

To:

The Board of Directors,
Kaynes Technology India [Private] Limited
23-25, Belagola,
Food Industrial Estate, Metagalli PO
Mysore, Karnataka, India – 570016

DAM Capital Advisors Limited
(Formerly IDFC Securities Limited)
One BKC, Tower C, 15th Floor,
Unit No. 1511, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051,
Maharashtra, India

IIFL Securities Limited
IIFL Centre, Kamala City,
Senapati Bapat Marg,
Lower Parel (W),
Mumbai – 400013,
Maharashtra, India

(DAM Capital Advisors Limited and IIFL Securities Limited with any other book running lead managers that may be appointed in connection with the Offer, the “BRLMs”)

Dear Sirs,

Re: Proposed initial public offering of equity shares of face value of ₹ 10 each (the “Equity Shares” and such offering, the “Offer”) of Kaynes Technology India [Private] Limited (the “Company”)

I the undersigned, confirm that, I am duly registered as a chartered engineer with the Institution of Engineers (India) bearing registration number M126329-8 (Certificate of registration enclosed herewith as **Annexure I**), and that I am authorized and competent to issue this certificate. Further, I confirm that the aforesaid registration is valid as on date hereof, and as such, I am duly qualified to issue this certification.

Pursuant to the engagement letter dated March 11, 2022, I have been requested by the management of the Company having its registered office at 23-25, Belagola, Food Industrial Estate, Metagalli PO, Mysore, Karnataka, India – 570016 to verify and certify the details of the production installed and utilisation capacity of the Company’s manufacturing facilities having surface mount technology lines (“SMT Lines”).

In this regard, I have verified the certain documents as mentioned below provided by the Company for our review:

1. Details of various equipment being utilized by the Company;
2. Capacity Utilization: Reviewed the installed machinery to certify the installed capacity and verified the actual production and capacity utilization from their respective accounting records, internal records or other documents as we deemed suitable;
3. Visited the manufacturing facilities at Mysore; and relayed upon virtual verification of other units.
4. Other documents, details, agreements, and Company’s records as I seemed appropriate for issuing this certificate.




I have conducted physical site visits on both the manufacturing facilities in Mysore to confirm the aggregate installed production capacities and capacity utilization as detailed in the Annexure II.

I confirm and certify that based on the information and explanations provided to me and on my review of the records and documents of the Company, as on the respective dates of December 31, 2021; March 31, 2021; March 31, 2020 and March 31, 2019, following is true, fair, complete, accurate and not misleading:

- The aggregate SMT component placement capacity of the manufacturing units at Mysore, Manesar and Parwanoo (comprising of intermediate and final products) and percentage of capacity utilisation of each segment is mentioned in the Annexure II
- Procedure pertaining to installed production capacity certificate issued to the Company enclosed as Annexure III.

I represent that my execution, delivery and performance of this certificate has been duly authorised by all necessary actions (corporate or otherwise).

I further confirm that I am independent with no direct or indirect interest in the Company except for provision of professional services in the ordinary course of my/our profession. Further, we are not in any way connected with or related to the Company, its subsidiaries, its promoters, promoter group, its key managerial personnel, its directors or directors of its subsidiaries, its group companies or directors of its group companies, the BRLMs or their affiliates.

I hereby consent to, and have no objection to, the inclusion of my name, Mr. K. L. Arun and this report or any extract thereof in the draft red herring prospectus (“DRHP”) to be filed with the Securities and Exchange Board of India (“SEBI”) and the stock exchanges where the equity shares of the Company are proposed to be listed (the “Stock Exchanges”), the red herring prospectus (“RHP”) and the prospectus (“Prospectus”) to be filed with Registrar of Companies, Karnataka at Bangalore, the SEBI and the Stock Exchanges or any other document to be issued or filed in relation to the proposed initial public offering of equity shares by the Company (“Offer”), including in any corporate or investor presentation made by or behalf of the Company (DRHP, RHP, Prospectus and other offer related documents to be collectively referred as “Materials”). I further consent to be named as an expert in the DRHP, the RHP and the Prospectus, as defined under the provisions of the Companies Act, 2013 and the rules framed thereunder.

I agree to keep the information regarding the Offer strictly confidential.

I consent to be named as an “expert” as defined under the provisions of the Companies Act, 2013, as amended and the rules framed thereunder, in the Materials. Further, I confirm that I am not, and have not been, engaged or interested in the formation or promotion of the management of the Company. The following details with respect to me may be disclosed in the Materials:

Name: K. L. Arun
Address: #2781, 3rd Main, V.V. Mohalla, Mysore – 570002, Karnataka, India
Telephone Number: +91-9845112368
E-mail: klarun68@hotmail.com
Membership No. : M126329-8


My report may be relied upon by the Company, the BRLMs and the legal counsels to the Offer for disclosures in the Materials, and for clarification/ submissions issued to any regulatory authority and/or for the records to be maintained by the BRLMs in relation to the Offer, including (but not limited to) the SEBI, the RoC and the Stock Exchanges where the equity shares of the Company are proposed to be listed.




