Quarterly Update-Q2FY27

Syrma SGS Technology Ltd.

Your trust is our capital
Pune E-Stock Broking Limited

Q2 FY27 performance: Syrma SGS delivered a strong Q2 FY27 performance, with revenue growing 74% YoY and PAT increasing 87%, supported by broad-based growth across automotive, industrial, healthcare, and IT & railways. The company has also raised its FY27 revenue growth guidance to 40-45%, translating into approximately ₹7,000 Cr of revenue. While near-term margins are facing pressure from supply-chain constraints and higher input costs, management expects margins to improve as these constraints ease and higher-margin backward integration projects begin contributing.

Exports and ODM business to drive higher growth and value addition: Exports and the ODM business are emerging as important growth drivers. H1 export revenue increased 80% YoY to approximately ₹901 Cr, while ODM revenue grew 117% YoY to ₹591 Cr. Management expects exports to exceed ₹1,700 Cr in FY27 and reach approximately ₹2,000 Cr in FY28, while the ODM business is targeted to generate ₹1,000-1,100 Cr in FY27. Increasing export contribution and a higher share of ODM-led programmes should support customer diversification and improve the quality of the revenue mix over the medium term.

PCB manufacturing project offers a meaningful medium-term margin opportunity: The upcoming PCB manufacturing facility is a key strategic investment that can strengthen Syrma's position in the electronics manufacturing value chain. The project involves significant capex of approximately ₹800-900 Cr across FY27 and FY28, with trial production expected around March-April 2027 and commercial volumes targeted from September 2027. Management expects the facility to contribute ₹200-300 Cr of revenue in FY28, with a more meaningful earnings contribution likely in FY29. The project is expected to generate higher margins than the existing business, creating an opportunity for structural improvement in profitability as utilization scales up.

Backward integration and capacity expansion to strengthen long-term competitiveness: Syrma is pursuing multiple initiatives across camera modules, magnetics and wire harnesses, alongside joint ventures such as Kaga Electronics and LE Master. These initiatives are aimed at increasing localization, improving component availability and moving towards higher-value manufacturing. While near-term supply-chain constraints have created some pressure on execution and margins, management expects the situation to gradually improve from April-June 2027. The combination of backward integration, capacity expansion, and a broader product portfolio should strengthen the company's competitive positioning and support its targeted 30-35% growth over the next 3-5 years.

Outlook and Guidance:
Syrma SGS is well-positioned to sustain strong growth, driven by expansion in exports, increasing contribution from ODM programmes and rising demand across automotive and industrial electronics. The upcoming PCB manufacturing facility, defence expansion through Elcome and increasing ODM contribution provide multiple avenues for growth. With improving margins, working capital efficiency and a net cash balance sheet, we remain positive on the company's ability to deliver sustained growth while enhancing earnings quality.

We project Revenue/EBITDA/PAT CAGR of 36%/40%/44% over FY26-FY29E. Using P/E multiple of 34x on FY29 EPS (₹54), we arrive to a TP of ₹1,837 per share implying an upside of 24%

CMP: ₹1,480
Reco: BUY
Target Price: ₹1,837

Stock Info	
BSE	543573
NSE	SYRMA
Sector	EMS
Face Value (₹)	10
Equity Capital (₹ Cr)	193
Mkt Cap (₹ Cr)	29,151
Avg volume (1 year)	17,49,165
Dividend yield (%)	0.09
52w H/L (₹)	1,823/ 634

Source: Company filings, PESB research

Shareholding Pattern (Sep 2026)	
Promoters	41.62%
FII	9.51%
DII	14.44%
Public	34.40%

Source: Company filings, PESB research

Returns	Syrma (%)	NIFTY 500 (%)
1M	-10.39	0.82
3M	12.00	-6.39
1 year	92.71	-6.96

Source: Company filings, PESB research

New Estimates:

Year	FY27E	FY28E	FY29E
Revenue	6,933	9,156	12,033
EBITDA	788	1,086	1,487
PAT	519	750	1,042

Old Estimates:

Year	FY27E	FY28E	FY29E
Revenue	6,676	8,916	11,902
EBITDA	749	1,049	1,467
PAT	489	721	1,026

Syrma SGS Technology IC link:

Syrma sgs IC.pdf

Anupama Bhootra
Analyst
Aman Bansal
Associate

Concall Highlights

Strong Growth Across Financial Parameters: Management highlighted that H1 FY27 performance has already surpassed the full-year FY25 EBITDA and PAT figures, reflecting the scale-up achieved over the past few years. The company has consequently raised its FY27 revenue growth guidance to 40-45%, implying revenue of approximately ₹7,000 Cr. Management remains confident of delivering 30-35% annual growth over the next three to five years and expects to cross the $1 billion revenue milestone in FY28.

