Investorstack Research Report

Syrma SGS Technology Limited

What Syrma SGS Technology Limited does

Syrma SGS Technology Limited is an Electronics System Design and Manufacturing (ESDM) company that has been in operation for over 35 years. It runs 16 manufacturing facilities in India and one in Germany, operates 4 global R&D centres, employs over 9,300 people, and serves more than 300 clients across 20+ countries. The company specialises in high-mix, flexible-volume electronics manufacturing, which means it takes on a wide variety of products at different volumes rather than just mass-producing a few items.

The business is built around a design-led approach. Syrma does not just assemble boards for customers; it also designs products, develops firmware, builds automated test equipment, and manages the entire supply chain. This Original Design Manufacturing (ODM) capability contributed 17% of revenue in FY26, up from 12% the year before. The company has four R&D centres in Gurgaon, Pune, Chennai, and Stuttgart, Germany, allowing it to engineer products for global clients.

Exports are a core growth engine. In FY26, export revenue grew 41% to over INR 1,200 crores, representing roughly 25% of total revenue. Europe accounts for about 35% of exports, while the US is around 5-6% of overall revenue. The company targets INR 1,500 crores in exports for FY27.

Management describes its competitive position clearly:

> *"We are competing with the Tier 2 level global EMS companies." – MD, Q4 FY26 concall (May 2026)*

Syrma competes not with the $20-billion global EMS giants like Flex or Jabil, but with mid-sized global players. In India, it leverages a 40-year track record, deep customer relationships, and a growing ODM portfolio to differentiate itself.

Business segments

Syrma reports five operating segments. The revenue mix below is from FY25 (annual report), with FY26 directional changes noted.

Automotive and Electric Mobility — 22% of revenue in FY25

This segment covers electronics for internal combustion engine vehicles and electric vehicles. Syrma manufactures battery management systems, EV charging infrastructure, motor controllers, and Tier-1 automotive electronics like lighting modules, clusters, and infotainment systems. The company is both a Tier-1 and Tier-2 supplier. In FY26, automotive revenue grew 39%, driven by domestic demand and a new export stream that crossed INR 125 crores. The company achieved TISAX certification (automotive information security) in FY26, unlocking new business with global automotive OEMs.

Consumer — 36% of revenue in FY25, declined to 31% in FY26

Consumer is the largest segment but also the lowest margin. It includes RFID tags and inlays, GPON and set-top boxes for telecom, BLDC motor modules for fans, smart devices, and other high-volume consumer electronics. Syrma has consciously reduced this segment's share from 53% in Q1 FY25 to 31% in FY26 by not chasing low-margin, high-

volume business. Within consumer, the company focuses on higher-margin ODM products like water purifiers and IoT devices.

Healthcare and Medical Devices — 8% of revenue in FY25

This segment is almost entirely ODM. Syrma designs and manufactures medical devices for diagnostics, physiotherapy, aesthetics, and life sciences. The business operates through Syrma Johari Medtech Limited (51% subsidiary), which is US FDA, MDSAP, and GMP compliant. In FY26, healthcare revenue grew 36% to INR 395 crores. The company established a dedicated MedTech Design Centre in Pune to accelerate new product development.

Industrials — 28% of revenue in FY25

Industrial includes smart metering, power supplies, industrial automation, fuel dispensing systems, and large-format box builds for global clients. Smart metering contributed around INR 250-260 crores in FY26, with the company being selective about customers to manage working capital. This segment grew 30% in FY26, driven by exports and new products like power management units and solar trackers.

Railways and IT — 6% of revenue in FY25

This is the smallest but fastest-growing segment. Railways includes advanced signalling systems and safety electronics like KAVACH. IT includes laptop assembly for global brands MSI and Dynabook, as well as motherboard and memory module manufacturing. In FY26, IT and railways revenue grew 74% to INR 476 crores. The segment is lumpy, but the company expects 30-40% growth as laptop production scales.

