

Impressive background and business model.

The Company was incorporated on June 30, 1993 and has over 22 years of experience in developing high mix, low-to-medium volume highly complex systems, the Company is a qualified supplier to global OEMs in the aerospace and defence, medical technology and industrial sectors. 'Low volume, high mix' (LVHM) is a type of a contract manufacturing setup which typically has a very high emphasis on quality and customization which changes according to the requirements of the customer.

The Company is one of the leading integrated Electronic Manufacturing Services ("EMS") and solutions providers (Source: Frost & Sullivan Report) with capabilities across the value chain and the entire life cycle of a product.

The Company leverages the design capabilities of its Promoter, Cyient Limited, a leading engineering services provider with over three decades of domain expertise providing engineering and design solutions globally with a focus on multiple industries (Source: Frost & Sullivan Report). The Company's Electronic Manufacturing Services are provided as Build to Print ("B2P") and Build to Specification ("B2S") services to its clients. The Company's B2P solutions involves its client providing the design for the product for which it provides agile and flexible manufacturing services. The Company's B2S services involve utilising its Promoter's design capabilities to design the relevant product based on the specifications provided by the client and manufacturing the product. The Company's solutions primarily comprise: (i) printed circuit board ("PCB") assembly ("PCBA"), (ii) cable harnesses, and (iii) box builds which are used in safety critical systems such as cockpits, inflight systems, landing systems, and medical diagnostic equipment.

The Company's customers belong to a diverse range of high-entry-barrier industries that have stringent quality and qualification requirements. The Company enjoys long-term relationships as an integrated partner to multiple marquee customers such as Honeywell International Inc. ("Honeywell"), Thales Global Services S.A.S ("Thales"), ABB Inc, Bharat Electronics Limited and Molbio Diagnostics Private Limited, having had an average relationship of over 11 years as on March 31, 2023 with the aforementioned customers.

The Company's manufacturing infrastructure comprises three facilities spread across two states in India, at Mysuru, Hyderabad and Bengaluru, with a total manufacturing area of 229,061 sq. ft. The Company's Mysuru facility has a manufacturing area of 65,929 sq. ft. and is primarily engaged in the manufacture of PCBA, cable harnesses and box builds for clients in the aerospace and defence industries. The Company's Hyderabad facility, which is located in a special economic zone, has a manufacturing area of 150,932 sq. ft. and is primarily engaged in the manufacture of PCBA, cable harnesses and box builds for clients based in non-aerospace and non-defence industries, such as medical technology and healthcare. The Company's Bengaluru facility has a manufacturing area of 12,200 sq. ft. and is focused on high-precision manufacturing. Some of the items manufactured include, body valves, hinges, elbow adaptors, assemblies like bracket assembly, lanyard assembly and hinge arm locking assembly etc.

Type of Issue	Fresh issue of equity shares aggregating upto ₹592 Crore
Issue size	₹592 Crore at the upper end of the price band
No. of shares	22,373,584 Equity Shares at upper end of the price band
Employee reservation	₹15 Crore
Issue date	June 27, 2023 - June 30, 2023
Listing date	July 10, 2023
Price Band	₹ 250 - ₹ 265 (Face value: ₹10)
Employee discount	₹ 15 per share
Bid lot	56 equity shares and in multiple thereof
Issue structure	QIB: 75%, Non Institutional: 15%, Retail: 10%
Post issue shares	7.93 Crore equity shares at upper end of the price band
Promoters Public - Amansa Investment	Pre IPO: 92.84% Post IPO: 66.65%
Promoters Public - Others	Pre IPO: 7.16% Post IPO: 5.14%
Post issue market cap	₹ 2,102 Crore at the upper end of the price band
BRLMS	Axis Capital JM Financial
Registrar to the issue	KFin Technologies Limited

Restated Financial Summary (₹ Crore)

Particulars	FY23	FY22	FY21
Revenue from operations	832.03	720.53	628.03
EBITDA	87.78	84.04	45.94
EBITDA (%)	10.55	11.66	7.32
Profit before tax	43.16	50.73	15.60
Profit after tax	31.73	39.80	11.81
PAT margin (%)	3.81	5.52	1.88
Equity share cap.	52.87	1.37	1.37
Networth	197.87	77.11	37.65
Total borrowings	314.47	293.19	233.76
Basic EPS (₹)	7.75	16.17	4.80
Post IPO EPS (₹)#	4	5.02	1.49
P/E (x)	66.3	52.8	177.8
Asset Turnover (x)	0.88	1.01	1.01
RoNW(%)	16.03	51.61	31.38
RoCE (%)	13.48	17.56	11.48

Source: Red Herring Prospectus (RHP), Basic EPS IS calculated on weighted average number of shares, # Post IPO EPS calculated at Post Issue shares at upper end of the price band

Investment recommendation and rationale

At the upper end of the price band of ₹265, the Company's IPO is valued at P/E of 66x at FY23 EPS which looks at a premium considering the strong prospects in the Electronics Manufacturing Services (EMS) industry. The Company's listed peers Kaynes Technology India is trading at a P/E of 77x, Syrma SGS Technology Limited is trading at a P/E of 58x, DCX Systems Limited trading at a P/E of 30x in the secondary market at June 26, 2023 closing price. We recommend investors to "SUBSCRIBE" the issue due to the following factors: a) Ability to provide integrated engineering solutions with capabilities across the product value chain; b) High entry barriers for its competitors due to its technical expertise, capabilities in safety-critical electronics in highly regulated industries and customer engagement; c) Robust and industry leading order book with marquee customers, with whom it enjoys sustained and long-standing relationships as their preferred partner; d) Manufacturing infrastructure, stringent quality, diverse in-house capabilities and robust supply chain, enabling us to provide high quality end-to-end integrated solutions to its customers; e) Parentage of its Promoter, Cyient Limited, and a long history of industry expertise, an experienced Board and senior management team, i) Company has raised ₹259.64 Crore from marquee anchor investors which instills confidence in the issue.

