

Date: February 03, 2026

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 nine months ended December 31, 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 Earnings Conference Call on the unaudited Financial Results (Consolidated and Standalone) of the Company for the quarter and nine months ended December 31, 2025, held on Friday, January 30, 2026, 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**

Bhabagrihi Pradhan
Company Secretary & Compliance Officer
Membership No: F4921
Place: Gurgaon

ENCL: as above.



“Syrma SGS Technology Limited
Q3 FY '26 Earnings Conference Call”

January 30, 2026



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

MODERATOR: **MR. NIKHIL KANDOI -- AXIS CAPITAL LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to Syrma SGS Q3 FY '26 Earnings Conference Call hosted by Axis Capital 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nikhil Kandoi from Axis Capital Limited. Thank you, and over to you, sir.

Nikhil Kandoi:

Thank you, Iqra. Good morning, everyone. On behalf of Axis, I welcome you all to Q3 FY '26 earnings con call of Syrma SGS Technology Limited. We have with us the entire management of the company.

At this time, I will hand over the floor to Mr. Nikhil Gupta, Head of Investor Relations of Syrma to take the proceeding forward. Thank you.

Nikhil Gupta:

Yes. Thank you, Nikhil. A very good morning to everyone. Welcome to Syrma SGS Third 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 third quarter of the financial year 2026 followed by detailed question and answer session.

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

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

J.S. Gujral:

Thank you, Nikhil. Ladies and gentlemen, a very good morning, and welcome to Syrma SGS Q3 FY '26 Earnings Call. The last 3 months have been good and exciting. And I'm happy to share that the company has posted robust performance on all parameters.

If we look at the sales, my Q3 sales have gone up by 45% compared to last Q3 of FY '25. EBITDA has shown a very healthy growth of 101%, up from INR79 crores to INR159 crores. PBT and PAT have also registered corresponding good growth of about 108%. One of the important features of this quarter was a 66% growth in my exports, up from INR202 crores to INR335 crores between Q3 FY '25 and Q3 FY '26.

So, if I sort of scan the 9-month performance, again, we find that the performance is in line with what we had guided and in fact, better on some of the parameters. We have achieved in 9 months revenue of about INR3,350-odd crores with operating EBITDA of INR370 crores, up from INR208 crores; a PBT of INR295 crores, up from INR146 crores; a PAT of INR227 crores, up from INR113 crores; and export up by 45% from INR576 crores to INR837 crores.

Going into some of our bit granular detail, what is satisfying and gives us confidence of maintaining this tempo of performance is almost a secular growth across all verticals -- all the sort of 4 cylinders of firing, the auto has grown by a robust margin of growth of 30%, med-tech by 31%, industrial by 29%, IT/railways because the base was very low, it has shown a robust performance of 70% growth.

So, this gives us the confidence that going forward, we would be able to achieve the guided figures and maybe exceed on the margin front. When we started off this year, we had guided a margin of 8%, EBITDA margin of 8%, which was revised to 9%.

And now we are confident that we should be able to deliver INR500 crores plus of EBITDA, up from INR324 crores of last year, which would translate into a 55%, 57% growth against a targeted growth of 30%, which we had guided.

Going forward, in the coming year, we believe that we are well poised to take sort of capitalize on the emerging opportunities and grow healthy growth rate across all verticals, such that we would be able to deliver a 30% growth rate in the coming year also.

One of factors which we should keep in mind is that this performance has been under sort of the so-called cloud of tariff uncertainties from USA. We have been hoping for the last quarter on 4, 5 months that it would settle. We are still very hopeful that in this quarter, this sort of thing that the tariff uncertainty should be out of our way. When I say over, it also applies to the entire industry.

One very positive thing which has happened a couple of days back is the signing of the EU -- FTA with the EU Union. And this -- in the long run, not in the short run, not maybe in '26, '27, but in the long run, I think it bodes very well for the electronic industry in 2 ways. Some of the end equipment's, which were attracting duties, have been rationalized or brought down to zero or very low duties, which would enable export of end products from India, automobile as a case.

Now if automobiles are exported, the electronics which go into the automobiles, we are there to service that. And for us, it creates a broad ecosystem and an environment, a positive environment that going forward, the trade with EU would see a uprise.

We are very strong in EU. We have been exporting for the last 30 years. We have a plant in Germany. So, I believe that in the long run, this thing, the FTA would help us in sustaining the growth of our exports, which, as I just shared, have grown by 45% over 9 months. And I expect that we should be able to cross the INR1,000 crores, maybe close to INR1,100 crores in the coming year. We're already sitting at INR837 crores of exports.

On the domestic front, we -- the industries which we service are seeing robust growth, and I expect the growth to continue in the coming year also. As far as the new verticals of projects are concerned, our PCB project is on track.

