

Date: November 15, 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 and half year ended September 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 and half year ended September 30, 2025, held on Tuesday, November 11, 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

Bhabagrahi Pradhan

Company Secretary & Compliance Officer

Membership No: F4921

Place: Delhi

ENCL: as above.





“Syrma SGS Technology Limited
Q2 FY '26 Earnings Conference Call”

November 11, 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: **MS. BHOOMIKA NAIR – DAM CAPITAL ADVISORS
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Syrma SGS Technology Q2 FY '26 Earnings Conference Call. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Bhoomika Nair: Yes. Thanks. Good morning, everyone. On behalf of DAM Capital, I welcome you to the Q2 FY '26 Earnings Call of Syrma SGS Technology Limited. We have the entire management of the company with us. At this point, I'll hand over the floor to Nikhil Gupta, Head of Investor Relations of Syrma to take the proceedings forward. Over to you, Nikhil.

Nikhil Gupta: Thank you, Bhoomika. Hi, everyone. A very good morning to you all. Welcome to Syrma SGS Second Quarter 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, Syrma SGS, to discuss the performance of the company during the second 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: Good morning, ladies and gentlemen. A very warm welcome to all of you. Q2 has been a quarter full of activities and a lot of positivity. While we achieved record EBITDA, profit margins, turnovers, what was more significant in this quarter is the slew of tie-ups and joint ventures, which we have executed. And I think these joint ventures and tie-ups lay the foundation for the sustained future growth in the years to come.

While the figures for the quarter and the half year will be explained by Bijay in detail, I would like to dwell on the macro level scenario. As we have been always communicating that we would be going in for inorganic expansions in verticals where we were not present, and defense has always been highlighted as one of the verticals where we had a very minimal presence.

Now we are very happy to announce that we have acquired 60% stake in Elcome, which is almost a 50-year-old company was established in '78 and provides navigation, surveillance, communication and such solutions to the armed forces, paramilitary and private sector.

It has a very good reputation in the market and has a top line of about INR200 crores with a

profit EBITDA margin of about 25%, 24%. And we expect that this acquisition would in the coming years show a very good growth and will be margin accretive to the company.

The second tie-up which we made, as we have announced earlier, was a joint venture with Elemaster of Italy. And Elemaster is again a very old company servicing clients across the world and the venture which we are setting up in India would in the initial phase cater to the demand of the Indian market.

But once sort of we have established our credibility in terms of delivery, quality and other things, it opens up doors for integrating to the global supply chain of Elemaster. This may not happen in '26-'27, but in the years to come, I think this will form a very substantial base and growth strategy for the Elemaster joint venture.

The PCB project, which we are setting up since our last call, we have got the ECMS approval from the Government of India. We were the first among the 3 companies. And the project has already been approved by the Andhra Pradesh government, and we should be breaking ground for construction in the coming months, somewhere in December. And we hope that by December '26, we should be able to start out our trial production.

The response, the sort of feedback which we have got from the customers on the PCB to say the least has been very, very encouraging. And all major companies are looking at indigenizing their supply chain for the PCB. So we are very confident that going forward, this project and this sort of diversification would help us to not only expand our revenues, but also be margin accretive.

The fourth tie-up which we made was the acquisition of KSolare along with Premier. It's a decade or 15-year-old company into solar inverters has a revenue of about INR300-odd crores. And the solar market is growing. So Syрма and KSolare have tied up to manufacture these inverters. These will be manufactured at our Pune facility and we expect a good revenue traction coming out of this in the coming year.

The product portfolio, which currently is sort of tilted towards the rooftop solar would be diversified to bring in the grid inverters, the microinverters and the like. So we are very confident and gung-ho about this particular venture. So all put in the 4 ventures which we have sort of entered into lay the foundation for a very strong growth trajectory in the years to come.

For the current quarter, we have onboarded 8 major customers, which have a potential of giving revenues of \$100 million in the next year. In addition to that, we have now started focusing on long-term framework contracts with the customers. And we have entered into one such contract with one of our major customers, which has the potential of giving a revenue of about \$250 million over a 2-, 3-year period.

Going forward, we would be strategizing to sustain this momentum of long-term contracts so that the growth visibility for the future becomes more clearer. We are very, very confident that the results achieved thus far would be sustained in the coming quarters. And next year would see an incremental jump in revenues and EBITDA margins. I now hand over to Bijay to take you through the detailed financials. Thank you.

Bijay Agrawal:

Thank you, Mr. Gujral. Good morning, everyone. I'll now quickly take you through the brief summary of financial performance for the quarter and half year ended September 2025.