Further, I undertake to immediately inform the Company and the BRLMs in writing of any changes or qualifications or any material developments in respect of the matters covered in this certificate until the date when the Equity Shares issued pursuant to the Offer commence trading on the Stock Exchanges. In the absence of any such written communication from me the above information contained in the Materials and certified herein should be taken as true, correct, accurate and updated until the date when the Equity Shares issued pursuant to the Offer commence trading on the Stock Exchanges.

Further, I also give my consent to include this certificate as part of the 'Material Contracts and Documents for Inspection' in the Offer Documents, thereby making it available to the public for inspection.

I hereby authorize you to deliver this letter to SEBI (including for any inspections), the Stock Exchanges, the RoC and any other governmental or regulatory authority as may be required.


08/04/22
K.L. ARUN, BE, MIE, FIV.,
Chartered Engineer & Registered Valuer
2781, 3rd Main, V V Mohalla, Mysuru-02
Ph: 0821-2512740(R) Mob: 98451-12368

MEMBER
The Institute of Engineers (India)
8, Gokhale Road
Kolkata-700020
Regn No: 126329-8 dt.24/11/2003

Signature & seal of Chartered Engineer Registration Number and Institution with which Registered

Place: Mysore

Date: 08 April 2022

ANNEXURE I

010548

The Institution of Engineers (India)

M126329-8

By virtue of Professional training, experience and Corporate Membership of this Institution

ARUN K L

is hereby authorised to use the style and title of

Chartered Engineer [India]

Dated this **Twenty Fourth** day of **November** **2003**

Secretary and Director General

Arund
08/04/22

ANNEXURE II

As on the date of December 31, 2021; March 31, 2021; March 31, 2020 and March 31, 2019 the Company has four manufacturing facilities having the surface mount technology lines ("SMT Lines") at three city-locations, namely Mysore with 2 manufacturing facilities, Manesar with 1 manufacturing facility, and Parvanoo with 1 manufacturing facility and the total effective installed capacity is 600.71, 667.46, 715.98, 671.74.

As on the date of December 31, 2021; March 31, 2021; March 31, 2020 and March 31, 2019, the effective installed capacity for each of the surface mount technology lines city-locations is set out in the table below:

The installed and utilized capacity of our 4 facilities located at: (i) Selaqui, Uttarakhand; (ii) Bengaluru, Karnataka – Unit I; (iii) Bengaluru, Karnataka – Unit II; and (iv) Chennai, Tamil Nadu cannot be specified as these facilities are engaged in ancillary manufacturing activities. Since these facilities are not involved in SMT component placement & PCB assemblies, an estimate with respect to installed or utilized capacity cannot be specified. The capacity of the manufacturing operations varies significantly depending on products manufactured and hence an estimate of the installed / utilized capacity cannot be provided accurately.

(In Million SMT Components)

| City-Location | Sl. No. | Machine Name & Model | Qty | December 31, 2021 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|---------------------|---------|--------------------------|-----|-------------------|----------------|----------------|----------------|
| MYSORE (I & II)* | 1 | PICK & PLACE I-PULSE M4S | 1 | 412.43 | 458.26 | 464.94 | 420.70 |
| | 2 | PICK & PLACE I-PULSE M4E | 1 | | | | |
| | 3 | PICK & PLACE I-PULSE M1 | 1 | | | | |
| | 4 | PICK & PLACE YAMAHA YG12 | 1 | | | | |
| | 5 | PICK & PLACE SIEMENS D2 | 1 | | | | |
| | 6 | PICK & PLACE SIEMENS D1 | 1 | | | | |
| | 7 | PICK & PLACE ASM D2i | 1 | | | | |
| | 8 | PICK & PLACE ASM D2i | 1 | | | | |
| | 9 | PICK & PLACE ASM D1i | 1 | | | | |




| | | | | | | | |
|-----------|----|-----------------------------|---|--------|--------|--------|--------|
| | 10 | PICK & PLACE YAMAHA YSM20 | 1 | | | | |
| | 11 | PICK & PLACE YAMAHA YSM20R | 1 | | | | |
| | 12 | PICK & PLACE ASM D2 | 1 | | | | |
| | 13 | PICK & PLACE ASM D2 | 1 | | | | |
| | 14 | PICK & PLACE ASM D1 | 1 | | | | |
| PARAWANOO | 15 | PICK & PLACE I-PULSE M4E | 1 | | | | |
| | 16 | PICK & PLACE YAMAHA YS12 | 1 | 54.48 | 60.53 | 72.64 | 72.64 |
| | 17 | PICK & PLACE ASM D2i | 1 | | | | |
| | 18 | PICK & PLACE ASM D2 | 1 | | | | |
| | 19 | PICK & PLACE ASM D1 | 1 | 133.80 | 148.67 | 178.40 | 178.40 |
| | 20 | PICK & PLACE ASM D2i | 1 | | | | |
| | 21 | PICK & PLACE ASM D1i | 1 | | | | |
| | | TOTAL SMT COMPONENTS | | 600.71 | 667.46 | 715.98 | 671.74 |