The construction has started, and we expect the construction to be completed by about June, July. Parallelly, the equipment's are being ordered, and we are on track to start the trial

production by December 26, January, March '27 quarter so that we have a first 1 year of sales from the capacity which we are creating this year.

Further capacities will be created based on the demand, which we believe would be very good and we believe that the additional capacities which we have planned should come in sooner than later. We are sort of expanding our footprint in Pune, expansion of capacity in Pune.

We have acquired Elcome. The deal has been closed, and we expect that, going forward, the defence vertical would contribute to the bottom line more and to the top line as a proportionate figure, a little lower because it will be about 5%, 6% of overall revenue.

On a whole, I think it's been a very satisfying 9 months on the financial parameters, performance, delivery, everything. One soft thing which we believe is of a very great significance for our company and the country is that we have got the gold rating from EcoVadis which is the ESG compliance, and we are now rated among the top 5% companies globally.

Last year, it was a bronze rating. So, we have qualified from bronze to gold. Some of those customers are in platinum. So, I think the journey is on, and we'll endeavour to do that.

With that, I hand over to Bijay to run you through with the detailed number crunching. But overall, I think the team has done very well, and we are happy that we are on track and are delivering what we have guided this year. Thank you.

Bijay Agrawal:

Thank you, sir. Good morning, everyone. I'll now take you through our brief financial performance for the quarter and 9 months ended December 2025. I can start with the update on Elcome first. During the quarter, we consummated the deal, sometime around mid of December.

So, for about 15-16 days, we have been able to include ELcome P&L performance into our consolidated financials for the quarter. Considering the same, our overall total consolidated revenue for the quarter is INR1,274 crores as against INR891 crores corresponding quarter previously last year, registering a 43% growth year-on-year basis.

Our total revenue for the 9 months is approximately INR3380 crores, which is again 17% growth on a year-on-year basis. The robust growth for the period is contributed by higher growth in auto, industrial, healthcare and mainly export business. The consumer sector business for the quarter is approximately 31%, which is in line with our previous guidance. Our export revenue for the quarter is approximately INR335 crores, highest ever per quarter, which has grown by 65% on a year-on-year basis.

And for the 9 months, it is around INR837 crores, which is again 45% growth year-on-year basis. Overall export business mix is approximately 25% for the entire 9-month period, which was about 22.5% for last financial year. So, we can see overall export has improved by almost 250 bps in the overall revenues. Our ODM revenue for the quarter is approximately 16%.

Coming to gross margin. Gross margin for the quarter is 27.4% as against 26% for Q3 of last year. The margin improvement is mainly led by our export, higher export mix, higher ODM,

higher industrial and healthcare business and also lower consumer and IT, which is a relatively lower gross margin business. We continue to focus our efforts on our operational efficiency improvement further to improve margins.

Our operating EBITDA for the quarter stood at healthy INR159 crores with a year-on-year growth of 101% and an operating EBITDA margin of 12.6%. The current quarter consolidated EBITDA also includes INR12 crore from Elcome consolidation. So, excluding Elcome and apple-to-apple basis increased INR147 crores.

Our 9-month operating EBITDA is approximately INR370 crores, which has grown by 78% year-on-year basis, and 9-month operating EBITDA margin is approximately 11%. PBT for the quarter is INR138 crores. And for the 9 months, it is INR295 crores, which has grown again by 105% on a year-on-year basis. PBT margin for the 9-month period is 8.7%.

Coming to PAT performance. PAT for the quarter is INR110 crores, which has again grown by 108% year-on-year. PAT margin was 8.7% for the quarter. Similarly, for the 9-month period, PAT is INR227 crores with INR100 growth on a Y-o-Y basis.

Overall, net working capital days investment as of December end, we are running the business at around 76 days of net working capital days investments. These numbers also include consolidation of Elcome. So, if we remove it to make it apple-to-apple, net working capital investment is 68 days, which is 5 days lower than the previous quarter.

So that much of efficiency we were able to bring in during the quarter. And considering the same overall operating cash flow for the entire 9-month period is now positive for the company. We again continue to focus on reduction of net working capital days by another maybe 3 to 5 days over the next 2 to 3 quarters.

Moving to our debt position. We have a total gross debt of INR529 crores as on December end. And as again saying, we are carrying a healthy treasury balance of INR933 crores. With this, we have a net cash position of INR404 crores as on December 8. Turning to capex spend. It is all on track. We have been able to spend around INR55 crores during the quarter. And for the entire 9 months, it is approximately INR115.

