



Smart Multibagger

*Your dependable partner in creating wealth
since 1989*

14 March 2023

Kaynes Technology India Ltd.

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Smart VERC: 28, 9-B, Saket, Bhopal (India)

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Smart Multibagger

Price related information

Company	Kaynes Technology India Ltd
Current Price (Rs)	945
Target Price (Rs)	2306
Stop Loss (Rs)	600
Perceived Risk	Medium
Holding Period (months)	39
Recommended Portfolio weightage	3%
Market Capitalisation	~ Rs 5495 crores

Stock related information

NSE Symbol	KAYNES
BSE Ticker	543664
Face Value (Rs)	10/-
Book Value (Rs)	157
Sector	Industrial Products
Promoter Stake	63.57%
BSE Group	B
Liquidity	Good (about 3 lac shares/day)
BSE Index constituent	S&P BSE IPO

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Kaynes Technology

- ✓ Starting operations in 1988, Kaynes Technology Indi Limited is a leading end-to-end and IoT solutions-enabled integrated electronics manufacturer with capabilities across the entire spectrum of ESDM services.
- ✓ The company has extensive experience in providing Conceptual Design, Process Engineering, Integrated Manufacturing and Life Cycle Support for major players in the Automotive, Industrial, Aerospace and Defence, Outer-space, Nuclear, Medical, Railways, Internet of Things (IoT), Information Technology (IT) and other segments.
- ✓ It has a well-diversified portfolio of around 300-plus customers in 24 countries across multiple industry verticals.
- ✓ The company came out with an IPO in Nov. 2022 and the shares were allotted @ Rs 587 per share. The company received net proceeds of Rs 624 crores. Out of this Rs 130 crores has been used to repay loans.

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Financial Highlights (Consolidated)

	03/'19	03/'20	03/'21	03/'22	12/'21*	12/'22*
Revenue	364.23	368.23	420.62	706.24	183.41	289.09
Other Income	1.22	0.73	2.97	4.10	2.20	2.63
Interest	-18.71	-23.60	-23.97	-25.58	-6.92	-9.20
Depreciation	-5.13	-8.37	-10.07	-13.16	-3.73	-4.59
Tax	-3.83	-1.92	-1.39	-17.35	-2.78	-7.11
Net Profit	9.72	9.35	9.73	41.67	10.74	22.86
Equity	6.80	6.80	6.80	46.15	7.69	58.14
EPS	14.29	13.75	14.31	9.03	13.97	3.93
OPM%	10.27%	11.74%	10.74%	13.84%	13.18%	15.14%
NPM%	2.67%	2.54%	2.31%	5.90%	5.86%	7.91%

Uniform FV of Rs 2 has been used for calculating per share ratios, * Three months, Rs in crores

