Date: November 06, 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 Investors Conference Call held for the unaudited Financial Results (Consolidated and Standalone) of the Company for the quarter and half year ended September 30, 2026.

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, 2026, held on Monday, November 02, 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**

BHABAGRAHI PRADHAN

Digitally signed by BHABAGRAHI PRADHAN
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Bhabagrahi Pradhan
Company Secretary & Compliance Officer
M. No.: F4921
Place: Gurgaon

"Syrma SGS Technology Limited
Q2 FY27 Earnings Conference Call"

November 02, 2026

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

MODERATOR: **MR. SHALIN CHOKSY – JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Syrma SGS Technology Limited Q2 FY27 Earnings Call hosted by JM Financial Institutional Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Shalin Choksy. Thank you and over to you, sir.

Shalin Choksy: Thank you, Saisha. Good morning, everybody. On behalf of JM Financial Institutional Securities, I welcome you all to the Q2 FY27 Earnings Call of Syrma SGS. We have the senior management of the company joining us today morning.

And I will now hand over to Mr. Nikhil Gupta:, Head of Investor Relations, to take the call forward. Thank you and over to you, Nikhil.

Nikhil Gupta: Yes. Thank you, Shalin. A very good morning to all of you. On behalf of Syrma SGS family, we welcome you all to the Syrma SGS Quarter 2 and Half Year Fiscal Year 2027 Earnings Call. We have with us today: Mr. J.S. Gujral, Managing Director; Mr. Jayesh Doshi, Whole-Time Director; Mr. Jaidit Singh Brar, Chief Executive Officer; and Mr. Bijay Agrawal, Chief Financial Officer, Syrma SGS; to discuss the performance of the company during the second quarter and half year fiscal year 2027 followed by a detailed question-and-answer session.

Kindly note during the 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.

All forward-looking statements made herein are based on the information presently available to the management and to the company and the company does not undertake to update any forward-looking statements that may be made during this call. In this regard, we request you to kindly review the disclaimer statement in the earnings release and all those factors that can cause the difference.

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

J.S. Gujral: Good morning, everyone. A pleasure to speak to you for the Q2 FY27 and H1 FY27 earnings call. The quarter gone by has been very, very satisfying and almost on all the parameters whatever we had guided, we have either delivered better performance or almost the performance which we had committed. The most significant and satisfying aspect to the management is that a 71% growth has been achieved while maintaining fiscal hygiene. I think that's the most critical factor for us.

We had a negative operating cash flow in Q1 and, as committed, we sort of see from the prism of 1 year, this quarter we have turned positive and we generated INR120 crores of positive operating cash flow, which is approximately 30-odd percent of EBITDA and that's what we have committed to everyone. Another very heartening factor is that in H1 of FY27,

we have almost surpassed all the figures of FY25. In FY25, we had revenue from operations INR3,787 crores. This time it's about INR3,578 crores.

EBITDA was INR324 crores for full FY25; for this half year, it is INR355 crores. PAT was INR184 crores, this year it is INR230 crores. Export was INR854 crores, in H1 we are INR901 crores. ODM: it was INR453 crores in FY25, it's INR591 crores. So on all the qualitative aspects, we have surpassed what we did in FY25 in H1 and this gives us the confidence to revise our guidance upwards that we would be able to deliver 40% to 45% growth this year on an annualized basis, which would translate into around INR7,000 crores of revenue.

And we recommit or reaffirm that this revenue growth will be achieved maintaining the fiscal discipline. Last quarter my net working capital had gone up to about 71 days. It has come down back to 63 days. And with this, we are confident that next year, that is FY28, we should be able to cross the $1 billion revenue mark in revenues.

The second effect, which the management has seen drop is the supply chain constraint which the industry is facing today and whenever there are supply chain constraints, it has a cost push effect. We have pass-through mechanisms with all customers, but we don't get a value-add on the cost push and that results in slight dilution in the margin profile.

The absolute figure is being maintained, but the margin profile does take a small hit because you get the same value addition on a higher base of the cost push. All our projects of diversification, backward integration be it the PCB project, the camera module project, the magnet project; they have all been sort of initiated the construction and commissioning.

The major one which will have a significant impact in the long run on our -- a positive impact rather on our revenues and margin profile is the PCB project. It is on stream and we expect as we had committed to power on the equipment by March, start the trial production.

It takes about 3 to 6 months to get all the quality certifications, customer approvals and all those things. So that by about September of '27, we should start the volume production. This would result in '28-'29 a significant bump up in our margin profile because PCB project is comparatively margin accretive.

Exports, as we have always been maintaining, are one of the corner stones of our growth strategy and exports is in the DNA of Syrma SGS. We have been exporting for 35-plus years or 40-plus years. And exports have grown significantly. We expect this year that exports should cross the INR1,700 crores mark.

We had estimated at the start of year it will be about around INR1,600 crores -- anything between INR1,500 crores to INR1,600 crores on a base of INR1,200 crores in FY26. If we achieve and I'm very confident that we'll achieve the INR1,700 plus crores mark, next year it should give us a INR2,000 crores in exports.

We have beefed up our marketing presence in U.S.A. and going forward, I think we'll see a slightly higher trajectory on a sustained basis in export growth. This year they have been

phenomenally at about 71% growth this year versus 41% last year versus 31% in FY25. Another thing which the management has sort of shared with the Street that we would like to increase the ODM part of our revenue.

While the percentage is remaining stagnant because my non-ODM revenue is also showing a very strong increase, what gives us the satisfaction is that the ODM revenue in H1 FY27 is INR591 crores versus INR273 crores of the H1 previous year, which is 117% growth.

Last year we did ODM revenue of INR825 crores. So in all probability and certainty, we'll be crossing the INR1,000 crores to INR1,100 crores mark in the ODM revenue. So, all these are projects which have a longer gestation and I think they have started bearing fruit now. And going forward, we are very confident that we would be able to: a, grow at 30%, 35% for the next 3 to 5 years on a larger base, lower export base. This half year my EBITDA margin is a tad lower than 10%. I expect the year to close at 10% to 10.5%.

And going forward, that is '27-'28, with my margin accretive projects coming into stream, I expect that we should be anything between 10.5% to 11% or maybe marginally better than 11%. I think we'll have more clarity once the supply chain constraints are eased out. And we expect that for the industry and the chambers and the trade that the supply chain constraints will remain for the next 5 to 6 months and are expected to ease out only in April to June of '27.

On an overall basis, I think the company is on a solid footing and we have strived over the last 3 years to build a risk-mitigated model such that we are not dependent on any one vertical, any one geography, any one customer or major customers, which can sort of disturb the equilibrium of the growth. It's truly sort of risk mitigated in terms of exports accounting for about 26%. None of my customers accounting for -- 1 odd customer maybe about 12% to 14%, but all other customers would be less than 10% of my revenue.

