Date: November 29, 2023

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 Investors Conference Call held for results of quarter and half year ended September 30, 2023

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 financial and operational performance of the Company for the quarter and half year ended September 30, 2023, held on Thursday, November 02, 2023, at 10:30 hrs (IST).

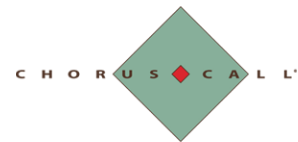
The transcript of the conference call can also be accessed at the website of the Company at https://www.syrmasgs.com/investor-relations

We request you to take the same on your record.

For **Syrma SGS Technology Limited**

Rahul Sinnarkar
Company Secretary & Compliance Officer
Membership No: A39709
Place: Gurgaon

"Syrma SGS Technology Limited
Q2 FY24 Earnings Conference Call"
November 02, 2023



MANAGEMENT: **MR. J. S. GUJRAL – MANAGING DIRECTOR – SYRMA SGS TECHNOLOGY LIMITED**
MR. JAYESH DOSHI – DIRECTOR – SYRMA SGS TECHNOLOGY LIMITED
MR. BIJAY AGARWAL – CHIEF FINANCIAL OFFICER – SYRMA SGS TECHNOLOGY LIMITED
MR. NIKHIL GUPTA – HEAD INVESTOR RELATIONS – SYRMA SGS TECHNOLOGY LIMITED

MODERATOR: **MS. BHOOMIKA NAIR – DAM CAPITAL ADVISORS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY24 Earnings Conference Call of Syrma SGS Technology Ltd. hosted by DAM Capital Advisors Limited. As a reminder, all participant 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Bhoomika Nair from DAM Capital Advisors Limited. Thank you and over to you, ma'am.

Bhoomika Nair: Thanks Michelle. Good morning everyone and welcome to the Syrma SGS Technology Q2 FY24 Earnings Call. I would like to welcome the senior management from the company and thank them for this opportunity.

Without any further delay, I will now hand over the conference to Mr. Nikhil Gupta, Investor Relations of Syrma. Over to you, Nikhil.

Nikhil Gupta: Thank you, Bhoomika. Hi. Very good morning to all. Welcome to Syrma SGS second quarter and half year fiscal 2024 Earnings Call. We have with us today Mr. J. S. Gujral, Managing Director, Syrma SGS, Mr. Jayesh Doshi, Director and Mr. Bijay Agarwal, Chief Financial Officer, Syrma SGS, to discuss the performance of the company during the second quarter and half year fiscal 2024, followed by a detailed question and answer session.

During the session, certain statements that will be made are forward-looking, which involves several risks, uncertainties, assumptions, and other factors that could cause actual results to differ materially from those in such forward-looking cases. All forward-looking statements made herein are based on the information presently available to the management and the company does not undertake to update any forward-looking statements that may be made in the course of this call. In this regard, please do review the disclaimer statements in the earnings release and all other factors that can cause the difference.

With this, I now hand over the call to Mr. J. S. Gujral, Managing Director, Syrma SGS. Thank you.

J S Gujral: Good morning, ladies and gentlemen. It's my pleasure to be with you again to discuss with you the performance of the company in the Q2 FY23-24 and the half year ended September 23. We continue to grow at a scorching pace of 45%-50% plus Year on Year basis over the last four, five, six quarters.

And this quarter, we have grown, the turnover has grown by about 52% and if I compare it with the half year, we have grown by about 55% this year. And this pace, we are very confident that the pace of growth will continue, the momentum will continue into the future and at least for the next two to three years, we see growth hovering upwards of 35% on an overall basis.

EBITDA margin at 8% this quarter, operating EBITDA margin of 7% after a one-time charge of expenses related to the acquisition of JDHL, in absence of which the margins would have been higher by about half a percent or 0.6%. Overall, we are very confident of the business and

what we believe is that we are building an enterprise for the future. Our guidance for this year's revenue and EBITDA margins, EBITDA in absolute terms, stands intact.

Typically, the first half year of any financial year is accounting for about 45% of the global overall annual revenues and we expect that this trend would continue and we would be there with the figures which we have indicated to you. There has been no significant variation in the mix of revenues quarter on quarter.

Year on year, there has been a slight increase of revenues of the consumer business and the growth in the consumer segment is primarily coming in from build to print of vanilla EMS which inherently have lower margins. The previous year, the consumer business accounted for was on ODM basis which has a higher margin. Automotive continues to be about a fourth of our revenue with consumer about a little more than a third, industrial a little more than a fourth of our revenue.

Healthcare has seen a slight revival in the last quarter as I had indicated in my earning call last quarter. We expected the healthcare to close at about 35 plus crores this quarter and we are there with that figure in this quarter. But since the non-healthcare business is growing at a much higher pace, the percentage of healthcare as a percentage of total revenue has come down.

But in absolute terms, the healthcare is going up. Exports as a percentage of sales account for about 26% and they have accounted for a growth of about 12% quarter on quarter and 9% year on year. Now this again is a play of a domestic demand going up significantly.

The domestic demand business has grown by 78%. So when a domestic leg of the business grows at 78%, the export as a percentage of total revenue comes down. But in absolute terms, the export business continues to grow.

We had started the journey with three objectives in mind. One was growth at industry plus average, EBITDA of 10% and working capital of about 70 days. On the two legs, we are on track and it's only in EBITDA there's a small lag because of the product mix which has changed.

We internally monitor the margins based on industry verticals and we don't find a decline in any margin in the industry vertical. It's only the composition of the revenue chain which has resulted in a reduction in the overall EBITDA margins and also for the one time charge that just alluded earlier. On operating efficiencies, I'm happy to share with you that we have operating efficiency of approximately 5% during H1 FY24 in overhead compared to half year of last year.

And going forward, we believe that we can further improve on this reduction. Now as far as the future growth of the business is concerned, we are very confident of maintaining this growth rate. On the specific question of exports, the customers which we have onboarded earlier this year which was in Q4 of FY23 or calendar year this year, the prototyping, the sampling have all started and the production is in line with what we have projected.

And we expect these new customers, multinational customers in exports to yield a significant revenue of approximately Rs 200 crores plus in the coming year that is the financial year 2024-2025. 2023-2024 is the prototyping and the NPI and the sampling of the things. And once we

are able to service these customers in 2024-2025, they are global customers with billions of dollars of electronic spend.