Products and business detail

Syrma offers a broad range of manufacturing and engineering services. Key products and capabilities include:

Printed Circuit Board Assembly (PCBA) — The core offering. Syrma operates 23 SMT lines with Fuji equipment, capable of fine-pitch component placement down to 12 mils and placement accuracy within ±25 microns. All SMT assembly is done in controlled class 10k cleanrooms with automated optical inspection (AOI) and X-ray. PCBA serves every vertical.

RFID Tags and Inlays — Syrma is one of India's largest RFID manufacturers, producing LF, HF, and UHF tags for asset tracking, access control, and safety applications. Products include durable tags for extreme conditions, custom multi-protocol readers, and ISO-compliant solutions. This business serves logistics, retail, industrial safety, and healthcare.

Box Builds — Fully assembled electromechanical units, including firmware installation, validation, and testing. Syrma has secured large-format box build contracts for global industrial equipment manufacturers. The Pune mega facility is designed to scale this capability.

Electro Mechanicals — Turnkey sheet metal services including precision machining, welding, surface treatments, and fabrication. Used across automotive, industrial, and telecom segments.

Magnetic Components — High-frequency transformers, chokes, coils, and inductors in through-hole and SMD variants, supporting up to 500W at 300 KHz. Used in power supplies, industrial electronics, and automotive.

BLDC Modules for Fans — Brushless DC motor modules integrating motor driver and control circuits. Sold to consumer appliance manufacturers.

Critical Communication Solutions — Digital radio communication equipment (APCO 25, DMR, TETRA systems) for defence, paramilitary, and oil and gas. This business came through the Elemaster joint venture and Syrma's own

capabilities.

End-of-line Tester Development — Custom Automatic Test Equipment (ATE) design and development for client-specific production testing, covering hardware, software, and firmware.

Syrma's manufacturing infrastructure includes 16 plants across Tamil Nadu, Karnataka, Haryana, Himachal Pradesh, Uttar Pradesh, Rajasthan, and Maharashtra. The flagship Pune facility, commissioned in FY25, spans 26.5 acres with potential manufacturing capacity of 1.2 million square feet. The company also has a design and prototyping centre in Stuttgart, Germany, which supports European customers.

Certifications are a key moat. Syrma holds ISO 9001, IATF 16949 (automotive), ISO 13485 (medical), AS 9100 (aerospace), ISO 14001 (environment), ISO 45001 (occupational health), ISO 27001 (information security), and TISAX (automotive information security). It was the first Indian company to get TISAX certification. EcoVadis awarded a gold rating in FY26, placing Syrma in the top 5% of companies globally for ESG performance.

Customers

Syrma serves over 300 clients across 20+ countries. The customer base spans automotive OEMs, Tier-1 suppliers, healthcare OEMs, utility companies, telecom operators, industrial equipment manufacturers, and IT hardware brands.

Named customers include:

- **MSI** — Laptop manufacturing under the Make in India initiative.
- **Dynabook** — Laptop production for the Indian market.
- **Mahle** — Syrma received a Zero PPM award for quality.
- **Wabtec** — Received Best New Project Introduction award.
- **Elemaster** (Italy) — A joint venture partner for railway and industrial electronics.

Customer concentration is moderate and declining. In FY26, the top 5 customers contributed 34% of revenue, top 10 contributed 47%, and top 20 contributed 63%. The company signed a long-term framework contract with one major customer that has the potential to generate $250 million in revenue over 2-3 years (announced in Q2 FY26).

The buying decision for customers is typically made by procurement and engineering teams at OEMs. Key factors driving selection include: quality certifications, cost competitiveness, design capabilities (ODM), supply chain reliability, and the ability to handle varied volumes. Switching costs are significant once a customer qualifies Syrma's processes and products, especially in automotive and medical where validation cycles are long (12-24 months). Contracts are typically short-term purchase orders with 3-12 month visibility, though the company is moving toward long-term framework agreements.

Export customers are concentrated in Europe (35% of exports) and the US (5-6% of total revenue). The EU-India Free Trade Agreement, signed in January 2026, is expected to boost export competitiveness by reducing or eliminating duties on electronic products.

Competitive landscape

The global EMS industry is large and fragmented. The top tier includes Flex, Jabil, and Sanmina—companies with $10-25 billion in revenue. Syrma does not compete directly with them; it competes with Tier 2 global EMS companies that have $1-5 billion in revenue. Management stated this explicitly in the Q4 FY26 call.

