

Electronic Manufacturing Services

**Sector
Update**

October 12, 2026

Coverage Universe

Name of the Company	Rating	CMP (INR)	TP (INR)
Amber Enterprises India	BUY	6,528	9,234
Avalon Technologies	REDUCE	2,378	1,786
Cyient DLM	REDUCE	979	878
Kaynes Technology India	BUY	3,222	4,280
Syrma SGS Technology	HOLD	1,737	1,827

Structural tailwinds; shift toward high-value ESDM

Quick Pointers

- EMS entering a capability-led growth phase beyond traditional PCB assembly and box-build
- Government support accelerating localization through MPMS, Semicon 2.0 and defense indigenization

We remain structurally positive on the Indian EMS/ESDM sector, supported by the convergence of electronics localization, semiconductor ecosystem development, mobile manufacturing, defense indigenization and rising demand for high-reliability electronics. Importantly, the opportunity is gradually moving beyond PCB assembly and box-build toward components, semiconductor packaging, industrial/defense electronics, and mission-critical applications.

We believe the EMS sector is entering the next phase of its growth cycle – from scaled assembly to capability-led, high-value ESDM. Government support through MPMS + ECMS + Semicon 2.0 + defense indigenization, combined with global supply-chain diversification, should support sustained localization and outsourcing opportunities.

Our preference is toward companies that can move up the value chain through a) high-reliability electronics; b) design/engineering capabilities; c) export exposure; d) participation in semiconductor ecosystem development; e) Defence/aerospace/industrial applications; and f) strong new-logo addition and order-book conversion.

We estimate earnings CAGR of 40.4%/35.6%/28.4%/40.4% for AVAL/CYIENYDL/KAYNES/SYRMA over FY26-29E. We remain positive on EMS companies, but the recent run-up in stocks has captured the near-mid-term opportunity.

Government support in building an end-to-end electronics ecosystem: The combination of MPMS, ECMS and Semicon 2.0 is helping create an integrated electronics manufacturing ecosystem. Industry bodies view these schemes as complementary layers connecting electronics manufacturing with domestic components and semiconductors.

- **Mobile Phone Manufacturing Scheme (MPMS):** The government has approved an INR625bn 5-year scheme aimed at scaling mobile manufacturing, increasing domestic value addition, and strengthening the component/supply-chain ecosystem. (Click on the link for a detailed report on MPMS: [VolumeXLII-Manthan-EMS-27-8-26-PL.pdf](#))
- **Semicon 2.0 / ISM 2.0:** The second phase carries an outlay of INR1.275trn, with support extended beyond semiconductor fabs to chip design, equipment, materials, packaging, R&D and talent development. This significantly broadens the opportunity for Indian EMS/ESDM companies.

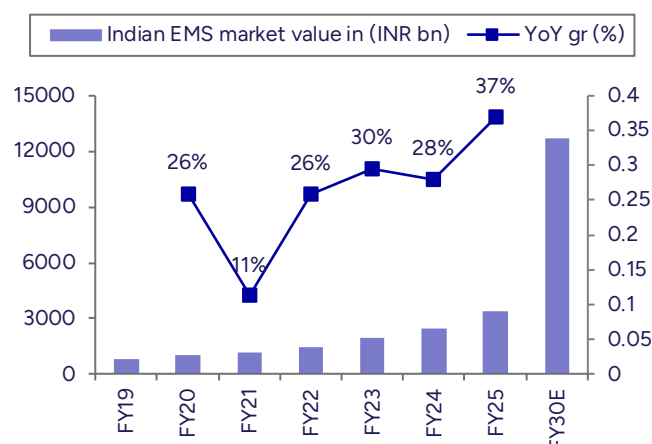
- Defense indigenization emerging as a major ESDM opportunity:** The Defence Acquisition Council recently accorded AoN for INR1.10trn of procurement, with ~98% expected to be sourced from domestic players. The approvals span radars, electronic warfare, mobility systems, helicopters and other platforms. **This should create a multi-year opportunity for domestic players in defense electronics, aerospace electronics, communication systems, radar/EW and high-reliability electronics manufacturing.**