We believe and we are very confident that we would be able to significantly uptake our wallet share with these customers. Again, because the domestic demand fraction is very, very high, the export as a percentage may hover at around 30% against our wish list of one third.

Similarly, we had shared with you last time that we had set up a separate design and engineering center in April of this year which is headed by senior colleagues from the company.During this quarter, we have beefed up our marketing presence for design services in US and UK. These are initial stages of work in progress and I am very confident that going forward in the FY24-25, the design and engineering business of the company will be a mainstay for the growth of ODM and also accretion to the EBITDA and the profit margins. These are early days but we are investing a lot of resources and manpower and processes in the design center so that in the coming years, this will contribute to the profitable growth of the company.

On the capex cycle, we are on track. We had promised or we had shared with you that we will be spending about INR250 crores this year apart from the acquisition. So if I exclude the acquisition of JDHL, we have already spent about INR110 crores this year and the balance is on stream. The plants which we had sort of started early this year, they are on track and we expect the new facilities, the greenfield new facilities to start yielding revenues in FY24-25. As I shared, all the capex plans which we are doing this year are targeted for FY24-25.

On the business front, I would also like to share with you that we have signed up with one of the largest IoT manufacturers in the world. And we have done the sampling production and they have passed the test. And currently, their engineers are working at our factories to stabilize the production processes based on global standards. And this IoT application has a variety of applications in engineering, telecom and others like energy metering, telecom and other applications and we see a significant uptick in this business.

That's all from me. I'll hand over to Bijay to run you through the financials and then I'm open for any questions-and-answers. Thank you.

Bijay Agarwal: Good morning, everyone. I'll now quickly take you through the brief financials for this quarter and half-year ended September 2023. So before I start, I would like to highlight that the last announced acquisition of JDHL, we have been able to conclude, complete 51% acquisition of JDHL. And we have already consolidated the financials of JDHL in this quarter results.

I'm delighted to say that the company has again registered a strong revenue growth during the quarter with a 52% year-on-year growth and also 55% growth for the half year. Similarly, our gross profit also increased by almost 9% on year-on-year basis for the quarter and 21% for the half year.

Happy to share that our team strength has been demonstrated on the operating efficiency that we have been able to achieve in this quarter. Thereby, our overheads as a percentage of revenue has decreased by almost 4% to 4.5%. We still continue to work on this further. And going forward, we expect larger operating efficiency in the P&L. In this current quarter, there have been few

one-time expenses also been factored in our other operating other expenses which includes consulting expenses related to JDHL acquisition and few other expenses for about INR4 crores to 4.5 crores. EBITDA for this quarter is INR58 crores, and for the H1 is INR117 crores, which is almost 28% higher on a year-on-year basis.

This quarter, we had lower tax, and primarily because Syrma, the parent entity, has now moved to the new tax regime. That was a change here. So going forward, we expect now on a consolidated basis, on a steady-state basis we will be in the range of 25%, 26% of overall average tax for the Group. Coming to PAT for H1, it was about INR59 crores and again a growth of about 28% on year-on-year basis.

Order book side, while Mr Gujral has already updated. We have almost a total open order book of approximately INR3,800 crores and out of which about INR3,000 crores to INR3,200 crores is what we expect we should be able to complete over next 12 months.

Coming to our net working capital days, on average basis, our net working capital days as of September end is approximately 70 days, which is almost three days higher than the number that we reported in the last quarter and primarily because of higher inventory carrying right now. We expect we should be able to furthermore achieve a saving of approximately 5 to 7 days from this number in the next two to three quarters.

Coming to our overall debt position, our debt position as on September end is approximately INR420 crores, out of which near about INR330 crores is working capital and about INR90 crores is term loan. Against which we have been carrying a total treasury of approximately INR545 crores. So I am carrying a net cash position of approximately INR125 crores as on September end.

With respect to the capex, as Mr Gujral has already updated, we had already spent almost INR110 crores in the H1, out of which about INR60 crores we had spent in the last quarter ended Sep'23. Thus, in totality, we are on track against our previous estimation of INR200 crores to INR250 crores spent for this financing year. Just to update, our project in Hosur has already kicked off. We have already acquired the land on lease. We will be now starting the construction, the rest of the work for this project. So there will be a decent capex spend which we are expecting in the next two quarters for about INR100 crores to INR140 crores.

That is all and now I can hand over to Moderator to open the forum for questions-and-answers.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. We'll take the first question from the line of Aniket Pandey from DSP Mutual Fund. Please go ahead.

Aniket Pandey: Yes, hi. Thank you for the opportunity. I just wanted to understand which exactly products you are selling into your consumer business because if you look at your material margin, they have almost halved in this first half of FY '24. So just wanted to get a sense on that.

Secondly on your gross margin profile going forward what are the levers you have to take up your gross margin again to 30% and higher band?

J S Gujral: Okay, now I will take that question, it has two legs question, the first is the product profile. Three verticals which are accounting for about 75%, 80% of our revenue are the consumer, automotive and industrial. Automotive and industrial, it's a secular migration from one customer to another customer, an addition of new customers all over there. So we do not see a significant change in material margin profiles. In fact, there's a positive improvement on the margins of these two verticals.

In the consumer segment, what has happened, as I shared with my earlier comments that last year we were primarily catering with ODM products, which is my own design products. Whereas from somewhere in the later quarters of the last financial year and this year, the consumer business growth has primarily come in from the vanilla EMS or built to print, where the margins internationally are very, very competitive. And hence you see a big reduction in the material margin between the last year and this year.

Now what we do in our internal analysis is, that in my ODM, I am able to maintain or increasing the margins in the ODM, It's the nature of the product. However now the nature of the product has changed, which has resulted in the margin profile sort of reduction. It is not that the product inherently being manufactured by us over the last several decades have shown a decline. So it's a composition mix. Now the composition mix is a business decision to capture the market. It gives you additional expansion plans. It could be working capital accretive, all those things.

Our margins are currently at about, for gross material margins are at about 24%. If they can go up or they will go up only when my exports kick off as I shared with my exports coming in next year for the clients onboarded this year. The current year export growth is only vanilla growth from my existing clients. The real push in the exports will come in the next year. And with the uptick in the healthcare business, I expect healthcare business to be a significant uptick next year. So these three factors, aided by the design and engineering efforts, which will be fructify by next year, I expect the margins, sector-wise, to go up.

