

CMP: ₹ 761

Target: ₹ 1025 (35%)

Target Period: 12 months

BUY

January 30, 2026

## Ticking all boxes ...

About the stock: Syрма 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.

**Q3FY26 performance:** Syрма SGS reported healthy topline growth alongwith margin improvement. Revenue grew 45% YoY and 10% QoQ to ₹1264 crore driven by momentum across verticals wherein auto segment grew 44% YoY, consumer: 43% YoY, healthcare: 47% YoY, industrial: 45% YoY, IT & railways: 65% YoY. EBITDA reported at ₹159 crore resulting into EBITDA margin of 12.6% which improved by 350 bps YoY and 255 bps QoQ led by operating leverage, efficiencies, better product mix which included strong 66% YoY growth in exports to ₹335 crore.

## Investment Rationale

- Strong business growth across verticals:** Syрма continues to demonstrate healthy performance across its core-verticals. Management remains focused on delivering 30%+ growth in top-line and EBITDA over medium term supported by healthy order book of ~₹6,400 crore and recent large customer additions alongwith increasing focus on long-term framework contracts alongside rising export contribution (~25%+ of revenue). Also, strategic investment in bare PCB manufacturing shall add to its diversified portfolio and customer base. Overall, Syрма remains well-positioned to deliver robust growth over next 2-3 years.
- Improving margin profile driven by mix and operating leverage:** EBITDA margin of Syрма SGS has steadily risen from 6.4% in FY24 to comfortable double digit now. The company's conscious decision and right execution of moving away from low-margin consumer business to other margin accretive segments like industrial, healthcare, automotive is turning fruitful. This shift alongside higher contribution from exports (has better margin) and expanding into backward integration by investing in PCB manufacturing is expected to further improve margin over medium term.

## Rating and Target Price

- Syrma is poised for healthy multi-year business growth backed by diversified segments, diversified geographies, margin accretive PCB manufacturing, adding capabilities through acquisition in solar (KSolare energy), railways (Elemaster) and defence (Elcome) space. Further, it is noteworthy that these investments have manageable risk capital while enhancing backward integration, margin profile and return ratios. We introduce FY28E and value the stock at 37x FY28E PAT with target price of ₹ 1025. Maintain BUY rating on the stock.



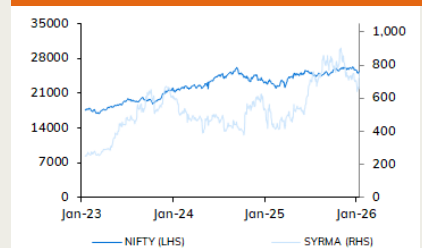
### Particulars

Particular	Amount
Market Capitalisation (₹)	14,675
Q3FY26 Debt (₹ Crore)	529
Q3FY26 Cash (₹ Crore)	933
EV (Rs Crore)	14,271
52 Week H/L (₹)	910/ 355
Equity Capital (₹ Crore)	178.0
Face Value	10

### Shareholding pattern

	Mar-24	Jun-25	Sep-25	Sep-25
Promoter	46.6	46.4	43.0	42.7
FII	6.2	6.3	7.0	6.5
DII	7.7	9.2	16.4	15.9
Public	39.5	38.0	33.5	34.8
Others	0.1	0.1	0.1	0.1

### Price Chart



### Key risks

- Any restraint in domestic government support measures.
- Execution delays owing to time lag in various approvals, macro slowdown, etc.

### Research Analyst

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## Key Financial Summary

(₹ crore)	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-28E)
Net Sales	1,020	2,048	3,154	3,787	54.9	4,929	6,458	8,204	29.4
EBITDA	97	192	201	323	49.6	519	691	878	39.5
EBITDA margin (%)	9.5	9.4	6.4	8.5		10.5	10.7	10.7	
Net Profit	51	120	107	170	49.4	304	403	540	47.1
Diluted/Adjusted EPS (₹)	4.0	6.8	6.1	9.5		15.8	20.9	27.8	
P/E(x)	188.4	112.7	125.8	79.8		48.2	36.4	27.4	
EV/EBITDA (x)	110.3	71.8	70.0	43.0		27.4	20.9	16.4	
RoCE (%)	10.9	10.5	8.8	11.7		13.2	14.6	17.2	
RoE (%)	8.9	7.8	6.7	9.7		10.0	11.6	13.4	