Coming to ROCE performance, ROCE for the quarter is approximately 16% on an adjusted basis when we adjusted for the goodwill and unutilized IPO money. We expect this to improve further up for the year when we are able to pay the full P&L benefit -- full period related full benefit of Elcome because as of now, Elcome has already included into the capital employed, but returns should also include it for that going forward.

Our order book visibility as of December end is approximately INR6,400 crores, which includes auto sector related approximately 31%; consumer business, about 25%; industrial business, 27%; and balance in healthcare, IT/railways. Just an update on the merger. We have already concluded the merger. Syrma SGS merger is all done, and now we are reporting only SGS is already merged in Syrma, so there is nothing pending on that side.

Once again, we continue to focus on high-margin verticals, operational efficiency

improvement, improving the overall working capital investment and thereby improving the overall operating cash flow.

That is all and thank you very much. I will now hand it over to Satendra Singh, our CEO.

Satendra Singh:

Thanks, Bijay. And good morning from my side. I think we had an excellent quarter as already summed up by Mr. Gujral and Bijay in their remarks with numbers. I couldn't be happy.

I think this is a combination of all the efforts made by our team across the plants, across all support functions, and most importantly, the customers. We have a very healthy strong pipeline, and we are looking forward to exciting times ahead. Our factories are getting busier, as Mr. Gujral alluded to, in his remarks. We have seen utilization improvement between quarter 2 to quarter 3, almost 5% up. And that would mean -- and that we are very closely watching for expansion of capacities.

Last quarter, I had commented that we are building a factory in Bangalore. That's on track, and we are looking forward to more capacity enhancements in this year, which will obviously be required and the right structure to meet the exciting growth ahead. Strategy-wise, we remain very focused. We are working basis what we always believed in and what we continue to execute on.

First things first, customer. We're listening to the customers very, very carefully, working with them, walking the walk and ensuring that we are ready as and when they want us to be ready with the capacities, with the systems, with the competencies needed to support their business.

We have continued focus on the segments, which we always talk about, auto, industrial, medical, railways. We are continuing to build our capabilities. I think last week also brought in an interesting news to the trade and manufacturing ecosystem, which is the Europe-India deal.

I think that's as the newspapers call it mother of all deals, I would kind of believe that this is going to be a significant impact on the way businesses are growing. It definitely will bring strong tailwinds to Indian electronics companies. And we, as Syrma SGS, have been in European market for more than 2 decades. And we have been physically present for almost a decade via our factory and engineering presence in Stuttgart. We are looking forward to building on that to ensure that our export growth, which already Bijay said, we grew almost 45% year-on-year. We are looking forward to using our position there, our knowledge of the market to ensure that we have solid growth.

Last but not the least, I think we continue to be a business which is keeping -- doing all the right things required for the planet, and that's reflected in our EcoVadis rating moving from bronze to gold. There is clearly way ahead. Our endeavour would be to get to platinum, but the best -- the good part is that we are on the right track.

With this, I'll turn it back to Nikhil and thank you very much. Looking forward to exciting times together. Nikhil, over to you.

Nikhil Gupta: Thank you, Satendra. Over to you, Iqra, for getting into the Q&A session.

Moderator: The first question is from the line of Sumant Kumar from Motilal Oswal Financial Services Limited.

Sumant Kumar: So, my question is for consumer. We have seen a swing of INR116 crores in this quarter and also in industrial, INR120 crores. So, I understand industrial is majorly driven by the smart meter.

So -- but can you talk on consumer side, what is leading this kind of growth because we have focused on high-value, high-margin business for consumer, what we have discussed earlier? That is number one. Number two, what other subsegment is driving industry?

Bijay Agrawal: So, we have done approximately INR390 crores in this quarter, while it was INR365 crores in the previous quarter. So, there is a growth of approximately INR23 crores, INR24 crores over the last quarter.

And this is, again, mainly largely driven by telecom business, which we are doing, the set-top boxes, GPON, IDU, ODU, that is one last thing. Additionally, the consumer sector-driven ODM business, what we are doing is like water purification and maybe some bit of RFID tags, and consumer end use, those are the products which we are doing in the consumer segment.

J.S. Gujral: You see end of the day, when we started off this year, we had said that we would like our consumer sort of basket to be about 31% -- 30%, 31% of our revenue. And for this quarter, it is at about 30%. And even if I say for the whole year, it is at about 32% of the total sale.

So, I think we are on track. The industrial is driven by -- across the sort of applications, including exports. It's not purely driven by the energy metering, which is our domestic business, but by growth in my exports, my exports predominantly are in med-tech and industrial with a component of automotive also, which is touching around INR100 crores.

So, it's the business growth across verticals and within verticals across applications. That's what is, I think, the strength and satisfaction, which we derive when we see the quality of growth that it is not driven by 1 leg, all the cylinders are firing. And within the -- within each vertical, the different applications are also growing secularly with marginal variations. Some will grow faster; some will be at a slightly lower clip than the fastest one.