I can start with the consolidated total revenue. For the half year, we did approximately INR2,109 crores of total revenue. And for the quarter ending September 2025, we did INR1,146 crores of revenue, which is a growth of 37% on a year-on-year basis. This robust growth for the period is contributed by higher growth in auto, industrial and IT segment.

Our export revenue for the quarter is approximately INR270 crores, which is again grown by 40% on a year-on-year basis. And for the half year, it is around INR502 crores, which is again a 35% growth on a year-on-year basis.

Our ODM revenue for the quarter and for the half year is around 38%. On the customer concentration, my top 10 customer contributes here about 56%, 57% of my total revenue and top 20 customers here about 72%. When we see this overall business mix wherein the industrial sector contributed 26% as against 21% in H1 of last year. So it has increased as the business mix here in this current year.

Similarly, auto has also contributed 24% of my total business as against 21% of last year. And consumer sector has contributed around 32% in H1 as anticipated and previously communicated that we will bring it down below 35%. This overall improvement in the business mix has helped in improving the gross margin by about 500 bps in H1 as compared to the similar period of the previous year.

Our gross margin for the quarter is about 23.8% and for the half year it is 24.3% with a healthy expansion of 500 bps here. My operating EBITDA for the quarter stood at healthy around INR116 crores which is a 56% growth on a year-on-year basis and again 10.1% of EBITDA margin, operating EBITDA margin. Similarly for the half year my total overall operating EBITDA is INR211 crores which is again 10.1% of our EBITDA margin and with a growth of 64% on a year on year basis.

Same way when we see PBT for the quarter is around INR90 crores, which is again 7.8% of the PBT margin and for the half year it is INR156.6 crores which is a PBT margin of 7.4%. Our PAT for the quarter is INR66.3 crores with a PAT margin of 5.7% and for the half year it is around INR116 crores with a PAT margin of 5.5%.

With this when we see the overall order book position as of September end is approximately INR5,800 crores, which comprises maximum from auto segment, which is around 35%. Both consumer segment and industrial segment contributes near about 35% in the order book, open order book currently. Healthcare is about 6% to 7% and balance is from IT and railway sector.

Coming to our networking capital as of September end my overall networking capital days is around 73 days which is 4 days higher on a year-on-year basis. We again continue to make efforts to bring it down to below 65 days and we are confident of bringing down by another 5 to 7 days in next 2 to 3 quarters.

Moving to our debt and treasury position, we have a total gross debt of around INR282 crores

as on September 9. And on treasury we hold a healthy balance of around INR758 crores as of September 8. With this we have a net cash position of INR477 crores.

Coming to operating cash flow. My operating cash flow for the half year is negative INR115 crores, and this is mainly because of incremental investment into the working capital. We are carrying higher inventory by almost INR100 crores, mainly because of anticipation of supply chain constraints around rare earth and some bit of volume push out related to the U.S. tariffs, which we see gradually in the second half, we should be able to liquidate the same quickly. With this, we are confident of achieving a positive cash flow of around 25% to 30% for the full year as targeted and communicated previously.

Coming to capex for the half year, we had spent around INR45 crores during the H1 of this year, and we expect to invest around INR60 crores to INR100 crores, including my investments towards the PCB business also in the balance of the year. My asset term currently is about 5.3x and the ROCE for the period is approximately 15% when we adjusted for the goodwill and surplus IPO money, which we have recently raised.

Coming to the acquisition of Elcome and Navicom together with Mr. Gujral has already explained, we expect this to be consolidated in our overall financials in Q4. That's what we are targeting. The company together with Navicom is currently doing about INR205 crores of revenue with a healthy EBITDA margin of 25%, 26% and PAT margin of near about 15%. With this, we continue to focus on high-margin business verticals, expanding our portfolio base, improving our operational efficiencies and the overall cash flow improvement thereby.

Thank you very much. And now I hand over to Mr. Satendra, our CEO, to take on the business strategy side.

Satendra Singh:

Thank you, Bijay, and thank you, Mr. Gujral. As always, I'd like to start my remarks by thanking the customers whose trust over decades has brought us here, and we would continue to do everything in our part to continue to delight them over the next decade.

We had a stellar quarter with organic growth of 37% and almost 53% growth in EBITDA, in addition to the inorganic moves, which Mr. Gujral already alluded to. This is possible only with the wholehearted support and efforts of all our team of almost 10,000 colleagues in the plant and the offices. So I would definitely like to thank them once again for all their efforts to delight our customers and the investors as well.

