89
FPIs	7.02	6.47
Public & Others	33.52	34.82
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Keshav Lahoti
keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Mahesh Nagda
mahesh.nagda@hdfcsec.com
+91-22-6171-7319

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

- **PCB manufacturing to drive future growth:** Syrma has announced entry into PCB manufacturing through a JV with Korea-based Shinhyup Electronics, spanning copper-clad laminate, single- and multi-layer, flexible, and HDI PCBs. The company plans a phased rollout, with a capex of INR 3.6-4bn by Dec-26 and total investment of ~INR 15bn by FY30. Management views PCBs as a high-margin business with stabilized margins of 18–20% and ~20% RoCE potential.
- **Outlook and valuation**: Over FY25–28E, we expect Syrma to deliver strong revenue and EBITDA growth, led by the ramp-up of the PCB business, incremental contributions from Elcome, and sustained growth across existing segments. We forecast revenue, EBITDA, and APAT CAGRs of 29%, 38%, and 44%, respectively. EBITDA margin is expected to expand by ~200bps in FY26E, supported by a favorable product-mix shift with a lower share of the consumer segment, lifting APAT margins. We like Syrma for its strong growth visibility, diversified client and segment base, expanding value-added mix, and robust balance sheet. We maintain our BUY rating on the stock with an unchanged target price of INR 920/sh, based on our DCF valuation (WACC: 12.5%, terminal growth: 5%).

Annual financial summary (consolidated)

YE Mar (INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	8,874	12,666	20,484	31,541	37,867	48,268	63,009	80,611
EBITDA	999	1,260	1,878	2,023	3,233	5,121	6,674	8,500
EBITDAM (%)	11.3	9.9	9.2	6.4	8.5	10.6	10.6	10.5
APAT	630	722	1,193	1,089	1,720	3,058	4,033	5,140
Diluted EPS (Rs)	4.6	5.2	6.7	6.1	9.7	15.9	21.0	26.7
P/E (x)	174.1	151.8	118.1	129.8	82.5	50.1	38.0	29.8
EV/EBITDA (x)	0.4	88.0	76.2	72.2	44.7	29.0	22.7	18.1
RoE (%)	12.7	13.0	11.3	6.9	10.2	12.8	12.6	14.2

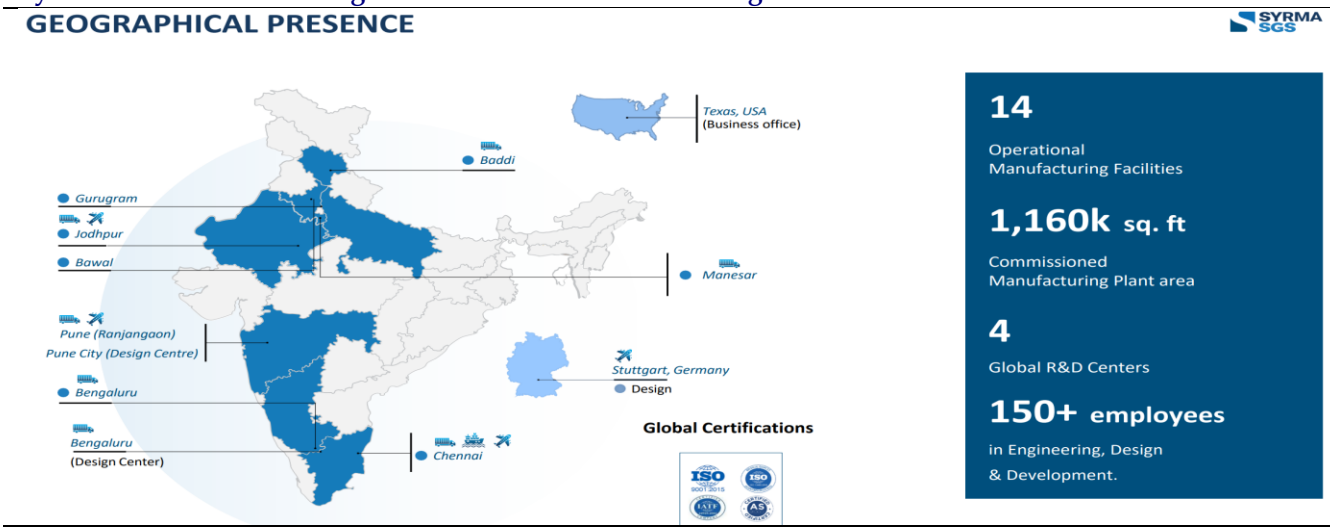
Source: Company, HSIE Research

Diversified EMS player across segments and clients

Syrma stands as India's key EMS company, primarily engaged in PCBA, box builds, and RFID-based products. The company serves a diversified client base of over 300 customers across consumer goods, industrials, automotive and electric mobility, healthcare and medical devices, railways, and IT sectors. In FY25, the revenue mix comprised consumer (35%), industrial (29%), automotive (22%), healthcare (8%), and IT and railways (6%). The bulk of revenue is derived from PCBA and box-build solutions, which accounted for 92% of FY25 revenues, while the remaining 8% came from the manufacturing of electronic products and components.

