



# KAYNES TECHNOLOGY INDIA LIMITED

Kaynes Technology India Limited ("Company" or "Issuer") was incorporated on March 28, 2008 at Mysore, Karnataka as a private limited company under the Companies Act, 1956, with the name 'Kaynes Technology India Private Limited' pursuant to a certificate of incorporation granted by the Registrar of the Companies, Karnataka at Bangalore ("RoC"). Subsequently, the name of our Company was changed to 'Kaynes Technology India Limited' upon conversion of our Company into a public limited company pursuant to a special resolution passed by our Shareholders on March 24, 2022 and the fresh certificate of incorporation was issued by the RoC consequent upon change of name on conversion to public limited company on March 31, 2022. For details of change in the name of our Company and address of registered office of our Company, see "History and Certain Corporate Matters" on page 241 of the red herring prospectus of the Company dated November 1, 2022 filed with the RoC ("RHP" or "Red Herring Prospectus").

Registered and Corporate Office: 23-25, Belagola, Food Industrial Estate, Metagalli P.O., Mysuru – 570016, Karnataka, India; Tel: + 91 8212 582595; Contact Person: Sridhyha Narayanan, Company Secretary and Compliance Officer; Tel: +91 8212 582595; E-mail: kaynestechns@kaynestechtechnology.net; Website: www.kaynestechtechnology.co.in; Corporate Identity Number: U29128KA2008PLC045825

## OUR PROMOTERS: RAMESH KUNHIKANNAN, SAVITHA RAMESH AND RK FAMILY TRUST

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF KAYNES TECHNOLOGY INDIA LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 5,300 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 5,584,664 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION, COMPRISING UP TO 2,084,664 EQUITY SHARES BY RAMESH KUNHIKANNAN AGGREGATING UP TO ₹ [●] MILLION ("PROMOTER SELLING SHAREHOLDER") AND UP TO 3,500,000 EQUITY SHARES BY FRENY FIROZE IRANI AGGREGATING UP TO ₹ [●] MILLION ("INVESTOR SELLING SHAREHOLDER" AND TOGETHER WITH PROMOTER SELLING SHAREHOLDER, THE "SELLING SHAREHOLDERS"), AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES") (SUCH OFFER FOR SALE BY THE SELLING SHAREHOLDERS, THE "OFFER FOR SALE" AND TOGETHER WITH THE FRESH ISSUE, "THE OFFER").

THE OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 15 MILLION (CONSTITUTING UP TO [●] % OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS "NET OFFER". THE OFFER AND NET OFFER SHALL CONSTITUTE [●] % AND [●] %, RESPECTIVELY, OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

OUR COMPANY HAS, IN CONSULTATION WITH THE BRLMS, UNDERTAKEN THE PRE-IPO PLACEMENT OF 2,338,760 EQUITY SHARES AT A PRICE OF ₹ 555.85 PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ 545.85 PER EQUITY SHARE) AGGREGATING TO ₹ 1,300.00 MILLION.

RAMESH KUNHIKANNAN, PROMOTER SELLING SHAREHOLDER HAS SOLD 1,615,336 EQUITY SHARES AT A PRICE OF ₹ 619.07 PER EQUITY SHARE AGGREGATING TO ₹ 1,000.01 MILLION

The Offer is being made under Regulation 6(1) of the SEBI ICDR Regulations.

QIB Portion: Not more than 50% of the Net Offer | Non-Institutional Portion: Not less than 15% of the Net Offer

Retail Portion: Not less than 35% of the Net Offer | Employee Reservation Portion: Upto [●] Equity Shares aggregating up to ₹ 15 Million

PRICE BAND: ₹ 559 TO ₹ 587 PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH

THE FLOOR PRICE IS 55.90 TIMES THE FACE VALUE OF THE EQUITY SHARES AND

THE CAP PRICE IS 58.70 TIMES THE FACE VALUE OF THE EQUITY SHARES

BIDS CAN BE MADE FOR A MINIMUM OF 25 EQUITY SHARES AND IN MULTIPLES OF 25 EQUITY SHARES THEREAFTER

### Risks to Investors:

- Our Subsidiaries have contributed less than 10% to our revenue from operations during the Fiscal 2020, 2021 and 2022 and in the three months ended June 30, 2022.
- We cannot assure you that we will be able to derive the benefits from the proposed object of utilising a portion of the Net Proceeds towards funding the capital expenditure of our Subsidiary, Kaynes Electronics Manufacturing Private Limited ("KEMPL"). Our Company proposes to utilise ₹ 1,493.00 million towards funding the capital expenditure of KEMPL, in order to set up a new manufacturing facility, which is currently estimated to start commercial production / operations of by March 2024.
- Average cost of acquisition of equity shareholding of Ramesh Kunhikannan, Promoter Selling Shareholder is ₹ 0.38 per Equity Share and has sold 1,615,336 Equity Shares at a price of ₹ 619.07 per Equity Share aggregating to ₹ 1,000.01 million on October 20, 2022 and October 25, 2022.
- Average cost of acquisition of Equity Shares held by the Promoter Selling Shareholder and Investor Selling Shareholder is ₹ 0.38 and ₹ 73.94 per Equity Share respectively and Offer Price at upper end of the Price Band is ₹ 587 per Equity Share.
- The weighted average cost of acquisition of all Equity Shares transacted in the one year and three years immediately preceding the date of the Red Herring Prospectus is as follows:

