

SYRMA IPO TIMELINE

Events	Date
Syrma IPO Opening Date	Aug 12, 2022
Syrma IPO Closing Date	Aug 18, 2022
Basis of Allotment	Aug 23, 2022
Initiation of Refunds	Aug 24, 2022
Credit of Shares to Demat	Aug 25, 2022
Syrma IPO Listing Date	Aug 26, 2022

SYRMA IPO LOT SIZE

Application	Lots	Shares	Amount
Minimum	1	68	14,960
Maximum	13	884	194,480

SYRMA IPO KEY DETAILS

Opening Date	Aug 12, 2022
Closing Date	Aug 18, 2022
Price Band	Rs 209 to Rs 220
Issue Size	840 crores
Face Value	10
Market Lot	68 shares
Reservation	QIB 50%, Retail 35%, NII 15%

FINANCIAL PERFORMANCE (standalone)

Y/E March	FY20	FY21	FY22
Sales (Rs. Cr)	397.1	438.3	646
Expenses	328	390	588
EBITDA (Rs. Cr)	69	48	58
<i>EBITDA margin</i>	17%	11%	9%
PAT (Rs. Cr)	43.9	28.6	31
<i>PAT margin</i>	11%	7%	5%
EPS stand. (Rs)	6.19	3.32	2.69
EPS conso. (Rs)	6.19	3.71	4.97
RoE (%)	55.8%	16.8%	7.86
RoCE (%)	36.71	17.65	10.94

PEER COMPARISONS

Company Name	Sales	EPS	P/E
Dixon Technology	7484	25.44	134
Amber Enterprise	3138	14.28	143
Syrma SGS	646	4.97	44

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Our Recommendation: The segment in which Syrma SGS is dealing i.e., electronics manufacturing services has a positive outlook ahead. The company is also focusing on products bearing high margins. SSTL's manufacturing facilities in Tamil Nadu are located in a special economic zone which allows it to avail of certain tax and other benefits. The IPO is also well priced as per the valuations. At higher end of price band, IPO is priced at 45 times its FY22 earnings that is much lower when compared with Amber technology (143x) and Dixon Technology (134x). Investors may consider to subscribe this IPO with a medium to long term perspective.

About Company: Syrma SGS Technology Ltd is engineering and design company that deals in electronics manufacturing services (EMS). The company is India's leading exporters of electronics. The company provides high-mix, flexible volume, precision OEM manufacturing. The company is one of the leading electronics system and manufacturing companies in India that focuses on technology-based solutions and Original design manufacturer business. Syrma is the first company in India that manufactured Radio Frequency Identification (RFID). Syrma has manufacturing facilities in SEZ in Tamil Nadu that provides tax benefits and other incentives by Govt.

IPO Objectives: Net proceeds will be used for following purposes:

- To fund Capex requirement for expansion, setting up of manufacturing facilities, and setting up of R&D facilities.
- To fund long-term working capital requirements.
- General corporate purpose.

Key Customers: Hindusta uniliver, Eureka Forbes, TVS motors, Atomberg Technologies, A. O. Smith India Water Products Pvt. Ltd. Bosch Engineering and Business Solution.

Industry Outlook: Electronics is one the fastest growing industries in India. In FY21, the total electronic market is estimated to be of \$91 billion which is expected to grow to \$282 billion in FY26. Globally, North-America and Western European countries are leaders in adopting new-age technologies. Syrma SGS has tremendous scope to grow in this industries.

Business Growth Potential:

- The company plans to strengthen its competitiveness through technological innovation by investing in technological infrastructure and by improving operational efficiency.
- The company intends to pursue strategic acquisitions and by partnering thereby increasing market share.
- Diversified and evolving product portfolio and service providers to various industries backed by strong R&D facilities.
- Consistent financial performance with revenue growth of 27.5% CAGR.

Key Risks:

- No long-term customer commitments.
- Strict quality compliance.
- Global nature of operation can pose forex risk & export regulations.

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Disclosure:

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