Pre IPO placement

The company has undertaken a Pre-IPO Placement of **4,075,471 Equity Shares** at a price of ₹ 265/- per share, aggregating to ₹ 108 crore as under:

Name of the Entity	No. of Equity Shares	Amount (₹ Crore)
Amansa Investments Ltd	4,075,471	108.00

Source: Red Herring Prospectus (RHP)

Objects of the issue

Fresh Issue: Upto ₹592 Crore

The Net Proceeds are proposed to be used by the Company in accordance with the details set forth below

Objects	Amount (₹ Crore)
Funding incremental working capital requirements of the Company	291.09
Funding capital expenditure of the Company	43.57
Repayment/ prepayment, in part or full, of certain of the borrowings	160.91
Achieving inorganic growth through acquisitions	70.00
General Corporate Purposes	*

Source: Red Herring Prospectus (RHP), * To be finalised upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. The amount to be utilized for general corporate purposes and achieving inorganic growth through acquisitions and shall not exceed 35% of the Gross Proceeds and the proceeds from the Pre-IPO Placement. The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds and the proceeds from the Pre-IPO Placement.

Operating metrics

Particulars	FY23	FY22	FY21
Number of customers ^{(1)*^}	35	50	47
Number of new customers acquired ^{(2)*}	1	3	1
Customer concentration (Top 5) ^{(3)*} (in %)	67.53%	65.35%	66.29%
Customer concentration (Top 10) ^{(4)*} (in %)	91.08%	93.24%	90.83%
Order book (₹ in Crore)	2,432.55	1,202.98	906.12
Days sales outstanding (DSO) ⁽⁶⁾ (in days)	71	77	132
Days payables outstanding ⁽⁷⁾ (in days)	125	98	110
Days of inventory outstanding ⁽⁸⁾ (in days)	186	137	90
Customer advance days ⁽⁹⁾	89	57	66

Source: Red Herring Prospectus (RHP),

Note:

(1) Number of customers indicate the count of customers who contributed to revenue from operations for year.

(2) Number of new customers acquired indicates the count of new customers generating revenue for the first time in the respective year.

(3) Customer concentration (Top 5) % indicates total revenue from top five customers in terms of descending order of revenue generation for a year shown as percent of revenue from operations for that year.

(4) Customer concentration (Top 10) % indicates total revenue from top ten customers in terms of descending order of revenue generation for a year shown as percent of revenue from operations for that year.

(5) Order book (in ₹ million) indicates the executable work orders from its customers as the end of the year.

(6) Days sales outstanding (DSO) is calculated as trade receivables / revenue from operations multiplied by number of days for the year.

(7) Days payables outstanding is calculated as trade payables/ revenue from operations multiplied by number of days for the year.

(8) Days of inventory outstanding is calculated as inventory/revenue from operations multiplied by number of days for the year.

(9) Customer advance days is calculated as customer advances/ revenue from operations multiplied by number of days for the year.

Notes:

* Customers include affiliates or group entities of its customers, as applicable.

^ The decrease in customers between Fiscal 2021 and Fiscal 2023 is due to the exit of one-time customers and customers who approached us for job work. and due to dropping low margin customers, # The increase in the order book between Fiscal 2021 and Fiscal 2023 is due to the receipt of a large order from one of its key customers and multi-year orders from its other key customers.



Company's products and services

- 1) **PCB assembly:** PCB assembly is the process of connecting electronic components onto PCBs. There are 2 main categories of assembly: (i) Surface Mount Device assembly; and (ii) Plated Through Hole assembly.
- 2) **Cable Harnesses:** The cable harnesses solutions involve the process of assembly of electrical cables or wires. Their cable harnesses solutions are also accredited by NADCAP.
- 3) **Box Builds** Also known as systems integration, box builds can be anything from a simple PCBA housed in a small enclosure, to a cabinet housing a complex electromechanical system. The company assembles box builds ranging from very simple to complex devices with a wide range of applications as outlined below:
 - a. **Aerospace application:** Electronics that the company manufactures may be used in Avionics engine control, cockpit communication, auxiliary power supply unit, door control unit, USB charger, parachute ejection systems, aircraft lighting and GPS systems.
 - b. **Defence applications:** RADAR electronics, communication, computers, power supply, ground equipment, ground radio communication systems.
 - c. **Medical applications:** Electronics and devices they manufacture may be used in patient monitoring systems, x-ray electronics, diagnostic equipment, electronics for MRI, ECG and ultrasound scanners, NIBP controllers, patient assistance systems like sensor mats and emergency call, chest sensor electronics and pulse oximeter, Hb monitoring devices, portable vaccination refrigerators.
 - d. **Industrial applications:** These may include oil and gas measurement equipment, control electronics for color mixing and dispensing equipment, fuel dispensing controllers and display electronics, controllers for temperature and room environment, IoT controllers.
 - e. **Railway applications:** Railway signaling, train protection and warning systems and vehicle control units.