Automotive, industrial consumers would continue to form the backbone. Healthcare, railways, whichever small way, will show higher trajectory of growth in terms of percentages; but the base being small, they would still contribute to sub 10% or 8% of our revenue. So, I think a very satisfying thing and full compliments to the team, which has strived to deliver these results with qualitative -- sort of keeping the qualitative factors into mind.

With this, I hand over to Bijay to run you with all the details of financials and the finer points on the financials. Over to you, Bijay.

Bijay Agrawal: Thank you, sir. Good morning, everyone, and thank you for joining us for this quarter 2 and H1 FY27 earnings call today. I'll briefly walk you through our financial performance for the quarter and the first half of the year followed by our working capital position and capital allocation priorities.

We have delivered another quarter of strong growth and robust numbers. The performance reflects the continued momentum across our diversified end markets and our focus on scaling the business while maintaining profitability and financial discipline.

Let me start with the financial performance first. Our consolidated total revenue for quarter 2 FY27 is approximately INR2,000 crores registering a strong year-on-year growth of 73% and sequential growth of 25%. Our consolidated total revenue for H1 '27 is INR3,603 crores representing a growth of 71% year-on-year.

Operating EBITDA for quarter 2 increased by 68% to INR193 crores and for H1 it is INR355 crores with a 68% growth on a Y-o-Y basis. Our EBITDA margin for H1 is 9.9% as compared to 10.1% last year and despite a slight in the operating EBITDA margin, our absolute profitability continues to increase substantially.

PBT for the quarter is INR165 crores and for H1 is INR306 crores registering a strong 95% growth year-on-year basis for H1. Similar way, PAT for the quarter grew by 87% to INR124 crores and for H1, it grew by 98% to INR230 crores.

PBT margin improved from 7.4% to 8.5% and while PAT margin increased from 5.5% to 6.4% when compared on a year-on-year basis. This improvement in the bottom line reflects the growth in operating profitability and the benefit of operating leverage into my financials. When we see the revenue growth, it was broad-based across multiple all the verticals.

Automotive sector business recorded a revenue growth of 91% year-on-year basis, increasing its contribution to approximately 26% of operating revenue. We continue to see strong business momentum in this segment supported by our customer relationship and participation across multiple automotive platforms. The consumer business contributed approximately 29% of our operating revenue for the quarter.

Healthcare business grew by 61% year-on-year. This is actually a good margin business for us maintaining a stable contribution to overall business. Industrial business recorded a strong growth of 86% year-on-year and 31% sequentially.

As highlighted in our previous call also, apart from automotive segment, we expect this segment should grow faster in the second half of this year. IT and railways also performed strongly while revenue growing by 69% year-on-year, 82% sequentially; its contribution increased to approximately 14% of our operating revenue during the quarter.

Overall, the performance across our end markets demonstrate the benefit of our diversified business portfolio and this diversification remains important as we continue to expand our presence across industries and build capabilities in higher value manufacturing programs.

Coming to export business. As highlighted by Mr. Gujral also, our export revenue increased by 91% year-on-year to approximately INR514 crores for the quarter and INR901 crores for H1 registering a growth of 80% year-on-year for H1. Our export performance reflects our increasing participation in the global supply chain and our availability to serve customers across broader range of customers and markets. Our ODM revenue for the quarter is INR322 crores and for H1 it is INR591 crores registering a year-on-year growth of 117% for H1.

Coming to customer concentration for H1. Our Top 5 customers contributed approximately 38% of our revenue, Top 10 approximately 50% and Top 20 is contributing near about 66%

of our revenue. Coming to order book visibility. As on September end, we are carrying an overall open order book visibility position of INR7,420 crores. Of which; auto is approximately 30%, consumer and industrial segment each is contributing approximately 24.5% to 25%, Healthcare is 8% and IT and railways is contributing 12% above. We remain confident that the volumes continue to scale, newer programs mature and our operational efficiencies will continue to improve our overall profitability over the medium term.

Moving to our working capital position and cash flow. Our net working capital cycle improved to 63 days as of September '26 compared to 71 days in the previous quarter and 73 days as of September '25 on a year-on-year basis. This is an encouraging development particularly in the context of ongoing supply chain constraints and still we have been able to maintain disciplined working capital investments. During H1 FY27, our net operating cash flows was approximately INR120 crores resulting into OCF to EBITDA conversion of approximately 34% for the H1.

Coming to balance sheet position. Our balance sheet continued to remain healthy and support our growth plans. As of September '26, we continued to maintain a net cash position of INR258 crores supported by a strong healthy treasury balance position of approximately INR1,000 crores and a gross debt position of INR746 crores. We continue to invest prudently in capacity expansion, technology and manufacturing capabilities, strategic growth initiatives while maintaining financial discipline.

During the quarter, we incurred approximately INR200 crores of capex, of which around INR140 crores is towards the PCB project and balance towards other brownfield capabilities enhancement across multiple units. Coming to our ROCE returns. The return for this period H1 adjusted annual ROCE is 21.4% reflecting improving working capital productivity. Our investments into the PCB projects are progressing. We have already spent more than INR200 crores for the project and expecting to spend another INR200 crores in the balance of the year.

We continue to target a commercial production start of this facility by April '27. We remain mindful of the importance of margin discipline, working capital management, cash conversion cycle, capital efficiency as the business grows. Our priority is to deliver consistent and profitable growth supported by operational excellence and disciplined capital allocation and long-term customer partnerships.

With that, I would like to thank you all the investors and stakeholders for their continued support. I'll now hand it over to the Moderator: to open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sameet Sinha from Macquarie.

Sameet Sinha: Congratulations. This has been an excellent in last few quarters. I have a couple of questions. First is in terms of the ODM revenue, clearly that is a growth area for you as well as margin accretive. Can you give us some more details on are you expanding ODM beyond your Healthcare, medtech sort of vertical? Where else could it go? And what sort of products are

you developing for your customers? That's the first one.

And then the second is can you talk about just the -- with your updated guidance for this year, it still kind of implies a slowdown in the second half, but second half is generally your seasonally the stronger part of the year. So can you help kind of meld the 2, please?

J.S. Gujral: So if I understood your first question was on the ODM part and the second was on the guidance for the full year. On ODM part, we continue to grow strongly in medtech, defense, in RFID and other parts of the business. It's a long gestation project. We are also developing ODM products for the industrial segment.

Over the next 2 to 3 years, we'll see a significant bump in this. So ODM primarily will be in Healthcare, defense, power electronics, RFID and magnetics. As far as the revenue guidance is concerned, we have had a good half year and that gives us the confidence to revise the guidance up from the 35% to 45%, which means we should be touching or crossing the INR7,000 crores mark this year and $1 billion next year with a sort of resultant increase in the margins also and the margin profile.

For the year ended March of '27, we expect the EBITDA margins to be anything between 10% to 10.5%. And going forward we would see a further accretion in '27-'28 and '28-'29, as I said in my opening remarks, once the high margin accretive projects start yielding revenue.