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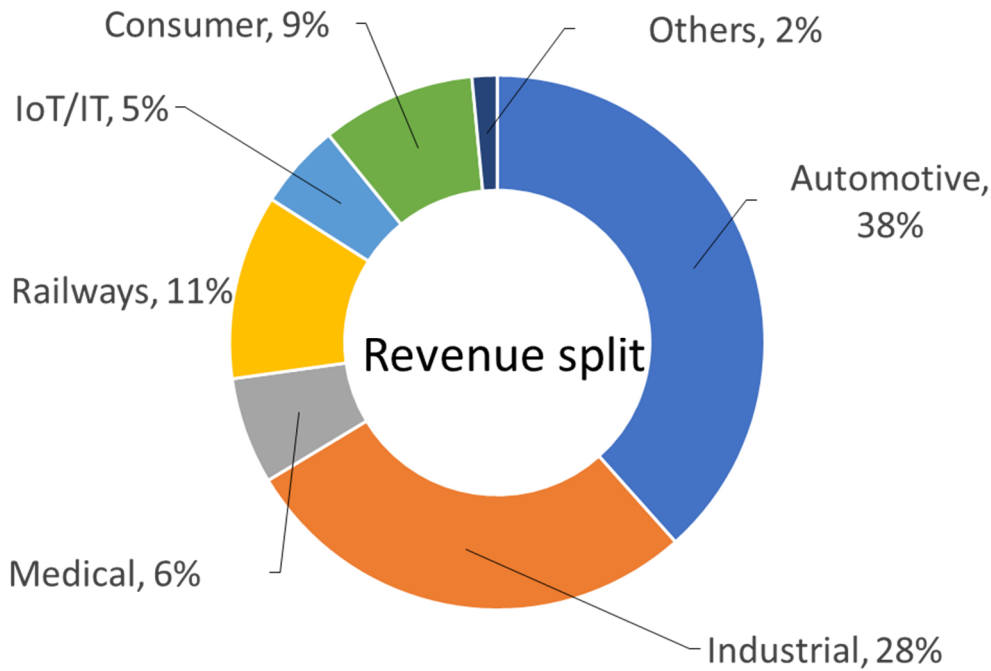
- ✓ The company has earmarked Rs 98.90 crores as capex to expand its existing facility in Mysore and Manesar. Further, Rs 149 crores has been earmarked for investment in Kaynes Electronics Manufacturing Private Limited for setting up a new facility at Chamarajanagar, Karnataka. During the last quarter it had groundbreaking ceremony at Chamarajanagar facility and commenced construction.
- ✓ **Order Book as on 31 Dec 2022 stood whooping Rs 2558 crores, 3.62x compared to FY22 Revenues!**
- ✓ Gross Block is growing at a healthy pace from Rs 91 crores in FY20 to Rs 114 crores in FY21 to Rs 147 crores in FY22.
- ✓ Net Working Capital Days were consistently under decline from 121 days in FY20 to 117 days in FY21 to 98 days in FY22. But in the current year it is increasing and the management is taking suitable steps to bring it down.
- ✓ Total debt stood at Rs 259 crores as on 31 Dec 2022, with a debt equity ratio of 0.28 as against the ratio of 0.84 as of FY '22.
- ✓ ROE at 15.41% and ROCE at 13.60% may appear low but due to funds raised via IPO.
- ✓ Part growth in growing order book is due to an increased focus on import substitution

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by its domestic customers, and that is likely to continue.