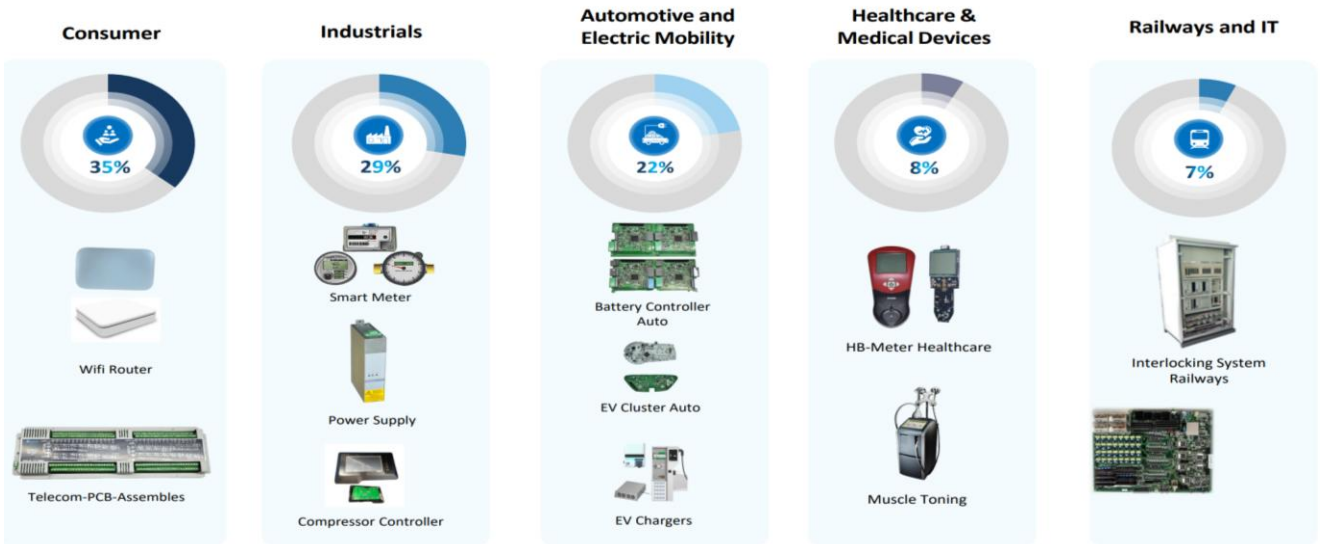
The company also has a strong export presence, with over 180 clients, and it delivers to over 20 countries worldwide. In FY25, the export mix stood at 23%.

Syrma has 14 manufacturing facilities across India and four global R&D centers



Source: Company, HSIE Research

Company has diversified customer segment mix



Source: Company, HSIE Research

Healthy financial performance

Syrma has demonstrated strong growth, with revenue increasing nearly four-fold from INR 9bn in FY20 to INR 38bn in FY25, translating into a robust 34% CAGR and an accelerated 44% CAGR over FY22–25. Profitability also improved meaningfully, with EBITDA and APAT growing at CAGRs of 19% and 13% respectively over FY20–25, accelerating to 37% and 34% CAGRs during FY22–25. EBITDA margins declined from 15.8% in FY20 to 8.5% in FY25, primarily due to higher exposure to the lower-margin consumer segment. In FY25, the revenue mix comprised consumer (36%), industrial (28%), automotive (22%), healthcare (8%), and IT and railways (6%). The company plans to reduce its consumer segment exposure to 30%, which should aid margin improvement.

In 9MFY26, revenue grew 17% YoY to INR 23.8bn, while EBITDA and APAT surged 84% and 107% YoY, respectively. Revenue growth was led by the industrial, automotive, healthcare, IT, and railways segments, while the consumer segment declined YoY due to the company's strategic reduction of its low-margin consumer business. Consequently, EBITDA margin expanded by 230bps to 10.8% in 9MFY26. The order book stood at INR 64bn as of Dec-25, up 20% YoY.

Inorganic growth expanding offerings

Started as Syrma in the late seventies, it is a Tandon Group entity. In 2021, it merged with SGS Tekniks, another Indian EMS firm established in the early 1990s, thereby forming Syrma SGS Technology Ltd. Following this acquisition, the company expanded its manufacturing capacities and in-house R&D capabilities, while also broadening its supplier network. The deal created opportunities for cross-selling RFID and magnetic products to company's existing customers.

In 2021, it acquired "Perfect ID," a company involved in the business of RFID, through which Syrma gained infrastructure and expertise in producing RFID label tags and passive inlay tags, which complemented its existing RFID hard tag manufacturing and expanded its RFID product portfolio.

In Sep 2023, the company acquired a 51% stake in Syrma Johari Medtech Ltd (SJML) to bolster its presence in the healthcare and medical devices segment. This move provided Syrma access to FDA and MDSAP-certified facilities with advanced engineering and manufacturing for high-precision medical devices, along with SJML's established relationships with major global healthcare OEMs, enriching the company's customer base in this high-growth area. It also enhanced capabilities in therapeutic and diagnostic equipment, complementing existing offerings and driving diversification in regulated medical markets.