There are 3 elements of excellence: people, strategy and execution. We continue to focus on all of them and which is what is resulting into the results, which we reported just now. On people side, we continue to augment the leadership capabilities, and we brought in a new leader on the digital and information systems. Strategy remains unchanged, and we have always said that we will focus on certain strategic segment.

We will look at growth across geographies, and we'll continue to build capability for the future. I'm encouraged with the results which we reported today and very excited and very optimistic about Syрма SGS as a family here as well as the wider electronics industry. Thank you very much, and I'll turn it over to Nikhil to take it forward.

- Nikhil Gupta:** Thank you, Satendra. Operator, back to you. We can get into the Q&A session. Thank you.
- Moderator:** Thank you very much. The first question is from the line of Bhavik Mehta from JPMorgan. Please go ahead.
- Bhavik Mehta:** So a couple of questions. Firstly, given how 2Q or, let's say, 1H has panned out, are we sticking to the 30% to 35% revenue guidance from an organic perspective for the full year? And also if you can update your EBITDA margin guidance given that we have done extremely well in the first half?
- Bijay Agrawal:** Bhavik, I request if you can repeat your question. I think there was some problem in your voice.
- Bhavik Mehta:** The question was that given how 1H has panned out so far, are we sticking to the 30% to 35% top line guidance for FY '26? And also if you can update the EBITDA margin guide given 1H has been extremely strong?
- J. S. Gujral:** Okay. See, on the turnover, we stand by 30% approximately growth estimates, give or take a couple of percentage points here or there. On EBITDA, we had guided 8.5% to 9% and seeing the performance for the first half year, which is now 10%, we are very confident that we'll be able to exceed the guidance which we had shared with the Street last quarter. Whether it is 9.5%, 9.4%, 9.6%, I think that we'll leave it at that, but we'll be positive giving EBITDA north of what we had guided last quarter for the full year as a whole.
- Bhavik Mehta:** Okay. Got it. That's helpful. The second question is on the ECMS approval since you have received now. How should we think about the capex outlay of INR8.5 billion over the next 12 months? Is it something which will start right away? Or will it be coming over phases over the next 12 to 18 months?
- J. S. Gujral:** Okay. No, we got the ECMS approval. We were in the first place and the plans are on target. So the land has now been allotted to us. So the formalities of getting the land registered are being done. Architects have already been finalized. Tenders for civil and building and other things are being floated or have been floated in some cases. And we expect to break the ground for construction sometime next month.
- The moment the property is registered and rolling, that takes about a week, 10 days, that's the government process. But the plans are on track from all sites, we are all ready and the layouts have been finalized, the machine vendors are being finalized. So these things will go on parallelly. And we are confident that we would be able to stick to the deadline of starting trial production somewhere around December '26 or fourth quarter of '26-'27. So there is no change on that.
- Moderator:** The next question is from the line of Sameet Sinha from Macquarie.
- Sameet Sinha:** A couple of questions here. So we're just talking about revenue increase sequentially, but gross margin declined. So my guess is some sort of a mix issue or something did not -- one of the high-margin verticals did not go as per plan. If you can address that? Then also talk about kind

of EBITDA margin increased sequentially. Is there -- you obviously saw some operating leverage. Was there anything onetime there? Or is that sustainable? And then I have a couple of follow-up questions.

Bijay Agrawal:

So if you are sequentially comparing Q2 gross margin versus Q1 gross margin, there is a slight difference, but that is because of the business mix because in Q2, IT business has taken a larger portion near about 5% of my total business in Q2. That is where we see there is a slight bit of mix change and some impact on the overall gross margin. But overall EBITDA margin-wise because that comes at a very low cost on the low operating cost. So that is why overall EBITDA margin further remains same Q1 versus Q2.

J. S. Gujral:

Sameet, on annualized basis, we sort of -- there could be marginal variations quarter-on-quarter. And as we always been saying that we don't look at businesses on quarter-on- versus rather than yearly and long term, we are very confident that what we have guided, we'll be able to deliver a performance better than that.

Sameet Sinha:

Got it. The second question is regarding these long-term contracts that you're signing. Do you have to provide some sort of incentives for these customers to get into these long-term contracts, maybe heavier discounting? I mean it's obviously important to have long-term visibility, which is at least we would love. But I just wanted to kind of get a thought -- your thoughts there. Secondly, you mentioned some sort of deferments because of tariffs. If you can clarify that as well.

J. S. Gujral:

See, there are no discount for things to be given on the long-term framework contracts. It's just that we have to build up capacity, we have to commit capacity. So with big customers, it's a mutual 2-way fee. When we -- when we commit capacity, the capital we would like to have a commitment from their side on what businesses they would give to us. So it's not linked to any discount.

