Date: August 23, 2023

To,

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

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

Subject: Earnings Call transcript of the Investors Conference Call held for results of quarter ended June 30, 2023

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the Transcript in respect to the Earning Conference Call on the financial and operational performance of the Company for the quarter ended June 30, 2023, held on Wednesday, August 02, 2023, at 10:30 hrs (IST).

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

We request you to take the same on your record.

For **Syrma SGS Technology Limited**

RAHUL NITIN SINNARKAR

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

“Syrma SGS Technology Limited Q1 FY'24 Earnings Conference Call”

August 02, 2023

MANAGEMENT:	**MR. JASBIR SINGH GUJRAL – MANAGING DIRECTOR, SYRMA SGS TECHNOLOGY LIMITED.** **MR. JAYESH DOSHI – DIRECTOR, SYRMA SGS TECHNOLOGY LIMITED.** **MR. BIJAY KUMAR AGRAWAL – CHIEF FINANCIAL OFFICER, SYRMA SGS TECHNOLOGY LIMITED.** **MR. NIKHIL GUPTA – INVESTOR RELATIONS, SYRMA SGS TECHNOLOGY LIMITED**
MODERATOR:	**MS. BHOOMIKA NAIR – DAM CAPITAL ADVISORS.**

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY'24 Earnings Conference Call of Syrma SGS Technology Limited hosted by DAM Capital Advisors Limited.

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

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

Bhoomika Nair: Good morning everyone and welcome to the Syrma SGS Technology Q1 FY'24 Earnings Call. I would like to welcome the senior management from Syrma SGS Technology and thank them for this opportunity to host the call.

Without any further delay, I shall now hand over the conference call to Mr. Nikhil Gupta – Company, Investor Relations. Over to you, Nikhil.

Nikhil Gupta: Hi, very good morning to all. Welcome to Syrma SGS First Quarter Fiscal Year 2024 Earnings Call.

We have with us today Mr. J. S. Gujral - Managing Director, Syrma SGS; Mr. Jayesh Doshi – Director; and Mr. Bijay Agrawal - Chief Financial Officer, Syrma SGS to discuss the performance of the Company during the first quarter fiscal year 2024 followed by a detailed question-and-answer session.

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

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

JS Gujral: Good morning, ladies and gentlemen, it's a pleasure to touch base with you again for the Quarter 1 FY'24 Earning Call.

One of the significant milestones which we achieved higher this quarter was our foray into the lucrative medical devices business by acquiring 51% of the equity stake of JDHL which is Johari Digital Healthcare Limited, a Jodhpur based ODM design company which perfectly fits into our strategy.

If you recall in my earlier call when questioned on inorganic growth, we were always maintaining that inorganic growth will be guided by acquisition of a company which can help us in bridging the gap of our product offerings or has the regulatory approvals which otherwise would take three to four to five years. So, on both these accounts in terms of product offering as well as regulatory approval JDHL comes out pretty well. It has about 15 to 18 FDA approvals, its plant and processes are certified by the leading agencies of countries like America, Canada, Australia. It is a very strong and formidable footprint into the technology of medical devices. And we believe that with the global reach, the management bandwidth and the financial mainstay of Syrma this combination of technology being provided by JDHL and the management bandwidth by Syrma would enable us to grow significantly in the coming years.

For your quick reference this company has a turn of about Rs. 160 crore last year, has been growing very rapidly over the last two to three years. Has a a very strong EBITDA margin profile of 30% plus. We are acquiring the 51% stake at about Rs. 229 crore and plus a Rs. 28 crore payment based on certain milestone achievements. This acquisition will be accretive not so much on the top-line because our top-line is very high already. So, it may be a 5%-7% accretive on the top-line, but on EBITDA it will be a significant push to overall scheme of things.

Now coming to the way the organization will be structured, Mr. Johari will continue to lead the organization from the front as a Chairman. And there would be adequately equal representation from Syrma on the Board with reserved rights and controls. We would be devising the strategy to grow the company with the technological inputs coming in from the existing promoters.

Now coming on the Syrma SGS performance it has been a satisfying quarter on almost all the parameters except one. The business of the company has grown by about 59%. The EBITDA margins have grown by about 64%, PBT by 73% and PAT by 65%. And again as we were earlier sort of interacting with the Analysts and the investing community, we had maintained all three-four parameters for our performance.

One was growth higher than the industry average; we have come out reasonably well The second, we had said that we would have a gliding path of reducing the working capital cycle and I am pleased to share with you that our working capital cycle has now come down from about 89-90 days to 74 days on an year-end basis and less than 70 days on a average basis. So, the focus of the management to reduce the working capital cycle has paid off results. As a result of which this quarter our OCF to EBITDA is about 50% plus.

One abrasion which has happened in this quarter is the reduction in the EBITDA margin percentage from 9% to about 7%. This is a one-off abrasion because the healthcare business which had picked up in Q4 of FY'23, we had assumed it would be there in Q1 of FY'24 however got pushed out by an another quarter. And I am happy to share with you that it has seen a rebound in July and visibility for this and the subsequent quarters is that we would be doing about Rs. 30 crore to Rs. 35 crore of healthcare business this quarter and then growing on that in the coming quarters.

To give you a context of the hit on the sort of reduction in the EBITDA, Q1 of FY'23 had a healthcare component of Rs. 55 crore. Q4 of FY'23 had a healthcare component of about Rs. 45 crore. And Q1 has less than Rs. 15 crore. So, there is a Rs. 40 crore reduction in the healthcare business compared to Q1 of FY'23 and a Rs. 30 crore reduction compared to Q4 of FY'23.