Source: Company, ICICI Direct Research

## Concall highlights and outlook

### Business growth

- Reported total revenue of ₹1,264 crore (up 45% YoY), driven by strong growth across auto, industrial, MedTech and exports. Consumer segment contribution stood at ~31% of revenues, in line with management's guidance of maintaining it around ~30–32%.
- Export revenue (high margin segment) surged 66% YoY in Q3 to ₹335 crore. Total exports for 9MFY26 stood at ~₹837 crore (up 45% YoY), with export mix improving to ~25% of revenues.
- Order book visibility stood healthy at ~₹6,400 crore as of Dec'25, with Auto (~31%), Consumer (~25%) and Industrial (~27%) being the key contributors; balance from Healthcare, IT & Railways.
- Smart meter revenue stood at ~₹50 crore in Q3; FY26 smart meter revenue expectation revised to ~₹200 crore due to working-capital discipline and selective customer approach.
- Management reiterated full-year revenue and EBITDA growth guidance of ~30% YoY for FY27, driven by core EMS, exports and new verticals. Bare PCB business to start contributing meaningfully from FY28 onwards.

### Margins and profitability

- Reported EBITDA of ₹159 crore (up 101% YoY) with EBITDA margin of 12.6% in Q3FY26. Excluding partial consolidation of Elcome (~₹12 crore EBITDA), core EBITDA stood at ~₹147 crore. PAT reported at ₹110 crore (up 108% YoY).
- This margin expansion was driven by higher export mix, strong growth in industrial and MedTech verticals alongside operating leverage.

### Other details

- **Elcome:** Elcome has revenue of ~₹280-300 crore for FY26 while about ₹100-120 crore shall be consolidated in Syrma's Q4 financials. Further for FY27 growth is expected in the range ~10-15% given long gestation period in defence contracts. On margin front, this segment is expected to garner EBITDA margins of ~20-25% and shall be margin accretive for Syrma's consolidated margin profile.
- **PCB manufacturing:** PCB manufacturing project remains on track with Phase-1 capex of ~₹360-400 crore planned to be completed by Dec'26. This will set up capacity of ~7,20,000 sq. meter for multilayer PCBs and ~4,80,000 sq. meter for single-layer PCBs. This project is expected to operate at EBITDA margins of ~15-17% with meaningful revenue contribution by FY28 onwards.

### Strong balance sheet position

- Balance sheet continues to remain strong with Net cash position of ~₹404 crore as of Dec'25. Net working capital stood at ~76 days including Elcome while on ex-Elcome it improved by ~68 days. Further, management aims to improve it by 3-5 days in next 2-3 quarters.

#### Exhibit 1: Variance Analysis

	Q3FY26	Q3FY25	YoY	Q2FY26	QoQ (%)	Comments
Revenue	1,264.2	869.7	45%	1,145.9	10%	Robust growth reported across verticals (Auto - 44% YoY, Consumer - 43% YoY, Healthcare - 48% YoY, Industrials - 45% YoY, IT & railways - 65% YoY)
Other Income	10.30	21.77	-53%	8.70	18%	
Total Income	1,274.5	891.5	43%	1,154.6	10%	
Gross profit	346.8	226.7	53%	272.9	27%	
Gross margin %	27.4	26.1	140 bps	23.8	360 bps	Improved gross margins owing to product mix
Operating Expenses	1,049.2	743.7	41%	979.1	7%	
Employee Expenses	55.6	46.5	20%	51.5	8%	
Total Expenses	1,104.8	790.1	40%	1,030.6	7%	Expenses well contained.
<b>EBITDA</b>	<b>159.4</b>	<b>79.6</b>	<b>100%</b>	<b>115.3</b>	<b>38%</b>	
<b>EBIDTA %</b>	<b>12.6</b>	<b>9.1</b>	<b>350 bps</b>	<b>10.1</b>	<b>250 bps</b>	Margin improvement supported by higher contribution from exports
Depreciation	20.3	20.2	0%	21.8	-7%	
Finance cost	7.7	15.4	-50%	12.6	-39%	
PBT	141.7	65.7	116%	89.6	58%	
Tax	28.0	10.5	166%	23.2	21%	
PAT	110.3	53.0	108%	66.4	66%	Reported robust PAT growth