On the tariff part, I think the last ball is yet to be born. There is still a lot of confusion, lack of clarity, and that has impacted us slightly decision-making and taking only need-based supply. But I think from whatever we hear in the press for whatever it is worth, I think the worst is behind us and in the coming few weeks or a month or so, I'm confident before Christmas, we should have a deal on the table. And I think that will help us to strategize for the future growth.

As we have communicated, U.S.A. accounts for about 5%, 6% of my total revenue, the exports to U.S.A. in the current year. But on the longer sort of time frame, U.S.A. would be a key player, which would help us increase our export presence. And I think once the clarity of the tariff emerges, we have more clarity on our future plans, which is next year and the year beyond.

Moderator:

The next question is from the line of Ankur Sharma from HDFC Life.

Ankur Sharma:

A couple of questions. One, in Q2, we've seen the slowdown on the industrial segment sales to I think about 9%, 10%. If you could just help us understand what's driving that slowdown? And more importantly, how do you see sales for the full year?

J. S. Gujral:

Again, we don't -- we are mindful of Q-on-Q things. But sort of on an annualized basis, we are very confident on our industrial portfolio and which has grown very decently in the half year, about 30% in the half year and which is, I think, a robust growth despite the American tariffs and other things.

So we believe that industrial portfolio would continue to be a mainstay of growth and profitability. And the contracts which I was alluding to that we had entered the orders which we have got from some new customers, they are spread across industrial vertical also in the power management, power distribution and the like. We don't look at quarter-on-quarter. We are mindful, but strategy is based on the long term.

Ankur Sharma:

Okay. So we're broadly on track for the full year. Okay. And similarly, on the IT, railways segment, we've seen a very strong growth, I think, this quarter, I think about INR160-odd crores of sales. Is there something -- is there some orders that are now getting executed? Can we expect this quarterly run rate to sustain? Just some color there, please?

J. S. Gujral:

See, the IT products are essentially laptops and other things. So one of the major clients with which we have tied up, it has shown a very good growth in the last 6 months, and we expect that the growth would continue, whether it's at the same pace, but we believe that IT would continue to grow at a decent pace and with onboarding of another client Dynabook, I think we get a broader base for additional customer to grow the revenue.

Ankur Sharma:

Got it. Okay. And just one last one on this acquisition that we've done and you announced on Elcome. If you could just spend maybe a minute what does it bring to the table for you on the defense electronics side? How do you see this business kind of shaping up over the next 2, 3 years? What are the synergies you're talking about? Just if you could spend some time on this, please?

J. S. Gujral:

I think we have all the time been sharing with the Street that defense is one of our priority areas for growth where we had a minimal presence. And in defense approvals and other things take a long time. It is a long gestation period. So we had sort of indicated to the Street that we would be going in for an inorganic route to enter the defense sector.

Now this company is almost a 5-decade old company established in '78. So it's about 47 years old company and has been in this business and is supplying navigation, communication, display, surveillance, safety, helideck monitoring, alarm monitoring, a lot of solutions to the armed forces, especially Navy and paramilitary forces.

So again, we sort of get a platform on which to build the business. Defense business by nature is lumpy. So it is sort of loaded always towards the second half of the year. But we believe and we are confident that we would be able to grow this business from the current level of about INR200 crores to maybe INR300 crores, INR350 crores in the years to come.

And these businesses are compatibly higher-margin business with a higher sort of working capital cycle also. So these 2 go in tandem. So I think we are very excited about this acquisition and it gives us an opportunity to add in other portfolio and skill set as we go along to widen the product offerings to the defense forces.