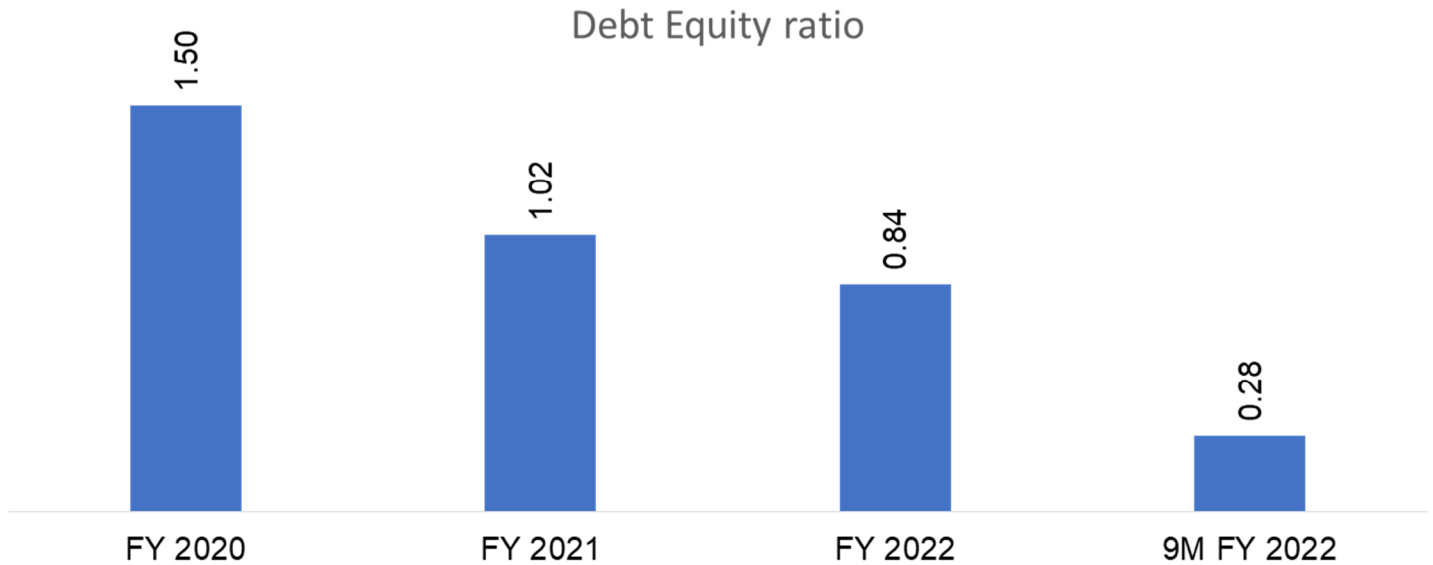
- ✓ During Q3 FY '23 Earnings Conference Call held on 01 Feb. 2023, it was informed that the company is in advanced stage of discussion with a large industrial customer who is going to transfer a large amount of business from China to India. If it materialises then it is going to happen in FY25 only because there'll be a huge technology transfer and this is a large quantum of business. Similarly, from Europe, in the medical area, the company is in the final stages of finalising the prices etc with a very large customer.
- ✓ Based on the first nine months results and considering the seasonality of business we expect to company to deliver Revenues of Rs 1150 crores to Rs 1250 crores for FY23.
- ✓ Based on the order book and management guidance (Source, call transcript 1 Feb 2023) the company is expected to log Revenue in the range of Rs 1600 crores to Rs 1800 crores in FY24.
- ✓ Based on the above Revenue expectations and considering the economies of scale we expect the company to report an EPS of Rs 20 to Rs 22 for F23 and EPS of Rs 35

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to Rs 38 for FY24, about 75% growth.

- ✓ For the years FY25 and FY26 we have incorporated modest growth in EPS @30% every year and expect EPS in the range of Rs 59 to Rs 64.
- ✓ Target price has been arrived by applying a moderate PE to Growth ratio of 1.25.*

“Kaynes delivered revenue growth of 63% for 9MFY23 as we witnessed strong demand across the Automotive, Railways and Consumer verticals. With an executable order book of over INR 25,579 mn, we have visibility of strong growth as we approach FY24. Given the proven track record of our execution capabilities, we are now taking orders where we provide higher value-added services. After successfully completing our IPO, we are now focused on upgrading our capacity and capabilities. This will help us benefit from the industry tailwinds in the manufacturing sector”

- Mr. Ramesh Kannan, Managing Director

(Post third quarter results)

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Subscription Details

Smart Gains (Weekly @Wednesday)	Rs. 6000/- per year
Smart Multibagger (12 - 15 stocks advised in a year)	Rs. 8500/- per year
Smart SIP (on 5th of every month)	Rs. 4000/- per year

add GST@18% , Subscription rates as on 01 Feb 2023

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Frequently Asked Questions

Q. *What is the Guarantee of success of the expected returns indicated in this report ?*

A. There is no Guarantee of meeting the expected returns, it is only a probability. Returns have been calculated based on our past experience and certain expectations from the company, industry and the economy.

Q. *Can these stocks go down ?*

A. Recommendations are based on current valuations of these stocks with respect to the market. Any adverse news about the individual company or sharp correction in stock indices can drag the individual stock prices down.

Q. *Will these stocks be reviewed in future ?*

A. At least One review shall be made as and when required.

Q. *What is the minimum amount, one should invest in these stocks?*

A. Limit your exposure in any single stock to maximum 5% of your total portfolio value.

Q. *Stock advised by you is ruling up from your recommended price, can I still purchase this stock?*

A. One can buy the stock as long as it is within the 5% band of recommended price.

Q. *If I have a query, how and whom should I contact ?*

A. All the related queries shall be addressed to support@smartverc.com. We shall revert back to you within 24 hours.

Note :

- Investors are advised not to borrow money even for the short term to invest in these stocks.