Exhibit 1: Major semiconductor players in India

Company	Segment	Plant location	Project investment (INR bn)	Capacity / output	Technology / partner	Revenue / offtake visibility
Micron Technology	ATMP – DRAM & NAND	Sanand, Gujarat	225	~14mn units/week	Micron Technology	Serves both domestic and international demand; commercial production commenced
Tata Electronics + PSMC	Semiconductor Fab	Dholera, Gujarat	915	50,000 wafer starts/month	Technology partnership with PSMC, Taiwan	Expected to serve automotive, power electronics, telecom and other sectors
Tata Semiconductor Assembly & Test (TSAT)	ATMP / OSAT	Morigaon, Assam	271	48mn units/day	Indigenous packaging technology	Target sectors include automotive, electronics and telecom
CG Semi / CG Power + Renesas + Stars	OSAT	Sanand, Gujarat	76	~15.07mn units/day	Renesas technology; JV with Renesas and Stars Microelectronics	Strong strategic offtake visibility through Renesas-led ecosystem
Kaynes Semicon	OSAT	Sanand, Gujarat	33	~6.33mn chips/day	Wire-bond interconnect and substrate-based packages	Target applications include automotive, industrial and power electronics
HCL–Foxconn JV	Display-driver chip packaging	Jewar, Uttar Pradesh	37	20,000 wafers/month / ~36mn units annually	HCL + Foxconn	Display driver chips for mobile phones, laptops, automobiles and PCs
SicSem	SiC semiconductor + ATMP	Bhubaneswar, Odisha	21	60,000 wafers/year; 96mn ATMP units/year	Silicon carbide technology	Target applications include power electronics and EVs
3D Glass Solutions	3D glass packaging + ATMP	Bhubaneswar, Odisha	19	70,000 glass panels/year; 50mn ATMP units/year	3D glass packaging	Strategic applications including defense, aerospace and advanced electronics
CDIL	Semiconductor manufacturing	Mohali, Punjab	1	158mn units/year	Discrete semiconductor manufacturing	Domestic semiconductor demand
ASIP	Advanced System-in-Package	Andhra Pradesh	5	96mn units/year	Advanced packaging	High-value system-in-package applications
Crystal Matrix	GaN / Mini-Micro LED	Dholera, Gujarat	-	72,000 sqm LED panels/year and 24,000 RGB wafer sets/year	GaN epitaxy and compound semiconductor technology	Applications across TVs, smartphones, automotive displays, XR and smartwatches
Suchi Semicon	Discrete semiconductor OSAT	Surat, Gujarat	-	1,033.2mn chips/year	Discrete semiconductor packaging	Target markets include automotives, industrial automation and consumer electronics

Source: Company, PL

Exhibit 2: Dom EMS market to log 30.3% CAGR over FY25-30E



Source: Company, PL

Exhibit 3: ESDM value chain



Source: Company, PL

Company-wise updates

AVAL: European access + higher value EMS

- AVAL has partnered with Germany-based EMS player Zollner Elektronik AG to establish a JV in India, focused on PCBA, box-build and system integration. The JV expands Avalon's exposure to healthcare, life sciences, test & measurement, and rail, while providing access to Zollner's global customer base and advanced engineering capabilities. AVAL will also supply the JV with cables, harnesses, magnetics, plastics, sheet metal and machining, creating additional value-chain and recurring revenue opportunities.
- The management has raised FY27 revenue growth guidance to 26–30% from 24–27% earlier and targets ~2x revenue growth over FY26–29. Q1FY27 order book stood at ~INR22bn (+23.4% YoY), providing ~14 months of execution visibility, while gross-margin guidance remains at 33–35%. Box-build revenue grew 60.5% YoY and contributes to ~60% of revenue. Key growth verticals include Clean Energy, Mobility & Transportation, Industrials and Medical.
- PL view:** The Zollner JV is strategically a positive for AVAL, providing access to European customers, higher complexity manufacturing, and new high-value verticals. AVAL's participation across the broader value chain could also support incremental recurring revenues and better quality growth over the medium term.

SYRMA: High-reliability electronics gaining traction

- SYRMA, through its 60:40 JV with Italy-based Elemaster, has inaugurated a 20,000 sqft high-reliability electronics manufacturing facility in Bengaluru. The facility offers SMT, THT and box-build capabilities and will cater to railways & transportation, industrial, energy and medical electronics. Elemaster brings in engineering expertise and European/global OEM relationships, while SYRMA supports with its manufacturing scale, supply chain and cost-efficient execution.
- The management maintains FY27 revenue growth guidance at 35%, with export revenue target of INR15–16bn. Q1FY27 order book remained strong at INR68bn, providing healthy revenue visibility. The export to domestic revenue mix stands at 24:76. Key segments include Auto, Consumer, Healthcare, Industrials, IT and Railways.
- PL view:** The JV provides a meaningful entry into high-reliability/mission-critical electronics, while exports remain an important medium-term growth lever.