The Company's manufacturing capabilities enable them to manufacture a wide range of complex boards and devices, such as:

- a) **CPU Board:** A CPU card is a printed circuit board (PCB) that contains the central processing unit (CPU) of a computer.
- b) **Power Electronics Board:** Power electronic systems are used in a variety of applications, such as power generation, power transmission, power distribution, power control.
- c) **IoT devices:** These are non-standard computing devices that connect wirelessly to a network and have the ability to transmit data, such as the many devices on the internet of things.
- d) **PLC:** A programmable logic controller is an industrial computer control system that continuously monitors the state of input devices and makes decisions based upon a custom program to control the state of output devices.
- e) **I/O Module:** An I/O module is a subsystem in an integrated circuit that performs the functionality specific to interfacing a CPU to the rest of the system.

The revenue from operations generated by the products:

Financial Year Ended March 31,

Particulars	2023		2022		2021	
	Revenue ₹ Crore	% to Total	Revenue ₹ Crore	% to Total	Revenue ₹ Crore	% to Total
PCBA	521.01	62.62%	456.47	63.35%	379.98	60.50%
Cable Harnesses	11.36	1.37%	6.44	0.89%	3.92	0.62%
Box Builds	269.69	32.41%	240.98	33.44%	229.13	36.48%
Others	29.97	3.60%	16.65	2.31%	14.99	2.39%
Total for Revenue from Operations	832.03	100.00%	720.53	100.00%	628.03	100.00%

Source: Red Herring Prospectus (RHP)

The revenue from operations generated by the key industries:

For the Year Ended March 31,

Particulars	2023		2022		2021	
	Revenue ₹ Crore	% to Total	Revenue ₹ Crore	% to Total	Revenue ₹ Crore	% to Total
Aerospace	166.70	20.04%	101.83	14.13%	95.23	15.16%
Defence	313.16	37.64%	337.13	46.79%	263.90	42.02%
Medical Technology	135.29	16.26%	161.56	22.42%	185.32	29.51%
Industrial	208.68	25.08%	104.06	14.44%	71.43	11.37%
Others	8.21	0.99%	15.97	2.22%	12.16	1.94%
Total for Revenue from Operations	832.03	100.00%	720.53	100.00%	628.03	100.00%

Source: Red Herring Prospectus (RHP)

Build-to-print (B2P)

In the B2P model, the design for the project is provided to the Company by the client, and the Company manufactures the product based on the provided design and according to the customer's specifications. Typically, the customer provides the bill of materials and drawings and the Company is responsible for producing the part to the specifications defined by the said customer. Some of the key products and projects manufactured under its B2P model are set out below:

Natural gas analyzers – flow monitoring systems used in oil and gas applications;
Airport lighting switch system circuit card assembly;
Magnetic resonance (MR) system; and
Cockpit electronics.

Build-to-specification (B2S)

In the B2S model, the client provides the company with its requirements and specifications for the product or project, which they proceed to develop based on such requirements and specifications. Once the design is approved by the client, the company proceeds to manufacture the product based on the approved design. In this model, they, together with their Promoter, offer engineering design and build services, from concept to qualification, with system-level ownership in their respective domains. Some of the key products and projects developed under the B2S model are Cargo door control units, and USB drives.

Design, Engineering, Infrastructure and Manufacturing Capabilities

The company delivers high-precision machining and assembly services that help their clients, in key industries such as aerospace and defence, medical technology, and industrial sectors, design and develop complex products with a focus on reducing time-to-market. They also specialize in additive manufacturing (3D printing) for proof-of-concept designs, design verification, and functional testing. Some of the key products manufactured by them are as follows:

A&D	Med Tech	Industrial
<ul style="list-style-type: none"> • TR cards for radar (defense), • Cockpit aviation products Power systems • Guided missile control • Onboard computer cards 	<ul style="list-style-type: none"> • Imaging systems <ul style="list-style-type: none"> ○ Pathology/virology equip. ○ Ultrasounds • In-vitro diagnostics • Cardiovascular 	<ul style="list-style-type: none"> • Systems for Oil and Gas <ul style="list-style-type: none"> ○ Power systems ○ Flow meters ○ Controller cards ○ I/O Cards

Source: Red Herring Prospectus (RHP)

Value Added Services

Cyient DLM also offers several value added and after-market services to their customers, such as obsolescence management, new product introduction, value engineering, localisation, sustenance engineering and logistics and supply chain management.

Obsolescence Management: This process supports the end-of-life products of their clients. They advise on any components that need to be replaced due to technology upgradation and non-availability of the relevant component.

New Product Introduction: New product introduction is the process of taking a product idea from the conceptualisation stage to making the product available for use or production.

Value Engineering: Value engineering can be defined as an organized effort directed at analyzing designed building features, systems, equipment, and material selection for the purpose of achieving essential functions at the lowest life cycle cost consistent with the required performance, quality, reliability, and safety.



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Localisation: Localisation is the process of adapting a particular product to the local needs of a particular geography or culture with a focus on leveraging locally available components to build the product.

Logistics and Supply Chain Management: This service helps clients manage their supply chain requirements from sourcing to logistics to storage solutions.

