

Date: July 29, 2025

To,

**Listing Department
National Stock Exchange of India Limited**
Exchange Plaza, C-1, G Block, Bandra Kurla Complex, Bandra
(East), Mumbai - 400 051.
Symbol: SYRMA

**Department of Corporate Service
BSE Limited**
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.
Scrip Code: 543573

Subject: Earnings Call transcript of the Investor Conference held for the unaudited Financial Results (Consolidated and Standalone) of the Company for the quarter ended June 30, 2025.

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript in respect to the Earning Conference Call on the unaudited Financial Results (Consolidated and Standalone) of the Company for the quarter ended June 30, 2025, held on Thursday, July 24, 2025, at 10:30 AM (IST).

The transcript of the conference call will also be accessed at the website of the Company at <https://www.syrmasgs.com/investor-relations/>.

We request you to take the same on your record.

For **Syrma SGS Technology Limited**

Komal Malik
Company Secretary & Compliance Officer
Membership No: F6430
Place: Gurgaon

ENCL: as above.





“Syrma SGS Technology Limited Q1 FY '26 Earnings Conference Call”

July 24, 2025



MANAGEMENT: **MR. J. S. GUJRAL – MANAGING DIRECTOR, SYRMA
SGS TECHNOLOGY LIMITED**
**MR. JAYESH DOSHI – DIRECTOR, SYRMA SGS
TECHNOLOGY LIMITED**
**MR. SATENDRA SINGH – CHIEF EXECUTIVE OFFICER,
SYRMA SGS TECHNOLOGY LIMITED**
**MR. BIJAY AGRAWAL – CHIEF FINANCIAL OFFICER,
SYRMA SGS TECHNOLOGY LIMITED**
**MR. NIKHIL GUPTA – HEAD (INVESTOR RELATIONS),
SYRMA SGS TECHNOLOGY LIMITED**

MODERATOR: **MR. ACHAL LOHADE – NUVAMA INSTITUTIONAL
EQUITIES**

Moderator: Ladies and gentlemen, good day and welcome to Syрма SGS Q1 FY '26 Earnings Conference Call hosted by Nuvama Institutional Equities.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mr. Achal Lohade. Thank you, and over to you, Mr. Lohade.

Achal Lohade: Thank you. Good morning, everyone. On behalf of Nuvama Institutional Equities, we welcome you all to the Q1 FY '26 Earnings Call of Syрма SGS.

Today, we have with us the Senior Management Team of Syрма SGS. I will now hand over the call to Nikhil to take the call forward. Over to you, Nikhil.

Nikhil Gupta: Thank you, Achal. Hi, very good morning to you all. Welcome to Syрма SGS Quarter 1 Financial Year 2026 Earnings Call.

We have with us today Mr. J.S. Gujral – Managing Director, Mr. Jayesh Doshi – Director; Mr. Satendra Singh – Chief Executive Officer, and Mr. Bijay Agrawal – Chief Financial Officer, Syрма SGS, to discuss the performance of the Company during the first quarter of the Financial Year 2026, followed by a detailed question-and-answer session.

During this call, certain statements that will be made are forward-looking, which involve several risks, uncertainties, assumptions and other factors that can cause results to differ materially from those in such forward-looking statements. We request you to kindly refer to the disclaimer statements as presented in the earnings release for the same.

With this, I now hand over the call to Mr. J.S. Gujral – Managing Director, for his opening remarks on the performance. Thank you.

J.S. Gujral: Thank you, Nikhil. A warm welcome, ladies and gentlemen, to the Q1 FY '26 Earning Call of Syрма SGS.

It is my pleasure to share with you that the quarter gone by has been a good quarter and all the vital parameters of the Company have shown significant positive improvement. Our EBITDA margins are up from 5.2% of Q1 last year to over 10% in this year. My gross material margin is also up from 15% to 24%.

Now, if we see on a landscape of two-year period, which we normally look at and we don't focus on quarter-to-quarter, what do we see? We see a revenue growth of 25%, an EBITDA growth of 50%, PBT growth of 27%, and a PAT growth of 32%.

So, the recalibration of the strategies which the management consciously started executing from Q2 of last year has panned out as we had planned. And we now believe that we are on that cusp of growth and encashing on this platform which we have built over the last four quarters.

It is also very heartening to note that my exports during this quarter have gone up from 180 of Q1 FY '25 to 232 in Q1 of FY '26, registering a 29% growth. This, despite the looming uncertainty of the tariffs, was being raised by the U.S. government. So, as things pan out and settle down, I am very confident that going forward, we would be able to grow on the solid platform which we have built now.

I am also happy to share with you that we have entered into a joint venture agreement for manufacturing of PCBs. The PCB industry in India, in our considered opinion, is ripe for entry of organized players.

The market is estimated at about \$5 billion, 90% of which is imported, approximately, and only 10% is made in India. Out of that 10%, 30% is contributed by one single Company, another 40% by 8 or 9 other organized companies, 10 companies, and balance 30% are in the unorganized sector, the small-scale industry sector.

We believe there is a vacuum for an organized player to come in. And we have decided to come in with a very strong technology partner to encash in on the emerging requirements of PCBs in India. These are being facilitated by anti-dumping duties and the PLI scheme. So, I believe that we have exciting times ahead in this particular vertical.

We are now manufacturing large format box build products for exports and for Indian market. And we have added a significant number of customers, which give us confidence that the growth in the coming quarter will be more than what we have thus far seen.

Another very qualitative improvement is that the high margin verticals of automotive, industrial have all shown significant growth. Automotive in Q1 of last year accounted for 16%. This year it accounts for about 24%. Industrial in Q1 of last year was 19%. This year it is about 30%. And significantly, Consumer, which is a low-margin business, has shown a planned decline from 53% to 34% of my revenue. Healthcare has also shown a bump from 5% to 7%. IT and Railways is a bit muted, but we expect this to pick up in the coming quarters.

On an overall basis, I think it has been a satisfying quarter. And there is a catch-up in the revenue. We are very confident that we will be able to do it in the remaining three quarters so that we are able to meet the guidance shared with you.

Thank you very much. And I now hand you over to Bijay for a detailed build-on on the financial numbers.

Bijay Agrawal:

Thank you, Mr. Gujral. Good morning, everyone. I will now take you through the brief financial performance for the quarter ending June 2025.