- Ankur Sharma:** Got it. Okay. And if I may just squeeze in one more on this long-term agreements, you said these could add close to \$250 million, \$300 million over 2, 3 years on top line. I don't know if it's too early for the '27 kind of guidance, but can we expect a higher growth rate than the 30% we've been guiding for '26 with these long-term agreements kind of coming through? Is that how directionally we should be thinking about it?
- J. S. Gujral:** I think based on whatever figures we have got today and the budgets and the things for the next year are being finalized, we are very confident that we should be able to give a better growth trajectory in the coming years starting '26-'27 under normal circumstances and the tariff condition gets sort of clarified and all those things. We are confident that the growth rate would be of a higher trajectory than what we would achieve in '25-'26.
- Moderator:** The next question is from the line of Anupam Goswami from SUD Life.
- Anupam Goswami:** Sir, congratulations on the good set of numbers. Sir, my first question on the -- if you can give us a little picture on the x of acquisition, Syрма, where does the growth lies in which segment? And what are the TAM are we looking for and the growth avenues for Syрма itself apart from the acquisitions that we have done?
- J. S. Gujral:** Okay. You see about defense acquisition is a new vertical. PCB is a backward integration and new vertical. Elemaster is into railway, so it's part and parcel of our existing portfolio and so is the renewable energy. Now if I were to only talk of excluding the defense and the PCB venture, we still believe that we are in a position to deliver superior growth in the coming years than what we have achieved this year thus far.
- I hope that clarifies the thing. And this would primarily be driven by industrial, automotive, including EV, renewable, the solar business would grow. It would add a decent amount of top line. It's a competitive landscape and a decent margin. Exports would continue to be the cornerstone for our growth in the coming years. Long-term sustenance of any EMS company cannot come without exports. And we are well positioned to cater to this market.
- And in the first half of the year, our exports have grown by almost like 36%. And we are -- by and large, we have already achieved about INR500-plus crores of exports, and we have guided about INR1,000 crores of exports in the current year. We are on track to achieve that. The defense and the PCB, the defense revenues will kick in, in '27-'28 -- '26-'27, sorry. The PCB revenues would kick in in '27-'28. So whatever guidance we are giving today of a superior growth rate is without defense and without PCB.
- Anupam Goswami:** Right, sir. Sir, you mentioned about auto and industrial segment to take a lead in our growth. Where do you see the growth coming from in terms of the pipeline of new customers or new products? How is that pipeline shaping up and inquiries?
- J. S. Gujral:** See, automotive growth would come in from the automotive sector, including the EV as the adoption of EV becomes bigger, the per unit electronic content in EV is bigger and that would increase the pie of the business available. In industrial segment, the growth would come in from the metering with a lot of data centers coming into the country, the requirement of power management unit, power electronics and the contracts, which I was referring to essentially

cater to both requirements.

Bijay Agrawal: Yes. In addition, I think industrial is a segment which we are addressing not only for India, but also for outside India customers. So some of the global customers, one Mr. Gujral referred to today, and there are more in the works are for global requirements. So our growth in industrial will come across geographies.

And automotive growth will have 2 pieces. One is EV, which Mr. Gujral already spoke. And second is the holistic growth on the electronics content in the traditional vehicles as well. So there are new things which are being added like safety systems or ad hoc requirements. So those are going to fuel the growth of electronics absorption into automotive -- traditional automotive vehicles as well.

Moderator: The next question is from the line of Naushad Chaudhary from Aditya Birla Mutual Fund.

Naushad Chaudhary: I have few clarifications. First, if you can quantify what was the PLI incentives...

J. S. Gujral: Your voice is not clear, sir. Can you speak a bit loudly? Your voice is not clear.

Naushad Chaudhary: First, I wanted to check if you can quantify what was the PLI incentive we booked in this quarter and what was -- and for the same quarter last year?

J. S. Gujral: Okay. Bijay?

Bijay Agrawal: So PLI is something which is part of normal income telecom business and is what we are accruing here. For the financial year, generally, we have already guided it should be in the range of around INR20 crores to INR25 crores on net basis. And quarter specific numbers, we are yet to check what is exactly there in that.

J. S. Gujral: But it's in line with the revenue. You see we had guided our consumer revenue, for example, that it will come down. So the consumer revenue of the PLI denominated business would be almost the same as the last year. And so we have guided about INR24 crores, INR25 crores of PLI income on an annualized basis. This is what was there last year on an annualized basis..

Naushad Chaudhary: And should it be equally spread in all 4 quarters more or less? Or should there be a lumpiness?

J. S. Gujral: It could be margin again, quarter-on-quarter basis, if my consumer business picks up, for example, in the first quarter of last year, it was 54%. So it will be there, but I now believe we have passed that bump. So it should be by and large. I'm not saying it will be secular, but by and large, it should be evenly spread over the 4 quarters, by and large.

Naushad Chaudhary: And how much revenue we booked from smart meters in this quarter?

Moderator: Ladies and gentlemen, we have the management back on line with us. Sir, you may proceed.

Naushad Chaudhary: I was asking on smart meter, how much revenue we did in this quarter?

J. S. Gujral: Just hold-on. I think Bijay will pull out the details, but I think we did about 4 million units of

smart metering.

Bijay Agrawal: We did approximately INR50 crores in this quarter.

Naushad Chaudhary: Okay. If I remember it correctly, we had a target of roughly INR250 crores to INR300 crores from this piece of segment. Are we on track to achieve our full year guidance on smart meter?

Bijay Agrawal: We are on full track. These are quarter-on-quarter variations would always be there. So broadly, we are targeting near about INR300 crores plus from the smart metering business. That's where we are already there on that track. We have also onboarded one more new customer, large customer on the smart metering side. The respective revenue from that customer should now reflect in the H2 also additionally.