Revenue breakup

Revenue breakup based on geographical location of customers

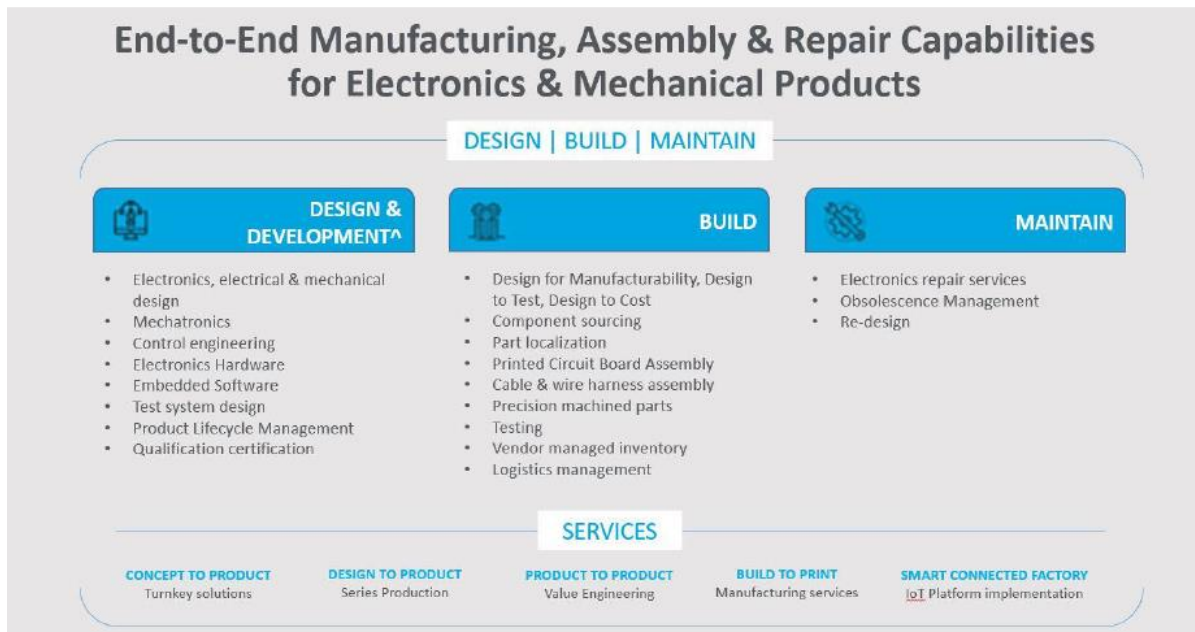
Financial Year Ended March 31,						
Particulars	2023		2022		2021	
	Revenue ₹ Crore	% to Total	Revenue ₹ Crore	% to Total	Revenue ₹ Crore	% to Total
- Within India	335.23	40.29%	396.41	55.02%	398.51	63.45%
- Outside India	496.80	59.71%	324.12	44.98%	229.52	36.55%
Total for Revenue from Operations	832.03	100.00%	720.53	100.00%	628.03	100.00%

Source: Red Herring Prospectus (RHP)

Competitive strengths

1) Ability to provide integrated engineering solutions with capabilities across the product value chain

The Company is a complete, end-to-end integrated EMS and solutions provider with robust capabilities providing both B2P and B2S services. As an integrated manufacturing partner providing 'design-led-manufacturing' solutions to its customers, the Company provides design through the design team of its Promoter and, manufacturing, testing and certification support to ensure that our customers' products meet robust standards in reliability, safety and performance. The Company believes it is well-positioned to deliver solutions to its customers across the entire product lifecycle. Set out below is an illustration of the Company's comprehensive capabilities:

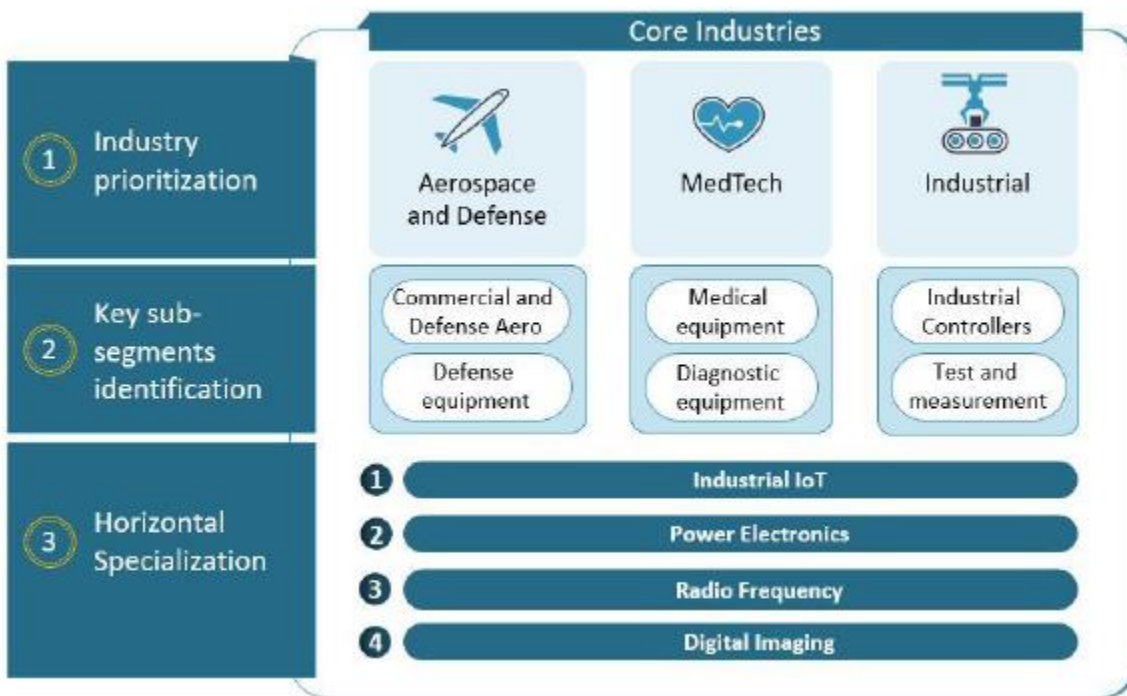


Source: Red Herring Prospectus (RHP), [^] Design and Development are primarily undertaken by its Promoter