Starting with the revenue numbers, our consolidated total revenue for the quarter is approximately Rs. 960-odd crores as against Rs. 947 crores in the previous quarter. We have been able to see good demand growth in the Auto and Industrial segments, primarily from a year-on-year basis.

The growth has been contributed through strong demand across multiple sectors also. Our export revenue for the quarter is approximately Rs. 233 crores, which is again 25% of our total operating revenue for the quarter. Our ODM revenue for the quarter is about 12-odd percent.

Coming to gross margin:

The gross margin for the quarter is 25%, as against 15.5% for the Q1 of last year. The margin improvement is mainly led by healthy business mix, lower consumer and IT business, which is relatively lower margin business, and again, our continuous efforts on operational efficiencies improvement.

The operating EBITDA for the quarter stood at healthy Rs. 96 odd crores with a year-on-year growth of 75% and an operating EBITDA margin of 10%.

Coming to PBT for the quarter:

It is Rs. 67.1 crores, again strong year-on-year growth 128% with a PBT margin of 7%. Our PAT for the quarter is Rs. 50 crores, 145% year-on-year growth versus Q1 of last year with a PAT margin of 5%.

Coming to our working capital performance:

For the quarter, we are currently at 69 days of net working capital days investment, which is largely same as the position it was there one quarter back also. But again, there is a continuous internal focus on reduction of the net working capital days, and we are confident of reducing or maybe bringing it below 65 days in the next few quarters.

Moving to our net debt position:

We have a total gross debt of approximately Rs. 780 crores. As against the same, we also hold a healthy treasury balance of Rs. 467 crores. With this, my net debt position as on 30th June 2025 is Rs. 314 crores. During this quarter, we have spent approximately Rs. 35 crores of CAPEX towards stuffing of plant and machineries into my existing facilities largely.

Coming to ROCE performance for the quarter:

This is around 14.5% when we calculate on the adjusted basis and the adjustments are primarily IPO unutilized money and the goodwill. We expect this to further improve over the year as we

expect a higher capacity utilization or maybe the revenue growth as Mr. Gujral has also guided during the all.

Once again, we reiterate the fact that we continue to focus on high-margin verticals, operational efficiency, overall cash flow improvement, and net working capital improvement. And with this, we are very much confident on delivering the guidance which we have been given so far.

With this, thank you very much. I will hand over this call to Mr. Satendra Singh now.

Satendra Singh:

Thank you, Bijay. And thank you, Gujral Ji. But most importantly, thank you to all our customers who have posed their trust in us over the last several decades. We are looking forward to serving you day after day, quarter after quarter, and year after year. And thanks to my colleagues as well who are working every day to ensure that the demands of our customers are satisfied.

As you heard from Gujralji and Bijay, we have made very, very strong progress. The results speak to the fact that our strategy, which we built over the last couple of years, has been the right one. And the results are in line with our strategy.

The focus from our perspective is customers, obsessed with the customers. We are listening to our customers every day. We are adapting our processes. We are adapting our capability and ensuring that we are ready for our customers' requirements before the requirements come to us.

We are continuously investing in our people. Leadership team is built already. We have been working through our processes, which we have improved over the last 18 to 24 months. And we continue to build capacity. As we speak, we have Bangalore plant under construction, which we have talked about in last quarter as well. And it is in line. It will go on stream end of this year, early next year, calendar year.

In terms of business strategy, I think you already heard about one comment that we are recalibrating our business mix. And we are seeing strong growth in the segments which are our focus, which is auto and industrial, as well as on exports.

All in all, I think a very good quarter. And with the efforts we have made, with the processes we have set, with the capabilities we have in our team, I am looking forward to exciting times ahead and serving our customers to the best of our ability and to their expectations, in the end, delighting them.

Thank you, everyone. And back to you, Nikhil.

Nikhil Gupta:

Thank you, Satendra. Renju, we are open for Q&A session. Thank you.

Moderator:

Thank you. We will now begin the question-and-answer session. The first question comes from the line of Ankur with HDFC Life. Please go ahead.

Ankur: Hi, sir. Good morning. Thanks for your time as always. A few questions. One, if you could just help me with the order book as of end Q1 '26 and also the mix within that order book, the context being just trying to understand the share of industrial, auto, etc. And therefore, trying to get a sense of how the new journey will pan out over 26 months.

J.S. Gujral: So, the order book position as on quarter end June '25 is approximately Rs. 5,400 crores to Rs. 5,500 crores. Of which, if I give you the breakup, auto segment comprises 35% to 40%. Consumer segment is 25% to 27%, as of now. Industrial is again 25%-27%. Healthcare is 6% to 8%, which includes med tech business also. And balance is IT and Railways.

Ankur: That's helpful. And if you could just help us again with your guidance for the full year, both on top line and also on margin.

J.S. Gujral: Top line side, we are expecting we should be again get a good growth of 30%-35% over the previous year numbers. And margin, somewhere we are saying it should be somewhere in the range of 8.5% to 9%. EBITDA margin, operating EBITDA margin is what we are saying.

Ankur: That is excluding other income, right? So, this is the operating margin.

J.S. Gujral: Excluding other income, but it should include my earnings, foreign exchange impact whether gain or loss, both.

Ankur: Thirdly, sir, just on the consumer business and we are seeing clear positive signs of the way you are kind of trying to restrict growth there. But still, even in Q1, it is still sizable, right? Almost 30%, 35% of overall mix. So, do you believe in absolute terms you did about Rs. 320 crores. So, is this where it kind of stays and gets better? Or do you think, while in percentage terms, it may come lower? So, just trying to understand from a full-year perspective and also how you see the consumer business kind of shaping up.

J.S. Gujral: You see, we have guided in the FY '25 Q4 Earning Call that our endeavor would be to bring down the consumer sort of vertical business to 30% of the total revenue. And on an annualized basis, we believe that we are on track to achieve that.

So, this consumer vertical, when we classify, it includes a low margin, high volume, as well as my ODM, which is high margin and low volume. So, we believe that going forward, 33 quarter-on-quarter, it could be 1%, 2% here and there, but on an annualized basis, we are confident that we should be able to achieve the 30% mark which we have set out for us at the beginning of the year.