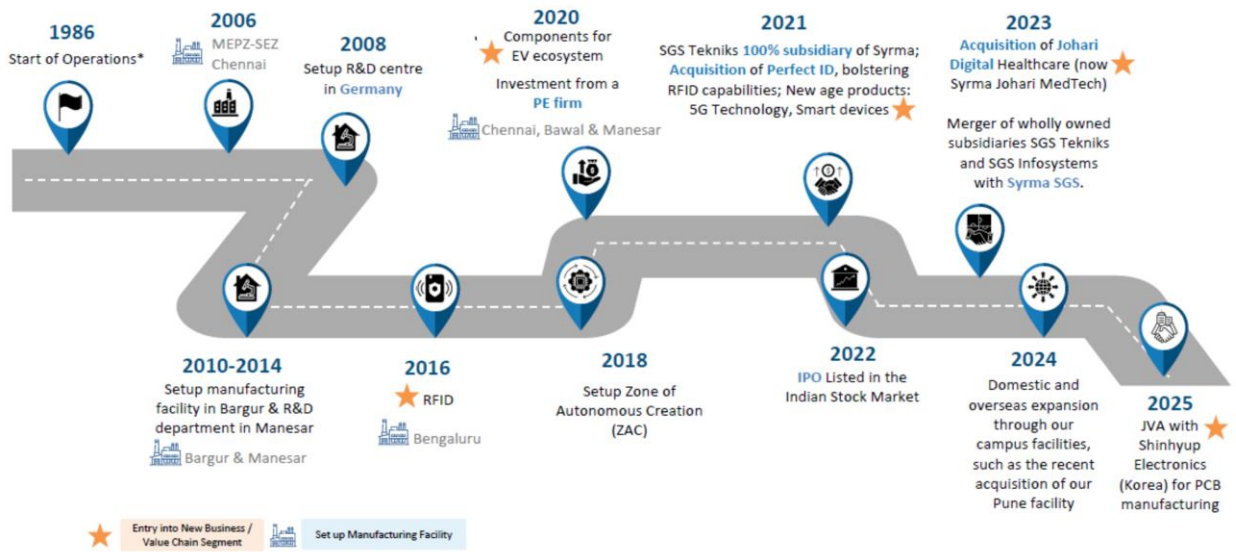
In Sep 2025, Syrma entered into a strategic joint venture with Italy-based Elemaster S.p.A Tecnologie Elettroniche, a global leader in electronic design and manufacturing. Through this collaboration, Syrma seeks to strengthen its presence in railway, industrial, and medical electronics segment in European market.

In Oct 2025, Syrma entered into a JV with Premier Energies to acquire KSolare Energy, a Pune-based manufacturer of solar inverter. The acquisition allows it to strengthen its presence in energy storage systems.

In Dec 2025, it acquired majority stakes in Elcome Integrated Systems and Navicom Technology, Indian electronics companies specializing in navigation, communication, surveillance, and platform automation solutions for the defence and maritime industries. The transaction represents a strategic step for Syrma in strengthening its presence in advanced technology and defence electronics.

The company also announced a joint venture with Shinhyup Electronics in 2025, a Korean PCB manufacturer, to set up a PCB manufacturing facility in India. Through this JV company, it focuses to expand across the electronics value chain and broaden offerings to meet high-growth domestic and export demands.

Syrma: key developments timeline



Source: Company, HSIE Research

Component manufacturing to drive future growth

Venture into PCB manufacturing

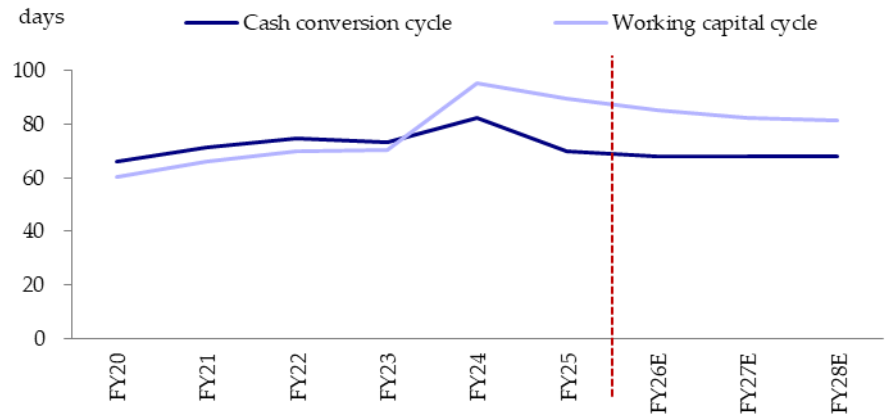
Syrma has announced component manufacturing starting with copper clad laminate, single layer, multi-layer, flexible and HDI PCB manufacturing. In this regard, the company has entered into a joint venture with Shinhyup Electronics in 2025, a Korean PCB manufacturer, to set up a PCB manufacturing facility in India.

For this venture, the company plans a phased expansion beginning with single- and multi-layer PCBs. Phase I entails a planned capex of ~INR 4bn by Dec-26, with total capex of ~INR 15bn envisaged by FY30E. Management expects the PCB business to be a key growth driver, led by healthy stabilized margins of 18–20% and RoCE potential of ~20%, albeit with an asset-heavy profile and 1–1.5x asset turnover.

Working capital remains elevated

Syrma's cash conversion capital cycle remained elevated at 70 days and working capital days at 90 days in FY25, with inventory days at 79, receivables at 142, and payables at 152, driven by higher working-capital intensity in industrial (notably smart metering), railways, and export segments. We have reduced our working capital assumption by eight days during FY26–28E to 82 days.