2) High entry barriers for its competitors due to its technical expertise, capabilities in safety-critical electronics in highly regulated industries and customer engagement

The Company's position as one of the few EMS companies in India offering electronics solutions for safety and mission-critical applications in highly regulated industries acts as a significant entry barrier to new entrants (Source: Frost & Sullivan Report). The Company's clients are primarily engaged in industries such as aerospace and defence, medical technology and industrials which are typically highly regulated industries.

The Company's engagement with the client commences at the early stages of the product life cycle right from the design stage, which also leads to higher customer stickiness.



Source: Red Herring Prospectus (RHP)

The Company commenced its operations by manufacturing simple PCBAs for its customers for use in simple systems such as temperature transmitters, switching devices, airport lighting systems and other low complexity aerospace and industrial products, and subsequently evolved its capabilities to manufacturing complex PCBs for safety-critical applications, cable harnesses and box builds to large assemblies. The Company has evolved significantly from providing simple PCB services, to having become a provider of high complexity, low to medium volume mission-critical solutions. This has enabled it to deepen its relationships with its customers over the years. For instance, the Company's engagement with Honeywell International Inc., one of its key customers, commenced with manufacturing PCBAs for special temperature transmitters in 2009. However, subsequently, the Company manufactured box builds for airport lighting systems, and have since manufactured more advanced systems for Honeywell such as an entire module of cockpit avionics. The Company believed the deepening engagement with its customers over time due to its flexibility, agility and the quality it provides will prevent them from switching to other EMS partners, acting as a high entry barrier to its competitors.

The Company believes that it enjoys several competitive advantages and capabilities, which, together with its 22 years of experience in the EMS industry, it had undertaken gives it an edge and also provides it with certain key factors which are difficult to replicate. Some of these factors include its sectoral expertise, the high complexity of the products the Company manufactures and the solutions it provides, its ability to provide end-to-end solutions and the trust of the customers it enjoys.

The Company's key capabilities are in the domain of highly complex, safety-critical electronic systems with a high criticality of failure, such as cockpit systems and flight control systems which differentiates the Company from other EMS companies. It is the Company's belief that its customers would be reluctant to source similar solutions from its competitors, owing to the aforesaid, in addition to its reliability in the manufacture of, and its track record of having provided such solutions successfully to customers in industries with stringent quality and performance requirements, as well as the depth and nature of engagement with its customers. Since specialised sectors such as aerospace and defence, and medical are highly complex and expensive, there are obvious challenges and barriers that make it almost impossible for new players to enter this market. High capital requirement and strict regulations are the key barriers preventing companies from entering these sectors. Further, low-volume, high-mix products involve high complexity and are safety critical with high entry barriers. (Source: Frost & Sullivan Report)

3) Robust and industry leading order book with marquee customers, with whom we enjoy sustained and long-standing relationships as their preferred partner

The Company believes that it has built a diverse customer base with marquee clients over 22 years of its presence in the EMS industry. The Company's strategic partnership model with its customers has accelerated its growth and allowed the Company to enjoy a position of an industry leader in the EMS sector. The Company also focus on assisting customers meet their requirements across the spectrum of their engagement with us, including in terms of cost, productivity, product reliability and low time to market. This, together with its high delivery standards and performance excellence, has enabled it to acquire, service and deepen and lengthen its relationship with diverse range of high-level clients ranging from startups to industry leaders.

The table below sets out the number of years of relationship the Company had with some of its key customers as of March 31, 2023, along with the amount contributed by each of these customers (in absolute and % terms) to its revenue from operations:

Name of customer	Number of years of relationship (as of March 31, 2023)	Fiscal 2023		Fiscal 2022		Fiscal 2021	
		Revenue from operations (₹ in Crore)	% of Revenue from operations	Revenue from operations (₹ in Crore)	% of Revenue from operations	Revenue from operations (₹ in Crore)	% of Revenue from operations
ABB Inc	14	179.45	21.57%	78.60	10.91%	43.12	6.87%
Bharat Electronics Limited	12	88.73	10.66%	108.62	15.07%	86.71	13.81%
Honeywell International Inc.	14	74.73	8.98%	53.86	7.47%	54.0	8.60 %
Thales Global Services S.A.S	8	104.56	12.57%	69.32	9.62%	63.90	10.18%
Molbio Diagnostics Private Limited	10	24.08	2.89%	51.52	7.15%	103.13	16.42%
Total		471.54	56.67%	361.91	50.23%	350.868	55.87%

Source: Red Herring Prospectus (RHP)

The Company has an industry leading order book (Source: Frost & Sullivan Report) amounting to Rs. 2,432.55 Crore as of March 31, 2023 and a pipeline of prospective projects for which the contracts are currently at various stages of negotiation. The table below sets out the details of the Company's order book as of March 31, 2023, March 31, 2022 and March 31, 2021:

Details of order book	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Number of customers	35	50	47
Order book* (₹ in Crore)	2,432.55	1,202.98	906.12

Source: Red Herring Prospectus (RHP), * Order book (₹ in Crore) indicates the executable work orders from its customers as the end of the year

The Company has consciously focused on reducing the long tail of customers by focusing on growing its business and relationships with strategic and marquee customers. The Company's long-term contracts with its clients have a term ranging between three years and more than 15 years. For example, one such contract is the Company's contract with Honeywell International Inc. for avionics LRUs. The Company's capabilities and its relationships with its customers have been recognised by its customers by way of several awards such as the award for Excellence in Quality, Cost & Delivery from Bosch, the Thales Award for On Conformity Delivery performance from the Thales Group and the Best Emerging Supplier Award from Honeywell.