Moderator: The next question is from the line of Sonali Salgaonkar from Jefferies.

Sonali Salgaonkar A big congratulations for the team for all-round beat. Sir, my question is on the PCB manufacturing. I know Gujral, sir has talked a lot about the timelines and the capex, et cetera. But just on the revenue front, should we assume sort of a 1x asset turnover to the capex? And what would be the kind of steady-state annual revenues that you expect from PCB manufacturing to accrue to your overall P&L from FY '29 onwards?

J. S. Gujral: See, PCB industry typically works at 1, 1.2 of the gross fixed assets, 1.5 max-max. So if we are targeting an investment of about INR1,500 crores, so the max revenues, which we can expect from the business would be INR2,500 crores.

Sonali Salgaonkar Understood. Sir, and sort of -- I know it's a bit too early, but from the point of view of usage of your production, would you be targeting customers domestically or to the exports? And sort of which segment will you be targeting on?

J. S. Gujral: Okay. See, this is something very, very exciting for us and the number of calls which our teams have been receiving from big companies in India who want to indigenize their supply chain of the PCB. And I'm talking of big multibillion-dollar groups who are showing interest that when is the plant going on stream. And these groups have usage in automotive, industrial, health care all around.

So in the short term, the way we are planning is that we would be catering to the domestic market. And it has a certain time approval, the process approval, the product approvals take place. But going forward, when I say going forward is beyond '28, we would be looking at the export markets also. The usage would be automotive, consumer, industrial, med tech, telecom.

Sonali Salgaonkar Got it, sir. Very clear. And just one last question. You mentioned total capex of about INR1,500 crores, that's INR15 billion. Of this, I think FY '26, we are expecting not more than INR2,000 million, that's INR200 crores. How should we look at the capex over the coming years, say, FY '27 or '28?

J. S. Gujral: Bijay will deal in detail on this.

Bijay Agrawal: So FY '26 may not be INR200 crores only for PCB, it will be even much lesser. Maybe the

capex is slightly loaded in FY '27. So what we are anticipating between FY '26, '27, '28 together is what we would be spending around INR700 crores to INR800 crores together.

Moderator: The next question is from the line of Praveen from PL Capital.

Praveen Sahay: Sir, my first question is related to receivables. In this quarter or in the first half, if I look at, your receivable has increased significantly. So will that going forward in a year going to normalize?

J. S. Gujral: See, I wish everything would be normal in all the quarters. But on an annualized basis, that was on a lighter vein. This is a work in progress. So clearly, we have sort of exceeded the target what we had set to ourselves for working capital allocation or utilization. We are very confident that by the year-end, as Bijay had alluded in his commentary that we would be able to bring down the net working capital to below 65 days and receivables are a big chunk of that.

So we are very confident in all these are big companies and you can see if a INR200 crores payment gets delayed by 5 days, your month-end thing goes on a top. But on an overall basis, I think we are on track. This is a work in progress. We should be able to come down to the levels which we had indicated of 65 or below 65 days in the net working capital.

Bijay Agrawal: Also, receivables and payables are going in tandem together. So there is an increase in receivables and simultaneously parallel increase in payable also. We are working on the overall net working capital basis to reduce it to the targeted level. That's what we are confident of bringing it down towards the year-end.

Praveen Sahay: Okay. Next question is related to the acquisition and especially the Elcome, where we had seen that last 3 years, the CAGR has been more than 20%. So do you see this business to grow more than that way forward? How your estimate is?

J. S. Gujral: If we see the defense sector, it has really picked up steam only in the last 2, 3 years. Before that, it used to have bumpy ride. We are very confident that we should be able to maintain the growth rate or slightly increase on it. And in the next 2 to 3 years, we should be able to do about 350?

Bijay Agrawal: Yes. Additionally, with Syrma's synergy here together, we can even now target large-sized projects, tenders together with a partnership. So that's where we see the growth will be much steeper here onwards.

Praveen Sahay: Okay. Okay. And last clarification on the order book. As you had mentioned about the major customer of \$100 million order or one large contract, is any of them are a part of your order book right now?

J. S. Gujral: See, the framework contracts, which we talk of are not part of the order book. They are general next 2 to 3 years. We talk of order book, what we receive the orders and the delivery schedules from the customers. So these long-term contracts would reflect in the coming quarters as of 30th September because one of the contracts was entered into a year after the close of the year. After the close of the period, sorry. Quarter.