Going forward, working capital cycle will marginally moderate

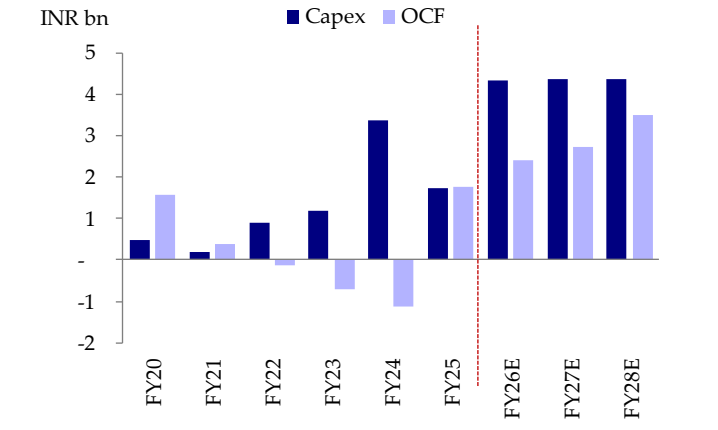


Source: Company, HSIE Research

Capex and leverage analysis

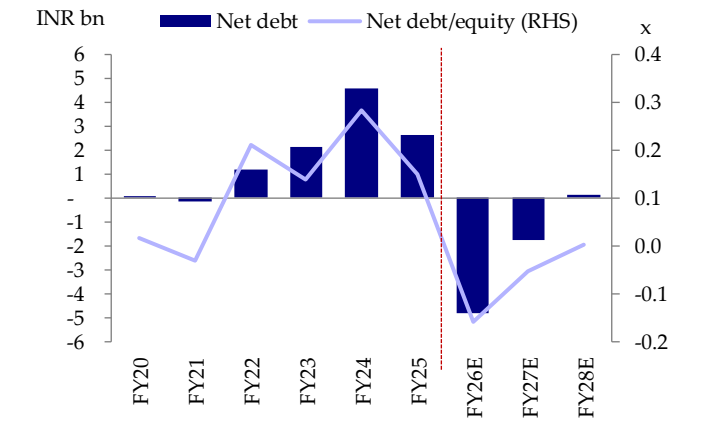
While Syrma enjoys a relatively high fixed-asset turnover of 4.7x in FY25, overall asset turnover remains moderate at 1x due to elevated working-capital requirements, reflected in a working capital cycle of ~90 days, which weighs on return ratios. We estimate cumulative capex of ~INR 13bn over FY26–28E toward the PCB project, EMS expansion, and inorganic acquisitions (Elcome and KSolare), to be funded through internal accruals and INR 10bn QIP raised in FY26. Consequently, the balance sheet is expected to remain strong, with minimal reliance on debt.

Operating cash flow remains healthy; capex intensity will remain high during FY26-28E



Source: Company, HSIE Research

With the FY26 fundraise and strong operating cash generation, leverage is expected to remain low

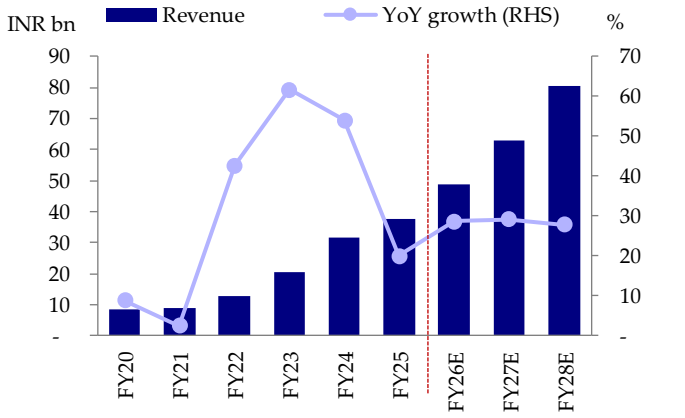


Source: Company, HSIE Research

Financial summary

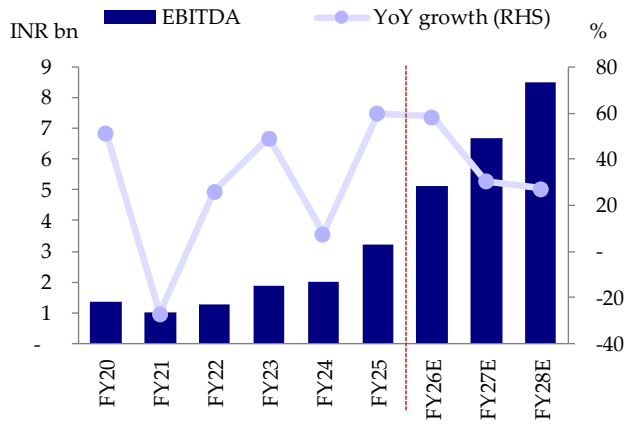
Over FY25–28E, we expect Syrma to deliver healthy revenue and EBITDA growth, led by the PCB business ramp-up, incremental contributions from Elcome, and sustained growth across existing segments. We forecast revenue, EBITDA, and APAT CAGRs of 29%, 38%, and 44%, respectively, over FY25–28E. EBITDA margin is expected to improve by ~200bps in FY26E, supported by a favorable product-mix shift with a reduced share of the lower-margin consumer segment leading to higher APAT margins. We assume EBITDA margins will remain broadly stable at FY26E levels through FY27–28E.