In absolute terms, if my vanilla consumer business goes up by a higher percentage, as a percentage of margins may hover at 27%, 26%, or whatever, but in absolute terms, there will not be a significant drop. So we keep both the things into mind, the percentage and the absolute. I hope I have answered your question.

Moderator: Mr. Pandey, do you have any further questions?

Aniket Pandey: No.

Moderator: Thank you. We will take the next question from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi: Yes, thanks for the opportunity. Sir, excluding the Johari acquisition, I guess it is included for one month or three months in the quarter? And excluding Johari, what would be the stand-alone growth rate numbers for revenue, EBITDA, PAT? That's one info.

Secondly the margins have been very volatile, so any explicit guidance you would like to give for EBITDA margins for H2 FY '24? That is second question. And third question is, we have

been hearing a lot of news flows on the manufacturing of laptops and other IT products in India. While there are, again, from government also, the dates are changing a lot. But have you seen any inquiries and any view on that market for how much revenue potential is there, how much revenue opportunity is there for Syrma on that account? Yes.

J S Gujral: So there are four questions which I've asked. The first one is the revenue growth without consolidating one month of JDHL, I think there will be hardly much of difference in the overall revenue growth without Johari Digital consolidation this year. So when I say, it is 55% or 52% growth, it may be 51% or 49%, but significant change.

In EBITDA, there would be a slight change, instead of 28% growth in EBITDA, it would come to about 26%plus growth in EBITDA. The full impact of, the positive impact of this acquisition will only kick in in the next six months when we consolidate.

Now, you referred to the volatility in the margins. As I shared in my earlier question, the volatility in the margins is because of change of product mix. What worries me as a promoter or as an entrepreneur, is my businesses were having a volatile margin. For example, my automotive business continues to be at a stable margin. In fact, there is a positive increase this half year. Similarly, my industrial business continues to be at that margin.

The volatility has kicked in only because of change in the nature of consumer business which we are doing from ODM to OEM. So I wouldn't call it a volatility, I would call it a change in the mix. And if a lower margin business grows at a higher rate, obviously there is an impact on the overall percentages.

We believe, as I shared in my previous question, that with the exports kicking in from the customers on boarded this year, and the design and engineering efforts, fructifying, coupled with the healthcare business showing a rebound, we should see a uptick in the margin, percentage margins in the coming quarters and the medium term. What we are also very cognizant or mindful is of the absolute numbers which we make. And once my business is growing at this phase in absolute figures, and second half is normally better than the first half historically if we see, I believe that it will help us in attaining the guidance which we have shared with you.

Your fourth question was on IT laptops. The IT policy, I'm told, will be announced this week or early next week. Once the IT policy is announced, then the tie-up with the potential customers will begin. So it's a chicken and egg story. A customer doesn't want to tie up without a IT PLI policy in your favor. So if you are one of the recipients of the IT PLI, it will be a digital story. If the people, the companies who get the IT PLI and are able to tie-up with big customers, the revenue growth will not be in INR100 crores or INR200 crores, it will be in INR1,000 of crores. But we should be mindful of the fact that our IT product inherently is like a mobile phone.

It is a low margin or a compactively tighter margin, but high volume, positive on working capital. So the percentage margins would go down, but the absolute figures would go up. I hope Aniruddha, I have answered your questions.

Aniruddha Joshi: Yes, sure, sir. Very helpful. Just lastly, now we are simplifying the group structure with some of the subsidiaries getting merged with Syrma. So any synergy benefits that you would like to call out? Yes, that's it from my side. Thank you.

J S Gujral: Synergies consolidation as we have shared earlier, has already taken place, just that the expenses or whatever assets are housed in two, three different legal entities. Going forward, once the complete merger takes place, that merger per se would result in saving of the compliance costs, a more efficient fund management because the entire treasury or the funds of the company are housed in one entity rather than in two entities so it will be a more efficient utilization of funds. Funds saved with a merger, the operational efficiencies I don't, I wouldn't attribute it to the merger.

The compliance and efficient use of funds would have a direct, are indirect impact of the merger. The operational efficiency, for example, 5% reduction in overhead compared to the last half year has already kicked in. And this is an ongoing process and will continue to it, but I cannot directly attribute it to the merger except for the compliance and the efficient use of working capital.

Aniruddha Joshi: Sure sir, thank you, very helpful.

Moderator: Thank you. We'll take the next question from the line of Alok Deshpande from Nuvama Institutional Equities. Please go ahead.

Alok Deshpande: Good morning, sir. So just one question from my side. Sir, given that our consumer segment is growing the fastest. Do you expect a much bigger reduction in working capital given the asset turns are more and working capital reduction? So can our ROCE go up because of that?

Management: You see, at the end of the day, when we take business, we evaluate various parameters. And typically, typically in a low margin business, the asset turn and the working capital as a positive feature. The negative feature is the low margin or comparatively lower margin. The positive is the working capital, the cash flows and the asset turn. And as this business grows up, we would definitely see the uptake in both of these sectors and a better efficient utilization of working capital.

Now, the -- We are growing at 50 odd percent. You have to keep the capacities ready for the new customers. And hence, the tangible returns which should have come are not visible. If I was to exclude the assets which have not fructified on a full-time basis, my assets are already upward of 6x. But because the capacities are being created for the new customers and new products, there's always a time lag between the creation of the capacity and its utilization. But yes, with the consumer business, we'll see positive on both the things which you mentioned, that's the system and the working cap.

Alok Deshpande: Sure, sir. Thank you so much for your answer. Thank you.

Moderator: Thank you. We'll take the next question from the line of Venkatesh Balasubramaniam from Axis Capital. Please go ahead.

V. Balasubramaniam: Yes, thank you for this opportunity. My question is all related to revenue and EBITDA. You know all of them are interrelated questions. In one of your answers you alluded to the fact that about your guidance. So can you once again clarify what exactly is your guidance for revenue and EBITDA margins for the current year? Because we are not aware of any guidance, because even in the last quarter you didn't mention about any guidance. So can you please clarify clearly what is the guidance for revenue and EBITDA margins?

On a related note, you also mentioned that in the first half normally you do 45% of your yearly revenues. Based on that back of the envelope, it looks like you're possibly talking about full year revenues of roughly INR3,000 crores or $30 billion. And on a related note, again, your EBITDA margins in the first half is 8.7%. What is something that we should bake in for the full year? Can we, would it be 8.7% or will it improve slightly? And if it improves, where does this go to for the full year?