- Moderator:** The next question is from the line of Veenit from Investec.
- Veenit:** Just continuing the question of the previous participant. Our working capital and within working capital, if I were to break it down, receivables have increased quite sharply, maybe 80% year-over-year versus 40% growth we've had in revenues. So what specifically led to such a high jump in receivables in particular?
- J. S. Gujral:** Obviously, the collections have lagged the sort of sales. And to me, internally and to me personally, managing receivables is comparatively the easier part of the working capital cycle management than managing inventories. So some sense of satisfaction in an otherwise sort of working capital sort of abnormality or thing, we have been able to control the inventories well and the task is cut out to control the receivables. And I'm very confident that when we meet somewhere in January or whatever when we announce the Q3 results, you will see a significant change in the receivables position. Yes, Bijay.
- Bijay Agrawal:** Also additionally, whatever businesses we do on a job work basis, so that is not fully reflecting into the revenues because the net job work amount or maybe net value addition is what is reflecting into the revenues. But the related full value receivables and payables are reflecting into the receivables and payables. That is also another point which is showing as an increase on a year-to-year basis here.
- J. S. Gujral:** So more than the amount, we stick to the guidance that we'll be able to bring our net working capital to between 60 and 65 days. 60 is the desired state, but it would be anything between 60 and 65 days of the revenues. To me, that is more important than the absolute amount.
- Veenit:** Okay. So is the understanding correct, the IT business, which we are doing now is more on job book basis, which is driving, wherein the accounting is such that which is leading to higher receivables and only job work-related revenues are getting recorded in the P&L?
- Bijay Agrawal:** No, it is not related to IT business. With few of the select customers, wherever we are doing it. And maybe accounting that says wherein the receivable payables are there to the account of customers. That's how we are accounting it for. So in those cases, receivables and payables are both are reflecting at the full value on the balance sheet, but the revenues are reflecting on a net value basis.
- Veenit:** Understood. Understood. My second question is on the KSolare bit. If you can give some idea about what proportion of their current revenues is coming from inverters. Solar rooftop is what I understand, a larger proportion where we cannot contribute much as of now. And only when inverters revenue pick up, that's where we'll contribute. So what is their proportion of inverter revenues as of today? And will the entire inverter sales, which they'll do be manufactured by us and will be reflected in our top line?
- J. S. Gujral:** KSolare has been acquired 51% by Premier and 49% by Syрма SGS. So the consolidation will happen at the Premier end and not at the Syрма end. KSolare is manufacturing inverters, primarily rooftop and have capability of manufacturing other types of inverters also. So what we will be doing is manufacturing the entire module and assembly of inverter and then billing it from KSolare directly to the customers. So to my books, the accretion will be on the module

assembly, which will be done in Syрма SGS.

- Veenit:** Okay. So module assembly and inverter assembly related will be in our books or it will be directly from KSolare books to customers?
- J. S. Gujral:** KSolare books to customers.
- Veenit:** Okay. So we won't get any benefit on revenues. It will be a single line consolidation as far as KSolare is concerned?
- J. S. Gujral:** We would get the benefit of value addition on the modules which we make in Syрма SGS. The revenues -- inverter revenues will be accounted for in KSolare box.
- Bijay Agrawal:** So the EMS, whatever is going for inverters is what will be there as a revenue in Syрма books.
- Moderator:** The next question is from the line of Santhosh from Avendus Spark.
- Santhosh:** Sir, your margins have remained quite resilient this quarter despite the overall revenue mix shifting towards some low-margin businesses. So could you elaborate on what is driving this resilient margins? Is there any underlying efficiency or cost factors at play?
- J. S. Gujral:** The margins are, by and large, again, we don't look at margins quarter-on-quarter because if the product mix changes, the margins for a particular quarter would take a sort of positive or negative variation. Once my business has now stabilized with almost all the verticals being at the levels at which they were budgeted to be, I personally don't see any significant variation in the gross material margins going forward.
- When my health care and exports pick up, there would be an uptick in the margins. So my gross material margins continue to be hovering around 24%, 24%.. And therefore when the consumer was very high, they were at about 15%, 16%. So the consumer business having normalized, I think it will be around 23% to 25%, 24% to 25%, 26%. That would be the range of the gross material margin.
- Santhosh:** And my second question is with the recent acquisitions and ongoing expansions, how are you thinking about scaling up your workforce? Should we expect to see some meaningful ramp-up in employee costs going forward?
- J. S. Gujral:** See, the projects which are stand-alone, the PCB project would have its own workforce. So obviously, the cost will be absorbed by the PCB project. And on the EMS front, whatever growth we do, my direct cost of -- sort of direct manufacturing cost would go up. The corporate cost, the indirect salaries would, by and large, having now staffed almost all our positions except 1 or 2, I don't think there will be a significant increase in that. It will be the normal increase in salary cost year-on-year. The direct manufacturing cost as the turnover ramps up would go in tandem.
- Moderator:** The next question is from the line Vipraw Srivastava from PhillipCapital.
- Vipraw Srivastava:** Congrats on a great set of numbers. Sir, quickly on the JV with Shinhyup, which you have

signed for PCBs, wanted some clarity on the HDI side because as far as my understanding goes, Shinyup doesn't have much capability on HDI side, but what are your thoughts on that? Do they manufacture HDIs or it's only multilayer as of now?