Period	Weighted Average Cost of Acquisition (in ₹)**	Cap Price (₹ 587) is 'X' times the Weighted Average Cost of Acquisition**	Range of acquisition price: Lowest price-Highest price (in ₹)**
Last one year	35.68	16.45	60.16*-619.07
Last three years	42.48	13.82	41.67*-619.07

\* Lowest price (originally the Equity Shares were acquired at a price of ₹ 360.99 and ₹ 249.99 per Equity Share and the effective price per Equity Share post bonus issuance in the ratio of 5:1 is ₹ 60.16 and ₹ 41.67 for last one year and last three years respectively) at which the Equity Shares were acquired, excluding acquisitions through gift.

\*\* As certified by K.P. Rao & Co., Chartered Accountants, by way of their certificate dated November 3, 2022.

- Our top 10 customers accounted for 53.61%, 46.03%, 51.02% and 62.81% of our revenue from operations in Fiscal 2020, 2021 and 2022, and the three months ended June 30, 2022, respectively. Revenue contribution from our top 1, top 5 and top 10 customers has fluctuated in the last three Fiscals. Further, there has been a decline in the proportion of new customers we have added in the last three Fiscals. In addition, we do not have firm commitment agreements with our customers. The loss of one or more such customers or a reduction in demand for their products could adversely affect our business, results of operations, financial condition and cash flows.
- Our top 3 manufacturing facilities accounted for 81.53% of our revenue from operations in Fiscal 2022. Any slowdown, shutdown or disruption in our manufacturing facilities may lead to disruptions in our business and operations which could have an adverse effect on our business, results of operations, financial condition and cash flows.
- We are reliant on the demand from various industries such as automotive, industrial, railways, medical, information technology, Internet of Things, aerospace and defense, of which automotive and industrial industries accounted for 63.36% of our revenue from operations in Fiscal 2022. Any downturn in these industries could have an adverse impact on our business, growth and results of operations.
- We rely on the constant supply of semiconductors from overseas market for manufacturing of our products. The imported raw materials accounted for 64.46% of our total purchases of raw materials in Fiscal 2022. Any shortage or issues in timely availability of semiconductors or any particular semiconductor components required for the manufacturing of our products or fluctuations in the exchange rate between the Rupee and other currencies, could affect our business, financial condition, results of operations and prospects.
- Our inventory has increased by 49.81% from ₹ 1,511.10 million in Fiscal 2020 to ₹ 2,263.78 million in Fiscal 2022. As of June 30, 2022, our inventory was ₹ 2,901.04 million and inventory days were 118 days. We maintain significant inventory and have low inventory turnover ratio. Our inability to accurately forecast demand for products that we manufacture and supply to our customers and manage our inventory may have an adverse effect on our business, results of operations, financial condition, cash flows and profit margin.
- Our net Working Capital Days for March 31, 2022 and as of June 30, 2022 was 98 days and 122 days, respectively. Further, our net Working Capital as a % to revenue from operations for the financial year ended March 31, 2022, 2021 and 2020 was 37.45%, 46.06% and 48.62%, respectively. We have significant working capital requirements. Our net working capital requirements as of March 31, 2022 was ₹ 2,644.93 million and as of June 30, 2022 was ₹ 2,910.26 million. A significant amount of our working capital is required to finance the purchase of raw materials and the development and manufacturing of products before payment is received from customers. This may have an adverse effect on our results of operations, cash flows and financial condition.
- The BRLMs associated with the Offer have handled 38 public issues in the past three years, out of which 13 issues closed below the offer price on listing date.

Name of BRLMs	Total Issues	Issues closed below IPO Price on listing date
DAM Capital Advisors Limited*	8	2
IIFL Securities Limited*	26	10
Common issues of above BRLMs	4	1
Total	38	13

\*Issues handled where there were no common BRLMs

**BID/OFFER  
PROGRAMME**



**ANCHOR INVESTOR BIDDING DATE: WEDNESDAY, NOVEMBER 9, 2022**

**BID/OFFER OPENS ON THURSDAY, NOVEMBER 10, 2022\***

**BID/OFFER CLOSING ON MONDAY, NOVEMBER 14, 2022\*\***

\* Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.

\*\*UPI mandate end time and date shall be at 5.00 pm on the Bid/Offer Closing Date.

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