Sumant Kumar: So can you talk on the industrial side. What is the smart meter contribution of overall industrial in Q3? And also, in IT and railways, what is the mix of railway in IT and railway in this quarter?

Bijay Agrawal: In this IT and railways during the quarter, we have done approximately INR82 crores, of which railways is only INR17 crores, INR18 crores, and balance is IT. And similarly in the industrial breakup, smart metering is less than INR50 crores for the quarter here.

Sumant Kumar: How much?

Bijay Agrawal: Around INR50 crores.

Sumanth Kumar: Smart meter?

J.S. Gujral: Yes.

Sumanth Kumar: So, in industrial, we have a higher proportion of telecom?

J.S. Gujral: No, no. Not in exports, other applications.

Industrial has power supplies, it has exports. It has the metering.

Moderator: The next question is from the line of Sameet Sinha from Macquarie Capital.

Sameet Sinha: Yes. So good performance here. So, if I'm looking at your full year guidance, 30%, 35% year-over-year growth requires -- so fourth quarter, you're assuming it implies about INR300 crores to INR500 crores sequential growth.

How -- can you help us get there because that's a pretty sequent strong year-over-year acceleration that's required. Of course, Elcome will contribute. How much is Elemaster closing included in guidance? And then I have a follow-up question.

J.S. Gujral: Okay. Now if you see the quarter-on-quarter performance, Q1, we had a negative revenue growth of 19%. Q2, we did 37-odd percent positive growth. So, from a negative 19% -- 18%, 19% to 37%, it means implies whatever the growth is.

And in Q3, this 37% has grown up to 44% or 45%. Q4 going forward, we are confident that we should be able to grow sequential or sequential target, which we did about INR1,264 crores, we should be able to grow this figure by about INR1,600 crores plus such that we should be sitting at anything between INR4,850 crores, INR4,900 crores to INR5,000 crores. That's the range. But to me, the revenue figures are very important, but more important is the EBITDA. I think we started off the year with a guidance of INR400 crores of EBITDA.

We are already sitting at INR370 crores in 9 months. Even if I exclude the INR12 crores of EBITDA, which has been consolidated, it means INR358 crores. I'm very confident that we should be able to cross the INR500 crore mark of EBITDA for the full year.

If INR500 crores, we do that it's almost like 58-odd percent increase over the previous year. And it would have a similar positive increase in the PAT. Once the PAT goes up, it will have a similar positive impact on my EPS. So, I think on the finer points of performance, I think we are delivering or exceeding what we had committed to The Street.

Bijay Agrawal: Just to add here, we are not expecting any revenue from Elemaster JV in the fourth quarter. And also, Elcome related, we are expecting INR100 crores to INR120 crores of revenue in the quarter 4. That would be included in there. Simultaneously, we are also expecting healthcare higher number in the next quarter as it is always a much more year loaded business in any year.

Sameet Sinha: So, then-- it seems like you have pretty high visibility into '27 as well. Can you help us think about some of these segments and key drivers are? And if you can brackets sort of growth rates for each of these segments, that would be helpful.

J.S. Gujral: As I just shared that if I see my 9-month performance or my sort of 3 months performance, all my major verticals are growing at a pace of 30-plus percent.

Railways and IT because of a lower base growth at about 70-odd percent. I expect this secular growth among verticals to continue. Some may grow mild, some may grow at 35%, some may grow at 28%. But on an overall basis, we believe that we are in a position to deliver a 30% growth on top line and on EBITDA in the coming year -- in the coming year '26, '27.

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

Sonali S.: Many congratulations for such a wonderful result to you, Mr. Gujral, Mr. Bijay and the team. So, my first question is margin trajectory has been really strong this quarter.

Bijay, you did talk about the levers for that. But just wanted to get in a little more detail because if I look at the product mix in Q3 FY '26 versus Q3 FY '25, I mean consumer autos were broadly in and around the same percentage of sales as they are right now. So keen to understand what led to this excellent margin and the sustainability of the same?

J.S. Gujral: See, we don't -- as we have all the time been saying, we don't concentrate or point on quarter-on-quarter margins. So even if you recall, my Q4 of last year was -- I think it was about 12% EBITDA margin, Q4 of last year. And this time, it is in Q3.

So, let's not say that Q3 becomes the base for future projections. What we are saying is that we guide a 30% growth in absolute EBITDA, which translates into a 10% EBITDA margin going forward.

What drove the margins in Q3 is my export performance. Export is a very high-margin business, and it has grown by 66%, compared to Q3 of last year. So, in exports, we are up from INR202 crores to INR335 crores. This INR135 crores additional sales results in a comparatively very high contribution towards EBITDA.