Supply-Chain Constraints and Near-Term Margin Pressure: The key near-term challenge remains the supply-chain disruption across the electronics manufacturing industry. Longer lead times for controllers, semiconductors, capacitors, resistors, and other electronic components are forcing manufacturers to maintain higher inventory levels to ensure uninterrupted production and customer deliveries. Management indicated that the constraints are likely to persist for another five to six months, with meaningful normalization expected around April-June 2027.

The impact on Syrma's margins is primarily arising from the pass-through of higher input costs. While the company is able to recover the increase in component costs from customers, it does not earn additional value addition on the incremental cost. Consequently, the same absolute value addition is earned on a higher revenue base, resulting in some dilution in EBITDA margins. This explains why EBITDA margins have moderated slightly despite strong revenue and earnings growth.

Management expects FY27 EBITDA margins to close at 10-10.5%, followed by an improvement to 10.5-11% or marginally higher in FY28 as supply-chain conditions normalize and margin-accretive projects start contributing. Importantly, management reiterated that demand remains strong across its end markets and that the revised revenue guidance is constrained by supply-side visibility rather than demand weakness.

Broad-Based Growth Across Business Verticals: Growth during the quarter was broad-based, with automotive, industrial, healthcare and IT & railways delivering strong performances. Automotive revenue increased 91% YoY and contributed approximately 26% of operating revenue, supported by customer relationships and participation across multiple automotive platforms. Consumer electronics contributed around 29% of revenue, while healthcare grew 61% YoY. Management highlighted healthcare as a relatively high-margin business, making its continued growth favorable for the overall business mix.

The industrial segment delivered 86% YoY and 31% QoQ growth. Management expects this segment to grow faster in H2 FY27, apart from automotive. IT and railways revenue increased 69% YoY and 82% QoQ, contributing approximately 14% of operating revenue. Within this segment, the company manufactures memory modules, high-end gaming laptop assemblies, railway HVAC controls, signaling systems and door-control systems. Management clarified that railway manufacturing has a relatively superior margin profile, whereas IT is largely a high-volume, lower-margin business.

Exports and ODM Emerging as Key Growth Drivers: Exports continue to be one of the most important growth and profitability drivers for Syrma. Q2 export revenue increased 91% YoY to approximately ₹514 Cr, while H1 exports grew 80% to ₹901 Cr. Management expects FY27 exports to exceed ₹1,700 Cr, compared with approximately ₹1,200 Cr in FY26, and sees the potential to reach around ₹2,000 Cr in FY28. The company has also strengthened its marketing presence in the US to deepen relationships with global customers and increase its participation in international supply chains.

The other important growth driver is the expansion of the ODM business, where Syrma undertakes greater product-design and manufacturing responsibilities. H1 FY27 ODM revenue increased 117% YoY to ₹591 Cr, compared with ₹273 Cr in H1 FY26. Management expects FY27 ODM revenue to reach ₹1,000-1,100 Cr, against ₹825 Cr in FY26. The company is expanding ODM capabilities beyond healthcare into defence, RFID, power electronics, magnetics and industrial products. These programmes have longer gestation periods but offer opportunities to increase customer engagement and participate in higher-value manufacturing.

PCB Project : The PCB manufacturing project is the most significant medium-term margin-accretion initiative. Syrma has already invested more than ₹200 Cr in the project and expects to spend another ₹200 Cr during the balance of FY27. Management expects equipment to be powered on by March 2027, followed by trial production and customer qualification. Considering the three-to-six-month approval cycle, volume production is expected to commence around September 2027.

Concall Highlights

The project is expected to generate approximately ₹200-300 Cr of revenue in FY28, with a more meaningful contribution as production scales up. Management indicated that the business could operate at approximately 15% EBITDA margins before incentives, with the potential to reach 17-20% depending on PLI benefits and market conditions. The company is targeting ROCE of over 30-35%, assuming the anticipated capital incentives are realized.

Other Backward Integration Initiatives and Joint Ventures: Apart from PCB manufacturing, Syrma is investing in camera modules, magnetics and wire harness manufacturing to strengthen its capabilities and reduce dependence on external suppliers. The camera module facility is being developed with an automotive customer opportunity, with initial production expected around the end of FY27. Management indicated that the initial investment would be relatively modest, with potential revenue of ₹50-100 Cr as the programme develops. The magnetics business is also expected to contribute from FY28-FY29.

