



TM

EMS

16 April 2025

4QFY25 RESULT PREVIEW

Industry

EMS

Sector Rating (Prices as of 15 April 2025)

Company (Bloomberg Code)	TP (Rs)	Reco.
Amber Enterprises (AMBER)	8,052	BUY
Avalon Technologies (AVALON)	827	HOLD
Dixon Technologies (DIXON)	17,587	BUY
Elin Electronics (ELIN)	167	BUY
Kaynes Technology (KAYNES)	5,517	HOLD
PG Electroplast (PGEL)	981	HOLD
Syrma SGS Technology (SYRMA)	713	BUY

Source: Systematix Institutional Research

Seasonal, structural tailwinds to drive growth

The seven companies under our coverage are expected to report robust revenue/EBITDA/PAT growth of 88%/79%/99% YoY in 4QFY25, respectively. This strong performance is likely to be driven by channel filling ahead of the summer season, aided by seasonal tailwinds. Growth momentum seems particularly strong in the room air conditioner (RAC) segment, while a healthy volume ramp-up is also expected in the mobiles category. EMS companies are expected to post solid growth, supported by strong order inflows and an increasing focus on local value addition, positioning them well for sustained growth. We prefer DIXON (BUY), KAYNES (HOLD), AMBER (BUY) and SYRMA (BUY) within our coverage universe.

Companies to report strong growth in 4QFY25

We expect companies within our coverage to report healthy 88%/79%/99% YoY growth in revenue/EBITDA/PAT, respectively. DIXON is expected to post the strongest topline growth of 159% YoY, driven by a surge in the mobiles segment, given the QoQ ramp-up in Ismartu volumes during the quarter. KAYNES is likely to deliver 67% YoY revenue growth, driven by execution of smart meter orders. AVALON is expected to clock revenue/EBITDA/PAT growth of 43%/129%/217% YoY, aided by recovery in its US business and onboarding of new clients. We expect SYRMA to record revenue growth of 29% YoY, with EBITDA margin slated to expand to 10.1%, as the contribution from the lower-margin consumer business declines as guided by the management. ELIN is set for a modest quarter with revenue/EBITDA growth estimated to rise by 12%/18% YoY, respectively.

Contract Manufacturers to ride the strong RAC demand

Channel checks indicate a ~25% YoY rise in primary RAC industry volumes in 4QFY25, despite a high base, a result of early channel stocking in anticipation of a hot summer. Companies focused on cooling products are expected to see solid growth. We estimate revenue/EBITDA/PAT growth of 54%/67%/113% YoY for PGEL and 24%/29%/48% YoY for AMBER, respectively.

Positive stance on EMS maintained:

We remain positive on the EMS sector, supported by strong structural tailwinds and policy initiatives. Indian government's continued push to establish India as a global electronics manufacturing hub is driving long-term growth opportunities across the value chain. In particular, efforts to build a domestic semiconductor ecosystem bode well for KAYNES, which stands out as one of the few players approved for the OSAT segment. At the same time, DIXON continues to expand beyond smartphones, leveraging its scale and capabilities to enter high-potential segments such as display modules and IT hardware (laptops, tablets, etc.). On the consumer side, sustained demand for cooling products amid a hot summer outlook is expected to drive over 25% growth in RAC revenues for FY25. Industry players are optimistic about achieving 20%+ RAC revenue CAGR over the next 3–5 years, creating a favorable backdrop for companies like PGEL and AMBER. Meanwhile, ELIN is also set to benefit from positive structural shifts — with the end of its exclusivity with Signify in LED products and a revival in demand for small domestic appliances; we see potential for margin improvement and valuation re-rating.

Our Preferred Picks: DIXON (BUY), KAYNES (HOLD), AMBER (BUY) and SYRMA (BUY)

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Exhibit 1: EMS companies under coverage - 4QFY25 estimates and highlights (Rs mn)