In India, the competitive landscape includes:

- **Dixon Technologies** — Strong in consumer electronics (mobile, TVs, appliances) with revenue over INR 15,000 crores. Less focused on industrial and auto.
- **Amber Enterprises** — Dominant in AC manufacturing, expanding into components.
- **Larsen & Toubro** — Announced a significant foray into electronics with INR 5,000 crores capex over two years. L&T has deep pockets, but lacks Syrma's 35+ years of EMS experience and design capabilities.
- **Smaller EMS players** like Avalon Technologies, VVDN Technologies, and others, but most lack the scale and breadth of Syrma.

Syrma's competitive advantages:

- **40-year track record** and deep customer relationships.
- **Design-led approach**: 4 R&D centres, ODM revenue at 17% and growing.
- **Global footprint**: Factory in Germany, exports to 20+ countries, strong European presence.
- **Certifications**: TISAX, IATF 16949, ISO 13485, and others that take years to obtain.
- **Broad portfolio**: From RFID tags to medical devices to laptop assembly.
- **Upcoming PCB plant**: Backward integration into printed circuit boards—a $91 million investment with state subsidies.

Its disadvantages:

- **Smaller scale** compared to global Tier 2 players (revenue around $500 million).
- **Consumer segment** still significant at 31% of FY26 revenue, dragging overall margins.
- **Working capital intensity** in smart metering and defence, requiring disciplined management.
- **PCB plant** is still 12-18 months away from trial production; until then, the company remains dependent on imported PCBs.

Competition is most intense in consumer electronics, where margin pressure is high. That is exactly why Syrma is deliberately shrinking that segment. In automotive and industrial, competition is more about quality and certification than price, which favours Syrma. The company wins by being a reliable partner with design capability and a proven export record.

Industry

The global electronic manufacturing services market was valued at USD 577 billion in CY2024 and is projected to reach USD 1,130 billion by 2034, growing at a CAGR of 6.95% (Precedence Research, as cited in the FY25 annual report). The Asia-Pacific region accounts for 36% of the global market, or USD 207 billion.

India has set an ambitious target of USD 300 billion in domestic electronics manufacturing by 2025-26. As of FY25, the country produced roughly USD 80-90 billion, so there is a long way to go. Government initiatives driving this include:

- **Production Linked Incentive (PLI) schemes** for telecom, IT hardware, white goods, automotive, and medical devices.

- **Electronics Component Manufacturing Scheme (ECMS)** — Syrma was among the first three companies to receive ECMS approval for its PCB project.
- **Make in India** and local sourcing mandates.
- **EU-India Free Trade Agreement** (signed January 2026) and other bilateral trade pacts.

One of the biggest opportunities is import substitution. India imports approximately 90% of its PCB demand—a market estimated at USD 5 billion. Syrma's PCB plant, a joint venture with Shinhyup (Korea), will initially produce multi-layer and single-layer PCBs with a phase-1 capacity of 720,000 square meters. Trial production is expected by December 2026 or Q4 FY27. The first phase involves $91 million in capex, with state subsidies of roughly 40-50%.

US tariff uncertainty has been a headwind for exports, but Syrma has a natural hedge: only 5-6% of revenue comes from the US, while 35% of exports go to Europe. The company also has pass-through clauses in customer contracts for raw material and tariff cost increases. Management noted that while tariffs create near-term anxiety, they ultimately see it as an opportunity for India to gain share in global electronics sourcing.

The industry has cyclicality, especially in consumer electronics where demand fluctuates with disposable income and product cycles. Industrial and automotive segments are more stable but not immune to economic cycles. Syrma's diversified portfolio across five segments acts as a buffer. The company targets 30-35% revenue growth and 10-10.5% EBITDA margin for FY27, with export growth a key driver.

Regulation plays a significant role. Certifications like IATF 16949, ISO 13485, and TISAX are gatekeepers for customer qualification. Government policies like PLI and ECMS directly influence investment decisions and profitability. Syrma's ability to navigate these regulatory requirements and invest in the right certifications is a competitive moat that new entrants cannot replicate overnight.