The wire harness facility is initially focused on high-end applications in aerospace and defence, while also catering to some internal requirements. Management sees potential for this business to scale to ₹400-500 Cr over the longer term. However, these smaller initiatives are unlikely to materially change consolidated margins in the near term; their importance lies in building capabilities, improving supply-chain resilience and creating additional revenue streams.

The company also expects new joint ventures to contribute to growth from FY28. The Kaga Electronics JV could generate approximately ₹100-150 Cr of revenue, while the LE Master JV is expected to contribute around ₹150-200 Cr. These ventures require regulatory and customer-quality approvals before meaningful commercial production. Together with the PCB project, they provide additional growth visibility for FY28.

Working Capital, Cash Flow and Balance Sheet: Despite the challenging supply-chain environment, Syrma has improved its working capital position. Net working capital days declined to 63 days in September 2026 from 71 days in the previous quarter and 73 days in September 2025. H1 operating cash flow stood at approximately ₹120 Cr, translating into an OCF-to-EBITDA conversion of around 34%.

The company maintained a net cash position of ₹258 Cr, supported by a treasury balance of approximately ₹1,000 Cr and gross debt of ₹746 Cr. Q2 capex stood at approximately ₹200 Cr, of which ₹140 Cr was directed towards the PCB project. Adjusted annualized ROCE for H1 FY27 stood at 21.4%. The improvement in working capital and operating cash flow is encouraging, particularly given the inventory requirements arising from supply-chain constraints and the ongoing capacity expansion programme.

Q2 FY27 Financials

INCOME STATEMENT

Particulars (₹Cr)	Q2FY27	Q1FY27	QoQ	Q2FY26	YoY
Revenue from Operations	1990	1589	25%	1146	74%
Expenses					
Employee Exp	82	75	8%	51	58%
Other Exp	1715	1352	27%	979	75%
EBITDA	**193**	**162**	**20%**	**115**	**68%**
EBITDA Margin	**10%**	**10%**	***-46bps***	**10%**	***-34bps***
Depreciation & Amortization	23	22	1%	22	4%
EBIT	**171**	**139**	**23%**	**93**	**83%**
EBIT Margin	**9%**	**9%**	***-18bps***	**8%**	***42bps***
Finance Cost	15	13	14%	13	21%
Other Income	10	15	-34%	9	13%
EBT	**165**	**141**	**17%**	**90**	**85%**
Tax Expense	41	35	17%	23	77%
PAT	**124**	**106**	**18%**	**66**	**87%**
PAT Margin	**6%**	**7%**	***-41bps***	**6%**	***45bps***

Source: Company filings, PESB research

Financials

INCOME STATEMENT

Particulars (₹ Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue from Operations	3,154	3,787	4,819	6,933	9,156	12,033
Revenue growth rate		20%	27%	44%	32%	31%
Expenses						
COGS	2507	2931	3587	5255	6913	9001
Employee Expense	145	191	218	257	322	402
Other Expense	300	341	470	633	836	1143
EBITDA	**202**	**323**	**545**	**788**	**1086**	**1487**
EBITDA Margin	***6.4%***	***8.5%***	***11%***	***11%***	***12%***	***12%***
EBITDA Growth rate		***60%***	***68%***	***45%***	***38%***	***37%***
Depreciation and Amortization	51	75	84	101	124	151
EBIT	**151**	**248**	**460**	**687**	**962**	**1336**
EBIT Margin	***5%***	***7%***	***10%***	***10%***	***11%***	***11%***
EBIT Growth rate		***65%***	***85%***	***49%***	***40%***	***39%***
Finance Cost	41	58	48	67	59	77
Other Income	58	49	38	54	72	94
Exceptional items	-1	-2	-5	0	0	0
EBT	**166**	**237**	**445**	**675**	**974**	**1354**
EBT Margin	***5%***	***6%***	***9%***	***10%***	***11%***	***11%***
EBT Growth rate		***42%***	***88%***	***51%***	***44%***	***39%***
Tax expense	42	53	100	156	225	312
PAT	**124**	**184**	**346**	**519**	**750**	**1042**
PAT Margin	***4%***	***5%***	***7%***	***7%***	***8%***	***9%***
PAT Growth rate		***48%***	***87%***	***50%***	***44%***	***39%***
EPS	***6***	***10***	***18***	***27***	***39***	***54***