Revenue to witness 29% CAGR over the FY25-28E



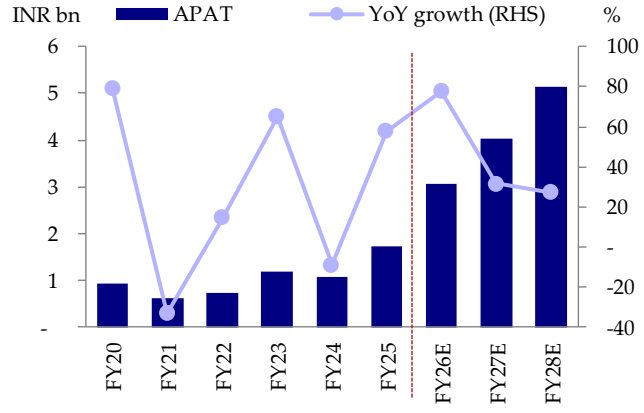
Source: Company, HSIE Research

EBITDA to grow 38% CAGR over the FY25-28E…



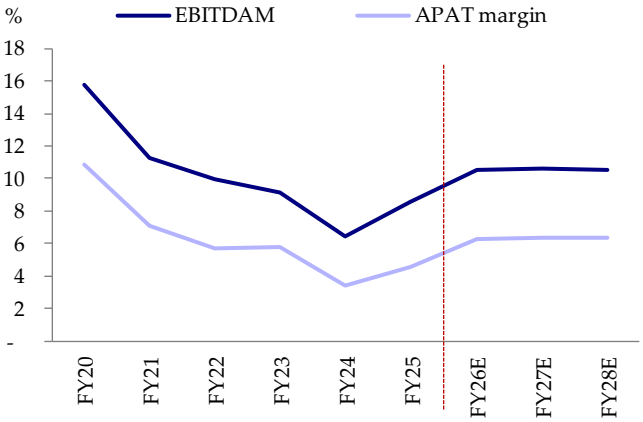
Source: Company, HSIE Research

… while APAT to witness 44% CAGR growth



Source: Company, HSIE Research

Margins to improve on increased contribution from high-margin segments



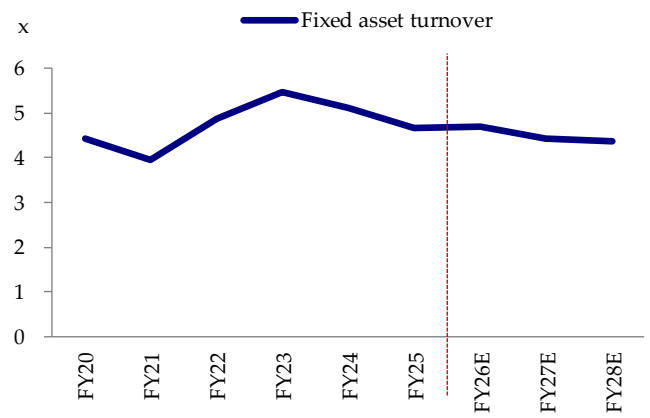
Source: Company, HSIE Research

Du Pont analysis

Syrma's net profit margins are expected to expand by ~200bps over FY26–28E, largely front-loaded in FY26E, driven by EBITDA margin improvement, supported by a favorable product-mix shift, led by a reduced share of the lower-margin consumer segment. Asset turnover is projected to improve from ~1.0x in FY25 to ~1.2x by FY28E, reverting toward FY22 levels, aided by higher asset utilization and a reduction in working capital. Financial leverage, however, is expected to moderate from an elevated 2.3x in FY25, supported by the QIP in FY26. Consequently, RoE is projected to improve from ~10% in FY25 to ~14% by FY28E, led primarily by margin expansion, while gains from higher asset turnover are offset by lower leverage.

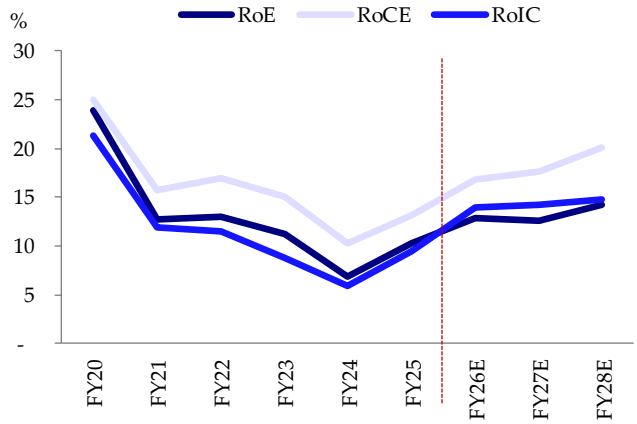
Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net profit margin (%)	5.7	5.8	3.5	4.5	6.3	6.4	6.4
Asset Turnover (x)	1.2	1.1	1.0	1.0	1.0	1.1	1.2
Leverage factor (x)	1.9	1.8	2.0	2.3	2.0	1.8	1.9
RoE (%)	**13.0**	**11.3**	**6.9**	**10.2**	**12.8**	**12.6**	**14.2**