Growth triggers

- PCB manufacturing plant (multi-layer and HDI) with Phase-1 capex of $91 million, backed by a state subsidy of 40-50%. Trial production is expected by December 2026 or March 2027. The first phase capacity will be 720,000 square meters of multilayer and 480,000 square meters of single-layer PCBs. (Q4 FY26 concall, May 2026)
- Export revenue target of INR 1,500 crores for FY27, up from INR 1,200+ crores in FY26. The export run rate in Q4 FY26 was INR 372 crores per quarter, or INR 125 crores per month, putting the target within reach. (Q4 FY26 concall, May 2026)
- ODM revenue mix increased from 12% in FY25 to 17% in FY26. Management is targeting sustained ODM revenue at 17% of total revenue. ODM revenue in absolute terms grew from INR 453 crores to INR 825 crores. (Q4 FY26 concall, May 2026)
- Elcome defence acquisition (60% stake) now consolidated. The business has margins above 20%. Revenue is expected to grow from the current run rate of INR 280-300 crores to INR 350 crores in the near term. (Q3 FY26 concall, Feb 2026)
- Renewable energy entry: after dropping the KSolare acquisition, the company is evaluating a greenfield project for solar inverters. A technology partner is being assessed, and management expects to announce plans in the next 1-2 quarters. (Q4 FY26 concall, May 2026)
- TISAX certification for automotive information security has been achieved. This opens the door to series production for global automotive customers, expected to commence in FY27-28. (Q4 FY26 concall, May 2026)

- Order book visibility stood at INR 6,600 crores as of March 2026, providing clear near-term revenue visibility. (Q4 FY26 concall, May 2026)
- 32 new customers were onboarded in FY26, with potential to add over INR 1,000 crores in revenue in FY27 and a full potential of INR 2,500+ crores per annum. (Q4 FY26 concall, May 2026)

Key risks

- Supply chain disruption and raw material price volatility: Geopolitical tensions (Middle East crisis, US tariffs) are causing higher basic metal prices and increased logistics costs. While pass-through clauses exist, they do not take effect immediately. The impact is shared among vendors, Syrma, customers, and end consumers, which creates near-term margin pressure. (Q4 FY26 concall, May 2026)
- US tariff uncertainty: Although only 5-6% of total revenue comes from direct exports to the US, the uncertainty delays customer order decisions and could shift global supply chains. A prolonged tariff standoff could hurt export growth and force customers to seek alternative sourcing. (Q4 FY26 concall, May 2026)
- Foreign exchange fluctuation risk: Exports account for ~25% of revenue (Q4 FY26 run rate). The company hedges using forward contracts and benefits from a natural hedge via export receivables, but sharp rupee volatility could still impact profitability. (Implicit from concall discussions on hedging; also noted in annual report risk section)
- Working capital intensity in certain segments: Businesses like smart metering and defence have longer working capital cycles. The company has improved net working capital days from 69 to 63 (FY26 end), but if growth accelerates in these high-working-capital segments, cash flow could be strained. Management is selective about customers to manage this. (Q4 FY26 concall, May 2026)
- Technological obsolescence: The electronics industry evolves rapidly. The company invests in R&D (4 global centres) and adopts Industry 4.0 tools, but failure to keep pace could erode competitiveness. (Annual report FY25, risk section)
- Regulatory and compliance risks: The company operates across multiple jurisdictions with varying environmental, data privacy, and anti-dumping regulations. It has dedicated compliance teams and holds certifications (ISO, EcoVadis gold), but non-compliance could lead to penalties or operational disruption. (Annual report FY25, risk section)
- Customer concentration: Top 5 customers contributed 34% of FY26 revenue, and top 10 contributed 47%. While diversified, loss of a major customer could materially impact revenue. (Q4 FY26 concall, May 2026)
- Execution risk on PCB plant: The PCB project requires a large capex ($91 million Phase-1) with complex technology and long lead times. Delays in construction, equipment commissioning, or customer qualification could push revenue generation beyond FY28. (Q2 FY26 concall, Nov 2025)

Walk the talk

Management set aggressive targets at the start of FY26 and, by the end of the year, had beaten most of them. In Q1 FY26, the company guided for 30-35% revenue growth and an EBITDA margin of 8.5-9%. The actual outcome: revenue grew 27% (38% excluding consumer), and the operating EBITDA margin came in at 11.3%. The guidance was exceeded.