AMBER	4QFY25E	3QFY25	4QFY24	YoY (%)	QoQ (%)	Comments
Revenue	34,891	21,333	28,055	24	64	4Q is expected to be driven by increased offtake in primary RAC sales, fueled by channel filling in anticipation of a favorable summer. The electronics division is set to continue its growth trajectory, with the company having revised its revenue guidance to 55% YoY growth for FY25 (vs 45% guided earlier). However, revenue and profitability from the railway segment are likely to remain subdued in 4Q, as Indian Railways' is focusing on non-AC coaches. We expect the company to clock ~8% EBITDA margin, in line with its guidance.
EBITDA	2,852	1,587	2,219	29	80	
EBITDA margin (%)	8.17	7.44	7.91			
PAT	1,404	359	947	48	291	
EPS (Rs)	42	11	28	48	291	
AVALON	4QFY25E	3QFY25	4QFY24	YoY (%)	QoQ (%)	Comments
Revenue	3,104	2,809	2,168	43	11	We expect AVALON to deliver 43% YoY topline growth at Rs 3.1bn, driven by the revival of US business and onboarding of new clients. EBITDA is projected to rise sharply by 129% YoY to Rs 393mn, with EBITDA margin likely to expand to 12.6%, up from 7.9% during 4QFY24. We estimate PAT of Rs 224mn.
EBITDA	393	346	172	129	14	
EBITDA margin (%)	12.66	12.33	7.93			
PAT	224	240	71	217	(7)	
EPS (Rs)	3	4	1	217	(7)	
DIXON	4QFY25E	3QFY25	4QFY24	YoY (%)	QoQ (%)	Comments
Revenue	1,20,656	1,04,537	46,580	159	15	We expect robust 159% YoY revenue growth to be primarily driven by a 240% YoY surge in the mobiles segment, supported by a QoQ ramp-up in Ismartu volumes. Additionally, the refrigerator business is also poised to boost revenue. Margins in the lighting segment are expected to improve, aided by backward integration.
EBITDA	4,320	3,905	1,825	137	11	
EBITDA margin (%)	3.58	3.74	3.92			
PAT	2,466	1,712	952	159	44	
EPS (Rs)	41	29	16	159	44	
ELIN	4QFY25E	3QFY25	4QFY24	YoY (%)	QoQ (%)	Comments
Revenue	3,110	2,663	2,778	12	17	4Q is expected to be decent, with revenue growth of 12% YoY. In the TPW fans segment, the company expects to benefit from the addition of a top 5 customer. In the lighting segment, 2 new customer additions are expected during 4Q. However, margins are likely to remain under pressure due to a subdued demand environment, resulting in heightened competition across lighting, fans, and small appliances.
EBITDA	147	76	124	18	94	
EBITDA margin (%)	4.71	2.84	4.47			
PAT	55	14	35	56	296	
EPS (Rs)	1	0	1	56	296	
KAYNES	4QFY25E	3QFY25	4QFY24	YoY (%)	QoQ (%)	Comments
Revenue	10,639	6,612	6,373	67	61	KAYNES is projected to clock strong revenue growth in 4Q, driven by execution of smart meter orders. Gross margin expansion will likely be fueled by a surge in orders from high-margin sectors such as industrial & EV, aerospace, medical, and automotive sectors. Operating leverage benefits are expected to materialize in 4Q, due to the revenue pick-up in recent acquisitions. In the railways segment, increased order inflows will likely contribute to growth in 4Q, despite the slow offtake.
EBITDA	1,752	940	952	84	86	
EBITDA margin (%)	16.47	14.22	14.94			
PAT	1,188	665	813	46	79	
EPS (Rs)	19	10	13	46	79	
PGEL	4QFY25E	3QFY25	4QFY24	YoY (%)	QoQ (%)	Comments
Revenue	16,537	9,677	10,766	54	71	4Q is expected to be strong, led by 100% YoY growth in RACs, driven by channel filling in anticipation of summer. Washing machines too are likely to post healthy YoY revenue growth, on a low base. In the product business, we expect significant scale-up from clients onboarded over the last two years, contributing to market share gains. While we see gross margin declining QoQ due to higher contribution from RACs, net margin may expand, aided by the receipt of a Rs 300mn PLI benefit during the quarter.
EBITDA	1,946	852	1,165	67	128	
EBITDA margin (%)	11.76	8.80	10.82			
PAT	1,483	395	696	113	275	
EPS (Rs)	5	1	2	113	275	
SYRMA	4QFY25E	3QFY25	4QFY24	YoY (%)	QoQ (%)	Comments
Revenue	14,580	8,692	11,341	29	68	SYRMA is likely to see a 29% YoY revenue expansion at Rs 14.6bn. EBITDA could increase 99% YoY to Rs 1.4bn. EBITDA margin is expected to expand to 10.1%, up from 6.5% in 4QFY24, as the contribution from lower margin consumer business continues to decline. This margin improvement positions the company to exceed its guidance of 7% EBITDA margin.
EBITDA	1,468	791	737	99	86	
EBITDA margin (%)	10.07	9.10	6.50			
PAT	870	488	349	149	78	
EPS (Rs)	5	3	2	149	78	

Source: Company, Systematix Institutional Research

Exhibit 2: Valuation table

	M-cap (Rs bn)	CMP 15-Apr	Reco	TP (Rs)	Upside (%)	T PE (27E x)	P/E (x)			RoIC (%)	
							FY25E	FY26E	FY27E	FY25E	FY27E
AMBER	233	6,880	BUY	8,052	17	43	87	59	37	17	23
AVALON	55	830	HOLD	827	(0)	38	89	52	38	16	24
DIXON	893	14,930	BUY	17,587	18	55	95	68	47	71	142
ELIN	7	137	BUY	167	22	16	37	20	13	6	13
KAYNES	353	5,520	HOLD	5,517	(0)	60	119	91	60	24	19
PGEL	248	955	HOLD	981	3	50	85	64	49	31	34
SYRMA	87	490	BUY	713	46	30	46	32	21	14	22

	EPS (Rs)			CAGR (%) (FY20-24)			CAGR (%) (FY24-27E)			RoE (%)		RoCE (%)		EV/EBITDA (x)	
	FY25E	FY26E	FY27E	Rev	EBITDA	PAT	Rev	EBITDA	PAT	FY25E	FY27E	FY25E	FY27E	FY25E	FY27E
AMBER	79	117	187	14	12	(4)	31	38	68	11	19	15	21	32	19
AVALON	9	16	22	8	(1)	25	31	56	73	10	17	13	21	51	23
DIXON	157	220	320	42	33	32	66	61	73	37	35	53	55	59	29
ELIN	4	7	10	7	(8)	(16)	14	31	53	3	9	6	12	13	7
KAYNES	46	61	92	49	57	110	54	60	48	11	16	16	18	84	36
PGEL	11	15	20	44	60	168	36	41	56	22	23	29	32	54	34
SYRMA	11	15	24	38	10	3	39	54	58	11	18	14	22	27	13

Source: Company, Systematix Institutional Research

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