J S Gujral: Okay. I think you're bang on when I said absolute future projections is one issue but we do share the guidance and when I said that we grow over the first half is approximately 45 odd percent so whether the final figure is 2900, 3000, 2850 or 3,100. That is, we will cross – one of share when it happens. But you are right, based on this, we expect to be around the figure which you indicated. I can't pinpoint exactly to the INR50 crores whether it will be this or that because these are long-term contracts and market situations in the last month, looks very well a one-week delay in billing could result in a lower turnover.

On EBITDA also you have shared the percentages and as a logical thing that if we achieve the revenues which we are expecting, we will get some operational efficiencies kicking in and we should be able to achieve what you have pointed out in your question.

V. Balasubramaniam: So okay, so you're basically telling if you do get to let's say INR3,000 crores kind of revenues, 9%, 9.2% kind of margins is possible.

J S Gujral: I'm not holding 9%, 9.2% or 10%. I am saying we should be fair.

V. Balasubramaniam: Okay, okay. Thank you all the very best.

J S Gujral: Thank you very much.

Moderator: Thank you. We will take the next question from the line of Meet Jain from Motilal Oswal. Please go ahead.

Meet Jain: Hi sir, thank you for the opportunity. I have one question regarding the order book mix. So if you can provide an order book mix in terms of your end user and also in terms of export? And my other question is regarding anything that is for the backward integration like for PCB manufacturing or OSAT thing. Can you speak a little bit on that?

J S Gujral: Okay, while we are pulling out the things, the order book is approximately INR3,800 crores as of 30th of September. Earlier, I think it was INR3,000 odd crores as on 30th of June. The breakup we are just pulling out. Till then I'll answer the other two questions. We are evaluating OSAT

or ATMP as we call it, but as yet we have not taken a final decision, because we are very mindful of the capex cycle in this, which is a huge capex.

So we are very cautious in evaluating this project. So it is still, let's put it, WIP. And as I shared in my last call, this project does not have any first mover advantage, simply because the Indian companies would be tying up with a foreign partner and stuffing his supply chain. Or his supply chain will migrate from his existing location to India. So it's not that I'm ceding a market to competition. Till that project is set up in India by the technology partners, he would continue to supply from his existing manufacturing location. So it's still a work in progress.

On PCB, we have given it a thought but when we scan around, we find that none of the EMS companies are into PCB. And I would give benefit of doubt to their global intelligence, whether it is a Foxconn or a Flex or a Jabil or a Sanmina and I can go on naming. And they are all multi-billion-dollar companies. None of them is into the PCB manufacturing. And PCB manufacturing is a chemical industry.

If the growth in my core competency which is electronic manufacturing, I see a significant growth for the foreseeable future. I would like to spread thread my management and my capital allocation on this industry. The industry has to have a shrink and in line with our core competency. So as of date, PCB, we are not evaluating., but OSAT we are evaluating and we are mindful of it.

Meet Jain: On the order book side, approximately 20% of our order book is related to the export business and the balance is related to the domestic business. In terms of end user means like auto, healthcare consumer?

Bijay Agarwal: In that if you see broadly about 20% is towards auto and similar way about 20% towards industrial business and about 10% to 15% is related to healthcare, IT and railways business and about 45% to 50% is related to consumer business.

J S Gujral: See I would just like to add on this, is the export business, we have just onboarded the customers when doing the sampling. So what we have is the contracts and we don't have the firm orders. So we don't call it a firm order till a purchase order is physically received into a system. So on the visibility of export, I have shared with you that the new customers which we have onboarded should give us approximately INR200 crores of revenue next year. All of them, we may not have had the orders in hand, we have contracts with them.

The consumer business has a better visibility because now it's a mature business with us and hence or we have contracts for a longer period. But we believe that going forward, the ratio of consumer accounting for about a third, automotive and industrial accounting for more about a fourth, healthcare accounting for about 7%, 8%, and remaining IT, without the IT PLI, the current organic IT products which we are doing.

If we get the IT PLI and we are able to tie up with a potential customer, then the IT revenues will have a significant uptake. But in all our guidance which we are giving, we are not taking the incremental revenues which would accrue from the IT PLI should we get one.

J S Gujral: 20% and you can say maybe healthcare, IT and railways about 15%, 15% and similar way, the old consumer is 45%.

Moderator: Thank you. The next question is from the line of Rahul Gajare from Hightong Securities, please go ahead.

Rahul Gajare: Good morning gentlemen and thank you for the opportunity. You know, while most of the questions are answered, I just have one question which I wanted to continue from the earlier participants. Now, you very clearly guided about the revenue and you also talked about margin through a combination of operating leverage, merger benefits, and rising share of exports.

Now, when you compare FY'24 to a combination of all these kinds of things, what is the benefit that you are looking for? And to make things easier, could you also talk about the margin differential that you would have between your domestic business and your export business? Thank you.

J S Gujral: See, domestic versus export, the export is higher by about 5% to 7% points. So when I say my gross material margin is about 24%, it would automatically mean that there would be some products which would be at 30%, 35%, 34% gross material margin, some products which are a little lower than 24 and hence the average of 23%, 24%. So there is a differentiation of 4%, 5%, 7% depending on the industry which we are serving between the exports and the domestic.

Healthcare similarly is a high margin business. But within the domestic business, I think the margin profile of automotive is -- it is slightly more tighter than industrial. Industrial is slightly more accretive to the margin. Consumer is sort of the tightest. And one thing which I would like to share with all is that, in the consumer we are supplying products which are covered under PLI.

The PLI incentives have not been factored in the margin profile which I have shared with you or which on depicted in the accounts. We are entitled to a 6% PLI and then it goes to 5.5% or 5%. So, let's take for the next two years it is 6% or 5%. That margin has not been considered in the margin book in the financial statement. They will be accounted for only when they are physically received in the bank.

Whatever we receive and whatever we share with our potential customers or existing customers, the net accretion, if I was to share, say, a 50% margin, then a 3% accretion on the telecom product which I supply, if I was to share one -- two-thirds and one-third, so for a rough indication, for the last year, over PLI is about INR9 crores. So if I have to share two-thirds, INR3 crores gets added to my EBITDA. If I share half, INR4.5 crores gets sent into EBITDA.