4) Manufacturing infrastructure, stringent quality, diverse in-house capabilities and robust supply chain, enabling us to provide high quality end-to end integrated solutions to its customers

The Company's operations are currently undertaken through its manufacturing facilities spread across two states and three cities in India, at Mysuru, Hyderabad and Bengaluru, with a total manufacturing area of 229,061 sq. ft. The Company's Mysuru and Hyderabad facilities are focused on electronics manufacturing processes including PCBA, cable harnesses and box builds, which closely align with its core competence in electronics systems, integration and manufacturing services, and are equipped with surface mount assembly (SMT) lines, printed through hole (PTH) assembly lines, X-ray inspection systems, in-circuit testers, flying probe testers, boundary scan testers, functional testers, environmental stress screening (ESS) chambers, HASS and HALT machines, vibration testers and other advanced equipment. The Company's Bengaluru facility is focused on producing high-precision, low-volume mechanical manufacturing products and is equipped with milling, drilling, turning and grinding machines.

Set out below are details of the aggregate installed capacity and utilised capacity at its Mysuru and Hyderabad facilities for the periods shown:

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Mysuru			
Number of SMT lines	4	4	4
Aggregate installed capacity (millions of component placements / annum)	449.41	449.41	430.69
Total placements achieved (millions of component placements / annum)	172.71	244.75	200.46
Utilised capacity (%)	38.43	54.46	46.54



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Hyderabad			
Number of SMT lines	2	2	2
Aggregate installed capacity (millions of component placements / annum)	500.40	500.40	500.40
Total placements achieved (millions of component placements / annum)	38.08	45.69	35.63
Utilised capacity (%)	7.61	9.13	7.12

Source: Red Herring Prospectus (RHP)

Note:

1. Capacity utilization has been derived from component placements per hour (CPH) at SMT lines.
2. Assumptions taken into consideration for deriving capacity calculation are as follows:
 - i. All calculations are on the basis of two working shifts, 25 working days and seven hours per shift.
 - ii. In the event of requirement for capacity expansion, third shift operations can be mobilized with addition of resources as required.
 - iii. CPH rating is the basis and capacity is also inclusive of the nature of product mix, complexity, setup time and planned maintenance time.
 - iv. At the Mysuru facility, the installed capacity has been enhanced with an additional placement module in 2021.
 - v. Hyderabad facility is a new setup with higher CPH and hence lower utilization as full-fledged production is yet to start.

Set out below are the details of the aggregate installed capacity and utilised capacity at its Bengaluru facility for the periods shown:

Bengaluru Facility	As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	Aggregate installed capacity	Capacity utilised (%)	Aggregate installed capacity	Capacity utilised (%)	Aggregate installed capacity	Capacity utilised (%)
No. of units manufactured	6,000	80%	6,000	90.65%	609.34	97.02%

Source: Red Herring Prospectus (RHP), Type of Product- Body Valves, Latch Assemblies.

Financial performance of its facilities:

The table below sets out details of the revenue from operations attributable to each of its facilities:

Facility	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Revenue from operations (₹ in Crore)	% of Revenue from operations	Revenue from operations (₹ in Crore)	% of Revenue from operations	Revenue from operations (₹ in Crore)	% of Revenue from operations
Mysuru facility	755.09	90.75	653.14	90.65	609.34	97.02
Hyderabad facility	71.99	8.65	65.87	9.14	15.47	2.46
Bengaluru facility	4.95	0.60	1.52	0.21	3.22	0.51

Source: Red Herring Prospectus (RHP)

The Company has stringent quality systems and processes which enables it to meet the rigorous and complex requirements of its customers within the stipulated timelines and provide it with its track record of reliability. The Company's facilities have received one or more quality and standard certifications such as ISO 9001:2015, ISO 14001: 2015, ISO 45001:2018, AS9100:2016, ISO/TS 22163:2017, ANSI ESD S20.20-2014 and IEC 61340-5-1:2016. The Company has received NADCAP certifications for its PCBA and cable harness solutions. Further, the Company is also entitled to certain tax benefits since its Hyderabad facility is located in a special economic zone. The Company's manufacturing processes are also subject to regular inspections conducted by its customers.