Sameet Sinha: Right. I was just checking on it. I mean it implies the growth rate for the second half is much lower. Is that just conservatism because seasonally it's a better part or is it just a higher growth?

J.S. Gujral: On the demand side, we remain very bullish. The supply chain is still an area of concern. And what happens after the midterm elections, what happens in Middle East; these are all conjections. So I would rather sort of err on the side of caution. The dampening of the growth; which I'm saying that you are saying if you have grown at 71%, why you're saying 45% for the full year; is essentially driven by your concerns on the supply chain which as of date doesn't seem to be easing out.

It is expected to continue for the next 6 to 9 months. And what the analysts, the trade, the industry says somewhere in Q1 of FY28, we could see some stabilization or easing of the supply chain. So whatever we are guiding is keeping ourselves sort of conscious of the supply chain constraint not on the demand side. Demand side, we are very, very bullish.

Moderator: The next question is from the line of Aditya Bhartia from Investec.

Aditya Bhartia: Sir, again speaking on the revenue guidance itself. If we just analyze the second quarter revenue number, we get to almost INR8,000-odd crores of revenues for the full year. In just first quarter, we are still speaking about around INR2,600-odd crores of revenues. So is it that supply side challenges are further becoming more difficult versus what we have seen in the last few quarters?

Because these concerns have been there and despite that, we've been kind of delivering

anywhere between 50% to 70% kind of revenue growth. So just trying to understand is it that scenario is getting more difficult or is it that you're just being aptly cautious?

J.S. Gujral: So there are 2 aspects to it. See, as we have all the time been saying, we don't work on quarter-on-quarter basis and a 71% growth in first half is because some of the orders of the customers have been front-loaded. So we expect that rationalization should come in.

And coupled with the supply chain, we believe that delivering a 40%, 45% annual growth would be the target of the company. Now whether I deliver INR7,000 crores or INR7,500 crores or INR7,400 crores; today it all depends on the supply chain.

And because I may be ready with the product, but my customer may not have a component so his sale may not happen. If his sale doesn't happen, it has a ripple down effect on me. So I being the intermediary in a B2 business, I am blocked in by 2. My customer is ready, my supply chain is not ready, my sales suffer.

I am ready, my customer is not ready, my sales suffer. Hence, taking all the things into account, we are guiding a 40%, 45% growth rate for the current full year, which would take us to INR7,000 crores plus. Bijay, would you like to add anything?

Bijay Agrawal: Sure. I'd like to. Aditya, while we have also previously communicated that quarter-on-quarter seasonality is there. In H1 consumer segment is much more front loaded so we have done almost INR1,100 crores plus kind of revenue on the consumer segment side. So gradually we may see a taper down of this one particular segment and other segment going up. That is why this quarterly seasonality will play. Full year basis we are guiding 45% plus kind of overall revenue growth.

Aditya Bhartia: Understood. And in the annual report, we had spoken about one of the framework agreements of almost $250-odd million. If you could share more details around that, what kind of revenue accretion may happen on account of it? What are the time lines like? And whether it's a one-off contract or are you looking to be entering into similar contracts? Because you have at least kind of indicated that that could be the intent.

J.S. Gujral: See, we have entered into that framework contract and it will start yielding revenues next year. I'll request Jaidit to throw more light on that.

Jaidit Singh Brar: So yes, we made very good progress on that agreement. So all the NPIs, all the sort of early production runs have been done and we have a ramp-up plan agreed with the customer. But these are all sort of very demanding deferring customers so we go step by step. So as Mr. Gujral said, we see the full impact of this in FY28 and beyond.

J.S. Gujral: And this will continue. It's not a one-off contract for this. Having entered into their supply chain, the global supply chain becoming an integral part, I see this particular vertical and the customer to become one of our major growth drivers in the coming years. '27-'28 in any case will be there. But once we get integrated, we have opportunity to tap the wide product range which they make.

So, these are all long-term gestation period contracts and the growth which you are seeing in the current year is the customers which we onboarded a couple of years back and they have started yielding the volume production or the series production in '26-'27. The customers which we have onboarded last year, late part of last year and this year, will give feasible revenue impact in '27-'28 and beyond.

Aditya Bhartia: Sir, if you could also indicate who the customer could be or what kind of products are we speaking about? What could be the revenue?

J.S. Gujral: Confidentiality doesn't allow me to name the customer. You will appreciate that. These are into the industrial, power management, power distribution, data center. So that's a broad mix. And these will be sizable contracts, sizable revenues generating out of this next year onwards.

Aditya Bhartia: Any indication that you can give on the revenue number, sir?

Bijay Agrawal: Annualized could be at least INR500 crores to INR1,500 crores to start with.

Moderator: The next question is from the line of Santosh Seshadri from Avendus Spark.

Santosh Seshadri: Congratulations for a great set of numbers. Sir, just wanted to double-click on what was driving the second quarter results. If you could explain how much of this growth was driven by any new customer ramp-up or any new program wins that you mentioned in the previous call? And also how much was the pull forward in demand that you were mentioning?

Just on a related note, you have also reached a revenue run rate closer to INR2,000 crores in a quarter and guiding for $1 billion kind of revenue in FY28. So I just wanted to understand how ready is the platform to deliver this kind of revenue both on the domestic front and also on the export front. So if you can explain if there is any additional hiring or any major capex that is required in the base business to ensure we get to those revenue levels?

J.S. Gujral: So there are 3 or 4 parts to the question. One is the growth coming in from new customers and existing customers. Well, it's a secular growth; all customers, new and the old are firing. What is more significant is all the verticals are growing at a very fast clip. So if I compare H1 '27 to H1 '26, our automotive business has grown by 80 plus percent, Healthcare has grown by 78%, industrial 58%, IT on a small base by over 100%, railways by 45% and consumer by 62%. So all the cylinders, the verticals are firing.

Now within this 85% growth, my new customers would also add to that growth. My exports have grown by 59% in H1. My ODM has grown by 100%. So we see a secular high trajectory growth in almost every vertical and the segments. Going forward, these segments would continue to fire the growth. And the 3 segments because of their large base which will continue to grow; automotive, industrial and consumer.

Healthcare, railways have a smaller base. Even if they grew at 100%, 120%, they would not form a significant impact on my overall top line; but being high margin products, they will be adding accretive to the margin profile of the company. No significant investments are

required for these businesses. They are the normal businesses which we are tapping into.

The only thing is the profile of customers has changed. So when the profile of the customer changes, it does not necessitate a significant increase in capital investment. What it sort of requires is strengthening your processes, procedures, communication channels, program management, electronic interface on the supply chain.

So the heavy lifting is not in the capex. It's in the categorization. And there we are having very structured program to sort of come up to the expectation or sort of exceed the expectations of these global customers in terms of processes, which are robust today, but they have to be aligned to the global requirements.

