

Syrma SGS Technology (Syrma) - REDUCE

Q4FY26 Result Update

Current Market Price (CMP) Rs.1075	Fair Value (FV) Rs.1000
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Rationale:

- Syrma's Q4FY26 results were ahead of our expectations, as steady execution was aided by better-than-expected margin performance.
- FY27 guidance of 30-35% revenue growth with ~11% margins indicates robust growth with some caution on margins due to ongoing geopolitical uncertainties.
- Timely execution of the Rs8000cr multi-layer PCB venture will be the next big catalyst.
- Raise our EPS estimates by 12% to 16% for FY27/28, factoring in margin outperformance and robust FY27 outlook.
- Revise our FV to Rs1,000; downgrade to REDUCE after the 25% movement in the stock.

👍 Positives:

- Q4FY26 revenue increased 58% yoy & stood at ~Rs1460cr was in line our expectations.
- EBITDA margin came in at 11.9%; 220 bps higher than our estimate of 9.7%.
- Beat was due to better-than-expected gross margins this quarter, driven by a favorable mix.
- Syrma reported a profit of Rs101 cr, 39% ahead of expectation.
- NWC days were stable at 71 days as of Q4FY26.
- Normalization of geopolitical disruptions could potentially lead to an upward revision in margins.

👎 Negatives:

- Syrma has guided to EBITDA of Rs700cr+ (10.5%-11% margin versus 11.3% in FY26) as geopolitical disruptions could weigh on margins.

(PAT: Profit After Tax, EPS: Earnings Per Share, PCB: Printed circuit board, NWC: Net Working Capital Cycle)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
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- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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