And if my own ODM high-margin, low-volume consumer business picks up, so be it. It is a margin-accretive business. What we are concentrating on is to bring down the low-margin, high-volume consumer business within this particular bucket.

Ankur: And just one last bit, on the PCB manufacturing JV that we have proposed and we have to set up, if you could just give us more details, whatever you can share in terms of CAPEX, by when do you expect this plant to come up, what kind of sales, margins, ROEs you believe could be made. Also on the customer side, whatever details you can share would be very helpful there.

J.S. Gujral: You see, we have planned out this PCB plant, which would be a multi-layer and single-layer plant, with a capacity of about, once it is fully set up, about 1.5 to 2 million square meters per annum. The CAPEX plan in Phase-1, which will be spent not in a bullet way, but over the next three to four years, is \$91 million.

PCB business typically is a positive 15%, 12% to 15% EBITDA margin business. We believe that with the world-class plant and a high-technology plant, we would be able to drive yield efficiencies which would enable us to achieve these EBITDA margins.

In PCB, the yield, because it is a chemical process, are very, very critical. And we have a very solid technology partner. I think the beauty of this venture is that we have a very solid technology partner, which will help us to address a very huge potential domestic demand, which is not available anywhere outside China. If we scan the world, the PCB demand, other than China, is all limited.

So, India offers a virgin currency. And if we have a solid technology partner, it opens up great whispers of growth for the coming years. So, \$91 million is approximately CAPEX. And this will be entitled to a PLI. EBITDA margin 15%-18% once the whole process is stabilized and once we move into the higher layer margin business, because here also as the layers go up, the margin also goes up.

So, we expect that once the plant is matured, we should be able to earn a 20%, 18%, 20%, 20% EBITDA margin, and the ROCE of about the same percentage around 20%. And this CAPEX is also entitled to state government subsidies, which are under negotiation, which could vary from 35%, 40% to 60% of the CAPEX. These will not be bullet payments. These will be payments staggered as we execute the project. And because there is some form of GST fund and there is electricity subsidy and all those things, employment subsidy and all those things.

But even if on a conservative basis, we say we get about a 40% subsidy, so about 90 million, so 36 million will be subsidized by the potential states who are wanting to get this project in their state and balance 60% will be by us. If we get 60%, it will be 40%. So, we are taking it on a conservative basis. Bijay, anything you want to add.

Bijay Agrawal: And there will be at least two components PLI driven benefits which is revenue benefits that will be over and all. But the margins which you are expecting, that should improve all the benefits.

Ankur: And typically, 1x asset turns is what we should build in, right, once the plant is fully utilized?

- J.S. Gujral:** Depends upon which kind of product which we are manufacturing here. Asset turns, we expect it should vary somewhere between 1.2x to 2x.
- Moderator:** Next question comes from the line of Kishore Kumar with Unifi Capital. Please go ahead.
- Kishore Kumar:** Sir, good morning, and thanks for the opportunity. I just have a small query on the JV. What is the timeline that we are looking at it?
- Bijay Agrawal:** Speak a little louder, please.
- J.S. Gujral:** See, he was asking timeline.
- Kishore Kumar:** What is the timeline? Yes, sir. Timeline, yes.
- J.S. Gujral:** So, the JV agreement has been signed. The application has been filed with the central government for the PLI scheme. And we understand the terminal date for the PLI application is 31st July. And in the month of August, these applications will be taken up for scrutiny and approval. So, assuming we expect the approval to come in somewhere in August or September, we have already applied to the various, in talks with the various state governments.
- So, during the period when the application is being scrutinized, PLI application, we expect to get approvals from the state government with the final set of incentives. Potential lands have been identified at a couple of places. So, I think by about Q2, end of Q2, by September '25, we should be in a position to sort of start the execution of the project.
- These intervening periods of approximately 45 odd days, we will also use for making our blueprint drawings and all those back-end work so that we don't lose time once we get the approval through the government.
- The project on an aggressive basis should go on stream somewhere around Diwali next year on a conservative basis between Q4 of FY '26 or end of December FY '26, yes.
- Bijay Agrawal:** Q4 of FY '27.
- J.S. Gujral:** Yes.
- Bijay Agrawal:** The commercial production we expect it should start sometime towards Q4 of FY '27 or first quarter of FY '28.
- J.S. Gujral:** So, 18 months, 18, 20 months, 21 months is what we are targeting for the whole thing.
- Moderator:** Mr. Kumar, please go ahead. Since there is no reply from the line of Mr. Kumar, we will take the next. That is Mr. Uttam Kumar from Avendus Spark. Please go ahead.

Uttam Kumar: Sir, two questions from my end. Firstly, on the gross margins, we are seeing that the gross margins have improved because of the consumer business mix going down. At the same time, we would also like to understand, are we seeing some kind of a margin shaping up upwards when it comes to automotive and industrial category? Are there any cost of mix which is happening? Is the gross margin trending higher? Or is there any scope for the mix to increase going forward in these two verticals?

J.S. Gujral: See, in the automotive sector, the margins vary if we are a Tier 1 supplier or a Tier 2 supplier vendor. And in EV space, we are primarily a Tier 1 supplier, which gives us incremental margins. The margin profile over the coming quarters and years would improve apart from the above two factors by more efficient, more cost-effective purchasing. As our purchase spend goes up, we should be able to negotiate better prices. That is number one.

In the Industrial segment, the margins are higher in exports, lower in domestic. But by and large, they are much better than the Consumer. And we have not seen any depreciation of margins in each of the verticals. Only we have seen improvements. And we don't expect them to depreciate in the coming quarters and years.

Uttam Kumar: So, the second question is on exports. So, could you give us more flavor on, again, one you said Industrial category is where we are doing exports. Is there any other category where we are seeing traction? And which are the geographies which are doing well including U.S. and other geographies? Can you give some mix split and where we can see traction improving going forward? And eventually over the next 2 to 3 years, where can we look at this export mix been for the Company?

J.S. Gujral: Exports we are probably doing to Western Europe and USA. Mix, I think, Bijay will share between the two geographies. But on an overall basis, if we see, neither Western Europe nor America is growing at the pace at which our exports have grown, which is about 22%, I think, in Q1 at Rs. 233 crores. They are in line.