Santosh Seshadri: Sir, I have a follow-up. So if I understood right, growth is mostly organic coming from the base business and the new projects that we are working on is mostly an add-on. So can you provide status update on some of the projects that we are working on? So in addition to the PCB project, I believe we have applied under ECMS schemes. And also is there any project that we are considering to apply under ISM scheme? So if you can help us if you can provide a status update on that, that would be helpful.

J.S. Gujral: In the ECMS scheme, we have applied for I think 5 or 6 projects. One is the PCB, which is under sort of construction and we'll see the power on by March and trial production by March, April and series production by June, July to August, September quarter. So for FY'27-28, the PCB project will deliver 6 months approximately of production; commercial production, series production. FY'28-'29 will be a full year.

The second project, which we have got under the ECMS scheme is the CCL. We intend to commission it in the year '28-'29 as of date. The third one is HDI Flex and other thing. Some PCBs are being clubbed with the current phase of the project. HDI and all that will again come in '28-'29 or before that.

The fourth application which we have got is for camera modules. The facility construction has started. We have got the expression of interest or intent from the customer for camera module for automotive application and we expect that by around end of this fiscal, we should be in a position to start production in that. The last one, which we have got in the ECMS in the magnetic space. It's a small investment, nothing major.

But it would add in the coming years, '28-'29 a decent amount of high margin business to my stake. Magnetics per se would not significantly alter my top line. Even if I do $10 million, $20 million, it doesn't alter my top line; but they are very high margin accretive projects. So that's as far as the ECMS is concerned.

On the ISM too, our stand has been very, very clear right from day 1 from the ISM days that we are very interested into entering into this sort of ecosystem, but we would enter only if we have a credible partner. Currently, discussions are going on, but nothing concrete which I can share with anyone that we are going into this aspect or this part or whatever it is. But we are interested and hopefully, we should have something concrete in the next 6 months.

Santosh Seshadri: Just on the camera module side, are we contemplating any JV here? And also how should we think about the capex and revenue contribution from that business?

J.S. Gujral: See, the camera module business to start with will not have a significant capex. It will be less than about INR25 crores to start with; INR25 crores, INR30 crores to start with. It is a capability which we are building. I expect decent revenues in the automotive sector from this. But you say do I expect INR1,000 crores from this? No, to start with it could be INR50 crores, INR100 crores and thereafter scaling up as we sort of diversify our portfolio in the camera module.

Currently, we are concentrating more on high end camera modules for automotive sector. We are currently not contemplating camera modules in the consumer sector, which means the mobile or the laptops and other things. So once we start doing that, then we'll share with it. But currently, it's only camera modules for the automotive sector.

Moderator: The next question is from the line of Mayank Pandey from Emkay Global.

Mayank Pandey: Congratulations for a very good set of numbers. Sir, my first question is to get your sense on what you're observing in the overall business ecosystem. Could you tell us if you are observing some trends with respect to inventory stockpiling at your customers? Like last quarter, you mentioned that you're observing supply chain pressures and you might look to hold on to some strategic inventory.

Is that a trend that you're also observing at your customers or are you observing any shift in their ordering patterns that may be favoring longer-term contracts or shorter-term contracts, ordering contracts more? Any light you can throw in terms of how your customers are navigating the supply chain challenges vis-a-vis when they talk to you?

J.S. Gujral: See, on the supply chain challenges, I think which is a good challenge to have in the sense that while sort of every member in the industry is having this supply chain constraint, the demand side doesn't show signs of the spike. The automotive sector is very bullish and keeps increasing its demand quarter-on-quarter or month-on-month or whatever it is. So it compounds the problem of supply chain constraint.

Now this naturally results when my supply chain gets constrained, when the delivery lead times get extended to 36 weeks or 42 weeks or whatever. Obviously the customer and we, we work in partnership and in tandem.

The customer would give us a longer visibility, a longer commitment for the longer lead items. So that sort of assures us that the business going forward would continue to grow at that pace. Customer also stocks inventory. But since the customer is B2C, whatever is produced and the demand is going up, it ships.

So in a B2B, it is a stocking of the inventory. So customer would also be stocking critical parts on which it is facing supply chain constraints, which essentially are in the electronics and electronics are being supplied by us.

On mechanicals and other things, the cost push is there, but supply chain constraints are not. So the copper may have gone up, but the wire shortage is not there. In electronic components, it's slightly different because of data center. But then we with the customers work in partnership in a very close transparent interaction and both of us work in tandem because the strength is the weakest link.

If my customer thing is the weakest link, then he suffers; if I'm the weakest link, then he suffers. So we try to mitigate that. And inventory, despite all these constraints, is still at about 71 days and overall working capital at about 63 days. I think that's a very heartening feature.

Mayank Pandey: Right. So are we not seeing any evidence of any kind of inventory stockpiling as we have seen in the past, let's say, FY23-'24 sort of era when there was an expectation that inventory should be stockpiled in anticipation of demand in this case? Are we not seeing any kind of inventory stockpiling by customers for -- I'm talking specifically to the B2B customers. They're not looking to stockpile.

J.S. Gujral: See, my inventory from March of '26 has gone up from INR1,000 crores-odd to INR1,570 crores, but number of days it is still 71. March '26 also it was 71 days of inventory and September '26 also it was 71 days of inventory. Now if you see it in isolation, there's a 50% increase, but then there's a 70% increase in revenues. So the number of days remains the same or comes down.

Quarter-on-quarter, there could be a mismatch that in some quarter, I stock more, I get something by the end of the quarter and I have to ship it next quarter, the inventory of the March, September end or June-end and may go up. But on an annualized basis, we will strive and we are sort of focused on maintaining that fiscal discipline on working capital, and it could be anything between 60 to 65 days.

The desire is to be having below 60 days, I don't see that desire to be fulfilled in the coming 6 months. If we can maintain it at about 60-odd days plus/minus 2 days, I think it's a phenomenally good job.

Bijay Agrawal: And just to add, in this INR1,570 crores of total inventory, still we are maintaining certain strategic inventories of only critical components, which are having a longer delivery schedules as of now. And as Mr. Gujral has previously also communicated, the situation may go on quickly towards -- beyond FY27 also. So till the time the overall situation eases out, we will continue to maintain this kind of inventory levels.

J.S. Gujral: See, I would rather err on the side of caution and maintaining a higher inventory level versus not being able to meet my customer requirement. To me that one is -- the second one, meeting the customer requirement is far, far more important than a couple of INR100 crores also in inventory because that brings in stickiness with the customer.

Mayank Pandey: Understood, sir. Sir, if I can just ask one more question that your export performance has been very strong, and it has continued to strengthen like even the monthly run rates have continued to strengthen for you. Could you just help me understand which verticals are driving the strong export growth performance, one? And what does our contract on the

export side look like? Is it fixed currency? Or do we get the full benefit of any currency appreciation that happens? If you can just help me understand that.