	FY24-26	FY26-29E
Revenue CAGR	**24%**	**36%**
EBITDA CAGR	**64%**	**40%**
PAT CAGR	**67%**	**44%**

Source: Company filings, PESB research

RATIOS

	FY24	FY25	FY26	FY27E	FY28E	FY29E
Margin Analysis						
Gross Margins	21%	23%	26%	24%	25%	25%
EBITDA Margin	6%	9%	11%	11%	12%	12%
PAT Margin	4%	5%	7%	7%	8%	9%
	FY24	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Profitability						
ROA	3%	4%	6%	7%	8%	9%
ROCE	7%	10%	13%	16%	19%	21%
ROE	7%	10%	11%	14%	17%	19%
	FY24	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Liquidity and Solvency						
Current ratio (x)	1.2	1.3	1.7	1.6	1.6	1.5
Quick ratio (x)	0.7	1.0	1.3	1.1	1.1	1.1
fixed asset turnover (x)	3.1	3.5	3.4	4.1	4.6	4.5
Total Debt/ Equity (x)	0.4	0.4	0.1	0.2	0.2	0.2
Interest Coverage Ratio (x)	3.6	4.2	9.5	10.3	16.3	17.4
	FY24	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Valuation Ratios						
EV/EBITDA (x)			52.6	36.5	26.3	19.1
P/E (x)			82.5	55.0	38.1	27.4
P/B (x)			9.3	8.0	6.6	5.3
EV/Sales (x)			5.9	4.1	3.1	2.4

Source: Company filings, PESB research

BALANCE SHEET

Particulars (₹ Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Assets						
Net Block	995	1013	1336	1613	1916	2593
Capital WIP	11	61	68	68	68	68
Other Non Current Assets	407	190	217	257	257	257
Inventories	1004	822	1062	1555	2046	2664
Loans	35	51	509	509	509	509
Trade Receivables	930	1477	1841	2469	3135	3956
Cash and Equivalents	87	296	299	443	682	932
Other Current Assets	220	294	439	469	469	469
Total Assets	**3689**	**4205**	**5770**	**7383**	**9082**	**11448**
Equity						
Equity Share Capital	177	178	193	193	193	193
Other Equity	1500	1647	2873	3392	4141	5183
Total Equity	**1677**	**1825**	**3065**	**3584**	**4334**	**5376**
Liabilities						
Long term borrowings	111	107	78	196	198	358
Long term provisions	13	15	32	32	32	32
Other Non Current Liabilities	43	44	154	140	140	140
Current borrowings	519	558	322	424	466	490
Current provisions	4	5	6	6	6	6
Trade Payables	1223	1574	1959	2870	3775	4915
Other Current Liabilities	99	76	154	130	130	130
Total Equity and Liabilities	**3689**	**4205**	**5770**	**7383**	**9082**	**11448**

Source: Company filings, PESB research

CASH FLOW

Particulars (₹ Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net cash from operations	-109	176	290	475	681	971
Net cash from Investing	-28	-105	-742	-378	-428	-828
Net cash from Financing	150	-71	558	154	-15	107

Source: Company filings, PESB research

Disclosures and Disclaimers:

This report has been prepared by Pune E- Stock Broking Limited (here in after referred to as PESB) in the capacity of a Research Analyst registered with SEBI and distributed as per SEBI (Research Analysts) Regulations 2014. This report is prepared and distributed by Research Analysts employed by PESB for information purposes only, and neither the information contained herein, nor any opinion expressed should be construed or deemed to be construed as solicitation or as offering advice for the purposes of the purchase or sale of any security, investment, or derivatives. The information and opinions contained in the report were considered by PESB to be valid when published. The report also contains information provided to PESB by third parties. Whilst PESB has taken all reasonable steps to ensure that all the information in the report is correct, PESB does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report does so entirely at his or her own risk and PESB does not accept any liability as a result. Securities markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication of future performance. Investors must undertake independent analysis with their own legal, tax, and financial advisors and reach their own conclusions regarding investment in securities market and should understand that. Under no circumstances can it be used or considered as an offer to sell or as a solicitation of any offer to buy or sell the securities mentioned within it. The information contained in the research reports may have been taken from trade and statistical services and other sources, which PESB believe is reliable. PESB or any of its group/associate/affiliate companies do not guarantee that such information is accurate or complete and it should not be relied upon as such. Any information provided in the report reflects analysis at this date and are subject to change without notice. PESB submits that no material disciplinary action has been taken on PESB by any regulatory authority impacting Research Analysis activities. PESB is a Member of National Stock Exchange of India Limited (NSE), BSE Ltd (Bombay Stock Exchange), Multi Commodity Exchange of India Limited (MCX), National Commodity and Derivatives Exchange Limited (NCDEX), and has Depository Participant affiliation with Central Depositories Services (India) Limited (CDSL). It is a SEBI registered Portfolio Manager and SEBI registered Research Analyst [SEBI Reg. No.: INB/F/E 231079832, INB/F/E 011079838, IN-DP-32-2015, AMFI Reg. No. ARN: 173556, SEBI Research Analyst Reg. No.: INH000018197, CIN - L67120PN2007PLC130374.