Fixed asset turnover to dilute in coming periods



Source: Company, HSIE Research

Return ratios to improve going forward



Source: Company, HSIE Research

Management profile

Key managerial personnel

Name	Designation	Education and Experience
Mr. Sandeep Tandon	Executive Chairman	Mr. Sandeep Tandon holds a Bachelor of Science in Electrical Engineering from the Andrew and Erna Viterbi School of Engineering, University of Southern California, and has completed the YPO Presidents' Program from Harvard Business School. He has ~19 years of experience in the electronics manufacturing sector and was previously associated with Celetronix Inc., US. Known for translating strategic vision into execution, he is regarded as a technology catalyst, successful entrepreneur, and angel investor in start-ups.
Mr. Jasbir S. Gujral	Managing Director	Mr. Jasbir Gujral is a fellow member of the Institute of Chartered Accountants of India with ~40 years of experience in the electronics manufacturing sector. He is one of the founding promoters of SGS Tekniks Manufacturing Pvt Ltd, a wholly owned subsidiary of Syrma SGS. Over his career, he has been associated with Metro Milk Products Ltd, Eltek SGS Private Ltd, SGS Tekniks Manufacturing Private Ltd, and Valere Power India Pvt Ltd.
Mr. Jaideep Tandon	Non-Executive Director	Mr. Jaideep Tandon holds a Master's degree in Electrical Engineering from Cornell University and has ~16 years of experience in the technology industry. Previously served as Vice President – Strategic Accounts at Celetronix, where he managed key global clients including Apple and Dell. His core strengths include understanding technology trends and strong customer orientation.
Mr. Sudeep Tandon	Non-Executive Director	Mr. Sudeep Tandon is an Alternate Director on the Board of Syrma SGS.
Mr. Jayesh Nagindas Doshi	Non-Executive Director	Mr. Jayesh Doshi is a chartered accountant and law graduate with ~36 years of experience. He is also an investment director at Tandon Holding Ltd and leads strategy, capital allocation, and M&A for the group. He brings strong relationships with bankers, lenders, PE funds, and FIIs.
Mr. Satendra Singh	Chief Executive Officer (CEO)	Mr. Satendra Singh, a B.Tech and MBA graduate, brings over 20 years of experience in supply chain and business operations.. He has been previously associated with Nokia Solutions and networks Oy and Flextronics Technologies (I) Pvt. Ltd.
Mr. Bijay Agrawal	Chief Financial Officer (CFO)	Mr. Bijay Agrawal holds a master's degree in business administration from the ICFAI University. He has more than 16 years of experience in finance and business strategy. He has been previously associated with Mamberotorola India Private Limited (through Manpower Services India Private Ltd), Times Internet Ltd, Dalmia Bharat Ltd and Speedomax a unit of Omax Autos Ltd.
Mr. Bhabagrahi Pradhan	Company Secretary and Compliance Officer	Mr. Bhabagrahi Pradhan is the company secretary and compliance officer of the company. He is a fellow member of the Institute of Company Secretaries of India, an associate member of the Institute of Cost and Works Accountants of India and a law graduate. He has more than 16 years of experience in corporate secretarial, compliance, legal and governance functions. He was previously associated with Intime Spectrum Registry Ltd, Medicamen Biotech Ltd, DCM Ltd, Dalmia Cement (Bharat) Ltd and NTPC Ltd.

Source: Company, HSIE Research

Key risks

- **Raw material sourcing:** The company relies heavily on imports for raw materials and components, particularly from China. In FY25, 75% of its raw material costs were attributed to imports. Any government restrictions or supply chain disruptions in these regions could adversely affect operations.
- **Commodity risk:** Fluctuations in commodity prices directly and indirectly impact the cost of raw materials and components used by the company. Key inputs include PCBs, integrated circuits, and transistors, a significant portion of which are imported. The ongoing volatility in global markets can lead to supply shortages or higher input costs, exerting pressure on margins.
- **Competitive environment:** Syrma faces intense competition from both large MNCs and smaller regional players, particularly those based in India and China. Some competitors have greater financial and manufacturing resources.
- **Outsourcing trends:** The business is highly dependent on the continued trend of brands outsourcing their manufacturing. Any shift toward in-house manufacturing by these brands could adversely impact growth.
- **Slowdown in exports:** One-fourth of the company's revenue comes from exports. Ongoing geopolitical tensions, tariff issues, wars or any slowdown in global demand may impact the company's export revenue.
- **PCB venture:** The company is investing in PCB manufacturing to drive growth, strengthen cost competitiveness, and improve margins. However, failure to successfully scale this up will impact its margins and growth expansion plans.

Outlook and valuation

Over FY25–28E, we expect Syrma to deliver strong revenue and EBITDA growth, led by the ramp-up of the PCB business, incremental contributions from Elcome, and sustained growth across existing segments. We forecast revenue, EBITDA, and APAT CAGRs of 29%, 38%, and 44%, respectively. EBITDA margin is expected to expand by ~200bps in FY26E, led by a favorable product-mix shift with a lower share of the consumer segment, lifting APAT margins. We like Syrma for its strong growth visibility, diversified client and segment base, expanding value-added mix, and robust balance sheet. We maintain our BUY rating on the stock with an unchanged target price of INR 920/sh, based on our DCF valuation (WACC: 12.5%, terminal growth: 5%).

Estimate revision summary

We broadly maintain our estimates for FY26/27/28E.

INR mn	FY26E New	FY27E New	FY28E New	FY26E Old	FY27E Old	FY28E Old	FY26E Change %	FY27E Change %	FY28E Change %
Net Sales	48,268	63,009	80,611	48,760	63,034	80,641	-1.0	-	-
EBITDA	5,121	6,674	8,500	5,123	6,676	8,502	-	-	-
APAT	3,058	4,033	5,140	3,055	4,036	5,141	-	-	-
AEPS	15.9	21.0	26.7	15.9	21.0	26.7	-	-	-