The Company's supply chain process is electronically managed, monitored and interconnected by way of a supply chain control tower and visualisation tool. This tool integrates the ERP data of its Company and allows real-time tracking that enables faster response to demand changes and supply disruptions. The Company believes that it has a high degree of command over its supply chain on account of its horizontal specialisation. Some of the key raw materials, the Company procures include semiconductors, passives (such as capacitors, diodes and resistors), mechanical items (such as sheet metal, plastics and aluminium), cables, connectors and integrated circuits. The Company's dedicated supply chain and materials team consists of 73 permanent members as on March 31, 2023, across sourcing, materials and purchase, logistics and strategy and has a rigorous selection, evaluation and qualification process for its suppliers for made-to-order parts, and the Company's approved suppliers are rated and monitored on an ongoing basis. The Company also has systems in place for counterfeit parts management, obsolescence management, material requirement planning, procurement, engineering, quality management and execution. As at March 30, 2023, the Company has over 776 active vendors of raw materials, with over 63.27% of them from outside India. The Company has long term relationships with authorised distributors or vendors, and have multiple vendors for particular components rather than relying on single sources for each part in order to de-risk itself from supply chain problems. This also allows it to ensure availability for its raw materials as well as enables it to secure the best possible prices. The Company also does warehousing for some of its customers in a warehouse at Tulsa, Oklahoma, USA, which is strategically located to reduce its time to market for its customers in the USA.



5) Parentage of its Promoter, Cyient Limited, and a long history of industry expertise, an experienced Board and senior management team

The Company believes that it has derived significant advantages and a competitive edge from the sectoral expertise of its Promoter, which was named as a Rising Star in Managed Services by the Information Services Group and was named in the 'Leadership zone' across aerospace, telecommunication, semiconductors, industrial, and medical devices verticals. Cyient has also been rated as an Expansive-Established player in Digital Engineering and ER&D Services – USA region by Zinnov Zones. 'Cyient' is a brand associated with global engineering capabilities, quality of service and reliability. The Company's association with the 'Cyient' brand and the domain experience of the Promoter gives it an advantage in attracting talent, corporate governance practices, and together with its Promoter's design team, allows it to offer a larger value proposition on the 'design, build and maintain' value chain. The Company's end-to-end capabilities, backed by the design capabilities as well as the heritage of its Promoter of over three decades provides it with an edge over its competitors, and has enhanced its B2S capabilities, differentiating the Company from its competition.

In addition, the Company is led by its diversified Board with an average of over seven years in the EMS industry, which is supplemented by its professional management team with an average of over 20 years of industry experience. The Company's senior management team includes its Managing Director, Rajendra Velagapudi, its Chief Executive Officer and Business Head, Anthony Montalbano, its Chief Operating Officer, Ram Dornala and its Chief Financial Officer, Shrinivas Appaji Kulkarni who bring a collective of several decades of experience. The Company's leadership team is supported by a workforce of 656 full time employees and 361 contract workers and a NPI and engineering team of 67 persons as on the March 31, 2023, and an enhanced in-house quality control system team, in addition to Cyient Limited's design team. Further, the Company's sales team has over 15 years of experience across the EMS and engineering services industries.

Competition

The Indian EMS market comprises various tiers of companies including global EMS companies with operations in India and large and mid/small Indian EMS companies. The Company faces competition from Indian EMS providers such as SFO Technologies Private Limited, Bharat FIH Limited, Avalon Technologies Limited, Syrma SGS Technology Limited and Elin Electronics Limited, and international players such as Hon Hai Precision Industry Co. Ltd. (Foxconn), Pegatron Corp, Quanta Computer, Inc., Plexus Corp., Flex Ltd., Compal Electronics, Inc., Wistron Corp, Jabil, Inc.

(Source: Red Herring Prospectus)

Competition

The table below sets forth a comparison of the Company with certain of its industry peers as at and for the year March 31, 2023, as applicable, in terms of the qualitative and financial parameters disclosed below:

Qualitative & Financial Parameters as at March 31, 2023

Qualitative Parameters	Kaynes Technology India Limited	Syrma SGS Technology Limited	DCX Systems Limited	Cyient DLM Limited
Services offered	<ul style="list-style-type: none"> a) Product design and engineering b) OEM and ODM c) IoT Solutions d) Cable harness e) Automated testing f) Third party repairs 	<ul style="list-style-type: none"> a) Product Design b) Prototyping c) Product Assembly d) Quality & Testing e) Supply & Logistics f) After market Supply & Logistics g) After market 	<ul style="list-style-type: none"> a) Supplying Cable assemblies/Harness assemblies and Electro-Mechanical Assemblies b) Subsystems, System Integrations & Testing c) PCBA manufacturing d) Maintenance- Repair- Overhauling (MRO) & Lifetime product support 	<ul style="list-style-type: none"> a) Electronics, electrical and mechanical design b) Test system design c) Printed circuit board assembly d) Cable and wire harness assembly e) Precision machining Testing f) Electronic repair services g) Obsolescence management h) Re-designing services
Focus end-user segments	<ul style="list-style-type: none"> a) Automotive b) Power & Energy & Industrial Automation & Controls c) Aerospace, Defence & Other d) Healthcare/medical e) Railways & other transportation f) IT & Telecom/IoT g) Consumer 	<ul style="list-style-type: none"> a) Industrial b) Consumer Electronics Automotive c) Computer/IT d) Healthcare/Medical e) Railways 	<ul style="list-style-type: none"> a) Defence (Aerospace, Land & Naval Defence Systems, Satellites & Civil Aviation) b) Industrial electronics c) Medical electronics 	<ul style="list-style-type: none"> a) Aerospace & Defence b) Medical c) Energy & Industrial d) Rail Transport
Financial Parameters				
FY23				
Revenue from operations (₹ in Crore)	1,126.11	2,048.39	1,253.63	832.03
EBITDA (₹ in Crore)	168.32	187.77	83.67	87.78
EBITDA (%)	14.95%	9.17%	6.67%	10.55%
Profit for the year (₹ in Crore)	95.20	123.08	71.68	31.73
Profit margin for the year	8.45%	6.01%	5.72%	3.81%
RoNW (%)	13.14%	11.60%	15.13%	16.03%
RoCE (%)	14.45%	10.46%	10.35%	13.48%
Inventory Turnover (times)	2.44	3.51	8.73	1.86
EPS (Diluted)	19.61	7.50	8.44	7.75