The tariffs uncertainty is definitely holding back customers from releasing large orders. Hopefully, within this quarter, between now and September, this uncertainty won't sort of be a thing of the past. And then we can expect more aggressive stance from our customers for going ahead with purchasing from India or other countries.

Currently, they are slightly holding back because they don't know what the tariff thing will pan out. But by all discussions with the Chambers of Commerce and general thing, we don't believe that India will be placed at a disadvantage compared to its competing countries. At worst, it could be at par, but we expect that India will be favorably placed compared to the competing countries.

Bijay Agrawal: Our export to U.S. is somewhere between 5.5% to 6%. And rest is all Europe plus other regions there. That is the broader mix. And on the expectation side, again, we have guided we should be doing about 24% to 27% of exports. And for the quarter, it is about 24.5% as of now.

- J.S. Gujral:** So, in line with our annual budgets and targets.
- Uttam Kumar:** I will get back in the queue.
- Moderator:** Next question comes from the line of Pranjal with Morgan Stanley. Please go ahead.
- Pranjal:** Thanks for taking my question. And I have two questions on the bare board PCB manufacturing that we are foraying into. One is, if you could add more color in terms of the capability of the tech partner right now that we are dealing with and what is their ballpark mix in terms of the end applications. And number two would be what working capital cycle do we expect in the PCB manufacturing?
- J.S. Gujral:** See, as far as the industries to be serviced by us, we would be venturing into multi-layer, double-layer PCBs, and these would find application in industrial, automotive, consumer also. We are currently not venturing into HDI flex PCBs, so mobile phones and all that. We would not be sort of tapping to it in the current phase.
- As far as the technology competence of the partner is concerned, it is one of the oldest companies in Korea, and they have a deep domain expertise of more than 3.5 decades in PCB manufacturing. And if we go to the PCB manufacturing per se, it is the process control, which is the most critical factor. And in process control, it is the inputs, which are the chemicals, the substrates, and other things which go, which have to be of top-class quality with min variation in parameters. Rest, we will be putting a world-class plant with the latest equipment. And these equipments are very, very rugged.
- Once you set the process, it really doesn't change. If you control the process chemicals which go into it, if you control the environment which goes into it, then it becomes a comparatively, I won't call it an easy ride, but comparatively comfortable ride. The inputs and the parameters are more critical and the machines are capable of delivering the desired output. So, I don't see any challenge in meeting these requirements.
- And our technical partner, the collaborator, would also give us access to his existing customer logos which he is servicing out of Korea. So, if he is servicing a Company X in Korea, and that Company also has a manufacturing operation in India, we sort of get a door opening, and then we have to only ensure that our process capabilities meet its requirements. So, we are very confident on that, and we don't see a challenge on that.
- On the working capital requirement, I will hand it over to Bijay.
- Bijay Agrawal:** So, working capital side, we expect initially the investment could be in the range of 60 to 75 days of net working capital investment for this business.
- Pranjal:** That is helpful. And one last question in terms of is there any change in terms of the guidance we would have for our CAPEX for this year and next year in the EMS business?

- Bijay Agrawal:** In the EMS, yes, the guidance remains same. Full-year CAPEX should be less than Rs. 100 odd crores for this year.
- Pranjal:** That's it from my side.
- Moderator:** Next question comes from the line of Bhavik Mehta with J.P. Morgan. Please go ahead.
- Bhavik Mehta:** Just one question. If I look at your revenue guidance of 30%-25% for full year and with consumers slowing down from 36% of share to 30% share, it means that the rest of the business has to really grow at more like 40% and we haven't seen that kind of growth ex-Consumer in 1Q. So, what gives us confidence that we can see the growth accelerating to 40% over the next 3 quarters? Do we have that order book already in the bag from a visibility perspective?
- J.S. Gujral:** We have confidence based on the order book and the discussions which we have had with our customers. When you recalibrate a strategy, in EMS business, it is not a fast food joint reaction that we dispense in one business, and the next business comes immediately. We have to work on it. And what working we have been doing for the last four quarters on it would start yielding results in the coming quarters. We are very confident of achieving our revenues, especially on the EBITDA margin.
- Bijay Agrawal:** Also, if you see the order book breakup, which we have already given here, you can see the Auto segment composition in the order book is about 35% plus. While the current Auto segment in the Quarter 1 actual revenue is 24% here. So, you can see we are expecting the Auto sector should grow at a faster pace, definitely. That is the interpretation.
- Moderator:** Next question comes from the line of Keshav Lahoti with HDFC Securities. Please go ahead.
- Keshav Lahoti:** Sir, firstly, can you give us some idea how is your current segmental margin, how it was two years back, and possibly what are your plans to take it two years down the line? How do you see the Company shaping up?
- J.S. Gujral:** See, the segmental margins, as I shared in one of the earlier comments, we have not seen any depreciation in the segmental margins. And the margin profile of each vertical which we service, which is either the automotive, the EV, the industrial exports, med tech, and all that, they are holding. And in fact, they are showing marginal incremental increases because of more efficient buying and operational efficiency. We don't see a challenge in maintaining the gross material margin of each vertical as they stand today. We expect them to only improve in the coming quarters and years.
- Keshav Lahoti:** And sir, what is the idea of letting go of the low margin consumer business? Is it they are not good ROI business or how should we see? Or is it more like possibly the demand slowdown is there?

J.S. Gujral: See, it was a conscious call of the management to recalibrate the strategy. And this was based on various factors. A low-margin business has a positive spin-off on the networking capital. But end of the day, we have to see where we want to position the Company. The growth in the low-margin business was high. But in isolation, it was still a very small pie when we see the consumer business per se as it is available in the market landscape.

The opportunities in industrial, in automotive, med tech, and others were also emerging. And we should always be mindful that none of these verticals got compromised because of the Consumer business.

Consumer business was very low in the earlier part of '23-'24, and then '24-'25. And it skewed the whole thing. So, it is a cautious decision of the management to, in a calibrated way, move away from the low margin business.

And then this low margin business is also dictated, the top line of the low margin business is also dictated by the PLI limits. So, if my PLI limits dictate a certain value of consumer business, I have to limit it to that because above that, it doesn't make sense. Hence, it was a combination of factors.

Keshav Lahoti: What was the smart meter revenue for this quarter? And what is the target for this year?

J.S. Gujral: Just on the smart meters, I will just answer it. I don't have it offhand. I will just get back to you.