## Financial Summary

Exhibit 2: Profit and loss statement

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Revenue	3,787	4,929	6,458	8,204
% Growth	20.1	30.2	31.0	27.0
Other income	49	40	44	98
<b>Total Revenue</b>	<b>3,836</b>	<b>4,969</b>	<b>6,502</b>	<b>8,302</b>
Employee Expenses	191	257	336	442
Other expenses	3,272	4,153	5,431	6,884
Total Operating Expenditure	3,463	4,410	5,767	7,326
<b>Operating Profit (EBITDA)</b>	<b>323</b>	<b>519</b>	<b>691</b>	<b>878</b>
% Growth	61.2	60.5	33.1	27.2
Interest	58	50	44	47
PBDT	265	469	647	832
Depreciation	75	88	113	136
PBT before Exceptional Items	190	381	533	696
Total Tax	53	100	150	207
PAT before MI	184	317	427	588
<b>Adjusted PAT</b>	<b>170</b>	<b>304</b>	<b>403</b>	<b>540</b>
% Growth	58.3	78.7	32.6	34.2
<b>EPS</b>	<b>9.5</b>	<b>15.8</b>	<b>20.9</b>	<b>27.8</b>

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit after Tax	170	304	403	540
Depreciation	75	88	113	136
Interest	58	50	44	47
Cash Flow before WC changes	303	442	560	722
(Inc)/dec in Current Assets	-446	-638	-834	-782
Inc/(dec) in CL and Provisions	332	284	460	564
<b>Net CF from Operating activities</b>	<b>190</b>	<b>88</b>	<b>186</b>	<b>505</b>
<b>(Purchase)/Sale of Fixed Assets</b>	<b>-193</b>	<b>-208</b>	<b>-350</b>	<b>-300</b>
Others	259	-81	-78	-4
<b>Net CF from Investing activities</b>	<b>67</b>	<b>-289</b>	<b>-428</b>	<b>-304</b>
Dividend	-27	-27	-38	-48
Others	-19	674	266	94
<b>Net CF from Financing Activities</b>	<b>-46</b>	<b>648</b>	<b>228</b>	<b>46</b>
Net Cash flow	210	447	-14	248
Opening Cash/Cash Equivalent	86	296	742	729
<b>Closing Cash/ Cash Equivalent</b>	<b>296</b>	<b>742</b>	<b>729</b>	<b>976</b>

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Equity Capital	178	192	192	194
Reserve and Surplus	1,572	2,855	3,265	3,822
Total Shareholders funds	1,750	3,047	3,458	4,017
Minority Interest	75	109	161	231
Total Debt	665	335	546	551
Other liabilities	46	55	66	79
<b>Total Liabilities</b>	<b>2,535</b>	<b>3,545</b>	<b>4,231</b>	<b>4,877</b>
Gross Block	1,367	1,573	1,921	2,260
Acc: Depreciation	222	310	424	559
Net Block	1,144	1,262	1,497	1,701
Capital WIP	66	68	70	30
Total Fixed Assets	1,210	1,330	1,566	1,731
Non Current Assets	103	187	267	275
Inventory	822	1,000	1,282	1,580
Debtors	1,477	1,891	2,389	2,810
Other Current Assets	294	339	389	448
Cash	296	742	729	976
Total Current Assets	2,890	3,971	4,788	5,814
Current Liabilities	1,667	1,942	2,391	2,942
Net Current Assets (Ex Cash)	1,518	2,771	3,126	3,847
<b>Total Assets</b>	<b>2,535</b>	<b>3,545</b>	<b>4,231</b>	<b>4,877</b>

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY25	FY26E	FY27E	FY28E
<b>Per Share Data</b>				
EPS	10.4	16.5	22.2	30.2
Cash per Share	16.6	38.6	37.9	50.2
BV	98.3	158.4	179.7	206.7
Dividend per share	1.5	2.0	2.5	3.0
Dividend payout ratio (%)	7.8	5.8	5.5	4.9
<b>Operating Ratios (%)</b>				
EBITDA Margin	8.5	10.5	10.7	10.7
PAT Margin	4.9	6.4	6.6	7.2
<b>Return Ratios (%)</b>				
RoE	9.7	10.0	11.6	13.4
RoCE	11.7	13.2	14.6	17.2
<b>Valuation Ratios (x)</b>				
EV / EBITDA	43.0	27.4	20.9	16.4
P/E	79.8	48.2	36.4	27.4
Market Cap / Sales	3.5	2.9	2.3	1.8
Price to Book Value	7.7	4.8	4.2	3.7
<b>Working Capital Management Ratios</b>				
Inventory Days	78.2	73.4	72.0	69.5
Debtors Days	140.6	138.9	134.1	123.5
Creditors Days	149.8	134.9	127.4	123.3
Asset turnover	2.8	3.2	3.4	3.7
<b>Solvency Ratios (x)</b>				
Debt / Equity	0.4	0.1	0.2	0.1
Current Ratio	1.6	1.7	1.7	1.7
Quick Ratio	1.1	1.2	1.2	1.1

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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