Similarly, if I see my performance on industrial, my industrial is 31% in quarter 3, grown 46% over corresponding period of last year. So, these high-margin verticals where the growth has come this quarter has resulted in 12-odd percent EBITDA. Going forward, we guide that we should be able to deliver a blended EBITDA margin of 10% for the next year.

Bijay Agrawal: Just to add, Sonali, here, you are right. The overall business mix is exactly the same as it was in Q3 of FY '25. So that is where when you see gross margin level, overall improvement is only 1% because of the better margin controls or maybe some bit of procurement efficiencies.

And the larger part of savings is coming because of the scale improvement versus Q3 of FY '25, there's a 45% of the scale improvement, which is also helping us in the operating leverage improvement. That is where the overall EBITDA margin increase is 3.5% versus Q3 of FY '25.

Sonali S.: Got it. Very clear. And just one last question for the PCB manufacturer we had set out the overall capex estimate to about INR15 billion. How should we look at the per annum capex

guidance considering that we'll be doing this capex in phases? So, is about INR3 billion per annum a fair number to go by in FY '26, '27?

J.S. Gujral: Okay. So, in the first phase, which would be completed by December '26 or '26, '27, we should be spending approximately INR360 crores to INR400 crores, which would give us capacity of 720,000 square meters of multiyear line and 480,000 square meters of single layer PCBs.

The facility, which is being created is to accommodate 2 additional multilayer lines. So, the civil and the infrastructure, which we are creating, the attendant utilities and all that, they are all geared up for my full 3 ML and 1 single layer line. I personally believe that the stuffing of the multilayer lines, additional multilayer lines, would be sooner than what we had envisaged. We had envisaged that the second and the third line would come towards end of calendar '27 or beginning of FY '27, '28.

I think it would be preponed because the traction or the inquiries or the interest which we are receiving from potential customers is very strong. So, this year, it is about INR360 crores to INR400 crores. And next year, I think, on the PCB for this would be approximately the same amount and purely dependent on demand.

As far as the INR1,500 crores, you said that also included CCL and HDI and Flex. We are yet to receive the approvals of the government because we had also planned starting of those projects in '27, '28.

Bijay Agrawal: Overall, the INR1,500 crores, we want to -- we are planning to spend that by FY '30.

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

Praveen Sahay: Many congratulations for a very good set of numbers. My first question is related to the export. Because last year, I can see that the U.S. contribution for the export were on the higher side, and now even after a lot of fluctuation because of a tariff, you are doing very good in the export as well.

So, can you give some geographical indication from where you are getting growth? As you have already highlighted, industrial contribution in the export is the higher. And also, is that the Elcome contribution into export is also there?

J.S. Gujral: No. Elcome is all domestic consumption, in domestic sales, so it was not included in the export. The export, which, for the 9 months, stands at INR837 crores versus last full year exports of about INR858 crores or INR860 crores. These exports have primarily been driven by my robust growth in the industrial exports and also med-tech and healthcare. Healthcare is pre-eminently to U.S.A. and others are primarily to EU. Breakup-wise, you have the...

Bijay Agrawal: So, breakup while during the quarter, we have done almost INR103 crores on the healthcare side and about INR178 crores on the industrial side, out of the total INR335 crores.

Praveen Sahay: Geographical also if you can...

J.S. Gujral: Sorry.

Praveen Sahay: Geographical bifurcation, if you can give for 9 months.

Bijay Agrawal: 5% is U.S. and 35% is Europe. Our industrial is largely 90% is Europe.

J.S. Gujral: See my med-tech business is pre-eminently going to USA. My RFID and EMS business is directed towards EU and maybe Mexico. And something to that. Geography-wise, I don't have the figures off and we'll have to sort of work out. But I think it should be maybe 55%, 45%, but I have to work on the figures.

Praveen Sahay: All right. Sir, any number on PLI for a quarter and 9 months, if you can share?

Bijay Agrawal: PLI annualized number for any year is near about INR30 crores, INR32 crores for us, right? That's what is coming in the normal business.

J.S. Gujral: And there are no abnormal variation quarter-on-quarter.

Moderator: The next question is from the line of Tanay Shah from DAM Capital.

Tanay Shah: Congratulations on a very good set of numbers. Sir, my first question is if you could possibly spend just a couple of minutes on all the newer initiatives especially the defence acquisition since it's consummated in our numbers.

And if you can just give some direction on where we want to take this business in terms of revenues, how it's going to sort of be accretive to our margin profile? And what sort of return ratios does it enjoy? So, one is on defence.