Keshav Lahoti: That's it from my side.

Moderator: Next question comes from the line of Keyur Pandya with ICICI Prudential Life Insurance Company Limited. Please go ahead.

Keyur Pandya: Just the first question is on the revenue growth for FY '27. I mean, with just less than Rs. 100 crores of CAPEX this year, how do you see growth in FY '27? I think in the past, you mentioned about 5x kinds of fixed asset turn, which, at current level, basically would suffice to feed your FY '26 growth. So, if you can just reconcile this or give outlook for '27 as well, that would be helpful. That is the first question.

J.S. Gujral: See, I will just answer the first question which was asked by the earlier gentleman. My smart metering revenue for the first quarter is approximately Rs. 55 crores to Rs. 60 crores rupees. And it is in line with what we had expected that it should be anything between Rs. 250 crores to Rs. 300 crores this year, along that. So, that is the figure. Can you please repeat the question?

Keyur Pandya: So, with the current gross block, which was there in FY '25 end and your past guidance of 5x kind of fixed asset turn, you can achieve FY '26 revenue. But then with less than Rs. 100 crores of CAPEX, how do you see growth for FY '27? You would have enough capacity to feed that growth.

- J.S. Gujral:** Yes, you see, at the end of the day, we expect that once, even now, if we take current year, some of the plants are working at less than 50%. The new plants which have been commissioned are working at less than 50%, 40% of the capacity. So, we believe that once the plants mature and the businesses flow into the new plants, we should be able to achieve not only this year's revenue, but with some minor investments every year, we should be able to achieve the next year's revenue also.
- Keyur Pandya:** And what is the steady-state fixed asset turn?
- J.S. Gujral:** My replacement and my balancing CAPEX every year would be to the tune of...
- Bijay Agrawal:** Rs. 80 crores to Rs. 100 odd crores.
- J.S. Gujral:** Rs. 80 crores to Rs. 100 crores will be my annual CAPEX spend, whether it is on balancing equipment, some replacement and all that. So, I think with that, we should be able to. And as all industries mature, as the products mature, the efficiencies would come in.
- Bijay Agrawal:** Also, when we see 5x asset turn from this year, we will be at around 65%, 70% of the total capacity utilization. So, we have enough space to grow on the same better capacity utilization, the similar CAPEX without any further larger addition here. And the asset turn may move up 6%, 6.5x plus also, together, at full capacity utilization.
- Keyur Pandya:** Second question. On the margin side, as you mentioned that order for automobile or industrial is higher than what is Q1's revenue share. And does that mean that margin should go up in subsequent quarters of the year?
- J.S. Gujral:** Well, we believe that with what we have achieved in Q1, we would be able to deliver an EBITDA margin of 8.5% to 9% this year. What we had guided earlier was approximately 8%. So, we are believing that based on our Q1 performance, the order book which we have, and the execution schedules which we have, we should be able to deliver our EBITDA of 8.5% to 9% this year.
- Moderator:** Next question comes from the line of Arshia Khosla with Nirmal Bang - Institutional Equities. Please go ahead.
- Arshia Khosla:** Thanks for taking my question. Sir, I just want to understand, I mean, now that exports form 25% of our top line. So, what will be your guidance for FY '26? And any new geographies that are adding on to this growth?
- J.S. Gujral:** So, you said the top-line guidance and the geographies which are adding to the growth, are these two legs of your question?
- Arshia Khosla:** Sir, on the exports part of the business.

J.S. Gujral: On the export. On the exports, we expect that we should be able to cross the Rs. 1,000 crores mark, which we had earlier guided for FY '25. We fell short of it because of delay in release of orders and approvals by the customers. We are on track. We have already achieved Rs. 233 crores exports in the first quarter. And typically, as we progress the quarter, the revenues grow up. And these would primarily be coming in from Western Europe and North America. Primarily, these two geographies will be contributing to the export bucket of the Company. Mexico, yes, North America.

Arshia Khosla: And on the IT and Railways side, part of the business, and in that segment, how are we seeing growth in that part of the business?

J.S. Gujral: See, IT has been a bit muted in Q1. We have the visibility for the remaining nine months, and I think it is in line with what we had guided for the full FY '26.

Railways is still a lumpy business. We have done about Rs. 20-odd crores or Rs. 21 crores of railway business. We have orders in hand, and I expect that this year it should be between Rs. 80 crores and Rs. 100 crores of railway business.

And next year, we are in negotiation with some big sort of RFQs. If those materialize, next year should be a better year for railways. You see, these are long-term driven contracts, and the initial approvals take a lot of time, not only with the customer, but with the RDSO and other things. And RDSO has its own pace to move. So, whether you can make an elephant dance or not, I don't know. But that is the thing. We expect next year to be better.

Moderator: Next question comes from the line of Anupam Goswami with SUD Life. Please go ahead.

Anupam Goswami: Sir, a little follow-up on the previous question. When you say about auto and industrial growing at 40%, that sort of order which we have, I want to know, sir, what sort of products are we adding new products? Are we adding new customers in this vertical? And if you can give a little broader picture, where is the market size and how much of we can do in a little longer period of time?

Bijay Agrawal: So, I will just clarify first on the order book side, when we say auto is about 35% to 40-odd percent. But industrial is somewhere in the range of 25% to 27% as a part of order book.

Now coming to your next question on that, which are the new customers? So, like, customers of product side, we have introduced some, one more very large product like fuel injecting system. There are few more customers which like auto side airbag system is also which we are currently exploring.

J.S. Gujral: See, okay, I will just dwell on the segments. Let's take the industrial. Industrial smart metering and utility metering is one segment, which is both domestic and export. Fuel dispensing is another. Large build format for power charging, vehicle charging is another thing. We have got some orders which we are exporting to Africa.

Then we have the large telecom antennas projects, which will start seeing the light of the day in the coming next two quarters, September onwards. On the automotive front, it's addition of new customers and new products from the same customers. And Satendra can add more details on that.

Satendra Singh:

I think you covered pretty comprehensively, Gujral ji. But what we are doing is we are going deeper into the automotive supply chain. We are working with our existing customers and focusing on some of the new things which are coming in, things around safety systems, things around driver assistance systems.