And this year, based on whatever we have done and whatever we have projected to do in the next six months, I am expecting a PLI of approximately INR45 crores to INR50 crores. Now, if I share one third or two thirds with the customer, INR15 crores still comes into my balance sheet. If I share half, it is INR25 crores. These are negotiations for commercial negotiations, but we have not factored in the PLI in these things.So hence, the margins are tighter.

Rahul Gajare: That is very helpful. And this PLI, where are we accounted for in your P&L?

J S.Gujral: We are not accounted for today because we have not received it today.

Rahul Gajare: Last year, I am talking about last year?

J S.Gujral: Also we have not received. Once we receive, we will account for it this year. So, conjugative, it is not on an accrual basis. On a conservative basis, we will account for it only when the money is in the bank. The applications have been filed, they are under the process of evaluation and scrutiny. So hypothetically, if I get the PLI in February, I will account for it in the quarter of January to March. So these financials don't have a reflection of PLI at all.

Rahul Gajare: And you will account it in other income, I would imagine?

J S.Gujral: That will go by the guidance of what the industry practices and what the institute or the auditors advise. It will go by the industry practice. I don't know how other companies which have already received it, I will ask Bijay to go through it and it will be accounted for in the main income.

Bijay Agarwal: So this should come as other operating income, you are right, as per the accounting standard and again, we will be guided by the auditors here in this particular case.

Rahul Gajare: Thank you very much and all the very best.

Moderator: Thank you. We will take the next question from the line of Amar Maurya from AlfAccurate Advises Private Limited. Please go ahead.

Amar Maurya: Sir, thanks a lot for the opportunity. Couple of questions from my side. Sir, firstly, if you can give me what was the JDHL growth in the first half and what was the revenue consolidated in Q2 if any, that is number two and then I have few follow up.

Bijay Agarwal: So JDHL in this quarter, we have only may be less than a month kind of a performance is what we have considered because we acquired that particular entity on 5th of September. So the revenues are less than INR10 crores and similar way very minor EBITDA and PAT has been added in this particular quarter. Going forward it should be a normal full company performance which will be consolidated.

And the revenue growth when we are seeing as Mr. Gujral has previously explained, the growth numbers will be broadly similar. So like instead of 55% you can consider 51-52% of the revenue growth on an approxbasis. And same way, EBITDA and PAT growth, which we have been saying 28%, that can come down to 26.5% and 27% broadly.

Amar Maurya: For JDHL?

Bijay Agarwal: That is for our performance, excluding JDHL.

Amar Maurya: No, sir. What I want to know is that, JDHL first half performance, since you consolidated, what was the JDHL's first half growth?

Bijay Agarwal: That is, we can provide you separately of details.

J S Gujral: We have accounted for JDHL only for one month.

Amar Maurya: Correct, but at least we must be now having six months of performance of JDHL, right?

J S Gujral: We can share it. I don't have the figures immediately off the line, but I think it is a sort of a flattish sort of a growth, maybe 5%- 7%. There's no significant growth in the overall thing because we took the overall figures of the financial year last year. But what we are very confident is that, we have acquired a platform and in the coming years we are putting in a system, now we have already put in a system of how do we run that operation more efficiently than what it was being run and how do we address the markets which are available.

And there are a lot of interesting products which are in the pipeline over there. And we have got some central government approval. We are tying up with one of the renowned Indian brands for medical devices for something, supplying it to him. So we are confident and bullish on the growth in the portfolio of JDHL and healthcare, which we already have.

But to the exact details of your question, I think Bijay will, you can connect with Bijay or Nikhil, they will share with you all the figures offline. We don't have that published information for the first six months of last year versus first six months of this year because we had only consolidated one month ago and we had a sub-period account audited.

Amar Maurya: Sir, second question is, if I consider let's say JDHL flat number last year, then in second half at least we will do a healthcare revenue of around INR200 crores considering the INR51 crores run rate from your existing business and remaining coming from JDHL, then basically what we are talking is a gross margin of 24% because your healthcare mix will change, so that will lead to a second half gross margin of around 24%. But despite that, are we like if I do that math, then probably we will be short of in our EBITDA margin even lesser than 9%?

J S Gujral: See, finally on this thing, we would consolidate the figures and whether it is 9%, whether it is 8.5%, as I said, we are into a marathon and not a sprint. And honestly, I am honestly, while quarter-on-quarter performances and figures are very, very important and the markets and the analysts are very sensitive to it, but we being in the business for the long haul, while we are mindful for it, while we are sensitive to it, but we are not hung up about it.

I am looking at the long-term picture of the company, a minor aberration here, a minor abrasion there, it's part and parcel of the business. Is my long-term story intact? The answer is a big firm, yes, in bold letters. So we are very confident of that. So, let's leave it at that and we can discuss it in detail. I'm looking at the overall long-term picture.

One quarter here, there, I'm sensitive to it. It hurts me, so I'm sort of alive to it. But I'm not hung up about it that I would sacrifice my long-term objectives and wages for achieving the short-term objectives. So we are very mindful of that.

Amar Maurya: So, sir, basically what we are trying to understand or probably everybody is trying to understand one thing that, sir, of this top-line growth is important, but there should be certain benchmarks that below that we will not go on the EBITDA margin, right? See, basically, at a low margin

every business is available, right? But there should be a certain benchmark that beyond – below that, we will not go, right?

J S Gujral: See even today, if I could not include the one time write-off near about 8%. 7% by 8% of operating EBITDA, leaving financial income. So I think that should be a clear guidance to all of us that where the company is going. Now short term abrasion would happen if the product profile, product mix changes. Please appreciate that. But long term story should remain intact. And that's what we have shared.

Right from the beginning, we have been sharing that we should be about double digit. Now, I'm not saying 12%, 11%. We have always been maintaining, we should be above double digit. And we still maintain that on a long term. Short term, there has been a small lag in it. How will we achieve that in the future, we already shared our strategy of exporting about one third of our revenues, and design led manufacturing being about 25%, which is currently 18%.

Now once these two, three things fall in place over a period of time, we should achieve the percentages which we had suggested, but we should also be mindful, what is the absolute quantum we make. End of the day, percentages are very, very critical, but what is the absolute money in the box which we earn? That is also very important. So, it's a play of all these things, there is no simple black and white answer to this.

JAYESH DOSHI: And also the low margin business advantage is also, it brings in about the businesses as well as the working capital. Look at the impact of the working capital in the cash flows, the generation of the cash flows and the reduction in the working capital. So I think it's a great balance to have it. And if this one-time expenditure would not be there, we are on the track and Mr. Gujral said on the margins also.