* The two SMT facilities in Mysore are used interchangeably. Hence, the plant-wise data cannot be used for individual capacity utilization calculations. Therefore, they've been clubbed for capacity utilization depiction.

The installed capacity and capacity utilisation of the products at the company level as well as at the city-locations facility for the last three Fiscals and stub period are set out in the table below: The two SMT facilities in Mysore are used interchangeably. Hence, the plant-wise data cannot be used for individual capacity utilization calculations. Therefore, they've been clubbed for capacity utilization depiction.

| | City-Location (Million SMT Comp Placement) | | MYSORE (I + II) | PARWANOO | MANESAR | TOTAL |
|---|---|-------------------|--------------------|----------|---------|--------|
| | Installed Capacity | Actual Production | | | | |
| For the six-month period ended, December 31, 2021 | | | | | | |
| | 412.43 | 398.70 | | 54.48 | 133.80 | 600.71 |
| | | | 96.67% | 18.85 | 120.85 | 538.40 |
| | | | | 34.61% | 90.32% | 89.63% |

Arunkumar
ARUNKUMAR
 Chartered Engineer & Registered Valuer
 Date: 08/06/22

| As of, and for the period ended, March 31, 2021 | Installed Capacity | 458.26 | 60.53 | 148.67 | 667.46 |
|---|--------------------|--------|--------|--------|--------|
| | Actual Production | 377.78 | 27.43 | 102.44 | 507.65 |
| Utilization (%) | 82.44% | 45.32% | 68.91% | 76.06% | |
| As of, and for the period ended, March 31, 2020 | Installed Capacity | 464.94 | 72.64 | 178.40 | 715.98 |
| | Actual Production | 360.87 | 30.80 | 100.76 | 492.43 |
| Utilization (%) | 77.62% | 42.40% | 56.48% | 68.78% | |
| As of, and for the period ended, March 31, 2019 | Installed Capacity | 420.70 | 72.64 | 178.40 | 671.74 |
| | Actual Production | 399.85 | 34.64 | 176.56 | 611.05 |
| Utilization (%) | 95.04% | 47.69% | 98.97% | 90.96% | |

Installed capacity for PCB assembly should be shown separately as shown for SMT components above in the first table.

| City-Location (Million PCB assemblies per annum) | MYSORE (I + II) | | PARWANOO | MANESAR | COMPANY |
|---|---|--------------------|----------|---------|---------|
| | For the six-month period ended, December 31, 2021 | Installed Capacity | 25.55 | 2.84 | 3.07 |
| Actual Production | | 24.70 | 0.98 | 2.77 | 28.46 |
| Utilization (%) | 96.67% | 34.61% | 90.32% | 90.44% | |
| As of, and for the period ended, March 31, 2021 | Installed Capacity | 29.24 | 1.96 | 3.30 | 34.50 |
| | Actual Production | 24.10 | 0.89 | 2.28 | 27.27 |
| Utilization (%) | 82.44% | 45.32% | 68.91% | 79.03% | |
| As of, and for the period ended, March 31, 2020 | Installed Capacity | 14.34 | 1.75 | 3.00 | 19.08 |
| | Actual Production | 11.13 | 0.74 | 1.69 | 13.56 |
| Utilization (%) | 77.62% | 42.40% | 56.48% | 71.07% | |
| Installed Capacity | 13.40 | 2.21 | 1.96 | 17.57 | |



| As of, and for the period ended, March 31, 2019 | Actual Production | 12.74 | 1.06 | 1.94 | 15.73 |
|---|-------------------|--------|--------|--------|--------|
| | Utilization (%) | 95.04% | 47.69% | 98.97% | 89.51% |

| PLANT WISE, ADDITIONAL EFFECTIVE INSTALLABLE CAPACITIES BASED ON EFFECTIVE NUMBER OF SMD COMPONENTS | | | | | |
|---|--------------|---------------|----------------------|---------------|--|
| (NOS. IN MILLIONS OF COMPONENT PLACEMENTS PER ANNUM) | MYSORE (New) | MANESAR (New) | CHAMARAJANAGAR (New) | COMPANY (New) | |
| From 2023 | 318.38 | 318.38 | 516.06 | 1,152.82 | |

| PLANT WISE, ADDITIONAL EFFECTIVE INSTALLABLE CAPACITIES BASED ON EFFECTIVE NUMBER OF PCB ASSEMBLIES | | | | | |
|---|--------------|---------------|----------------------|---------------|--|
| (NOS. IN MILLIONS OF PCB ASSEMBLIES PER ANNUM) | MYSORE (New) | MANESAR (New) | CHAMARAJANAGAR (New) | COMPANY (New) | |
| From 2023 | 15.36 | 5.30 | 8.60 | 29.26 | |