So, those are a couple of areas wherein the changes in the regulation are kind of promoting more electronics coming into vehicles. So, working with existing customers on some of these things.

In parallel, we are exploring the export opportunities with some of our customers to Europe and U.S. So, these are the two drivers for growth in automotive. And we are, of course, our industrial, we are exploring lots of export opportunities, which will take some time to mature, but which should give us a significant fillip in the next financial year.

Anupam Goswami:

Sir, also, how much is our ODM content at the moment? And for our capacity, how much of an utilization space-wise or assembly line-wise, how much capacity has been utilized till now?

Satendra Singh:

So, ODM is approximately 2% of my total business for this quarter. And capacity utilization is what we are expecting for the full year this year, we will be at around 65% to 70% of our total gross capacity utilization. That includes the new capacities developed just like Pune plant and maybe incremental Brownfield expansion in my Bawal and Chennai locations, everything put together.

Moderator:

Next question comes from the line of Vineet with Investec. Please go ahead.

Vineet:

Good morning, sir. Thank you for the opportunity. So, just wanted, sorry to harp on this revenue growth bit again. Now, when we are speaking about 30%-35% sort of revenue growth, that implies a fairly steep ask for the remainder of the year. And considering consumer business will remain capped at, let's say, 30%-32% of our revenues, then the ask rate for other segments is even higher. So, what gives you confidence or is it a case wherein we will have to run at full throttle to be able to get there?

J.S. Gujral:

See, in the coming quarters, this quarter, the IT has been muted. IT will go up in the remaining 9 months or 8.5-9 months. My Med Tech business is typically rear loaded. That will be an incremental thing to it. And then my exports also.

So, overall, yes, there would be a significant bump from the current whatever thing is to about 38%-40% quarter-on-quarter growth we have to show in the remaining 3 quarters. Based on the orders in hand which Bijay has shared, and the 2-3 factors which I have just enumerated, the IT, the Med Tech, and some other large contracts which we are executing, we believe we are in

position to achieve the 30% growth rate which we have guided, which means that we have to do approximately, we have done about Rs. 900 odd crores this year.

We have to do about 44,000, 4,100, 3,900 to 4,100 in the remaining 3 quarters, which translates to about Rs. 1,300 crores per quarter on an average basis. It will not be average basis. Based on the holistic things which we have seen, we are confident that we should be there about what we have guided.

Bijay Agrawal:

Also, if you see the seasonality, normally Quarter 1 is like 20%-22% of the full-year revenue there. So, if you are targeting somewhere around Rs. 4,800 crores to Rs. 5,000 crores kind of revenue for the full year, so Quarter 1 is in line with that thing about 20 odd percent. And generally, it is like this 22% moving to 23%-25% in Quarter 2 and gradually then the revenue moves. And generally, when that is the trend, we have seen that H1 is about 40%-45% of the full year and H2 is like 50%-55%. That is what the trend is.

Vineet:

And the second question on working capital. Now, while we were expecting some improvement this quarter, which hasn't come through, and now we are honestly back to where we were, let's say, a couple of years back as far as the working capital was concerned. While we had the aspirations of getting it down to 60% at one point in time, now we are speaking about more like 65 days of working capital levels now. So, what has really changed? Is it purely the mix impact wherein the consumer has gone down, which has hurt us here?

Bijay Agrawal:

So, first of all, I think we are exactly at the similar level where we were in the previous quarter also. 69 days of working capital where we were at March and right now also we are saying we are at 69 days of working capital. And when we are guided for the full year, we will be bringing it around 5 to 7 days of residency. That is actually for the full year. It may not reflect exactly in the Quarter 1 or maybe in a proportion if we keep two days every quarter.

That may not happen. And we are very clear on this thing. It is like quarter-on-quarter you can see the benefits here. And we are confident and there is nothing like nothing much has changed. We are confident we should be able to bring it below 65 days. Now how much below 65? Can we achieve 60 or 62 or 63? That is something we are yet to see.

J.S. Gujral:

And another factor which I think we should all be mindful of is in the sectors which we service. See, consumer sector has a quick turnaround, shorter gestation period. Industrial and all that, when we are building up new customers, new models and all that, we have to stack the inventory. And you can't buy for 10 pieces and make 10 pieces. You have to buy for a minimum order quantity. And maybe supply the 10, 15, 20, 50 prototype pieces, and then the series production commences later on.

So, quarter-on-quarter, we would love to do it, but it is not possible. But for the year as a whole, based again on whatever visibility we have got of the order executions and all those things, with the same level of inventory, if my revenues go up, and they have gone up in the past, it

automatically comes down as number of days. So, it is a play of absolute figure of inventory, which a minimum has to be carried, and how fast you execute them.

So, when you are executing new orders, they take time. There is a prototyping. There is a, what you call it, the first 10 series. The series production starts two, three months down the line. So, on an overall basis, I think we should be nearer to what we have guided, which is 60 days. In fact, we have guided below 60 days, but I think it should be around 60 days.

Bijay Agrawal:

Below 65.

J.S. Gujral:

65, 60 days. I think it is possible. And you will see it in the coming quarters.

Moderator:

Next question comes from the line of Sonali Salgaonkar with Jefferies India. Please go ahead.

Sonali Salgaonkar:

Sir, my question is on CAPEX. You did talk about \$90 million of PCB manufacturing CAPEX, of which about 40% you are expecting from state subsidies. Sir, may we check what is the CAPEX guiding for FY '26-'27, and how much do you think would the Central government subsidy in terms of PPM also accrue to this subsidy part?

J.S. Gujral:

Now, you see the CAPEX, which is \$91 million, it is for the Phase-1 of the project which may spread over 3 to 5 years. I personally believe that in the next 12 to 18 months, when we start the plant with a certain capacity, initial capacity, should be about a third of the total, which should be about \$30 million to \$35 million. Once those capacities go on stream, then we will modularly keep adding additional capacities.

The understanding with the state governments where the policies of various governments are in public domain is that they disburse the incentive once you cross a certain milestone. And typically it is done on an annualized basis. So, whatever we spend in, say, '25-'26, we may get a subsidy in '26-'27. So, there could be a year, a year-and-a-half lag between the dispensing of the expenditure, expanding of the expenditure and receipt of subsidies from the government.

Bijay Agrawal:

On the PLI piece, we expect it will be around 5% to 7% of the revenue number.