Certifications: The Research Analyst(s), Shubham Mundada, who prepared this research report hereby certifies that the views expressed in this research report accurately reflect the research analyst's personal views about all of the subject issuers and/or securities, that the analyst(s) have no known conflict of interest and no part of the research analyst's compensationwas, is, or will be, directly or indirectly,related to the Specific views or recommendations contained in this research report.

AdditionalDisclosures of Interest:
The ResearchAnalyst, PESB, or its associates or relatives of the research analyst does not have any Financial interest in the company (ies) covered in this report. The ResearchAnalyst, PESB or its associates or relatives of the research analyst affiliates do not hold more than 1% of the securities of the company (ies) covered in this report as of the end of the month immediately preceding the distribution of the research report. The Research Analyst, his/her associate, his/her relative, and PESB, do not have any othermaterial conflict of interest at the time of publication of this research report. The Research Analyst,PESB, and its associates have not received compensation for brokerage Services, investment banking,merchant banking or for any other products or services fromthe Company (ies) covered in this report, in the past twelve months. The Research Analyst,PESB or as associates have not managed or co-managed,in the previous twelve months, a private or public offering of securities for the company (ies) covered in this report. The Research Analyst, PESB or its associates have not received compensation or other benefits fromthe company (ies) covered in this report or fromany third party, in connectionwith the research report. The Research Analyst has not served as an Officer,Director, or employee of the company (ies) covered in the Research report. The Research Analyst and PESB has not been engaged in marketmaking activity for the company (ies) covered in the Research report.
This research report is for informational purposes only and is not tailored to the specific investment objectives, financial situation or particular requirements of any individual Recipient hereof. Certain securities may give rise to substantial risks and may not be suitable for certain investor₹Each investor must make its own determination as to the appropriateness of any Securities referred to in this research report based upon the legal, tax and accounting considerations Applicable to such investor and its own investment objectives or strategy, its financial situation and its Investing experience. The value of any securitymay be positively or adversely affected by changes in Foreign exchange or interestrates, as well as by other financial, economic, or political factor₹ Sources, Completeness and Accuracy: The material herein is based upon information obtained from sources that PESB and the research analyst believe to be reliable, but neither PESB nor the research analyst represents or guarantees that the information contained herein is accurate or complete and it should not be relied upon as such. Opinions expressed herein are current opinions as of the date appearing on this material and are subject to change without notice. Furthermore, PESB is under no obligation to update or keep the information current. Without limiting any of the foregoing, in no event shall PESB, any of its affiliates/employees or any third party involved in or related to computing or compiling the information have any liability for any damages of any kind including but not limited to any direct or consequential loss or damage, however arising, fromthe use of this report.

Copyright: The copyright in this research report belongs exclusively to PSB. All rights are reserved. Any unauthorised use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the PESB prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety. Caution: Risk of loss in trading/investment can be substantial and even more than the amount / margin given by you. Investment in securities market are subject to market risks, you are requested to read all the related documents carefully before investing. You should carefully consider whether trading investment is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. PESB and any of its employees, directors, associates, group entities, or affiliates shall not be liable for losses, if any, incurred by you. You are further cautioned that trading/investments in financial markets are subject to market risks and are advised to seek independent third-party trading/investment advice outside PESB/group/associates/affiliates/directors/employees before and during your trading/investment. There is no guarantee/assurance as to returns or profits or capital protection or appreciation. PESB and any of its employees, directors, associates, and/ or employees, directors, associates of PESB's group entities or affiliates is not inducing you for trading investing in the financial market(s). Trading/Investment decision is your sole responsibility.You must also read the Risk Disclosure Document and Do's and Don'ts before investing. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject PESB and affiliates to any registration or licensing requirement within such jurisdiction. The Profits or capital protection or appreciation. PESB and any of its employees, directors, associates, and/or employees, directors, associates of PESB's group entities or affiliates is not inducing you for Trading/investing in the financial market(s). Trading/Investment decision is your sole responsibility. You must also read the Risk Disclosure Document and Do's and Don'ts before investing. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject PESB and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investor₹Persons in whose possession this document may come are required to informthemselves off and to observe such restriction. For Detailed Disclaimer, please visit our website www.pesb.co.in/

Rating Guide:

Stock Rating	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%