Syrma SGS Technology Ltd (SYRTEC)

ICICI Direct

CMP: ₹1,378 | Target ₹ 1,680 (22%) | Target Period: 12 months | **BUY**

July 31, 2026

Result Update

Strong start to FY27, Structural story strengthening...

About the stock: Syrma SGS Technology (Syrma SGS) is a technology-focused engineering & design company, specialised in electronic manufacturing services (EMS). The company is promoted by Tandon group and Jasbir Singh Gujral.

- Diversified business verticals with presence across consumer, automotive, industrials, healthcare, IT, railways and defence.

Q1FY27 performance: Syrma SGS continues to deliver strong business performance as Q1FY27 witnessed revenue rising 66.7% YoY/+8.4% QoQ to ₹1,589 crore. The growth was broad based but mainly led by auto: up 78% YoY to ₹395 crore, consumer: up 68% YoY to ₹533 crore, IT & railways: up 199% YoY to ₹150 crore. EBITDA increased 69.0% YoY /+2.9% QoQ to ₹162 crore, while the EBITDA margin stood at 10.2% (+13 bps YoY / -180 bps QoQ). PAT grew 111.8% YoY, though declined 11.3% QoQ, to ₹106 crore.

Investment Rationale:

- **Growth outlook remains robust; execution momentum continues:** Syrma continued its growth momentum in Q1FY27 with revenues growing ~67% YoY backed by broad based growth among segments. Company added 18 clients across segments in Q1FY27 with a significant revenue potential of ~₹1,000 crore. Alongside order book continued to gain traction and stood at ~₹6,770 crore (up 23% YoY/2.6% QoQ) with order inflow traction improving. Management continues to remain focused on value creating business and expects to increase its revenue from ODM offering (currently at 17%) to ~25% over next few years Going ahead, management remained confident on upbeating the revenue guidance (~35%+) for FY27 backed by strong order book, healthy traction from exports and steady domestic growth across sectors.
- **Temporary jitters over margins, long term margins set to improve:** For Q1FY27, gross margins came in at 24.5% (vs. 24.7% in Q1FY26 and 25.9% in Q4FY26) impacted by higher input costs arising from geopolitical disruptions and change in product mix (consumer at 34% in Q1FY27 vs. 26% in Q4FY26) while management reiterated to keep consumer below at ~30% over full year. Despite these headwinds, EBITDA margin expanded 99 bps YoY (down 172 bps QoQ), supported by operating leverage. Management indicated that, in the absence of ongoing supply-chain disruptions and geopolitical uncertainties, margins would have been stronger. Going forward, an increasing contribution from higher-margin ODM products, improving segmental mix and normalization of the supply chain are expected to support gradual margin expansion. Accordingly, management maintained a conservative FY27 EBITDA margin guidance of 10.5%–11%, while remaining optimistic about further structural improvement over the medium term.

Rating and Target Price:

Syrma is poised for strong multi-year business growth backed by diversified portfolio, exports, and upcoming backward integration capabilities while maintaining healthy balance sheet. Considering the strong Q1 performance, we revise our estimates upwards with target price of ₹1,680 i.e. 52x P/E.

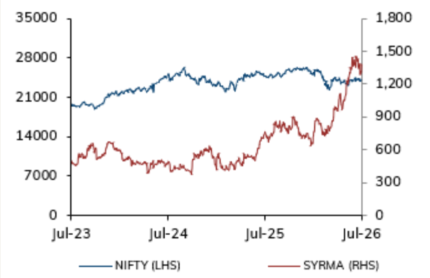
Particulars

Particular	Amount
Market Cap (₹ Crore)	26,568
Q1FY27 Debt (₹ Crore)	686
Q1FY27 Cash (₹ Crore)	808
EV (Rs Crore)	26,446
52 Week H/L (₹)	1,518/ 634
Equity Capital (₹ Crore)	192.6
Face Value	10

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	43.0	42.7	42.3	42.3
FII	7.0	6.5	6.6	7.5
DII	16.4	15.9	16.6	15.9
Public	33.5	34.8	34.4	34.2
Others	0.1	0.1	0.1	0.1

Price Chart



Key risks

(i) Any restraint in domestic government support measures.