CYIENTDL: Diversification toward higher value ESDM

- Strong diversification into AI data centers, robotics and semiconductor equipment, is reducing dependence on traditional EMS applications.
- Q1FY27 closing order book stood at INR26bn, the company's highest level since listing. It has added 15–16 new logos over the past ~1.5 years, improving customer diversification. Segment mix is as follows: Aerospace at 40%, Industrial at 30%, Defence at 10% and Medtech at 20%. The management continues to target book-to-bill above 1x, supporting sustained order-book visibility.
- **PL view:** CYIENTDL is increasingly positioned as a high-reliability ESDM player, with AI data centers and semiconductor equipment providing potential new growth vectors.

Q2FY27 preview: Our EMS coverage universe is expected to deliver 26.0% YoY revenue growth and 29.6% YoY EBITDA growth in Q2FY27, supported by robust order execution across SYRMA, AVAL and CYIENTDL. SYRMA is likely to outperform, with ~50% revenue and 66.3% PAT growth, while Amber's EMS segment is expected to grow ~40%. Margins are expected to expand ~30bps YoY to 9.9%, with healthy order inflows and increasing exposure to higher margin segments supporting the outlook. KAYNES remains an exception, with revenue expected to decline ~3% YoY due to lower smart-meter contribution. (Click on the link for a detailed report on EMS preview: [EMS-7-10-26-PL.pdf](#))

Exhibit 4: Valuation Summary

Company Name	C/S	Rating	CMP (INR)	TP (INR)	Mcap (INR bn)	Sales (INR mn)				EBITDA (INR mn)				Adj. PAT (INR mn)				EPS (INR)				RoE (%)				PE (x)			
						FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E
Amber Enterprises India	C	BUY	6,528	9,234	229.7	1,21,865	1,50,210	2,43,488	3,35,505	9,523	12,663	16,630	22,915	2,167	4,641	6,548	9,621	61.6	131.9	186.1	273.4	6.5	10.2	13.0	18.0	106.0	49.5	35.1	23.9
Avalon Technologies	C	Reduce	2,378	1,786	158.8	16,032	21,736	28,778	37,922	1,733	2,500	3,439	4,626	1,129	1,598	2,258	3,133	16.9	23.9	33.8	46.9	16.9	19.9	22.7	24.8	140.6	99.4	70.3	50.7
Cyient DLM	C	Reduce	979	878	77.7	12,615	16,703	21,780	28,321	1,268	1,812	2,428	3,186	733	964	1,321	1,827	9.2	12.1	16.6	23.0	7.5	8.8	10.7	13.1	106.0	80.6	58.8	42.5
Kaynes Technology India	C	BUY	3,222	4,280	216.0	36,264	47,661	65,582	89,382	5,740	6,863	10,165	13,854	3,639	3,441	5,210	7,711	54.3	51.3	77.7	115.0	9.6	7.0	9.8	12.9	59.4	62.8	41.5	28.0
Syrma SGS Technology	C	HOLD	1,737	1,827	334.6	48,191	72,640	94,397	1,22,691	5,445	7,502	9,938	13,530	3,178	4,729	6,347	8,801	16.5	24.6	32.9	45.7	13.8	15.0	16.9	19.6	105.3	70.8	52.7	38.0

Source: Company, PL C=Consolidated / S=Standalone

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Amber Enterprises India	BUY	9234	6925
2	Astral	Buy	1593	1362
3	Avalon Technologies	REDUCE	1786	2430
4	Bajaj Electricals	HOLD	302	299
5	Blue Star	Buy	1797	1510
6	Cello World	Buy	428	340
7	Century Plyboard (I)	Buy	871	678
8	Cera Sanitaryware	Buy	7548	5057
9	Crompton Greaves Consumer Electricals	Buy	294	212
10	Cyient DLM	REDUCE	878	988
11	Finolex Industries	Buy	226	149
12	Greenpanel Industries	Buy	271	160
13	Havells India	Buy	1309	1047
14	Kajaria Ceramics	Buy	1458	1215
15	Kaynes Technology India	BUY	4280	3365
16	KEI Industries	Buy	5961	4638
17	LG Electronics India	Accumulate	1870	1771
18	Polycab India	Buy	10786	8080
19	Premier Energies	BUY	1136	910
20	R R Kabel	HOLD	2725	2648
21	Supreme Industries	Buy	4414	3399
22	Syrma SGS Technology	HOLD	1827	1747
23	Vikram Solar	Accumulate	162	149
24	Voltas	Buy	1251	1061
25	Waaree Energies	BUY	3494	2401

PL's Recommendation Nomenclature (Absolute Performance)

BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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