J. S. Gujral: They manufacture multilayers and HDIs also. So HDIs will be starting to manufacture '27-'28 onwards. And we have the technology, and I don't see a challenge in that.

Vipraw Srivastava: Right, sir. And yet to receive approval for that, right? In coming months we'll receive approval for HDI also, right?

J. S. Gujral: We have applied for it. That's a separate set of applications because the multilayer PCB that only the PLI, no capex incentive. The HDI and other things have a capex incentive. So that set of applications is always already with the government. So I think we'll see the approval of that in coming days. And our objective is very clear to cater to the high-volume market of multilayer PCBs, which is about 70% to 80% of the total PCB demand.

Vipraw Srivastava: Right. Fair enough, sir. And sir, lastly, on the HDI side only, currently, in India, obviously, HDIs are mainly used for smartphones and automotive, which are relatively more complex to manufacture. So do we have plans? Are we looking to onboard HDIs and their clients? And secondly, also on the CCL side, what are the plans on that? We have read online that Syрма also wants to do CCL. So do we have a client there? How are we trying to do CCL?

J. S. Gujral: See, on the CCL, we are planning to put up a plant of CCL in the second phase. And it would be obviously -- when I'm putting up a 2.5 million square meter capacity for the PCBs. So that is a captive consumption, which I'll be doing. In addition to that, I will be servicing the other PCB companies in the country.

Moderator: The next question is from the line Keshav Lahoti HDFC Securities.

Keshav Lahoti: Sir, on the PCB project front, as you highlighted, the first phase would be INR800 crores capex. How about the second phase? When should we expect that to start? And secondly, how are the incentives on the state and central government and how -- what lag they will flow in?

J. S. Gujral: See, the state capital incentives of 50% of the amount spent, in the Phase 1, we will be spending approximately immediately INR40-odd million and then INR90-odd million in total, which would cover my multilayer line. The next INR800-odd crores will be spent on CCL and HDI. The state incentives work on an annualized basis.

So whatever I spend after I have spent, I get it approved and will be given in the subsequent year. So I believe that the state capital incentives should come back to us in the financial year '27-'28 for the amount spent between now and March '27.

Keshav Lahoti: Okay. Got it. And when you plan to spend the balance INR800 crores for the Phase 2, any thoughts right now on that?

J. S. Gujral: See, that Phase 2 would start somewhere towards end of '27, which will be the CCL part, followed by the HDI part. On the multilayer line, we are putting up multilayer line, which has

a capacity of approximately 700,000 square meters per annum. The building and the facilities and the utilities are being put up for the complete 3 potential lines, which we'll be putting up.

The moment my first multilayer line gets used to the extent of 50%, 60%, 70% is the time when we'll trigger the installation of the second. And when the second gets utilization to that extent, we'll trigger the installation of the third. So purely dependent upon demand, how would pace out the capex.

Keshav Lahoti: Understood. That is helpful. And central incentive would be 5% of the revenue for 6 years, right?

Bijay Agrawal: Yes, between 4% to 10% depending upon different layers. But yes, average would be somewhere around 5% to 6% what we are expecting.

Moderator: Ladies and gentlemen, we will take that as our last question for today. 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 for the Q2 earnings call of Syрма SGS. To sum up, I think we have never been so gung-ho about the business with the government policies in support and the state vying for attracting investments. I think the EMS industry is entering the second phase. The first phase was establishing itself. So I think going forward in the coming years, the electronic manufacturing industry would be one of the pillars of the growth of India.

And we are fortunate, Syрма SGS is fortunate to be present at that cusp of time when this is seeing a huge demand. We are very, very confident of growth with profitability, with sustainability and social responsibility. And export would be one of the key sort of cornerstones of our growth in the coming years. They have been thus far. We do about 25% of our revenues from exports. But the endeavor is to widen this base and grow this bucket even further.

Moderator: Thank you. On behalf of DAM Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

J. S. Gujral: Thank you, everyone. Thank you.