Source: Company, HSIE Research

Financials

Consolidated Income Statement

YE Mar (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	**12,666**	**20,484**	**31,541**	**37,867**	**48,268**	**63,009**	**80,611**
Growth (%)	42.7	61.7	54.0	20.1	27.5	30.5	27.9
Material Expenses	8,921	15,405	25,071	29,315	36,524	47,325	60,503
Employee Expense	750	1,019	1,446	1,910	2,172	3,150	4,031
Other Expenses	1,735	2,182	3,001	3,409	4,450	5,860	7,577
EBITDA	**1,260**	**1,878**	**2,023**	**3,233**	**5,121**	**6,674**	**8,500**
EBITDA Growth (%)	**26.1**	**49.0**	**7.7**	**59.9**	**58.4**	**30.3**	**27.4**
EBITDA Margin (%)	**9.9**	**9.2**	**6.4**	**8.5**	**10.6**	**10.6**	**10.5**
Depreciation	249	312	515	751	870	1,191	1,524
EBIT	1,010	1,566	1,508	2,482	4,251	5,483	6,975
Other Income (Including EO Items)	177	437	583	494	464	579	726
Interest	80	216	413	585	404	271	276
PBT	**1,108**	**1,787**	**1,678**	**2,392**	**4,311**	**5,791**	**7,425**
Total Tax	343	556	419	526	1,078	1,448	1,856
Profit before JV/Associates/NCI	764	1,231	1,259	1,866	3,233	4,343	5,569
Share of JV/Associates	0	-0	-	-	-	40	44
Non-controlling Interest	42	38	170	146	175	350	472
Exceptional Gain/ (loss)	-	-	-14	-21	-34	-	-
RPAT	722	1,193	1,076	1,699	3,024	4,033	5,140
Adjusted PAT	**722**	**1,193**	**1,089**	**1,720**	**3,058**	**4,033**	**5,140**
APAT Growth (%)	**14.6**	**65.2**	**(8.7)**	**57.9**	**77.8**	**31.9**	**27.5**
AEPS	**5.2**	**6.7**	**6.1**	**9.7**	**15.9**	**21.0**	**26.7**
AEPS Growth (%)	**14.6**	**28.6**	**(9.0)**	**57.4**	**64.6**	**31.9**	**27.5**

Source: Company, HSIE Research

Consolidated Balance Sheet

YE Mar (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS							
Share Capital - Equity	1,376	1,768	1,774	1,780	1,924	1,924	1,924
Other Equity	4,344	13,635	14,352	15,719	28,333	31,982	36,641
Total Shareholders' Funds	**5,721**	**15,403**	**16,126**	**17,500**	**30,257**	**33,905**	**38,565**
NCI	108	26	644	749	923	1,273	1,746
Total Debt	**1,942**	**3,468**	**5,763**	**6,112**	**2,175**	**2,175**	**2,175**
Net Deferred Taxes	123	138	164	117	160	218	292
Other Non-Current Liabilities	322	376	854	906	986	1,129	1,432
TOTAL SOURCES OF FUNDS	**8,216**	**19,411**	**23,552**	**25,382**	**34,501**	**38,701**	**44,210**
APPLICATION OF FUNDS							
Net Block	2,340	3,837	6,504	6,672	9,592	12,848	15,806
Goodwill	1,182	1,182	3,221	3,221	3,221	3,221	3,221
CWIP	408	253	168	656	1,250	1,250	1,250
Intangible assets	15	36	167	192	194	206	199
Right of Use Assets	238	269	862	1,358	1,388	1,468	1,890
Non-Current Investments	51	60	64	80	80	913	913
Other Non-Current Assets	294	7,511	3,133	436	508	663	848
Total Non-current Assets	**4,529**	**13,148**	**14,120**	**12,615**	**16,234**	**20,568**	**24,127**
Current-Investments	363	780	355	514	514	514	514
Inventories	2,913	5,874	10,043	8,219	10,315	13,465	17,226
Debtors	2,722	4,022	9,301	14,775	17,191	22,442	28,711
Cash & Equivalents	369	544	856	2,958	6,487	3,412	1,547
Other Current Assets	645	1,057	2,207	2,944	3,174	3,450	4,051
Total Current Assets	**7,013**	**12,278**	**22,762**	**29,409**	**37,680**	**43,282**	**52,049**
Creditors	2,405	4,895	12,232	15,744	18,514	24,168	30,919
Other Current Liabilities & Provns	921	1,120	1,098	898	899	982	1,046
Total Current Liabilities	**3,325**	**6,015**	**13,330**	**16,642**	**19,413**	**25,150**	**31,966**
Net Current Assets	3,687	6,263	9,432	12,767	18,267	18,132	20,084
TOTAL APPLICATION OF FUNDS	**8,216**	**19,411**	**23,552**	**25,382**	**34,501**	**38,701**	**44,210**

Source: Company, HSIE Research

Consolidated Cash Flow

YE Mar (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	**1,108**	**1,787**	**1,678**	**2,371**	**4,311**	**5,831**	**7,469**
Non-operating & EO Items	(62)	(321)	(398)	(401)	(114)	(156)	(78)
Interest Expenses	80	216	413	585	404	271	276
Depreciation	249	312	515	751	870	1,191	1,524
Working Capital Change	(1,212)	(2,299)	(2,804)	(934)	(1,985)	(2,958)	(3,841)
Tax Paid	(289)	(397)	(540)	(607)	(1,078)	(1,448)	(1,856)
OPERATING CASH FLOW (a)	**(126)**	**(703)**	**(1,136)**	**1,765**	**2,409**	**2,731**	**3,495**
Capex	(901)	(1,182)	(3,370)	(1,726)	(4,325)	(4,350)	(4,350)
Free Cash Flow (FCF)	(1,027)	(1,885)	(4,506)	39	(1,916)	(1,619)	(855)
Investments	8	(7,766)	5,027	528	(100)	(933)	(100)
Non-operating Income	12	-	361	169	193	202	212
Others	(3,111)	(196)	(2,300)	(22)	(30)	-	-
INVESTING CASH FLOW (b)	**(3,992)**	**(9,145)**	**(282)**	**(1,052)**	**(4,262)**	**(5,081)**	**(4,238)**
Debt Issuance/(Repaid)	1,021	1,523	2,288	330	(3,937)	-	-
Interest Expenses	(70)	(192)	(327)	(513)	(404)	(271)	(276)
FCFE	(77)	(554)	(2,545)	(145)	(6,257)	(1,890)	(1,131)
Share Capital Issuance	2,715	8,434	(88)	(125)	10,000	-	-
Dividend	-	-	(265)	(266)	(267)	(385)	(481)
Others	156	203	(61)	(133)	(155)	(169)	(465)
FINANCING CASH FLOW (c)	**3,821**	**9,967**	**1,547**	**(707)**	**5,236**	**(825)**	**(1,222)**
NET CASH FLOW (a+b+c)	**(297)**	**120**	**129**	**6**	**3,383**	**(3,175)**	**(1,965)**
EO Items, Others	-	-	(14)	(21)	(34)	-	-
Closing Cash & Equivalents	**334**	**465**	**784**	**855**	**4,238**	**1,063**	**(902)**

