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Issue Details	
Price Band (Rs)	Rs.209 - 220
Face Value (Rs)	10
Issue Size (Rs)	840Cr
Issue Type	Book Building
Minimum lot	68 Shares
Issue Opens	August 12, 2022
Issue Closes	August 18, 2022
Listing on	BSE, NSE

Indicative Timeline	On or before
Finalization of Basis of Allotment	August 23, 2022
Unblocking of Funds	August 24, 2022
Credit of shares to Demat Account	August 25, 2022
Listing on exchange	August 26, 2022

Other Detail	
Book Running Lead Managers	DAM Capital Advisors Limited, ICICI Securities Limited, IIFL Securities Limited
Registrar	Link Intime India Private Limited

Syrma SGS Techno Ltd.

Company Background

Incorporated in 2004, **Syrma SGS Technology Limited** ("Syrma") is a Chennai-based engineering and design company engaged in electronics manufacturing services (EMS). The company provides integrated services and solutions to original equipment manufacturers (OEMs) from the initial product concept stage to volume production through concept co-creation and product realization. Syrma is one of India's leading exporters of electronics, providing a high-value integrated design and production solution for internationally recognized OEMs. The company operates through eleven manufacturing facilities in north India (i.e. Himachal Pradesh, Haryana, and Uttar Pradesh) and south India (i.e. Tamil Nadu and Karnataka). The manufacturing facilities in Tamil Nadu are located in a special economic zone. The manufacturing facility in Haryana has been set up under the Electronic Hardware Technology Park scheme, which allow the company to avail tax and other benefits. The company has three dedicated R&D facilities, two of which are located at Chennai and Gurgaon and one in Stuttgart, Germany.

Issue Details

The offer comprises Fresh Issue of Equity shares aggregating upto Rs.766Cr and Offer for sale of Equity Shares aggregating upto Rs.74Cr.(The company did a pre-IPO placement at Rs. 290 a few months back).

Issue Objectives

Particulars	Amt(In Cr)
Funding capital expenditure requirements for development of a R&D facility and expansion / setting up of manufacturing facilities	480
Funding our working capital requirements	132
General corporate purposes	154

Source: Company RHP, ACMIIL Research,

IPO share allotment pattern

Category	Allocation	Number Of Shares At Rs.209	Number Of Shares At Rs.220	Issue Size* (Rs.cr)
QIB	50%	2,00,10,039	1,90,93,771	420
Non-Institutional	15%	60,03,012	57,28,131	126
Retail	35%	1,40,07,027	1,33,65,640	294
Total		4,00,20,078	3,81,87,542	840

Source: Company RHP, ACMIIL Research, *At Upper Price band

Outlook and Valuations

Syrma is one of the leading design and electronic manufacturing services companies in India. It has diversified product portfolio and service offerings. India's EMS addressable market is expected to grow at a CAGR of 30%, set to reach USD 135 billion by FY26 from Rs.USD 36 billion in FY21. India's EMS market is expanding owing to the China+1 strategy, import substitution, and government incentives like the PLI. With its superior product mix, strong R&D capabilities, and adding capacities, we believe Syrma is well placed to capitalize on domestic and global opportunities. At the upper price band of Rs.220/-, stock is priced at 50.71x its FY22 EPS of Rs.4.34/- (based on fully diluted post issue equity). **We recommend subscribing to the issue from a listing gain perspective.**

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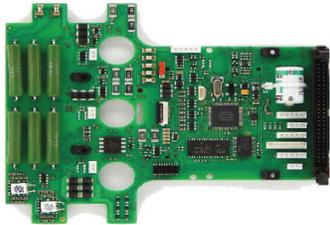
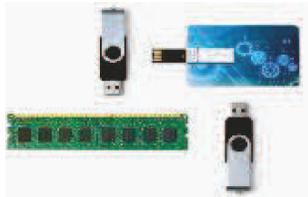
Competitive Strengths

One of the leading design and electronic manufacturing services companies

Among the large bouquet of EMS players in India, Syrma is one of the fastest growing Indian-headquartered ESDM companies. Further, they are leaders in high mix low volume product management and are present in most industrial verticals. They are a technology-focused engineering and design company engaged in turnkey electronics manufacturing services ("EMS"), specializing in precision manufacturing for diverse end-use industries, including industrial appliances, automotive, healthcare, consumer products and IT industries. Syrma is also amongst the top key global manufacturers of custom RFID tags.