So I think everything and a long haul, it's just not an aberration also, if I were to ask you going further, because a lot of companies, they capitalize a lot of one-time expenditures to the investment. This has not happened here. So it's mindful about the new businesses, not the businesses which are growing, also attracts a lot of other businesses as well as working capital processes.

In most of the cases here, the reduction from 98 days of the year, we are today at 70 days, which we have said as Mr. Gujral earlier pointed out that three parameters we have said that if we bring about reduction in working capital, we will ensure top line growth and we will ensure a balance of the margin to achieve over 9% to 10% and we are there.

Amar Maurya: Okay. Perfect, sir. Thank you.

Moderator: Thank you. We will take the next question from the line of Jignesh Kamani from GMO. Please go ahead.

Jignesh Kamani: Hi sir. If you take about you mentioned that share of the ODM business particularly in the consumer was lower this time. I believe ODM is significantly higher working capital cycle versus OEM. So this part lower share of ODM, we have not seen any improvement in the working capital cycle versus ODM. I just want to know the reason behind that. And can you

help understand about, is there any material difference in the working capital cycle between auto consumer and other segment?

J S Gujral: Sorry, I couldn't get the last part of your question.

Jignesh Kamani: Second thing is on, in segment wise, be it auto, industrial, healthcare, is there any material difference in the working capital cycle?

J S Gujral: Okay. You see, typically in the industry as a thing, products which have a high margin would have a high working capital cycle because the volumes would be lower. The low margin products, the volumes would be higher so the operational efficiency is both on a set term and the working capital ticket. Now, we are very mindful of the overall thing.

End of the day, we have to have a positive cash flow on a consistent basis, not quarter-on-quarter, but at least on a yearly basis, half yearly basis, you can have a positive cash flow. The margins in ODM are 5% - 7% higher than the plain vanilla build to print business, but then it will also depend upon the industry which you are servicing.

So the working capital cycle in automotive, industrial, healthcare by and large is safe. There is no significant difference between the two. Now if you are supplying to contracts which are with government, the working capital cycle could be very, very high as some of the peers have in the industry, their published information.

But if you are supplying to the private sector, export, typical net working capital cycle should be about 80 days- 85 days. Coupled with other products, we have brought it down to 70 days and we expect to bring it down by another five days to seven days in the coming quarters.

Jignesh Kamani: So if you take about the second quarter, despite lower share of ODM, working capital is not reduced. I just want to understand the reason behind that?

Bijay Agarwal: In this second quarter, so like quarter-on-quarter while we have been trying, targeting to reduce the working capital, but quarter-on-quarter, this is primarily like some customer-related inventories what we have got in the end of this quarter. So that's where there is a three days of difference. It has not reduced it. But these are some things like quarter-on-quarter variations which will keep on happening there.

J S Gujral: Okay. Now, just to add on to what Bijay said, as I shared in the beginning, that the customers, export customers which we are on boarded, we have secured inventories. I'm not saying the inventories have been secured for series production which is to start in January or April of next year. But when you buy products for new customers and new products, when you buy the materials, you are stuck up with the minimum order quantity or the size of a component of a spool.

The components typically come in a spool. So I may have to make 100 pieces, but I have to – I'm stuck up with 5,000 pieces of inventory because the minimum spool size is 5,000. So three days variation, which is less than 5% in terms of number of days, is a play of many factors. And one shipment for some reason gets late, you are stuck up with the inventory.

So on a consistent basis, we have brought it down from upwards of 90 to 70. Now 70 becomes 67 or 65 or 72, 71, last year it was 67. That's a commercial play and I think we should not be too sort of sensitive to it. These are commercial things. At the end of the day, what we are interested in knowing or what we look at is, is the trend right?

Are we reducing the working capital cycle or not? And there the trend is very, very discernible that yes, my teams have done a good job in bringing down the working capital cycle and I think a good reference point will be to see what other peers have in the industry. To benchmark…

Management: Also as we grow at this rate, scorching rate, with new capacities coming up, you have to stock up inventory for the next phase of the growth.

Jignesh Kamani: Understood. So if you take three to five years down line, what kind of operating cashflow to EBITDA ratio we are comfortable at?

Bijay Agarwal: So we are targeting an OCF to EBITDA going forward on a steady basis, 50% plus. That's what is our clear target. We are continuously working towards it. In H1, this is still about 20%, but given the working capital efficiencies which we are targeting for H2, we should be able to improve it further.

Jignesh Kamani: Sure. And just adding to that, since incrementally more growth is coming from healthcare, or some export also, which are slightly heavy on the working cycle, is there any risk for the further increase in the working cycle in near term?

J S Gujral: See, on an overall basis, we should be hovering at about 70 days. I'll be happy if we can bring it down by another four days, five days, six days. I don't personally foresee a significant uptake in the working capital, number of days. But again, there's one caveat to it. When I start the manufacturing of series production for my export customers, then till the production cycle comes into being, for a month, two months, my inventory levels could go up.

And the sales would cook in 30 days, 40 days later. So I have to stop the inventory before to start the production. So month-on-month, there could be slight aberration. But on a long-term basis, with all the product mixes which we have got, we are very confident that we will be south of 70 rather than north of 70 days.

Jignesh Kamani: Sure. Thanks a lot.

Moderator: Thank you. We'll take the next question from the line of Keyur Pandya from ICICI Prudential Life Insurance. Please go ahead.

Keyur Pandya: Thanks for the opportunity. Just want clarification. So, the kind of mix change you have seen within the consumer also. Are we seeing based on our order book such changes in any of the other sub-segments, either positive or negative mix change in other segments? And one clarification is that, basically you are mentioning that by FY '25, mix would improve and that would give us not only growth, but margin-attractive growth, but that would be in FY '25?

J S Gujral: You see, the product mix in FY '24- '25 in absolute figures will see an uptick in exports, will see an uptick in healthcare. But the domestic business would continue to go at the scorching pace of 60%- 70% of whatever it is, led by, I emphasize on the consumer.

So as percentages, the impact will not be that visible. It will be visible, but in absolute terms, the impact will be very, very discernible and there for everyone to see. See if my domestic business in the consumer segment goes up by 50%, so currently it's about 30% 35% of INR1,300 crores, that's about a INR1,000 crores, what you call INR500 crores, INR450 crores, INR490 crores. Now if on INR5,000 crores or INR4,000 crores, it is 30%, 40%, 35%, it will be INR1,200 crores, INR1,500 crores.