J.S. Gujral: See, my exports primarily are in the industrial, medtech and automotive sector, a little bit on the RFID, consumer application, which may be classified as -- but these 3 verticals constitute the bulk of the exports. And all these 3 verticals are growing very strong. The engagement with the customers and the new customers which we are onboarding or the dialogue which has started with the new customers is primarily in these 3 segments; medtech, industrial and automotive in that order.

We believe and we are confident that exports would continue to grow. And when we say we have grown at 31% in FY25, 41% in FY26, 70%-odd in -- 80%-odd in FY27 half year, please appreciate this is only because we are onboarding new customers. Neither North America nor Europe is growing at that rate. So we are onboarding big logos onto our customer portfolio sort of a thing, and that is yielding the results. And these global customers being onboarded is a continuous phenomenon.

So the customers which we onboarded in '23-'24, '24-'25 are giving results now. And the customers which we have onboarded in '24-'25, '25-'26 will give serious results in '27-'28. And the customers which you are onboarding today would result into series production, volume production in '28-'29.

So this continuous replenishment of the customer portfolio, export customer portfolio with big logos gives us the confidence that exports would continue to be one of the cornerstones of our strategy for growth. And exports being margin accretive, it will also help us in delivering superior margins, which I have said that this year, we expect to deliver anything between 10% to 10.5%. Going forward, this could be 10.5% to 11% or even greater than 11% in '27-'28.

And as far as your concern or your question on the forex thing is concerned, these are fixed-price contracts. I know -- unlike in the garment industry because there's a lot of import content also, we don't have to sort of calibrate the prices and the forex movement in terms of export customers.

Another sort of size advantage is that my export revenue gives me a natural hedge for imports. So if I export goods worth INR1,600 crores in a year, for example; in the first 6 months, INR900-odd crores has been exported, it provides a natural hedge to the foreign currency on imports.

Bijay Agrawal: We also have a pass-through mechanism related to the foreign exchange impact for almost all of our large businesses.

J.S. Gujral: For domestic.

Bijay Agrawal: For domestic business, yes.

J.S. Gujral: I hope that answers your question.

Moderator: The next question is from the line of Achal Lohade from Nuvama Wealth Management Limited.

Achal Lohade: Congratulation on excellent show once again. Sir, the first question is in terms of the PCB revenue, how do we see this for FY28 and '29 in terms of what kind of contribution we can expect and the margins?

J.S. Gujral: See on the PCB revenue, what we had guided was that PCB would have 1.2X to 1.25X, max 1.5X of the investment as the revenue. So, for the FY27-'28 since we will be having full production, commercial production only for about 6 to 7 months we expect revenue of approximately...

Bijay Agrawal: INR200 crores to INR250 crores.

J.S. Gujral: INR250 crores or INR300 crores. Going forward, '28-29, it would see the full impact. So if we invest about INR800 crores of investment, we should expect about INR700 crores to INR800 crores in '28-'29 from this revenue. So, it will be directly related to the investment which I've made. And how much is the investment we are planning to make?

Bijay Agrawal: So by the end of this year, we will be incurring about INR400 crores to INR450 crores kind of a capex. By the end of next year, we'll be completing it by another maybe another INR400 crores to INR450 crores. So the total investment towards the project could be INR800 crores to INR900 crores.

Achal Lohade: So this INR800 crores to INR900 crores of investment will come through by March '28?

Bijay Agrawal: Yes.

Achal Lohade: Okay. So that March FY29, we should have a full revenue potential impact from that?

Bijay Agrawal: Considering 1.5x asset turn, the total revenue can be in the range of INR1,200 crores to INR1,350 crores, assuming a full capacity ramp-up in the year 1, that is FY29. And if there is maybe 70% to 80% kind of a capacity utilization, the revenue can be in the range of maybe, as Gujral ji has alluded between INR900 crores to INR1,000 crores.

Achal Lohade: And what kind of margin we should work with, sir?

Bijay Agrawal: So on a steady-state basis, the EBITDA margin at a full capacity ramp-up should be within the range of 15% to 18%.

Achal Lohade: And this excludes the incentives, right?

Bijay Agrawal: Yes.

J.S. Gujral: It excludes the PLI if you're referring to that.

Achal Lohade: Yes, includes or excludes sir? Sorry, if you could clarify.

Bijay Agrawal: Excludes, without it.

Achal Lohade: Without it. Okay. Understood. And if you could help us in terms of the capex at a consol level, what kind of capex we should budget in which particular segment for FY27 and '28?

Bijay Agrawal: So PCB, we have clarified. Apart from PCB, the normal greenfield cum brownfield capex is what we estimate somewhere around INR100 crores to INR150 crores per year for next 2 years.

Achal Lohade: And no other adjacency, the camera module or on the other...

Bijay Agrawal: Camera module related, like the special initiatives just like camera module, there is a JV, Elemaster which we have done. There is a JV -- Kaga JV is also there. So for those JVs, there will be a different capex. But for Elemaster, it will be in the range of around INR40 crores, INR50 crores.

Camera module, again, to start with, it will be around INR30 crores. And gradually as we get more and more business, we may expand further more capex there. Similar way for Kaga JV also, it will not be significant. It will be still in the range of INR30 crores to INR50 crores at max.

Achal Lohade: Got it. Is there any way to get some idea in terms of the new customer contribution in the quarter or half year revenue?

Bijay Agrawal: So, generally, it is like a mix of everyone. And when we see new customers, new customers whom we have onboarded in FY25, actually, we are getting a revenue benefit from those customers in this year.

So that's where we see -- the customers are technically not a new customers because we might have at least seen initial revenue volume from them in FY26 also. But this year, we are getting their full volume -- ramp-up volume. So that's where we see the growth is like across all the customers that way.

Achal Lohade: Let me put it in another fashion. Is it possible to get some quantification in terms of customers onboarded in last 18 months kind of a thing? Would that be possible?

Bijay Agrawal: So last year, we onboarded nearabout 32 customers as we have previously also communicated. This year, I think in total H1, we have onboarded nearabout 18 customers so far.

Moderator: The next question is from the line of Kishore Kumar from Unifi Capital.

Kishore Kumar: Congrats on the fantastic quarter sir. Sir just have a follow-up to Achal's question on PCB. This PCB can be used for captive purposes as well as for the external sales. How are you looking at the output? Are we looking at more towards external sales right now? And as we get approval, we'll start using it for captive purposes? This is my first question.

J.S. Gujral: kay. Now on the PCB part, we would be using it for both internal consumption and external

sales of PCB. The approval cycle in both cases is by and large the same. For example, if I'm doing anything for Suzuki, whether I sell it to a vendor of Suzuki or I use it for internal consumption, the approval process has to be followed. Where the approval process can be sort of shrunk or reduced is my own design products in the PCB space, where I don't have to take an approval of the customer because I'm taking the ownership of the design.