And second is if you can possibly just for the bare PCB project, indicate what kind of applications we are sort of aiming at. Will it be more industrial? Auto? What are the segments that you're looking at? And what would the indicative margin profile be on basis of current projections for the bare PCB plant?

J.S. Gujral: Okay. Now on Elcome, we just acquired it. And this year, we believe that it will account for approximately maybe about Elcome as an entity, I'm not talking of what it will be consolidated into because of the previous 9 months, which were not done.

Elcome should be delivering anything between INR280 crores to INR300 crores of revenue. Elcome as an entity, the entire thing will not get -- line-wise, it will not get consolidated into our things. Going forward, we expect that the business has the potential to grow at maybe 10%, 15%, 20% with the present offering of bouquet of products which we have got. But obviously, when we have acquired a platform, and we have got a foot in the door in defence application, we would like to increase the bouquet of offerings.

Next year, I think if we are doing about INR280 crores to INR300 crores this year in Elcome, next year, we should be taking it anything between a 10% to 15% growth rate because in defence, the gestation period is pretty long and the orders could also be lumpy. As far as the margin profile is concerned, this is a high-margin business.

And the margins are upwards of 20%, 24%, 25%, which we believe we will be able to sustain

in the coming years also. That's as far as Elcome is concerned. On PCB front, we are in touch with customers in the industrial, automotive and consumer segment. And industrial is a very wide application. And energy metering is one of them.

And broadly, in the PCB industry, the margin profile is 15% -- 15% to 17% EBITDA margin profile without the PLI. So, I think we would be in line with the industry margins and grow in the Industrial and Automotive segment. Automotive. Also, within automotive, there are various categories, the lighting PCBAs, the infotainment PCBAs. So, we'll be cut into the entire sort of consumption by what you call the PCB, which goes into the automotive.

And subsequently, we'll also be targeting the med tech. They are high-end PCBs that have a longer approval cycle. So, we'll be plucking the low-hanging fruits in the initial phase and finally build up the ecosystem and the pipeline to target the high-end PCBs, which would also include exploring export markets.

Tanay Shah: Sure. And just a follow-up on the PCB.

Tanay Shah: Yes. Just a follow-up on the PCB business, right? We've spoken about multi-layers, but what kind of multilayers are we going to do? Till what amount of...

J.S. Gujral: See typically, if we analyse the PCB consumption, about 10% to 15% is HDI and other things, and rest is all single and multilayer. And if we further drill down bulk of the consumption, which I say, if I say the total pie-800, 75% of that -- 70% to 75% of that would be sub-8 layer -- single to sub-8 layer of 8 layers.

Then as you go up in the layer profile from 8 to 10 to 15 or whatever, it like oxygen, it gets very fine, the quantities keep reducing. So, we are targeting the market, which is available, which is bulk market. I'm not saying that we'll not be targeting the 15-layer or 12-layer, the volumes are very less.

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

Naushad Chaudhary: Just one clarification, sir. Apologies if I'm repeating. I joined a bit late. Did you share your order book number? Can you reshare it if you have already shared?

Bijay Agrawal: Order book?

Naushad Chaudhary: Yes.

Bijay Agrawal: Yes, we have already shared. So total order book and visibility is approximately INR6,400 crores. And out of that, around 31% is from Auto segment, about 25% from Consumer segment and approximately 27% from Industrial segment. Balance is healthcare, IT and railways.

Naushad Chaudhary: And export, sir?

J.S. Gujral: Exports are within, say, when I say industrial, it will be exports. Med-tech is all exports.

Naushad Chaudhary: Export is about 24% there in that.

J.S. Gujral: And the volume 24%, 25% of the enhanced value. So, if we are targeting, we are doing about INR1,100 crores this year. For next year, we expect this figure to go up further. If we're starting a 30% growth rate, so we should be having a 25%, 30% growth rate in exports also.

Moderator: The next question is from the line of Manan Goyal from ICICI Securities.

Aniruddha Joshi: Aniruddha Joshi here. Just one question after all the acquisitions M&A, what is the goodwill on the balance sheet? And how do you see the -- in a way, writing off of the -- or amortization of the goodwill panning out over the next 2, 3 years? And will it qualify for any tax benefits?

And second question, what is the capex that we are looking at for FY '26 -- sorry, FY '27 and '28? And lastly, what is the current net working capital, inventory days or debtor days if you can share? Yes, that's it from my side.

Bijay Agrawal: So, to answer your first one on the goodwill and intangibles and the tax benefit and the amortization of the same, that is something we are working out along with our valuers and the auditors together. And probably in the next quarter results, we will be able to disclose it completely that way.

Whatever intangibles is coming out of that PPA valuation, purchase price allocation, that intangibles will be eligible for a tax benefit, amortization and tax benefit. Goodwill is something we will not be able to amortize it, so there will not be any tax benefit or P&L impact of the same thing.