(ii) Execution delays owing to time lag in various approvals, macro slowdown, etc.

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ICICI Securities – Retail Equity Research

Key Financial Summary

(₹crore)	FY23	FY24	FY25	FY26	3 Year CAGR	FY27E	FY28E	2 Year CAGR
Net Sales	2,048	3,154	3,787	4,819	22.7	6,701	8,946	36.2
EBITDA	192	201	323	545	19.0	742	1,074	40.4
EBITDA margin (%)	9.4	6.4	8.5	11.3		11.1	12.0	
Net Profit	120	107	170	318	12.3	419	628	40.6
Diluted/Adjusted EPS (₹)	6.8	6.1	9.5	16.5		21.8	32.3	
P/E(x)	204.1	227.8	63.3	83.5		63.3	42.7	
EV/EBITDA (x)	128.6	124.6	77.0	48.9		36.3	25.3	
RoCE (%)	10.5	8.8	11.7	13.7		15.7	19.5	
RoE (%)	7.8	6.7	9.7	11.1		12.6	15.7	

Source: Company, ICICI Direct Research

Q1FY27 Earnings call highlights

- **Business performance**
  - Reported total revenue from operations of ₹1,589 crore (up 67% YoY / 8% QoQ), driven by strong broad-based growth across verticals including Auto: up 78% YoY to ₹395 crore, consumer: up 68% YoY to ₹533 crore, IT & Railways: up 199% YoY to ₹150 crore and Healthcare: up 100% YoY to ₹135 crore. Industrial segment growth was relatively lower at 31% YoY (18% QoQ decline) to ₹135 crore, on account of rear end schedule of defence business wherein Q1 saw QoQ decline and lower pick-up in smart meter business which the management is also cautiously growing.
  - Consumer segment contribution stood at ~34% of revenues. Management guided full-year target of 30–32% contribution from the consumer segment. The segment tends to earn relatively modest margin and its lower proportion shall be margin supportive on consol basis.
  - Export revenue (high-margin segment) surged 67% YoY in Q1 to ₹381 crore. Overall, exports contributed ~25% of total revenue. Management highlighted that exports would be one of the mainstays for the company's growth and profitability in the coming years with a target of ~₹1500-1600 crore in FY27.
  - Order book remained healthy at ~₹6,770 crore as of June'26, up 23.1% YoY and 2.6% QoQ despite strong execution and thus suggesting revenue growth run-rate shall stay strong. Order book is well-diversified with contributions from Auto (~29%), Consumer (~30%), Industrial (~24%), Healthcare (~7%) and IT & Railways (~9%).
  - Better margin ODM mix in total revenue for Q1 stood at ~17% i.e. ₹269 crore, up 115% YoY from ₹125 crore. Last year i.e. in FY26, ODM business had gone up by about 82% to ₹825 crores, mainly supported by strong traction in MedTech and industrial products. Going ahead, management aims to steadily increase ODM mix from current 17% to 25% of revenue.
  - Management highlighted that the company is on track to exceed its earlier full-year revenue growth guidance of 35% and EBITDA growth guidance of 30–35% YoY (~₹700 crore+) for FY27, driven by core MedTech, Defence, exports and a strong order book. Bare PCB business is expected to start contributing from FY28 onwards with ~40-50% capacity utilisation in 1st year.
- **Margins and profitability**
  - Reported EBITDA of ₹162 crore (+69% YoY) with EBITDA margin of 10.2% in Q1FY27 (+13 bps YoY /-172 bps QoQ). PAT stood at ₹106 crore (+112% YoY) with a margin of 6.7% (+142 bps YoY/ -156 QoQ).
  - EBITDA Margin fall QoQ was mainly due to i) West Asia crisis led supply chain disruptions, ii) Change in segment mix – Consumer segment (low margin) increased to 34% from 26%, whereas Industrial decreased to 24% from 31% compared to previous Quarter. iii) Increase in Employee benefit costs (~50% YoY / 25% QoQ) to ₹75 crore.
- **Other details**
  - The company tied up with Japanese MNC KAGA to manufacture all its EMS requirements through a jointly held subsidiary in India, wherein Syrma will hold 60% and KAGA India the remaining 40%, with an initial investment of ₹25 crore from both partners.
  - Added 18 new customers during the quarter, including five in Auto, three in Industrial, two in healthcare and the balance in Telecom and IT & Railways.
  - Customer concentration remained stable, with the top five customers contributing ~38%, top 10 contributing ~51% and top 20 contributing ~66% of total revenue during the quarter.
  - **PCB manufacturing:** The PCB manufacturing project remains on track, with Syrma incurring Phase-1 capex of ~₹400 crore of which ₹100-130 crore has been funded so far. Some debt likely to be taken and for further capex of next ~₹400 crore in next phase, major part shall be contributed