> *"We have achieved EBITDA of INR545 crores." - Q4 FY26 concall (May 2026)*

The export target was set at INR 1,100 crores for FY26. The company delivered INR 1,200+ crores.

> *"Exports, we had targeted INR1,100 crores. We are at INR1,200-plus crores." - Q4 FY26 concall (May 2026)*

The working capital day reduction target was also met. The company had promised to bring net working capital days down from 69 to below 65. It ended the year at 63 days (58 days excluding Elcome).

> *"Working capital cycle, we have brought it down from 69 days to 63 days." - Q4 FY26 concall (May 2026)*

One promise that did not materialise was the joint venture with Premier Energies to acquire KSolare for inverter manufacturing. In Q4 FY26, management confirmed that the deal was dropped because the seller could not meet conditions precedent.

> *"Due to certain conditions precedent which we agreed with the sellers for the acquisition and which the seller was not able to fulfil as per the time line, we decided to drop the same acquisition." - Q4 FY26 concall (May 2026)*

However, the company stated that its intent to enter the renewable energy space remains, and a greenfield project is being evaluated.

The PCB plant timeline has held steady. In Q1 FY26, management said trial production would start by Q4 FY27 or Q1 FY28. In Q4 FY26, they confirmed that construction had started, equipment was ordered, and trial production was expected by December 2026 / March 2027.

> *"The PCB project, we have got the ECMS approval from the Government of India. We were the first among the 3 companies." - Q2 FY26 concall (Nov 2025)*

The Elcome acquisition, announced in Q2 FY26, was consummated in mid-December 2025, and consolidation began in Q3 FY26 itself, ahead of the earlier guidance of Q4 FY26.

Overall, management has built credibility by consistently delivering on the metrics they publicly target. The one miss (KSolare) was due to a counterparty failure, not a change in strategy.

Scenarios

Bull case

Syrma SGS executes flawlessly on its PCB plant, bringing it on stream by December 2026. The plant quickly reaches utilisation of 50%+ within the first year, generating strong incremental revenue and margin expansion. The EU-India FTA and global supply chain diversification drive exports to 30% of revenue by FY28. ODM mix stabilises at 20%+, and the Elcome defence business scales to INR 500 crores. The company maintains EBITDA margins above 11% while growing revenue at 30-35% annually. Working capital days fall below 55. The renewable energy greenfield project adds another high-margin vertical. By FY29, Syrma transforms from a mid-tier Indian EMS player into a globally recognised Tier-2 EMS company with a multi-country footprint.

Base case

Syrma continues its 25-30% revenue growth trajectory, driven by automotive, industrial, and healthcare segments. The PCB plant begins commercial production in early FY28, adding INR 300-400 crores in the first year but with modest margins until yields stabilise. Export growth remains solid at 20-25% annually, aided by the EU FTA but tempered by lingering US tariff uncertainty. ODM mix holds at 16-17%. Elcome grows at 10-15%. EBITDA margins settle around 10-10.5% as the company invests in new capabilities and faces raw material cost pressures. Working capital days stay near 60-65. The renewable energy entry materialises but is small initially. The company delivers consistent compounding, meeting guidance each year.

Bear case

The US imposes steep tariffs on Indian electronics, and the EU FTA fails to offset the impact. Export growth stalls. Global recession hits industrial and automotive demand, causing order cancellations. The PCB plant faces delays in government approvals or technology absorption, pushing commercial production to FY29. At the same time, raw material inflation and supply chain disruptions compress margins below 9%. The Elcome defence business is lumpy and disappoints in a given year. Working capital days rise again as customers delay payments. Large competitors like Larsen & Toubro increase domestic capacity, leading to price wars in EMS. Syrma misses its revenue growth guidance and struggles to maintain return on capital. The stock loses its growth premium, and management faces pressure to revise its long-term targets.