But that is something we will be able to disclose properly in the next quarter results. Coming to your capex requirement, normal organic-related capex requirement would be INR80 crores to INR100 crores on a year-on-year basis.

Apart from that, special project, just like PCB business related, near about INR300 crores to INR350 crores is what we will be spending over the next year. And beyond that, if we furthermore announce any other new special project, that will be over and above that additionally.

Coming to net working capital trade requirement, we are already at 76 days of working capital days. We are still -- that is also including Elcome related working capital number so far. We are still working on it and trying to reduce it further over probably next 2 to 3 quarters, we should be able to bring in an efficiency of around 5 to 6 days.

And we have already disclosed that the 76 days, if we exclude Elcome on the current year number or excluding Elcome, this is about 68 days. That's where we are currently.

J.S. Gujral: So, which reflects 5 days or 6 days reduction from September '23 and the 4 days increase from last year, corresponding period.

Bijay Agrawal: And even after considering all these things, my overall 9-month operating cash flow is positive right now, which we are trying to furthermore improve for the entire full year.

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

Keshav Lahoti: I remember your smart meter revenue, which was INR50 crore each quarter, which was coming. And this quarter also, you highlighted that INR50 crores, so totalling INR150 crore, INR160 crores in 9 months. But your guidance for this year was INR300 crores. Earlier, you indicated possibly H2 would be better on smart meter front? So, what's the update on that side?

J.S. Gujral: See, on the smart meters, one thing is it is a very sticky business in terms of working capital cycle. And we don't want to land into a situation, where we have the sales, but not the recovery, to be very honest.

So, the growth is driven by choice as long as I'm confident of delivering on the overall business. And we are selective about customers in the, what you call, energy metering business. And has this sort of slight softness in growth numbers of the value of the energy meters.

In terms of quantities, we are growing well. And because of the sort of working capital cycle, we, at times, ask our customers to sort of give us the key dedicated controller free of cost. So, while my quantitative numbers may go up, then the material is being procured by the customer, it does have an impact on the value of sales. So, there are 2, 3 factors: a, the working capital cycle. We are choosy about the customers we service. If I'm not going to be choosy, the sales, the business is available.

I can grow several times what I'm doing today in the energy metering business. But I don't want to land in a situation where the sales cycle does not result into a sort of a short-term cash flow cycle.

Keshav Lahoti: Got it. So, what is the revised guidance of smart meter revenue for this and next year?

J.S. Gujral: Next year, I think if we are doing about INR200 crores this year, we should be going about another 20%, 25%, 30% next year. Again, what I sort of focus or the company's focus on is overall growth with profitable margins and positive cash flow.

So, these are the 3 parameters. So, if we find that the growth is not coming, then go into the sort of a sticky business, sort of a sticky thing where the cash flow cycles are long. But if you are able to manage the growth without the longest working capital cycle business, I think we'll prefer that.

Keshav Lahoti: Understood. One last question from my side, the guidance of 30% revenue growth. This is including everything Elcome and whatever inorganic you do or it's purely organic you are talking?

J.S. Gujral: See, we had guided last year also. And this year also, we are saying that we'll be growing at around 30%. Now this year, when we say we are growing at this rate from whatever we did last year, INR324 crore EBITDA, INR3,700-odd crores of revenue. So, it will be apple-to-apple, and the group Elcome will be in addition.

Next year, since Elcome comes into a fold, we would share the different vertical separately,

but then the growth overall would be blended of all the things.

So, if we are able to do about INR5,000 crores, INR4,900 crores of revenue this year, a 30% growth will be what would result in to. And more importantly, if we deliver INR500 crores EBITDA, which I'm very confident, it's not. If it will deliver INR500 crores EBITDA this year, next year, a 30% growth rate is INR650 crores of EBITDA.

Keshav Lahoti: Got it. That is very helpful.

Bijay Agrawal: Also just to add on the previous question, the breakup of export during the 9 months, we did total export of approximately INR835 crores, of which near about INR255 crores is to U.S. and balance INR580 crores is for other than -- other markets, other than U.S., which includes Belgium, Germany, Mexico, Canada, China and Singapore together.

Moderator: The next question is from the line of Dhrumil Wani from Girik Capital.

Dhaval Shah: Dhaval Shah this side. Great performance and good luck for the future. Sir, my only question is regarding the good drop in the finance cost quarter-over-quarter, while the debt number is higher. So, is it some refinancing of the debt? Or can you just help us understand?

Bijay Agrawal: Yes, this closing debt was not exactly available for the entire period. So, this is something -- during the quarter, the debt number was actually lower. And yes, we were able to negotiate or renegotiate some of the interest costs with the bankers to achieve some efficiency. So, it is a result of both the things.