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Products at a glance

✓ **Smart Gains** : Value rewards, always !

Objective

Medium to Long term Wealth creation, learning valuations.

Content

Pick of the Week: One stock advised @Wednesday with research report.

For whom

Investors ready to invest for 3 to 24 months. Apart from the very good returns investors can learn a lot about valuations and portfolio management from SBP.

	2016	2017	2018	2019	2020	2021
Success Rate	81%	83%	73%	61%	84%	87%

One year subscription Rs 6000/- as on 01 Feb 2023 (+ GST@18%)

Pick of the Week (Yearly best performers)

Company	Advise Date	Advice Price	Current Pr.#	% Gains
KRBL	17-08-22	273	397	45%
Vesuvius India Ltd.	18-05-22	1010	1604	59%
Shivalik Bimetal Contr	31-03-21	55	390	609%
Mindtree Ltd.	03-03-21	1750	3433	96%
Polyplex Corp.	13-01-21	720	1595	122%
Cosmo Films	09-09-20	254	753	196%
Tata Elxsi	23-09-20	1234	6772	449%

as on 24 Jan 2023

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Products at a glance.. Continued

✓ **Smart Multibaggers** : Medium Safety, High Reward !

Objective

Long term mega wealth creation through multibagger returns.

Contents

Detailed stock report on 12 to 15 stocks every year including valuations and with clear 'Stop Loss', 'Target' and 'Holding Period'. Stocks are regularly reviewed and notifications sent on mobile App, SMS and Email.

For whom

Investors ready to invest for minimum 2 years and investments of at least Rs 4 lacs. More than 7000 investors have benefited from this product so far.

	2013 to 2019	2020
Success Rate	71%	78%

One year subscription Rs 8500/- as on 01 Feb 2023 (+ GST@18%)

Yearly best Performers

Company	Advice Date	Advice Price	Current Pr.#	% Gain
Deepak Fertilisers	04-06-21	295	660	124%
Tata Elxsi	13-01-21	2300	6754	194%
Tata Power	03-03-21	104	206	98%
KEI Industries	22-04-20	271	1524	462%
Caprihans India	25-03-20	27	142	426%
Acrysil Limited	23-10-20	129	460	257%
GMM Pfaudler	01-08-19	393	1572	300%
Gokaldas Export	19-03-19	77	378	391%

as on 24 Jan 2023

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Products at a glance.. Continued

✓ **Smart SIP** : Favorite of regular Savers !

Objective

Create huge wealth in long term by investing regularly in growth stocks. Let the compounding magic works for you.

How the scheme works

Stocks and money remains with investor. One stock is advised on every 5th of the month. On reaching portfolio size of 18, the stock which provides highest Value in the portfolio is advised for purchase. Churning is very low. More than 80% of stocks are Growth stocks. Based on the expected long term growth in portfolio stocks we expect to achieve 15% to 18% CAGR returns in long term.

For whom

Investors prepared to invest regularly for long term to meet their financial objectives.

Risk

Since investment is for long term the stock price is more dictated by the financial performance of the company rather than the market.

	Total Investment (since 05 Oct 2016)	Current Value (01 Feb 2023)	% Change
Smart SIP (Rs)	7,60,000	12,57,000	+ 65%
IRR (Year 2021)	+57.91%		

One year subscription Rs 4000/- as on 01 Feb 2023 (+ GST @18%)

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Disclosures Recommendations given in this report have been researched and prepared by A K Asnani (SEBI Reg. - INH000000420). He has experience of 30 years into stock investments and author of book 'Way To Billionaire'. By qualification he is BE, MBA (Finance), ERA (ICFAI, Hyderabad) and pursuing PhD.

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