Diversified and continuously evolving and expanding product portfolio and service offerings catering to customers across various industries, backed by strong R&D capabilities

Syrma has, over the years, diversified and expanded their product portfolio. The diversification and expansion of their product portfolio is primarily driven by the continuously evolving needs of their customers and technological advancements in the industry. The evolution of their product portfolio and service offerings have been driven by their R&D capabilities. Company's strong focus on R&D has helped them increase their wallet share by helping them widen their product offerings to the same customer, and cross selling these products to other customers. Their R&D team also aims to provide solutions to improve of their existing manufacturing processes.

		
PCBA		RFID
		
Electromagnetic and electromechanical parts	Other products	

Established relationships with marquee customers across various countries

Syrma has established and will continue to focus on strengthening long-standing relationships with well-known customers across the end-use industries that they cater to. The varied applications of their products have helped them build a wide customer base across many end-use industries. It has also helped build on existing relationships by enabling them to provide multiple product-oriented solutions for the varying requirements of their existing customers. Several global brands are their customers both in India and overseas. Their wide customer base across various sectors reduces their dependence on any one end-use industry.

During the Fiscal 2022, they catered to over 200 customers of which 16 customers have been associated with them for over a period of 10 years. Further, they acquired 48, 42 and 158 new customers in Fiscal 2020, 2021 and 2022 respectively. In addition, 93 of their customers have been their customer for over 3 years, as on March 31, 2022.

Marquee Customers		
TVS Motor Company Ltd.	Eureka Forbes Ltd Limited,	Hindustan Unilever Ltd.
A. D. Smith India Water Products Pvt. Ltd.	CyanConnode Ltd.	Total Power Europe B.V
Robert Bosch Engineering and Business Solution Pvt Ltd.	Atomberg Technologies Pvt. Ltd.	

Source: Company RHP, ACMIIL Research,

State-of-the-art manufacturing capabilities supported by a global supplier network, with a focus on vertical integration

The common manufacturing capabilities across company's facilities give them the flexibility to seamlessly migrate production between different facilities in case of emergencies. They are transferring their ERP platforms to the Hana S4 platform which will result in common centralised databases for components, vendors, quality and supply chain.

Syrma is eligible for incentives under the 'Production Linked Incentive Scheme (PLI) for Telecom and Networking Products' notified by the Ministry of Communications, DoT on June 3, 2021. These product linked incentives make them eligible to manufacture products in categories like access & customer premise equipment (CPE), IOT access devices and other wireless and enterprise equipment. In addition, they have been provisionally selected as beneficiaries for the incentives being granted under the 'PLI for White Goods (Air Conditioners & LED Lights)' notified by the Ministry of Commerce & Industry on June 4, 2021, notified by the Ministry of Electronics and Information Technology on April 1, 2020.

Financial Snapshot (Proforma Condensed Combined Financial Statement)

Particulars (Rs.Mn)	FY20	FY21	FY22
Equity share capital	7	7.5	1376
Net worth	4,542	5,363	5,721
Revenue from Operations	8,657	8,874	12,667
EBITDA	1,366	999	1,260
EBITDA Margin	16%	11%	10%
Net Profit	915	655	765
Net Profit Margin	10.57%	7.38%	6.04%
Diluted EPS (Rs)	6.42	4.58	5.17
ROE(%)	20%	12%	13%
ROCE(%)	21%	12%	13%
Debt to Equity Ratio	0.25	0.17	0.34

Source: Company RHP, ACMIIL Research,

Comparison with Listed Peers FY22:

Company	Standalone/ Consolidated	Total Revenue (Rs.Mn)	EPS	NAV	P/E	ROE (%)
Syrma SGS Technology Ltd .	Consolidated	12,844	5.17	42.36	50.71^	13%
Dixon Technologies Ltd .	Consolidated	107,009	32.00	168.06	110.76	22%
Amber Enterprises India Ltd .	Consolidated	42,396	32.41	526.17	75.54	7%

Source: Company RHP, ACMIIL Research, All financial information is sourced from financial results or annual report of the company for the year ended March 31, 2022. P/E Ratio has been computed based on the closing market price as on July 28, 2022. ^P/E Ratio has been computed based on the Issue price and on fully diluted post issue equity.

Risks and concerns

- Customers do not make long-term commitments to Syrma and may cancel or change their production requirements. Such cancellations or changes may adversely affect their financial condition, cash flows and results of operations.
- Strong relationships with customers are very essential to their business. Loss of relationship with any of their customers may have a material adverse effect on our financial conditions, cash flows and results of operations.

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