ANNEXURE III

PROCEDURE PERTAINING TO INSTALLED PRODUCTION CAPACITY CERTIFICATE ISSUED TO THE COMPANY ON MARCH 11, 2022

1. Details of various equipment being utilized by the Company was listed out at each of locations. The capacity calculations have been presented at company level as well as at each of city-locations where the company has SMT machine lines.
2. The overall manufacturing process was studied to determine appropriate method of calculation of installed capacity of PCB assemblies. It was determined that the set of machines that determine the capacity are the Surface Mount Technology (SMT) lines in each of the plants as capacity at all other stages can be increased by addition of manpower and very minor investments.
3. The SMT machines installed at the production lines each location was summarized in a table along with their technical parameters.
4. The Effective Installed Capacity, in terms of total number of SMT component placements was derived using the following parameters:
 - 4.1 No of working hours per day taken at 22 hr./day, No of working days per month taken at 25 days/month, and the number of months in a year taken at 12 months/year.
 - 4.2 The SMT machines have a rated capacity in terms of no. of components placements/hr. (CPH) and based upon 4.1 above, the rated CPH for the year was computed for each of the machines in terms of total no. of component placements in a year which is the rated theoretical capacity for each machine.
 - 4.3 Based upon the company records, the following compensation or adjustments were made to arrive at the effective installed capacity:
 - 4.3.a SMT Machine program efficiency compensation: Based upon the study of 21 typical PCB assemblies at the Mysore location, it was determined that the actual theoretical CPH can be used would be 50% of the rated CPH for any machines.
 - 4.3.b Product change-over compensation: Based upon the study of past data, it was determined that 15% of time is taken up on an average while changing from one product to another product manufacturing on the SMT machines due to the machines set-up time, program set-up time, component loading time, and loading verification time.
 - 4.3.c Component size compensation: Based upon study of past data as well the bills of materials of products, as well as SMT technical literature, it has been observed that while the SMT machines are rated theoretically based upon a standard sized component being placed there different sizes of SMT components and the speed of picking and placing components is automatically changed based upon the size of components. This reduces the effective capacity available to an extent of 30%.
 - 4.3.d Nozzles size compensation: Based upon the study of SMT machines technical documentation and also the process, there is a limitation as to how many different nozzles can be loaded on the pick and place machines. However, each of the products have a different types of components and therefore require different types of nozzles to be used in any setup. Owing to the slots for nozzles being used for accommodating different types of components, the effective capacity of the machine gets blocked and there is a reduction in effective capacity to an extent of 30%.
5. Based upon the point 4 above, the machine by machine effective Installed Capacity was calculated for a typical year.



6. While deriving the effective installed capacity for particular years the following factors were considered:
- 6.1 The machines YSM20 and YSM20R were Installed in August 2019 only. Hence capacity lower by about 23% as it was not available for whole year during the FY 2019.
- 6.2 The machines YSM20 and YSM20R were Installed in August 2019 only. Hence capacity lower during FY 2020 as it was available for 5 out of 12 months. The capacity reduced by 9% (of total) effective 1-Apr-2019 for M4S, M4E, and M1 line at Mysore due to permanent performance deterioration.
- 6.3 Due to covid lock down, all factories have worked only for 10 months (At full capacity) out of 12 months. Hence the effective installed capacity for the year was ten twelfth of the annual capacity for FY 2021
- 6.4 Capacity Calculations have been done up to SEP 2021 (six months) for FY 2022 and hence the effective installed capacity was half of the typical annual capacities.
7. Capacity Utilization: Reviewed the installed machinery to certify the installed capacity and verified the actual production and capacity utilization from their respective accounting records, internal records or other documents as we deemed suitable;
8. The actual production data was ascertained by verifying the company's accounting as well as engineering records for the years FY 2019, FY 2020, FY 2021, and FY 2022 (Up to Sep 2022).
9. Visited both the manufacturing facilities at Mysore and verified the records of all installations at other locations as well based upon company's accounting and engineering records.
10. The steps from 1 to 5 above as well list of machines proposed to be installed based upon the object of the offer provided by the company were considered for calculating the effective installable capacity for the proposed machines as per the objects of the offer was computed and has been summarised in a table.
11. Other documents, details, agreements and Company's records as we deemed appropriate was verified for issuing this certificate.