by government subsidies. Commercial production of 1st phase to commence by Apr'27 with capacity utilisation of 40-50% in first year. Asset turn for 1st phase of this project shall be ~1.5x for total capex of ₹800-900 crore. The project is expected to operate at EBITDA margins of ~15–17% and contribute meaningfully to revenue from FY28 onwards.

- **Strong balance sheet position**
    - Balance sheet continues to remain strong, with a net cash position of ~₹122 crore as of June'26, despite the company adding ~₹340 crore of short-term borrowings during the quarter.
    - Net working capital stood at 71 days, up from 63 days in the previous quarter, mainly due to inventory build-up amid supply chain disruptions caused by the West Asia crisis. Management highlighted that this was a strategic decision to support a speedy ramp-up of new customer programs and ensure uninterrupted availability of critical electronic components.

Exhibit 1: Variance Analysis

	Q1FY27	Q1FY26	YoY	Q4FY26	QoQ (%)	Comments
Revenue	1,588.6	944.0	68%	1,465.0	8%	Robust growth reported across verticals (Auto: 78% YoY, Consumer: 68% YoY, Healthcare: 100% YoY, Industrials: 31% YoY, IT & railways: 199% YoY)
Other Income	15.06	16.04	-6%	11.83	27%	
Total Income	1,603.7	960.0	67%	1,476.8	9%	
Gross profit	389.4	233.3	67%	379.5	3%	
Gross margin %	24.5	24.7	-21 bps	25.9	-139 bps	Gross margins impacted owing to change in product mix and input cost inflation due to geopolitical uncertainty.
Operating Expenses	1,351.7	807.0	68%	1,230.3	10%	
Employee Expenses	75.3	50.4	49%	60.5	24%	
Total Expenses	1,427.0	857.4	66%	1,290.9	11%	
EBITDA	**161.6**	**86.6**	**87%**	**174.1**	**-7%**	
EBIDTA %	**10.2**	**9.2**	**99 bps**	**11.9**	**-172 bps**	EBITDA improved YoY owing to operating leverage
Depreciation	22.5	20.6	9%	21.4	5%	
Finance cost	13.3	14.9	-11%	13.0	2%	
PBT	140.8	67.1	110%	151.6	-7%	
Tax	35.1	17.2	104%	31.2	13%	
Adj. PAT	**100.1**	**49.7**	**101%**	**101.2**	**-1%**	Reported strong PAT growth YoY backed by robust all-round performance