Sonali Salgaonkar:

So, what is the effective CAPEX for FY '26-'27 outlook?

Bijay Agrawal:

So, excluding this PCB, it should be around Rs. 80 crores to Rs. 100 crores. Including this PCB, there will be another \$30 million of CAPEX.

Sonali Salgaonkar:

Spread over the next two years, right?

Bijay Agrawal:

Yes.

Sonali Salgaonkar:

And my second question is regarding the exports. Now you did mention that 5% to 6% goes into the U.S. and the rest into Europe. So, in the U.S., I understand there is tariff uncertainty. But

should the hypothesis be that we will stick to the 26% tariff which has been imposed earlier, do you think it will be a pass-on which will be done from the end-user's bit? Or do you think that there could be a margin impact for the export business?

J.S. Gujral: See, on the tariff part, on the tariff part, what you are referring to, end of the day, it is a game of dance. And there are three players who will have to absorb this. It is either the ultimate consumer or my customer or me. There is no fourth player who is going to absorb this tariff cost. These things will pan out and stabilize. And for us to say that it will be impacting only the end consumer and not me or not my customer, it is very difficult to predict.

So, it is a deep negotiation with the customers which will happen, and then it would be there. Bulk of it, in my opinion. Bulk of it, because a tariff will be common to almost all my customers. So, if it is a common factor to all my customers, or customers of my competitors, then, logically, the bulk of the tariff should be passed on to the end consumer. The residual part will be a sort of bone of contention between me and my customer or my competitor and his customer how it turns out.

See, if the tariff was only unique to me, then, passing it on to the consumer would be tough. But it will be a global, so-called, pan-national America scenario. And I don't think India will be placed at a disadvantage vis-à-vis our competing countries.

Sonali Salgaonkar: So, as of now, the shipments are on track to the U.S., right?

J.S. Gujral: We have grown by 22-odd percent or whatever. The shipments are on track. The volume could have been even higher. But for this, what you call uncertainty. Satendra, you would like to add anything?

Satendra Singh: I think one thing we need to be aware of, first is our export growth has been good. And we have guided for a certain number is about Rs. 1,000 crores. So, we see that on track.

Important thing is, given the uncertainty around the tariff situation, we are discussing very closely with our customers. We are working with them with plans to ensure that they are supported. And basis the current understanding, the tariff, everyone in the industry is expecting it to be either neutral or favorable to India. And that, if it turns out to be favorable, I would expect that it would help us grow our exports even further.

J.S. Gujral: And in fact, we see tariffs as a big opportunity for India, not only for Syrma SGS, but for India to start playing a bigger role in the export markets.

Sonali Salgaonkar: Sir, on the ECMS, apart from PCB, any other category we would be interested or evaluate right now to apply for?

J.S. Gujral: We have not applied for correctly, but there would be some mechanical and non-passive components. But they are small. They would be more for backward integration and all that. They

are not significant in terms of CAPEX requirements. They are not significant in terms of CAPEX requirements and even in terms of revenue. But we may apply for sort of inductors, round components, all that. But they are not game changers for us in this, our scheme of things. Hence, we have not alluded to that in our commentary.

Sonali Salgaonkar: And just one last question from my side. The PCB manufacturing, when do you expect it to start yielding revenues for you? From which quarter? And probably the initial utilization, is it fair to understand, would be sub 20%-30% in the first year?

J.S. Gujral: See, we expect that trial productions of it could start by Q3 of FY '27, which is October to December of Calendar '26. It all depends on when the approvals from the government come in. If the government delays the approvals of the PLI scheme by three months, then obviously the project gets delayed by some more time. Maybe not exactly three months, but it will definitely get pushed out. So, it all depends on, if we were to get the scheme, sort of approvals in, say, 30, 40 days by September, and we were able to get the thing, then we are working backwards and we are working on the drawing board to ensure that we have the production out in Q4 of FY '27, which is January to March '27. And we will have a full year of production in '27-'28.

Moderator: Next question comes from the line of Praveen Sahay with PL Capital. Please go ahead.

Praveen Sahay: So, first question is related to the working capital loan which has increased on the sequential basis by around 33%. Is it because of your mix changes towards a higher working capital and that is the reason this working capital loan hasn't increased?

Bijay Agrawal: Yes, gross debt has increased, but if you see simultaneously treasury has also increased. So, net debt basis, there is only an increase of Rs. 50 crores, and that is mainly on account of incremental working capital requirements.

Praveen Sahay: So, the question is, is that going to normalize in the coming quarters or it will be at the elevated level because the mix is changing?

Bijay Agrawal: No, it is like mix is like it is broadly in line what we are expecting there. What we see going forward, we should be able to, this should normalize or maybe this should maybe reduce slightly going forward towards the end of the year.

Praveen Sahay: And the next is the PLI incentive for a quarter, if you can give.

Bijay Agrawal: That is somewhere around, should be in the range of around Rs. 4 crores to Rs. 6 crores.

Moderator: Last question comes from the line of Kishore Kumar with Unifi Capital. Please go ahead.

Kishore Kumar: Sir, my line was cut last time. I am sorry about that. Sir, I just have a small query on the laptop business with MSI and Dynabook. What is the current monthly or quarterly run rate? And where do we see the full year revenues actually for this business?

J.S. Gujral: See, on the Dyna laptop, we are just starting the production. It would start this month or maybe in the month of August.

On the MSI thing, we make small quantities currently, which is only for the Indian market. Now, we are in negotiation with the Company that we should also be supplying for the global market.

The current revenue projection which we have given, I think with the products which we are making, the Dyna and the MSI, we should be able to achieve the targets for the full year.

On the quantities per se, we are guided by some confidentiality agreements and we can't share the absolute number figures. But based on whatever offtake they have given us, we are confident of achieving our sales guidance in the IT segment for this year.

It could see a significant bump. I again repeat, it could see a significant bump if we were to go back into the manufacturing of motherboards and all that, because that would make us eligible for the PLI. Current laptop assembly is not making us eligible for PLI incentives.

So, we are in talks with the customers. It is a chicken and egg story. The volumes of the Indian market don't justify making of the boards in India. They are yet to sort of take a call on the servicing of export markets from India while the tariff sort of uncertainty settles down. So, that is the holistic view on the IT business.