Dhaval Shah: Okay. Got it. And Bijay, the other question is on the -- what tax should we assume, tax rate for fourth quarter and next year? Plus, you mentioned the total cash outflow from our balance sheet will be around INR400 crores for capex, like INR300 crores for the PCBA plus INR100 crores for the -- our existing business.

So then next year, we're planning to meet the entire requirement with our operating cash flow or how it's going to be funded. So, what sort of debt -- on 31st March '27, how the balance sheet will look like?

Bijay Agrawal: So, of this capex, whatever PCB's related capex, we are planning to raise 50%, get 50% through equity and part of that equity, 25% of that equity requirement will also be funded by my partner also.

So, in totality, yes, including debt or equity outflow, whichever we can say, capex-related near about INR300 crores to INR350 crores will be the overall outflow here on the capex side. And what was your first question regarding the cash balance?

Dhaval Shah: Yes. So, on this capex, so INR300 crores. So, from our balance sheet INR300 crores will go from Syrma balance sheet?

Bijay Agrawal: Yes.

J.S. Gujral: On the capex for the PCB INR350 crores, INR400 crores, whatever is the figure by March '27,

would be making us eligible for a 50% subsidy from the government of Andhra Pradesh. So, it is sort of a bridge financing over a period of 1 year. So, whatever is spent till March of '27, I expect to get the money in '27, '28, 50% of that.

So, on a full sort of cycle basis, my investment in the PCB project would, for this phase, if it is INR400 crores will be actually INR200 crores from Syrma. And out of that INR200 crores, whatever is the equity portion, 25% will be funded by my collaborator.

Dhaval Shah: Okay. Understood. Understood. And my other question was on the tax rate for the fourth quarter and for the next year, what should we be assuming?

Bijay Agrawal: Tax rate for the fourth quarter would be somewhere around 23% -- 23%, 24%. And next year, we can assume over 26%.

Dhaval Shah: 26% Got it. Got it.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, that was the last question for today. I now hand the conference over to Mr. J.S. Gujral for closing comments. Over to you, sir.

J.S. Gujral: Thank you, ladies and gentlemen. I think we are well poised, well positioned what we had set out to do when we hit the street in 2022 when we got listed. We had guided all the investors in the street that we are making a truly global EMS company.

And we are on way sort of on right track for that. In between, there would be bumps. But on a long-term basis, I think we are very well poised with our customers, with our vendors, with all the stakeholders and to take benefit of the emerging opportunities in electronic manufacturing.

We are building an organization, which is now almost there. The capability building is an ongoing exercise, which would continue year-on-year. When I say capability building, it is introducing the best of the software, the best of the tools, online monitoring of performance of the machine, so that we sort of get a better efficiency out of the sort of assets which we have created.

We have, as I shared last time, tied up with the Canadian -- American company, Ark Systems, which gives us sort of access to online monitoring of my SMT lines across plants. So, sitting in the corporate office, my team who have been given excess can, on a real-time basis, monitor the performance.

It has -- we have started a pilot project, and the results are very, very encouraging. And if we have, say, 40 lines and 500 hours is per line, it is 20,000 hours of capacity. If I'm able to get a 5% improvement, it gives me 1,000 hours of capacity which is equivalent to 2 lines.

So, I think we have now embarked on a journey to bring in the operational efficiencies, which Bijay also alluded to that while my gross material margin has improved by 1.7%, 1.5%, my EBITDA margins have improved by almost like 3%. The remaining 1.5% is coming from the operational efficiencies, and we continue relentlessly to work on this.

So, the motto on the shop floor is relentless improvement of efficiencies. This, coupled with

over other objectives of increasing the value, increasing the exports, increasing the ODM, ODM growth is sort of a treacherous part. It's not easy, but we are very focused on increasing that. This with our foray into PCB and other sort of piece parts under the ECMS policy, I think positions Syrma SGS in a very, very strong position to capitalize on the emerging opportunities within India and outside India.

So overall, a satisfactory 9 months globally also, macro also and micro also. And we believe that we are in a good position to keep growing at profitable margin and which we have said that our objective is to grow a 30% growth on EBITDA, positive cash flows, 25%, 30%, 35% growth on top line. So, these 3 are the cornerstones on which we measure our performance. And each one of them has its own importance.

I now hand over to Satendra to give his view on the overall sales. Satendra, over to you.

Satendra Singh:

Thank you, Gujral. I think this was a great call from all of us. We are very excited about the growth we have reported, and we're looking forward to great future. Thank you, everyone. Have a good rest of the day.

Moderator:

Thank you very much. On behalf of Axis Capital Limited, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.