So hence we intend to start with the ODM part of PCBs in the immediate phase. We also will have to do all the testings and regulatory checks and approval so that the product meets all the guidelines and the specifications and the parameters. So bulk of the sales over a period of time will come from external customers. And it will have a content of domestic or in-house consumption also.

Kishore Kumar: Understood, sir. Clear now. Also, can you give us some insights on the type of the PCB we'll be doing whether it's single, double or 6-layer PCBs?

J.S. Gujral: See, bulk of the consumption in PCBs is sub 8 layer, bulk of it. Above 8 layers, there are something in the display modules or the sort of dashboard electronics for the cars where it could be 12 layer or 14 layer. Bulk of the PCBs are less than 8 layer and will be catered all those segments.

We are also putting up a single layer line to cater to the requirement of the consumer electronic part where the PCBs are typically single layer. So bulk will be 2 layer to 6 layer and some 6 to 8 layer, little in 8 layer above in terms of volume and value.

Kishore Kumar: Clear Sir. Sir, just a clarification on the revenue growth for this quarter. We did about 70% growth. You did mention about some orders being front-loaded some of our customers. I just wanted to understand what percentage of the value growth is coming from the price increase that we have done on back of the raw material price inflation in comparison to the underlying volume growth? Is there any numbers that you can quantify us?

J.S. Gujral: See, the cost push typically has been around 5%-odd. So we have shown a material margin decline of -- material cost increase of about 3%, but that would also be because of the product mix.

It is all a pass-through. So, we can assume that if we have done about INR1,900 crores of revenue in this quarter or INR2,000 crores of revenue this quarter, INR50 crores to INR60 crores, INR70 crores could be attributed to the cost push, 3% to 5%, INR60 crores, INR70. I have no absolute figure, to be very honest, but that could be attributed to the cost push and rest is the volume growth.

Kishore Kumar: Clear sir. Got it. And can you just brief us on the performance of recently acquired entities, Navicom and Elcome, and how is the newly started venture with Elemaster going on?

J.S. Gujral: So on Navicom, Elcome, I think Bijay will throw light. On Elemaster, we commissioned the factory in September of '26, which is about 60 days ago. Approximately 3rd of September I think or 2nd of September, we commissioned the factory. Being a new factory, it has to go through all the regulatory approvals like the ISO, the IRIS certification and the RDSO

certification also.

We expect to complete all these activities in this year. So this year, we don't expect a sizable revenue from the Elemaster joint venture in that entity. However, next year, once these regulatory approvals and certifications are in place, we expect it to deliver anything between INR150 crores to INR200 crores of revenue. Am I right Bijay?

Bijay Agrawal: Yes.

J.S. Gujral: Elemaster in FY27-'28. On Elcome and Syrma Johari, I think Bijay you can take a shot.

Bijay Agrawal: So Elcome has contributed approximately INR135 crores of revenue during H1 into my consolidated revenue. And similar way Syrma Johari MedTech Limited contributed approximately INR140 crores of revenue towards my overall consolidated revenue for this period.

Kishore Kumar: Sir, any comments on the future outlook for these two acquired businesses?

Bijay Agrawal: Elcome, we had previously communicated we expect this year somewhere between INR300 crores to INR350 crores kind of revenue. This is a good growth business, currently delivering a growth between 20% to 25%. And we are again targeting how do we at least achieve a steeper growth from here onwards. based on our new customer additions or maybe certain market expansions also, which we are currently working upon.

Similarly, SJML this year has been going good growth. As of now, in H1, we have achieved INR140 crores. Full year basis, again, we should be targeting somewhere around INR300 crores as against INR220 crores, INR210 crores of last year.

J.S. Gujral: We expect a 45% to 50% growth in Syrma Johari this year. And what is very satisfying in that is that we have onboarded some very good clients. I should have -- I forgot to share it in my opening comments. We have commissioned high-grade medical plastic facility in Syrma Johari. It would be molded, extrusions and blow.

This should give us good revenues with margins in the coming quarter. That's a new facility which we have set up in Jodhpur. We are not into the medical-grade plastics. We are now doing it for internal consumption and third party.

Moderator: The next question is from the line of Indrajit Agarwal from CLSA.

Indrajit Agarwal: My first question is on the PCB business. Is it fair to assume that in FY28 and FY29, it will be relatively lower margin, and hence, you could have a PAT loss in this business for a couple of years? And as a result, what kind of tax rate we can see on a blended basis at a consol level?

Bijay Agrawal: So EBITDA margins still should be in the range of 15% to 18%. Yes, in the initial year, when the capacity utilization are maybe around 40%, it can be a little lower. Still, we do not expect a PAT loss for this period as of now.

Indrajit Agarwal: All right. And of the INR900 crores investment, what is the kind of time frame we can assume that the government -- how much government subsidy should come in? And what is the kind of time frame we should expect it to come in?

Bijay Agrawal: The PLI income which is there based on the yearly revenue number once the year is closed within a certain period, we'll have to calculate and apply for it. We can initially assume at least 6 to 9 months or maybe a 12-month kind of a time lag for that PLI revenue realization.

Similarly, on the capex incentive, which is mainly from the state government, again, once the project is ready by the end of this March '27, we should be compiling all these things, filing it, which may take another 6 months. And then thereafter, another 6 months maybe for the realization of the same. That's the initial estimate, but that is what we can target at least.

J.S. Gujral: So to give a quantification, we are investing approximately INR400 crores by March of '27. So if we file our application by March of '28 at the outside, we should be able to recover the INR200 crores of capital subsidy. The PLI, whatever revenues we incur in '27, '28, I'll be eligible to file the application only after March '28. Typically, the windows for the PLI open somewhere in July, August. So the claims will be filed in July, August of '28 and then another 3 to 6 months for recovery.

Indrajit Agarwal: Sure, this is helpful. Given the recent rise in some of the input materials like CCL, etcetera, has the dynamic of this business changed? And are you looking to get into backward integration further in this PCB.

J.S. Gujral: See, we have plans to enter into the copper clad laminate, but would not like to open too many fronts simultaneously. Hence, we will put in the copper clad -- sort of going for the copper clad laminate plant once my PCB plant has stabilized. And I expect the PCB plant to stabilize somewhere middle of next year because if I power it on in March and start the trial production, I should be able to stabilize the production processes by middle of next year.

And then is the time when we'll start planning execution of the CCL plant. And the CCL plant, if we start planning execution sometime between the third quarter or fourth quarter, third quarter of FY28, it will get ready by around December '28. It will get series production in '28-'29.

Indrajit Agarwal: Lastly, what kind of minorities should we like book in the accounts for FY27 and FY28?

J.S. Gujral: Sorry?

Indrajit Agarwal: The minorities that you put in P&L, right? So what...

J.S. Gujral: Bijay will give an answer.