Source: Company, HSIE Research

Key Ratios

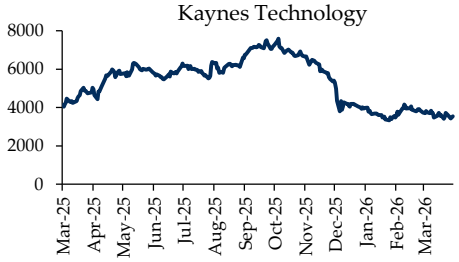
	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PROFITABILITY (%)							
GPM	29.6	24.8	20.5	22.6	24.3	24.9	24.9
EBITDA Margin (%)	9.9	9.2	6.4	8.5	10.5	10.6	10.5
EBIT Margin	8.0	7.6	4.8	6.6	8.7	8.7	8.7
PBT Margin	8.7	8.7	5.3	6.3	8.8	9.2	9.2
APAT Margin	5.7	5.8	3.5	4.5	6.3	6.4	6.4
RoE	13.0	11.3	6.9	10.2	12.8	12.6	14.2
RoIC (or Core RoCE)	11.5	8.8	5.9	9.5	14.0	14.3	14.8
RoCE	17.0	15.1	10.3	13.1	16.8	17.7	20.0
EFFICIENCY	`						
Tax Rate (%)	31.0	31.1	24.9	22.0	25.0	25.0	25.0
Fixed Asset Turnover (x)	4.9	5.5	5.1	4.7	4.7	4.4	4.4
Inventory (days)	68	78	116	79	78	78	78
Debtors (days)	69	60	108	142	130	130	130
Other Current Assets (days)	16	15	26	28	24	20	18
Payables (days)	62	65	142	152	140	140	140
Other Current Liab & Provns (days)	21	18	13	9	7	6	5
Cash Conversion Cycle (days)	75	73	82	70	68	68	68
Net working capital (days)	70	70	95	90	85	82	82
Net D/E (x)	0.3	0.2	0.3	0.2	(0.1)	(0.0)	0.0
Interest Coverage (x)	12.7	7.3	3.6	4.2	10.5	20.2	25.3
PER SHARE DATA (Rs)							
EPS	5.2	6.7	6.1	9.7	15.9	21.0	26.7
CEPS	7.1	8.5	9.0	13.9	20.4	27.2	34.6
Dividend	-	1.5	1.5	1.5	2.0	2.5	3.0
Book Value	41.6	87.1	90.9	98.3	157.3	176.3	200.5
VALUATION							
P/E (x)	151.8	118.1	129.8	82.5	50.1	38.0	29.8
P/BV (x)	19.2	9.1	8.8	8.1	5.1	4.5	4.0
EV/EBITDA (x)	88.0	76.2	72.2	44.7	29.0	22.7	18.1
EV/Revenues (x)	8.8	7.0	4.6	3.8	3.1	2.4	1.9
OCF/EV (%)	(0.1)	(0.5)	(0.8)	1.2	1.6	1.8	2.3
FCF/EV (%)	(0.9)	(1.3)	(3.1)	0.0	(1.3)	(1.1)	(0.6)
FCFE/Mkt Cap (%)	(0.1)	(0.4)	(1.8)	(0.1)	(4.1)	(1.2)	(0.7)
Dividend Yield (%)	-	0.2	0.2	0.2	0.3	0.3	0.4

Source: Company, HSIE Research

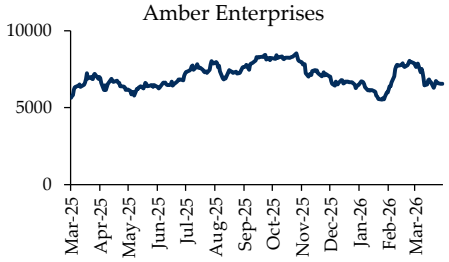
Price history

Dixon

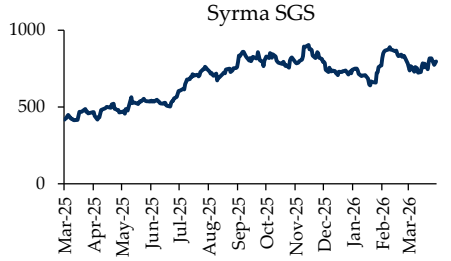
Kaynes Technology



Amber Enterprises



Syrma SGS



Rating Criteria

BUY:	>+15% return potential
ADD:	+5% to +15% return potential
REDUCE:	-10% to +5% return potential
SELL:	> 10% Downside return potential

Disclosure:

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HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400

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HDFC Securities
Institutional Equities
Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
Board: +91-22-6171-7330 www.hdfcsec.com