So the percentage impact will be there, but in absolute terms, the incremental revenue which I get from my export business, which I share will be about INR200 crores from the new business and the healthcare business. It'll have a positive impact on my bottom line. In absolute figures and I a uptick in the percentage also.

Keyur Pandya: Okay, the first part that any further mixed change within sub-segments you are witnessing any visibility based on your order book, the way you have seen in consumer between ODM and OEM?

J S Gujral: See, the consumer is more of OEM is growing up. The ODM will kick in only next year, too early to say. ODM is accounting for about 17%. Next year I expect it to be higher by about 3%-4% more. So I should be at an ODM of about 20% in a month next year.

Keyur Pandya: No, sir. The question was that the mixed change between ODM and OEM within consumer led to a change in margin mix. In rest of the segments like auto healthcare, industrial, etcetera. From current levels, are you seeing any change in the mix which can lead to fluctuation in margins, if you have a visibility based on the order book?

J S Gujral: There is no significant change in the order book or the product mix which we will be supplying. So industrial, is industrial, there is no significant difference between one industrial product to the other industrial product, and so is the case with automotive. What we believe is that with the increasing purchase spend, as you've already got some efficiency in the operating overhead compared to the last year, my purchasing spend efficiency should kick in as my volumes go up.

Some have already kicked in, some more will kick in. And we have constituted a special task force within the company to holistically look at it to see how we can bring in some percentage improvement in the material effect. Early days on the chicken, but they will surely be hatched.

Keyur Pandya: Understood. Sir, this last question, as you talked about, say, balance between margin and working capital, so how the working capital would be different for consumer segment versus rest of the segments?

J S Gujral: There's a difference in the high volume. The working capital cycle is significantly lower. As I said, that industrial and automotive and all those things that have a working capital of 80 days, 85 days or whatever, 90 days. And if the overall we are showing 70-odd days, it obviously shows that the consumer segment has a lower working capital cycle.

See, it is directly related to the margin. Low margin business inherently have an efficient working capital. High margin business because the volumes are low, the varieties are large, the working capital cycle is a bit high. So this is intrinsically across the industries globally. So apart from working on...

Keyur Pandya: If I can just give some idea, not exact number, probably range would give more clarity?

J S Gujral: Sorry, I couldn't get it.

Keyur Pandya: If you can give some quantification on the range of working capital for say, consumer and non-consumer businesses, that would be helpful?

Bijay Agarwal: Consumer, while the high volume business can be around somewhere around between 30 days to 40 days, while the other businesses we are running between varying with a different kind of vertical it is varying between 60 days to 80 days. So that's where we see this average is about 70 days.

Keyur Pandya: Understood sir. Thanks a lot and all the best for the future. Thank you.

Moderator: Thank you. We'll take the next question from the line of Vishal Singh from Makrana Capital. Please go ahead.

Prabjoth: Hi guys. This is Prabjoth from Makrana. I think a few people have asked this question and I think it's just important to get clarity here. So even if I adjust for the one-offs because of the acquisition, the ask rate for the margins for the second half is close to about 11.3%, what 11.5% percent which gets you to a full year number in the range of 9.2%, 9.3%. So what is the visibility on that? Number one.

And number two is, Mr. Agarwal, I fully appreciate the way you look at things which is as long as there is no deterioration in the margin of the products that you're supplying, and this is just a function of change of the composition. I think what people are including us, I kind of get our head around is, so this is essentially the second quarter running where margins have come out lower driven by the consumer business.

So I think what we're going to figure out is when you look forward, how does the business shape up? Because if the business is going to be consumer heavy, then clearly the margins will structurally be lower, while obviously growth can be higher and absolute number can be the same or give or take. So how do you think about that?

Because I think, and if that dynamic changes, I think just more visibility around, okay, look, this is where we are today over the next 18 months to 24 months. This is how we get to that double digit, like you said, exports 2%, 3% higher. You know, obviously, your peers in the business are getting a lot of orders in railways, which obviously continues to do heavy capex. So maybe more visibility around that path to double digit or not, if consumers are going to be just a bigger component structurally?

J S Gujral: See, in the short term, which is a couple of quarters, the consumer would be a heavy weight in our portfolio. In the long run, once the exports and other products kick in, it will come back to its normal percentage. We would love to have no industry segment accounting for more than 25% of our revenue on a long-term basis. That's a sort of objective which we have set for ourselves. But abrasions within the quarters do happen.

And as I shared in one of my earlier questions, we have not factored in any PLI benefit for the current year or whatever. So hypothetically, if I was to take a PLI on an accrual basis which I will not as a conservative entrepreneur, my margins go up by another 0.6%, 0.7%, 0.8% 0.8% because of the PLI itself. Long term, consumers should be around 30%-plus. I don't see it coming down to 25% in the near future. When I say near future, even in ‘24, ‘25.

Thereafter, it's too early to guess how the things pan out, but I would expect consumer to be about 30%, exports to go up to absolute figure, very good figure, it should be 30%-plus. And once my design efforts kick in, and we have hired resources, marketing resources in US and England, London, to spearhead the design marketing. I think we are there with the figures of the EBITDA margin which we have taken.

Prabjoth: Mr. Gujral, one of the questions, so I understand exports, I understand consumer, what about the other, which is the whole thesis around import substitution, whether that is industrial, railways? How do you think about that business and the growth in that business?

J S Gujral: Industrial, railways are a long haul. The values will not be very significant in the short term. They have a long gestation period. As I shared in my last call, we got the RDSO approval and we expect to do railway business of about INR70 crores up from about INR35 crores, INR40 crores last year. Now even if that INR70 crores was to double next year to INR140 crores, it's a 100% growth. But 140% growth if I close at whatever figure we believe this year and I was to grow at 40%, INR140 crores will be what, 3%, 3.5% of my total revenue. In a conservative business.

So the import substitution in the consumer has the impact of what you call it when you take a paracetamol, it reduces the temperature immediately. So the import substitution in consumer space has a very short gestation period. Import substitution in industrial, railways, aerospace and the like, has a higher gestation period. So you have to work on the patient to make him healthy. So these are the buckets where we are working for the long-term health. But consumer business is available today because of the import substitution and hence this sort of mismatch in the portfolio.