Bijay Agrawal: So minorities is mainly related to this Elcome and SJML. So as of now, for the 6-month period, my minority profit is like approximately INR14 crores. And full year basis, this can be around -- in the range of INR30 crores to INR45 crores.

Moderator: The next question is from the line of Sumant Kumar from Motilal Oswal Financial Services

Limited.

Sumant Kumar: Sir my question is regarding IT and railway. Can you talk on the margin profile of this segment? IT and railway.

Bijay Agrawal: IT and railway; so we are doing memory modules. We are doing assemblies of high-end gaming laptops, maybe other laptops for MSI and a few other customers there. On the railway side, we are on this HVAC controls for wagon coating, railway signaling systems, door controls, those kind of products is what we are manufacturing largely.

J.S. Gujral: See, on the margin profile, IT business is typically a low-margin profile business. Railways is a superior profile margin business compared to the entire -- it is equivalent or superior to the industrial segment. IT per se is a low-margin business comparatively. And since we are not making end-to-end products, when I make a motherboard, my customer gets the PLI because he is assembling the final computer. So we don't get the benefit of the PLI.

For the laptops, which you are making for MSI, currently, the volumes being small for the Indian market, the motherboards are being imported. So hence, we are not eligible for PLI. We are endeavouring that we should start making the motherboard so that we get the PLIs in the coming years. But as of date, we are not getting PLI and it's a low-margin business, but a very low working capital or 0 working capital involvement. The model is that.

Sumant Kumar: Can we say the combination of IT and railway, the margin is better than consumer and in between auto and consumer?

J.S. Gujral: Railways is equivalent to...

Sumant Kumar: Combination of both. Combination of both I'm talking about, IT and railway because...

J.S. Gujral: It's very tough to quantify because if I do INR80 crores of railways and I do INR300 crores of IT, the margin gets skewed. The INR300 crores will be a low margin business. So marketing is, railways is a superior margin business. IT is equivalent to the high-volume, low-margin consumer business.

Moderator: Next question is from the line of Keshav Lahoti from HDFC Securities.

Keshav Lahoti: Sir, I want to understand one thing. If I see your order book growth, it has been growing by around 25%, 30%. But if we see the top line growth, that is pretty healthy. Why is there a mismatch from last couple of quarters? How should we read?

J.S. Gujral: See, order growth when we share the orders, it is the orders which we receive, not the contracts or the frame of contract or the guidance which we receive. And typically, what happens if I have received the guidance for a full year, I don't take it as an order. The order may come in the beginning of the quarter to deliver it in the quarter. Since the guidance is there, I'm already ready with the production schedules and the material.

As there could be a slight sort of mismatch, the order growth may not be equivalent to the revenue growth because we work -- revenues are based on the guidance, the commitments,

the agreements which we have signed up with the customers. They convert into purchase orders maybe at the beginning of the quarter.

Automotive industry typically works on a quarterly rolling forecast. So they give a rolling forecast, which is not considered as order, but they give orders at the beginning of the month to ship this much. So hence, there could be a slight -- there could be a mismatch because of this.

Also, as we are seeing recently due to supply chain constraints, now we are getting orders for a little longer period also in case of few select customers, specifically in the auto segment here. So previously, when it was a much lower number beyond 1 year, beyond 12 months, now we see lot of orders beyond 12 months also there. So of my total INR7,400 crores near about, now INR1,200 crores is related to a period which is beyond 12 months.

Keshav Lahoti: Understood. Got it. And if we talk about PCB manufacturing, the return ratios are looking very strong. How should we see it? Because you said INR1,250 crores of top line on INR800 crores of investment. Of that 50% might be recovered by a subsidy of 15% to 18% margin business and PLI benefit above 18%. So what is the return ratio you are looking in this business once it will ramp up?

Bijay Agrawal: So, going by the projections number, assuming all capex incentives are there, the return ratio should be north of 30%, 35% plus. You are right there in that observation. But that gets up -- adds up at least to grow the business faster, target much more maybe other geographies apart from India also, and that is where one can see a larger growth in that business.

Keshav Lahoti: The reason why I'm asking this question because 30%, 35% return ratio look very attractive. Possibly what margin we are factoring in our assumption that might be on the slightly higher side considering the industry dynamics.

J.S. Gujral: No, if you see the margin profile of the unlisted space, which is currently working in India, the margin profiles are even superior than this. So when we say 15%, we have considered all the factors into account. And since ours is an automated plant, our operating cost will be lower. We're very confident that we'll be delivering a 15%-odd margin without the PLI. And the returns will be higher because of the capital subsidy, but that's part of the investment policy of the government.

Keshav Lahoti: Understood. Last follow-up on this. So 15% margin plus 4% to 5% PLI benefits, so approximately 20% margin business. Is that understanding, correct?

J.S. Gujral: We say 17% to 20% because once you have the PLI, the dynamics of the markets and all that, it all depends on the market dynamics at that point of time, whether we sort of share the PLI with the customer or not. So that's why I say 17% to 20% margin profile should be available.

Moderator: The last question for today is from the line of Rahul Maheshwary from Ambit Private Limited.

Rahul Maheshwary: Three questions. First, in the annual report you had given about the ARC system, which is being deployed across the manufacturing for quick decision-making. So can you give, with some examples and also how much the efficiency drive, which is helping the company?

Second thing, in terms of the backward integration, which is -- which the main objective is to make the supply chain more resilient, whether it's towards wire harness, camera modules. On a long-term basis, how much -- apart from supply chain resilience, how much margins it can add up to? And the last part on the JVs and the partnerships, especially on the Kaga Electronics, how much big it can become in terms of the overall scheme of things for next 4, 5 years?

J.S. Gujral: So on the ARC systems, we've started implementing it somewhere last year and we have implemented it in 3 or 4 of the plants and remaining plants is ongoing. The initial results have shown a 5% to 6% OEE improvement on the lines, on the SMT lines. I think once the system is mature, we expect that the OEE should increase by anything between 6% to 10% across all plants, which I think would result if we have -- just as an example, we have 40 lines and 500 hours is a line which works for a month. So we have 20,000 hours of OEE as sort of capacity available.

A 5% increase in OEE would result into 1,000 hours of additional line capacity available, which is equivalent to approximately 2 lines. So the initial results are very positive. And I think we have taken the right choice being the first Indian company to implement this ARC to give us superior performance on the SMT lines.

Your second question was related to the backward integration. Wire harnesses is the project which we have started. It is more targeted for high-end applications, not that we'll not be using it in-house, but I would rather use these capacities for high-end applications in aerospace, defense and other things to get a superior margin profile. Till such time these facilities are qualified for that purpose, we will be doing the wire harnesses, which we consume in-house.

