

# MSEARCH

## IPO OFFERING

**SYRMA SGS TECHNOLOGY LIMITED**



### About Company

### Recommendation: Subscribe

Syrma SGS Technology Limited (“Syrma”) is a fastest growing technology-focused engineering and design company engaged in turnkey electronics manufacturing services (“EMS”), specializing in precision manufacturing for diverse end-use industries. Syrma has a wide product portfolio with applications across diverse end-use industries their products are primarily focused toward ODMs and OEMs serving end-use industries including the automotive, healthcare, IT, industrial appliances, energy management, water purification, power supply and consumer products industries. Further, Syrma is one of the leading PCBA manufacturers in India, supplying to various OEMs and assemblers in the market. Syrma is also amongst the top key global manufacturers of custom RFID tags. Syrma currently operates through 11 strategically located manufacturing facilities in north India and south India along with 3 dedicated R&D facilities. Their presence in these states enables them to efficiently cater to the requirements of their customers in north and south India. To name few marquee customers Syrma is serving are TVS Motor, Atomberg Tech, Eureka Forbes and A. O. Smith India. In export segment Syrma generates more than 50% of the total revenue from countries like USA, Germany, Austria, and UK.

Price Band	: ₹. 209 to 220/- per share
Bid Lot size	: 68 Shares
Issue size	: ₹ 836 - 840 Cr
Face Value	: ₹. 10/-
Min App Amount	: ₹. 14960/- at upper band
Issue Period	: 12 <sup>th</sup> to 18 <sup>th</sup> August 2022
Indicative credit of equity shares	: 25-08-2022
Indicative listing date	: 26-08-2022

**Important Note:** All retail applications compulsory in UPI mode\*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

**Msearch View & Recommendation:** We believe Syrma IPO offers investors an opportunity to invest in one of the fastest-growing EMS players and leading players in customized RFID tags maker in India. We are optimistic on the electronics export business model, providing a high – value integrated design and production solution for internationally recognized OEMs. IPO offer objective is primarily to fund capital expenditure requirements for developing and R&D facility and the expansion/setting up of manufacturing facilities and funds will also be utilized to meet the company's working capital requirement. On valuations parse, at upper price band (Rs 220/-), the issue is asking for a market cap of Rs 3,877 Cr and based on FY21 earnings, the issue seems to be reasonably priced compared to industry peers but with limited upside from offer price. We still believe that with high focus on high-margin product portfolio and expansion plans ahead, Syrma is well placed to tap increasing demand EMS products globally. Hence, considering all the rationales like well diversified product mix offering service across multiple industrial segments followed by highly experienced promoters and management helping the company to grow faster, we advise investors to “SUBSCRIBE” with medium to long-term perspectives.

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BASIC FINANCIAL DETAILS			
Particulars ₹. (in Cr)	2020	2021	2022
Equity Share Capital	0.70	0.75	137.62
Reserves as stated	101.00	237.42	406.27
Net worth as stated	101.71	238.17	543.89
Revenue from Operations	397.08	438.30	646.26
Revenue Growth (%)	-	10.38%	47.45%
EBITDA as stated	69.90	52.93	64.77
Profit Before Tax	52.23	36.34	47.90
Net Profit for the period	43.88	28.62	30.61
EPS (Rs )	6.19	3.32	2.67
RONW%	55.81%	16.92%	7.84%
NAV (Rs )	14.34	27.61	39.52
			Source: Company RHP

COMPARISON WITH LISTED INDUSTRY PEERS Rs (in Cr)									
Companies	Mcap (in ₹. Cr)	FV	Revenue	EPS		NAV	P/E	P/Bv	RoNW
				Basic	Diluted				
Syrma SGS Technology	NA	10	1,284.37	5.25	5.17	42.36	-	-	13.58
Dixon Technologies Ltd	23,024,.08	2	10700.89	32.31	32.00	168.06	133.80	24.21	21.94
Amber Enterprises India Ltd	7,652.35	10	4239.63	32.41	32.41	526.17	75.54	4.81	6.52

Data as on 31<sup>st</sup> March 2021, Mcap as on 11th August 2022

Source: Company RHP/Cline



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### **Msearch's Recommendation (Absolute Performance)**

**Buy: > 20% within the next 12 Months**

**Accumulate: 5% to 20% within the next 12 Months**

**Sell : < -20% within the next 12 Months**

**Subscribe: Medium to long term only**

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