Source: Company, ICICI Direct Research

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Revenue	**3,787**	**4,819**	**6,701**	**8,946**
% Growth	20.1	27.3	39.0	33.5
Other income	49	38	60	80
Total Revenue	**3,836**	**4,857**	**6,761**	**9,026**
Employee Expenses	191	218	336	442
Other expenses	3,272	4,057	5,623	7,430
EBITDA	**323**	**545**	**742**	**1,074**
% Growth	61.2	68.4	36.2	44.8
Interest	58	48	54	58
PBDT	265	496	687	1,015
Depreciation	75	84	100	123
PBT before Exceptional Items	190	412	588	892
Total Tax	53	100	168	253
PAT before MI	184	346	480	719
Adjusted PAT	**170**	**318**	**419**	**628**
% Growth	58.3	87.1	32.0	49.8

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	170	318	419	628
Depreciation	75	84	100	123
Interest	58	48	54	58
Cash Flow before WC changes	303	450	573	810
(Inc)/dec in Current Assets	-446	-761	-1,322	-1,305
Inc/(dec) in CL and Provisions	332	588	848	975
Net CF from Operating activities	**190**	**278**	**99**	**480**
(Purchase)/Sale of Fixed Assets	**-193**	**-404**	**-400**	**-450**
Others	259	-480	-31	-119
Net CF from Investing activities	**67**	**-885**	**-431**	**-569**
Dividend	-27	-27	-29	-48
Others	-19	637	346	134
Net CF from Financing Activities	**-46**	**610**	**317**	**86**
Net Cashflow	210	3	-15	-3
Opening Cash/Cash Equivalent	86	296	299	284
Closing Cash/Cash Equivalent	**296**	**299**	**284**	**282**

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	178	193	193	195
Reserve and Surplus	1,572	2,670	3,124	3,812
Total Shareholders funds	1,750	2,862	3,316	4,007
Minority Interest	75	203	254	332
Total Debt	665	400	685	690
Other liabilities	46	166	199	239
Total Liabilities	**2,535**	**3,631**	**4,455**	**5,268**
Gross Block	1,367	1,769	2,167	2,627
Acc: Depreciation	222	306	406	530
Net Block	1,144	1,463	1,761	2,097
Capital WIP	66	68	70	60
Total Fixed Assets	1,210	1,530	1,830	2,157
Non Current Assets	103	596	632	756
Inventory	822	1,062	1,657	2,020
Debtors	1,477	1,841	2,497	3,358
Other Current Assets	294	439	505	581
Cash	296	299	284	282
Total Current Assets	2,890	3,640	4,943	6,240
Current Liabilities	1,667	2,135	2,950	3,886
Net Current Assets (Ex Cash)	1,518	1,804	2,277	2,636
Total Assets	**2,535**	**3,631**	**4,455**	**5,268**

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data				
Adj. EPS	9.5	16.5	21.8	32.3
Cash per Share	16.6	15.5	14.8	14.5
BV	98.3	148.6	172.2	206.0
Dividend per share	1.5	1.5	2.5	3.0
Dividend payout ratio(%)	7.8	4.1	5.3	4.2
Operating Ratios(%)				
EBITDA Margin	8.5	11.3	11.1	12.0
PAT Margin	4.9	7.2	7.2	8.0
Return Ratios(%)				
RoE	9.7	11.1	12.6	15.7
RoCE	11.7	13.7	15.7	19.5
Valuation Ratios(x)				
EV/EBITDA	77.0	48.9	36.3	25.3
P/E	63.3	83.5	63.3	42.7
Market Cap/Sales	6.4	5.5	3.9	3.0
Price to Book Value	14.0	9.3	8.0	6.7
Working Capital Management Ratios				
Inventory Days	78.2	79.8	89.5	81.7
Debtors Days	140.6	138.3	134.8	135.8
Creditors Days	149.8	147.2	148.4	147.8
Asset turnover	2.8	2.7	3.1	3.4
Solvency Ratios(x)				
Debt/Equity	0.4	0.1	0.2	0.2
Curren tRatio	1.6	1.6	1.6	1.5
Quick Ratio	1.1	1.1	1.0	1.0

Source: Company, ICICI Direct Research

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