Now when we consume in-house, if theoretically, I'm giving a 10% or 15% EBITDA margin to my vendor that gets retained within the company. But since wire harness internal consumption, I don't have the exact figure what is the sort of value of wire harnesses, which we buy from outside, I will refrain from putting a figure on the savings which we do. I'll have it collected. But it's not a very significant portion. It's more targeted towards third-party external and exports. On the third question of Kaga JV.

Rahul Maheshwary: Mr. Gujral, just to interrupt in between, I meant that overall three backward integration projects, whether it was towards the wiring harness, magnetics and the camera modules. In the long run, how much these all can contribute in terms of EBITDA margins improvement or the supply chain resilience?

J.S. Gujral: See, these businesses would be comparatively low. Even if I do INR100 crores, INR200 crores of wire harness, as an example, and I'm doing INR1 billion of revenue. So even if I get a 15% EBITDA on this, it will not tilt the needle significantly until this business scales up

over the next 5 years and which we're targeting to a significant INR400 crores, INR500 crores business.

Same is the case with camera modules. Camera modules are for the automotive industry. Automotive industry has its margin profile. So with the application, there could be 1% or 2% increase or decrease in the margin profile. But in a camera module for automotive industry, we cannot expect a 40% margin. If automotive industry is working at about 25% gross material margin, camera modules would be plus/minus something.

On Kaga JV, we just signed-off the agreement with them a couple of months back. And again, that -- since it's a new company now, it would require the regulatory approval, the quality approval. We have to take IATF 16949 for automotive sector. And this we cannot take until we do some 2 months of production, 3 months of production. So this year, we will not see a significant revenue coming in from this venture. Next year...

Bijay Agrawal: You can see around INR100 crores to INR150 crores.

J.S. Gujral: INR100 crores to INR150 crores of revenue coming in from the Kaga joint venture; INR150 crores to INR200 crores coming in from the Elemaster joint venture; and INR200 crores to INR300-odd crores coming in from the PCB. So these are the 3 new verticals which will sort of give revenue in the next year.

Rahul Maheshwary: But in a 5-year tenure -- because I completely agree, it takes time to ramp up, etcetera. But in a 5-year period, each such kind of strategic partnerships can be at least $100 million type of -- $50 million to $100 million.

J.S. Gujral: INR500 crores to INR800 crores. INR500 crores to INR800 crores.

Rahul Maheshwary: Sure. And sir, just last question, when you mentioned in Q1 also about the critical component, you are taking a strategic investment rather than the tactical. How much in your percentage of your COGS or your operations is the critical component as a rough range would also be required irrespective of naming the components?

J.S. Gujral: See, typically, in an electronic subassembly or something, electronic components are 60% to 65%, 70% of the total cost. The rest is the PCBs, the mechanicals and other things. So, if I take the electronic BOM at about 70%, 75%, as we call it, the electronic BOM, the controllers and all that and all those things would be about 40% of that.

So, 28% of my total BOM, very rough estimate it could vary from product to product, is the critical components which we are stocking. Even the passive components have seen elongation of the supply chain, the lead times. So, it's not that I only have to store the controllers and not the capacitors.

Even capacitors and resistors, they also have seen the delivery lead time stretch from 4 weeks to 8 weeks to 12 weeks to 16 weeks. While the active components, the controllers have seen it jump up to 36 weeks or whatever. So it's across the family of components in the electronic BOM where we have to sort of see which is the shortage component and what is the coverage

and stock that.

Moderator: Ladies and gentlemen, this was the last question. I would now like to hand the conference over to Managing Director, J.S. Gujral, for closing comments.

J.S. Gujral: Thank you, everyone, for attending the call. I conclude by saying that I think we are on a very firm footing. The efforts which the team and the management under the guidance of the Board has put in over the last 3 years, 4 years since we came into the public domain have started yielding results.

And this will only be further strengthened and the results will only improve on all critical parameters, I think we are well placed to deliver better than the industry growth rate while maintaining fiscal discipline, I think that's the underlying statement and with superior profit margins.

We are well aware of the market realities, the dynamics. Unfortunately, unstable market conditions, geopolitical conditions is the new normal, which was not there pre-COVID. So our organization is being built towards that end that how do we sort of navigate these turbulent times in terms of global supply chains. While manpower and resources -- human resources are one of the most critical factors, I think adoption of technology on which I'll request Jaidit to delve on it in short in his remarks, I think will play a key role in optimizing our operations over the longer run.

It is not a quarter-on-quarter thing. All these new adoptions, for example, the ARC which we have adapted, it's not a one-off thing on one-off quarter. It is a sort of a marathon which we have to play a long inning which we have to play to improve operational efficiencies, and that operational efficiencies have improved. I think the figures are speaking for themselves.

My overhead structure has come down, and I expect it to further come down with adoption of technology and making the organization future-ready to meet the requirement of the global customers. Serving a $10 billion company, having the ethos and the mindset to service him, is entirely different than serving maybe $500 million Indian company. So we are gearing it up for that.

With that, I close my comments, and I think we are very confident of what we are building. And I think over the coming years, you would only see improved performance on all parameters. Quarterly, again, I sort of -- a word of caution, we don't work under with the lens or prism of quarters. We work at least for a year, and when you are building an institution, even a year is a small sort of a time frame. It takes 3 to 5 years to build institutions or longer, the culture, the DNA, the ethos, everything.

With this, I hand over to Jaidit and thank you very much. Jaidit, all yours.

Jaidit Singh Brar: Yes. So, I'll just amplify on the point on how we are deploying technology in various aspects of our business. I think there are 3 parts of it. The first area we're doing it is in improving our core operations. We already discussed the ARC system, but we also benchmark every plant, every line. And we are deploying technology, but also capability building at scale of our

supervisors and ops managers.

So the intent is that we get the full benefit of the assets we have, as Mr. Gujral had explained. And also we, every quarter become more efficient on all the operating parameters across our plants. This becomes even more important to use technology because we've been growing rapidly, right? So as the manufacturing footprint grows; to maintain that efficiency, both capability and technology is a big enabler.

The second area we're deploying technology is being able to scale up our ability to work with very sophisticated and demanding customers. So be it in our material ordering systems, be it in our trafficking facing systems, be even the way we interact with the customer, EDIs with their kind of inventory, etcetera. So that's the second layer of technology, which is being deployed.

And the third layer of technology we are deploying is -- which I think is a little bit of use of AI right now, if you want to expand that is to deal with the complexity of our business, which is every component has large number of components which go into it. The supply chains are complex. We have to do a lot of RFQs very, very fast. So we have been using technology in handling that complexity.

In particular, we've seen some very good success with using AI tools. So those are 3 layers we are in the middle of deploying, and that's something we are very vigilant on that we have to -- if we have to scale up and maintain our efficiencies, we have to be very, very smart on all of these technological layers.

J.S. Gujral: I think with that, we thank you, everyone, for attending this call.

Nikhil Gupta: Thank you, Saisha.

Moderator: Thank you very much. On behalf of Syrma SGS Technology Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.