

ALL ABOUT



SYRRMA

SGS

SECTOR ENGINEERING AND DESIGN

IPO

Issue Opens - AUGUST 12 - AUGUST 18

Price Band

₹209 - ₹220

Face Value

₹10

Lot Size

68 SHARES

Issue Size

₹840 CR

Issue Type

BOOK BUILT





Important Events

Issue Size

INR836.42 – 840.13 cr

Fresh Issue

INR766 Cr

Offer for Sale

3,369,360 shares (₹70.42–74.13 cr)

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

Promoters

- SANDEEP TANDON,
- JASBIR SINGH GUJRAL,
- VEENA KUMARI TANDON AND
- TANCOM ELECTRONICS PRIVATE LIMITED.

PROMOTERS COLLECTIVELY HOLD **58.78%** OF THE EQUITY SHARE AS OF DEC 31ST, 2021.





ABOUT COMPANY

- Established in 2004, **Syrma is one of India's leading electronics exporters.** Providing high quality integrated design and production solutions for his internationally recognized OEMs.
- The company is **one of the leading electronic system designers and manufacturers,** with a focus on technology-based solutions and original design manufacturer business.
- Syрма's business approach leads to continuous progress in **product technology, structure and function design to meet customer needs and lead the industry development.**
- The company's manufacturing facilities in Tamil Nadu are located in special economic zones and **can benefit from special taxes** and other incentives related to products manufactured in these facilities.
- Syрма was the **first manufacturer of Radio Frequency Identification (RFID)** products in India and continues to lead the industry.





PRODUCT PORTFOLIO

- Printed circuit board assemblies (PCBA)
- Radio frequency identification (RFID) products
- Electromagnetic and electromechanical parts
- Motherboards
- Memory products - DRAM modules, solid state, and USB drives.



OBJECTS OF THE OFFER

THE NET PROCEEDS FROM FRESH ISSUE WILL BE UTILISED FOR

- FUNDING CAPITAL EXPENDITURE REQUIREMENTS TO EXPAND MANUFACTURING AND R&D FACILITIES,
- FUNDING LONG-TERM WORKING CAPITAL REQUIREMENTS BESIDES
- GENERAL CORPORATE PURPOSES



TRACK RECORD OF FINANCIAL PERFORMANCE

- IN FY20, FY21 AND FY22, RS.332.09 CR, RS.306.97 CRORE AND RS.353.94 CR ACCOUNTED FOR **83.63%, 70.04% AND 54.77% OF REVENUE FROM OPERATIONS (EXPORTS)**
- THE COMPANY REPORTS REVENUE OF RS 397 CR, RS 438 CR AND RS 646 CR FOR FY20, 21 AND 22 RESPECTIVELY. THE REVENUE HAS GROWN AT A CAGR OF **27.56%**. THIS IS AN EXCELLENT NUMBER.
- THE COMPANY REPORTED EBITDA OF RS.69.90 CR, RS.52.93 CR AND RS.64.77 CR FOR FY20, FY21 AND FY22 RESPECTIVELY, WITH EBITDA MARGINS OF **17.60%, 12.08% AND 10.02%** RESPECTIVELY FOR THE SAME PERIOD.
- PROFITS DECREASED FROM RS 43.88 CR IN FY2020 TO RS. 30.61 CR IN FY 2022. **NET PROFIT REPORTED IN FY21 WAS THE LOWEST AT RS 28.62 CR.**
- EARNINGS DECREASED AS MARGINS DECLINED. THE PROFIT MARGINS FOR **FY2020, FY21 AND FY22 WERE 11.05%, 6.53% AND 4.74% RESPECTIVELY.**
- Average **EPS of 5.18** and average **RoNW of 14.85%** for the last three financial years.





STRENGTHS

- **Established Relationships with Prestigious Customers.**
- **Leading Design and Electronics Manufacturing Services.**
- **State-of-the-Art Manufacturing Capabilities.**
- **Consistent Track Record of Financial Performance.**

RISKS

- **Promoters who provide loan guarantees.**
- **Dependency on third parties for supply of raw materials and supply of products.**
- **The global nature of business exposes companies to a number of risks, including, Currency risk, import/export restrictions, closures related to Covid-19, changes in laws, etc.**
- **Loss of relationship with existing customers.**



Valuation and Outlook

IN TERMS OF VALUATION, THE ISSUE PRICE RANGE IS ₹209 TO 220. AT THE UPPER END OF THE PRICE RANGE IS ₹220 AND ₹5.25 EPS FOR THE FY22, THE P/E RATIO WORKS OUT TO BE 41.9X, 91.5X INDUSTRY AVERAGE. REVENUE INCREASED 27% CAGR, WHILE PAT DECREASED 7% (Y-O-Y).

IT APPEARS TO BE A REASONABLE BET BASED ON THE FINANCIALS AND IMPRESSIVE GROWTH IT HAS ACHIEVED IN THE PAST AND IS LIKELY TO ACHIEVE IN THE FUTURE. SSSL HAS A DIVERSE PRODUCT PORTFOLIO AND FOCUSES ON HIGH-MARGIN PRODUCTS.

EXPORT DEALS IS ONE AREA WHERE SSSL DIFFERS FROM ITS LISTED COMPETITORS. SALES TO OVERSEAS MARKETS ACCOUNT FOR NEARLY 43% OF SSSL'S SALES.

INNOVATION AND R&D REMAIN THE KEY DRIVERS OF SSSL'S GROWTH. WE BELIEVE THE COMPANY IS WELL-POSITIONED TO DELIVER ON THOSE ACCOMPLISHMENTS.

WE WOULD RECOMMEND "**SUBSCRIBE**" TO AN IPO FOR THE **LONG TERM**.