Prabjoth: Understood. And maybe you can take this offline. So well understood on the short-term impact of consumer. It'll be just helpful when you look at other domestic substitution opportunities, kind of how does that roadmap look like over the next two years, three years, four years. But this is very helpful. Thank you.

Moderator: Thank you. We'll take the next question from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

Sumant Kumar: Yes, hi. So can you talk about the diversification, industry diversification from the existing business? Like focusing on clean energy or A&D and telecom?

J S Gujral: See, what we are focusing on is our core competency of design-led manufacturing. So, with our renewed focus on the design efforts in the company, we would see and are seeing sort of green shoots of new verticals and areas opening up. Too early to put a quantified figure on it that this will result into a x revenue or y revenue, but the democratization of the revenue of the industrial verticals would be there.

But I don't see them displacing the three dominant verticals which we are working, which is automotive, industrial, and consumer. They would continue because they have a very high pace today. A new vertical, say, for example, in the renewable energy space comes up, but it will be starting from scratch. So starting from scratch to become a percentage in the overall revenue will take time. But our engineering teams are working on it and we are sort of very confident that going forward, the five verticals on the basis which will be growing is automotive. Automotive would be mobility as well as infrastructure. It will be industrial. And industrial, the utility metering would be one of the dominant players, apart from power management systems and other things.

Aircon business would be a good business in the coming years. We have already started doing reasonably good revenues. We're tied up with a leading Japanese manufacturer in the country. And we are servicing his product. IoT would come in, but the IoT value would be small. But it will be margin-accurate.

And one stream which we have started focusing on is the engineering services stream. Too early to say, how much it will generate, but hypothetically if it was to generate INR30 crores revenue in a year, there the typical EBITDA is about 45%, 50%. So INR15 crores is direct to the bottom line, without any material cost. So the design and engineering services is focused on two branches. One is the ODM development and one is the services business.

So with all these factors, with the healthcare coming in, the PLI coming in, I'm very confident that what we had set out on a long-term basis of a reasonably high margin business with huge volumes from INR1,000 crores if you go up to INR4,000 crores, INR5,000 crores and you are able to get that without significantly compromising on EBITDA margins the absolute cake and pie which is available is very good.

Sumant Kumar: Thank you so much.

Moderator: Thank you. Ladies and gentlemen, this will be the last question for today, which is from the line of Swati Jhunjhunwala from BOB Capital Markets. Please go ahead.

Swati Jhunjhunwala: Yes, thank you so much for taking my question. Most of them have been answered, just two quick ones. First, you said that ODM contribution was 17% in consumer for the quarter. So how much was this last year?

And second, on the revenue guidance, you said INR3,000 crores for the full year. So is that including the INR100 crores of Johari that we expect in H2 or is that including that?

J S Gujral: We currently have not factored in the Johari revenues in our business plans. So whether it is INR3,000 crores or INR2,900 crores or INR3,100 crores, because when I say that we do 45% or whatever in the career of our staff, it's all organic, it's not including inorganic. So that should answer that question.

On the ODM share in the last year, my personal gut feel, it was 22%, in the consumer space, I'll have to get back to you, what was the percentage last year, I'll ask Bijay to get back to you offline. I don't have the figure. But my personal hunch is that it will be significantly higher in consumer.

Bijay Agarwal: So last year it was about 23% ODM share in consumer.

Swati Jhunjhunwala: In consumer and this year it was. The 17%, this year was for the entire business?

J S Gujral: Because healthcare and consumer are two separate products and classified in ODM. So I'll get back to you with that question part with my team on the component, the breakup of the consumer business between ODM and non-ODM. We will get back to you.

Swati Jhunjhunwala: Yes, and also if you could share what is the mix in H2 that you are expecting for ODM? What is the ODM share that you are expecting in H2, FY '24?

J S Gujral: I think we'll continue the ODM because the ODM business will grow at a much faster pace. I think on the organic basis, my ODM share should be same as about this year which is 17%, 18% but with the inorganic sort of consolidation of figures it should go up.

Swati Jhunjhunwala: Got it. All right, thank you so much for taking my question.

Moderator: Thank you. As there was a last question for today, I would now like to hand the conference over to Mr. Jasbir Gujral, Managing Director, Syrma SGS Technology Limited for closing comments. Over to you, sir.

J S Gujral: Thank you, ladies and gentlemen. Pleasure answering all your questions. If you have still some queries, please get back to Nikhil Gupta, our Investor Relations Head, so that he can answer all those queries.

On a closing note, I would just like to state very shortly that we are focused on building a long-term sustainable organization, which as I have always been saying, grows at a rate higher than the industry average, which we have demonstrated in the last several quarters. Superior profit margins, which we have lagged slightly because of one-time expenses and the structural change in the product mix. It takes time to get back to the original structure.

Now, I would like to share with you what we are doing in the organization building. That's the key when a company is graduating from a INR1,000 crores to a $1 billion company, whenever that may happen in the near future, the organizations have to be in place and the system and processes have to work. And our teams are working very, very seriously on this.

Now I'm happy to share with you that we got IPC 610 Class 1, 2, 3 certification and we are the only second company in the country to have this certification. The certification of class 1, 2, 3

sort of qualifies me for my international business to cater to consumer, industrial, automotive and aerospace. The only other company which got this certification in November of '22 was SFO Technologies. Besides that Siemens is the only company which has a Class 2 certification, which means they're not qualified as for the certification for aerospace automotive.

Now, these processes and systems take a lot of time, a lot of cost, but they are enabling the organization to be future ready. As we have shared in our presentation, we have enlisted among the Top 200 Forbes growing companies. So all this is a demonstration of the effort of the team. I'm just a cog in the wheel. It's the team which delivers. So anything which has happened positive in the organization is full credit to the team and any negative or any aberrations which have happened, it is the leadership which has to take the sort of responsibility.

I would only assure you that we are very, very focused on growth, profitability, social responsibility. For example, we have set ourselves a target of 50% sourcing of energy from green sources. And we are entering into long-term contracts to ensure that we should not only be positive in terms of carbon footprint generation, we will be reducing that, but it will also be saving on the energy cost.

Next quarter when I meet you, I will have even better information and news and I am very confident of the long term growth of the company. Thank you very much.

Moderator: Thank you members of the management. Ladies and gentlemen on behalf of DAM Capital Advisors Limited that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.