(Source: Red Herring Prospectus)



Company and Directors

The Company was incorporated as 'Rangsons Electronics Private Limited' on June 30, 1993. Cyient Limited is the Promoter of the company. Currently, the Promoters, together with its nominees holds 92.84% of the issued, subscribed, and paid-up Equity Share capital of the company (Includes 18 Equity Shares each held by Sudheendhra Putty, Ganesh Venkat Krishna Bodanapu, Ajay Aggarwal, Rajendra Velagapudi, Shrinivas Appaji Kulkarni and Ravi Kumar Nukala as nominees of the Promoter).

Brief details of the promoter

Cyient Limited incorporated on August 28, 1991, and currently listed on BSE and NSE is a leading consulting-led, industrycentric, technology solutions company. It enables its customers to apply technology imaginatively across their value chain to solve problems that matter. It is committed to designing tomorrow with its stakeholders and being a culturally inclusive, socially responsible, and environmentally sustainable organization.

Brief Biographies of Directors

Rajendra Velagapudi is the Managing Director of the company. Prior to joining the company, he worked with Ford Truck Manufacturing Division, Simpsons Co. Ltd for a period of 2 years, Bajaj Tempo Ltd and Bharat Earth Movers Ltd for a period of over 8 years. He was appointed to Company Board of Directors with effect from April 25, 2017.

Ganesh Venkat Krishna Bodanapu is the Chairman, Non-Executive & Non-Independent Director of the company. He has been associated with the Promoter since 2003 and currently is the managing director and chief executive officer of the Promoter. He was appointed to Company Board of Directors with effect from February 4, 2015.

Venkat Rama Mohan Reddy Bodanapu is the Non-Executive, Non-Independent Director of the company. Previously, he has been associated with HCL Ltd and Electronic Industries Association of Andhra Pradesh. He was appointed to the Board of Directors with effect from December 27, 2022.

Vanitha Datla is an Independent Director of the company. She is currently working with Elico Ltd, Elico Healthcare Services Ltd. Eliscription Pvt Ltd and Elico Mechoptronix Pvt Ltd. She is also an Independent Director in Visaka Industries Ltd. She was appointed to the Board of Directors with effect from December 13, 2022.

Jehangir Ardeshir is an Independent Director of the company. He has in the past been associated with Tata Iron & Steel Co. Ltd, Tata Sons Ltd, Tata Teleservices Ltd, Terex India Pvt Ltd and Forbes Marshall Pvt Ltd. He was appointed to the Board of Directors with effect from December 13, 2022.

Pillutla Madan Mohan is an Independent Director of the company. He is currently the dean of Indian School of Business. He was appointed to the Board of Directors with effect from December 27, 2022.

Key Managerial Personnel

Anthony Montalbano is the Chief Executive Officer and Business Head of the company. Prior to joining the company, he as associated with Flex, USA for a period of 10 years, HCL America Inc. and Wipro Ltd.

Shrinivas Appaji Kulkarni is the Chief Financial Officer of the company. He was previously associated with Ind-Telesoft Pvt Ltd, Intel Corporation, Intel India Pvt Ltd, EMC Software and Service India Pvt Ltd and Sasken Communication Technologies Ltd. He joined the company on January 2, 2023.

Parvati K R is the Company Secretary and Compliance Officer of the company. She joined the company on October 7, 2015. Previously, she was associated with Sree LPG Pvt Ltd, Hedge & Co., Trade and Technology Centre for Electronics, Hindustan Engineering Co and Sagas Auto Tec Pvt Ltd.

Ram Dornala is the Senior Vice President and Chief Operating Officer of the company. He joined the company on January 2, 2023. Prior to joining the company, he as associated with Jabil Circuit, San Francisco, USA for a period of 20 years and Wistron Technology Service (America) Corporation.

Joseph Crowley is the Senior Vice President, Sales of the company. He joined the company on January 2, 2023. He was previously associated with Celestica Corporation for over 8 years and Venture Electronics Incorporation, Inc. for over 7 years.

Pooja Jamwal is the Head of Corporate Development of the company. She joined the company on January 2, 2023. She was previously associated with DMV Business & Market Research Pvt Ltd and Cyient Ltd.



Key risks

1) Customer and order book concentration

The Company's top 10 customers constituted 91.08 percent of its total revenue from operations for the year ended March 31, 2023 and 96.57 percent to its total order book as of March 31, 2023

2) Reduction in Net Profit

The Company's Net profit for the year decreased by 20.27 percent from ₹ 39.79 Crore for Fiscal 2022 to ₹ 31.73 Crore for Fiscal 2023 primarily on account of an increase in a) Finance costs & b) employee benefits expense and c) decrease in other income

3) The capacity utilisation for Fiscals 2023, 2022 and 2021 for its Mysuru facilities are 38.43%, 54.46% and 46.54% respectively and Hyderabad facilities are 7.61%, 9.13% and 7.12% respectively which is lower in comparison to other manufacturing companies.



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