Moderator: Next question comes from the line of Rajesh Kothari with AlfAccurate Advisors. Please go ahead.

Rajesh Kothari: Just two questions from my side. You have created a number of subsidiaries. So, just trying to understand which Company basically take what kind of role each of these companies will play. That is number one.

And number two, apart from PCB, are you looking at any other components? Because there are a lot of new things which have happened in the last three months, particularly, for example, on the defense side and within electronics as well, because of this, the China constraints and the rare earth minerals and so on and so forth. So, are you exploring any further options where you think your competence can match for further Make in India kind of an attempt?

J.S. Gujral: On the number of subsidiaries and then after I assume I think Bijay will answer that. But I will take up your first question, the second question. We are always looking out for opportunities to grow and manufacture. And defense is also one of the opportunities. We are supplying some very small parts to government companies in defense, which is negligible. But we are very actively pursuing to see where we can fit in the whole thing. And defense, unlike other industries, requires a deep domain expertise and a solution or a module to the end user.

So, defense sector plays out in two parts. One is I become an EMS partner to one of the big defense players, and I do a vanilla EMS build for him. Whether I become a Boeing or XYZ, any of the defense contractors, I just build products for them. That will be a vanilla EMS.

The real meat and the stickiness of the business lies in providing solutions. So, build up on a module which is available with one of the technology providers and build a solution whether it is a communication solution, whether it is a radar solution, whether it is an ammunition jamming solution, whatever, to the end user, which could be the paramilitary forces, which could be the armed forces, or which could be the defense labs and the defense companies of the government of India.

This vertical is a vertical of interest to us. And as I have always been sharing over the last, maybe, eight quarters, we are mindful of what we will be entering into. And we are evaluating this vertical seriously because we believe it serves the twin objectives of Made in India. And it gives us a new vertical business.

Defense business would be a lumpy business. It would not be a regular constant quarter-on-quarter business. You win tenders, you could see a big bump in your revenues and they could be followed by a certain amount of slowness. And then there could be again another tick.

On the companies, I think Bijay will answer that question.

Bijay Agrawal:

On the new subsidiary incorporation, we have incorporated two new subsidiaries in the last quarter, which is Syrma Components Private Limited and Syrma Elecomp Private Limited both. Primarily, if you ask about the use, these are something as Mr. Gujral has already explained, we are exploring two of these businesses on the component side. And we are not very much sure whether if somewhere there is some kind of a technology association is required, we may use these subsidiaries to get those technology partnerships executed in a way. That is why these are kind of enabling subsidiaries have been created to be in place. And as we progress on our business strategies, we will use it for the relevant businesses.

Rajesh Kothari:

One question, follow-up question. In terms of the total CAPEX, which also, as well, probably, you might also look for maybe M&A acquisitions. I am not too sure the tuck-in acquisitions, whether you are looking for anything actively or not.

So, in terms of the total capital raising, how do you look at this business? Because, one, your organic business is growing fast, and, of course, you might have some working capital requirement. Second, your PCB business, which is a new venture. Third is your, you know, maybe some tuck-in acquisition in case if you are looking for it. So, what kind of total capital raising you think you might need over next two years or so?

J.S. Gujral:

See, details will be answered by Bijay, but on a global, on a sort of holistic basis, we don't believe that we require a capital inclusion for organic business. With the profits which we earn, the cash profits which we earn, and the tighter working capital cycle management, we are well-placed to

fund organic growth from the internal accruals. And we are almost a zero-debt Company. So, we have the leverage of utilizing that, which is a post-tax expense in any case.

The usage of the fund, whenever it happens, would essentially be for acquisition of verticals that we are not present, and I have been sharing this every time, and for any other Greenfield expansion project. Bijay can then give --

Bijay Agrawal:

So, from each side, yes, we already have some internal accruals, treasury already in place with us, Rs. 400 crores plus. But you are right, if we happen to at least close something on a good sizeable kind of inorganic acquisition or something, maybe large CAPEX, just like PCB or anything like that, we may go for a fund raise and that is how we have already taken and have this resolution for this QIP raise of Rs. 1,000 odd crores. As and when we need, depending upon the fund usage, we will go for those fundraising. And accordingly, the exact usage will be decided at that point of time only.

Rajesh Kothari:

So, PCB will require fundraising, am I right?

J.S. Gujral:

No, you see, at the end of the day, PCBs would require some money when we spend \$91 million over the three to five-year period. The initial expenditure, we said, is about \$30 million. \$30 million could be funded by our own equity, maybe some individual partner or from fund raise. And then we get back 40%-50% from the government. So, it is only a bridge financing which is required.

So, it is a thing which we will decide once we start rolling out the plans. But one thing is reasonably clear that fundraise for organic growth may not be required in the coming years. We have enough cash on bank, I think. We are a zero-debt Company, almost a zero-debt Company. And we have internal cash accruals. This coupled with the more efficient working capital management, I think, gives us ample room for organic growth without infusion of external funds.

Moderator:

Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to Mr. Gujral for closing comments.

J.S. Gujral:

Thank you, ladies and gentlemen, for sparing time and having a very honest and interesting exchange of ideas.

I close with a comment that we in Syrma is clear, the team, and everyone is very confident based on our performance for the last four quarters. And we are very confident that we will continue to grow with superior margins and make India contribute over a little bit of making India a hub for electronics manufacturing.

Exports continue to be one of our focused areas. And other than the mobile companies, we are one of the dominant players in export market of electronics. This coupled with over sort of very

cautious effort on corporate social responsibility, ESG compliance, we are building an organization.

And I am happy to share with you that there is a global platform EcoVadis. And we have been listed. We have gone through the survey and everything. And we have come under the top 35% companies globally scoring more than 75 percentile points, which means we are among the top 35% global companies which are adhering to the global ESG norms. So, we are very cautious of that. And all of our design efforts and everything is all aimed at designing products with energy conservation in mind.

So, I think exciting time. It's been almost three years since we listed. It has been a good drive. And we are thankful to all the investors for the confidence they have reposed in us. And we can assure you that the management will leave no stone unturned to make Syрма SGS a great, valuable Company. Thank you.

Moderator:

Thank you. On behalf of Nuvama Institutional Equities, that concludes this conference. Thank you for joining us. You may now disconnect your lines.