Now as the margin profile which we have been sharing with you, healthcare business is a high gross margin business which hovers around 45%. So, Rs. 40 crore hit on the turnover translates into approximately Rs. 17 crore hit on gross margins. And a Rs. 30 crore hit compared to Q4 is about Rs. 15 crore. So, if we were to just sort of explain that figure into the existing figures which have come out, the margin profile is intact compared to the previous quarter.

Now on the business front I am very pleased to share with you that we have had our first major breakthroughs in U.S. Our EMS business was predominantly EU based and RFID business was a mix of EU and North America. We now have got a major contract for utility metering systems and utility metering would include gas, water and electricity from a very dominant player in the world.

The initial orders which we have got, we are starting the production by Q4 of this calendar year or Q3 of this financial year. And this will contribute a significant portion to our export turnovers next year.

So, to some extent this foray into the USA in the EMS is derisking the export business because now it is in two geographical zone which is the EU and North America. And going forward this business would grow at a significant pace. I had shared during my previous earning calls that we have got the RDSO approval, so that thing is in process and we are on track to execute the orders which we have got this year.

Now on the expansion, the capex front I am happy to share that in the first quarter we have done a capex of about Rs. 50 crore odd. We have budgeted for capex Rs. 200 crore for this year. We currently have approximately 8 and 8.5 lakh square feet of manufacturing area with us. We have acquired a 16-acre plot of land from SIPCOT in Krishnagiri district which is next to Hosur. And we have signed off an agreement for acquiring a 6-acre building and plot in Chennai for the domestic business. Our Chennai plants are all export-oriented units currently.

These two plants when fully commissioned will have a factory covered area of 1.5 million+ which is approximately almost two times what we are having today. In addition to that we have signed off a long-term lease for our plant in Noida it’s under fit outs and trial production. It’s a one lakh square feet plant and this plant is being dedicated for consumer electronics so that we can address the growing market of consumer electronics from this plant. It will be a specialized, high volume, consumer-oriented manufacturing, because manufacturing strategies and shop floor cultures of industrial consumer is quite different. So, that’s on the CAPEX front.

On overall visibility we are still very bullish and confident of the growth in numbers which we have projected. Q1, we have grown by about 59%, July'23 we have grown about 47%, July to July. And we maintain that our guidance which we had given on growing greater than the industry with maintaining EBITDA and that double-digit margin that by and large stands and there is no significant challenge to that.

So, I can now give it to Bijay to run through the quick financial numbers and then open for question and answer from your side. Thank you.

Bijay Kumar Agrawal: Good morning everyone. Thank you for joining this earnings call today. I will now take you through the brief financials of Syrma SGS and some bit of update on the JDHL deal, the recently announced acquisition.

I am delighted to say that the company has registered a very strong growth of almost 59% year-on-year. Our revenue on a consolidated basis is approximately Rs. 620 crore for this quarter. EBITDA also demonstrated a very strong performance for this quarter at about Rs. 59 crore, 64% growth year-on-year. And this is despite abrasion as explained by Mr. Gujral as of now. So, we were able to sustain on the cost control side. PBT for this quarter is approximately Rs. 41 crore grew by again 73% year-on-year and same way PAT is Rs. 28.3 crore again a 65% growth year-on-year. The gross margin for this quarter was slightly better about, by about 70 bps on a quarter-on-quarter basis and mainly based on our efforts on supply sourcing cost optimization.

Coming to our order book we have a total order book of approximately Rs. 3,500 crore odd, as on Jun end in hand and out of which about Rs. 2,200 crore to Rs. 2,300 crore is something we expect to deliver in the next 12 months' time.

On the debt side, yes we have a total debt of approximately Rs. 380 crore as on June end. And out of which about Rs. 90 crore is towards term loan and Rs. 290 crore is what we have used for working capital loan broadly.

CAPEX side Mr. Gujral has already updated that we had spent approximately Rs. 50-55 crore in this quarter. And again, the plan for this full financial year was approximately to spend Rs. 200 crore to Rs. 250 crore and that is still intact.

On the CAPEX side what Mr. Gujral has already update that we got a new land allotment in Hosur, so this was a project which we contemplated as a part of our IPO plan. So, for this Hosur project we got a land allotment from SIPCOT and we had already incurred about Rs. 23 crore odd during this quarter.

Coming to working capital, this quarter we had significant achievement on our plans to reduce our working capital investment. And we were able to reduce our working capital investment by almost Rs. 40 crore if we compare from March versus June. And again, in terms of number of days when we calculate on an average inventory basis, our number of days investment is also reduced from 74 days to 67 days. So there is seven days of reduction. And we are targeting like we should be able sustain this working capital days going forward. OCF to EBITDA for us is about 45% for this quarter. And again, ROCE is approximately 20% that is when we calculate based on adjusted ROCE after removing for unspent IPO proceeds and goodwill.

Now some update on Johari Digital Healthcare deal also. As you know we have acquire 51% of Johari Digital. This was a strategic move that strengthened our position in the fast-growing space here on the healthcare side. JDHL has also registered a very strong growth in terms of its revenue and very strong margin profile, 30% plus kind of EBITDA margin profile they are continuing. We expect this would help us in accretion of revenue on a full-scale basis, on a full consolidation basis by about 5% to 7% to the revenue side and about 1% to 1.5% on the overall EBITDA side going forward.

In terms of funding for this acquisition we plan to use IPO proceeds for this particular acquisition partly and partly we would be using internal accruals. So, that was broadly on the JDHL side.

Now I will leave it to Bhoomika to open for the question-and-answer session. Thank you very much.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. We have the first question from the line of Venkatesh Balasubramaniam from Axis Capital. Please go ahead.

V Balasubramaniam: Could you give us the breakup of you know you said your networking capital days in your presentation at the end of the quarter was 69 days, is it possible to give the receivable days, inventory days and payable days at the end of the quarter, that would be my first question.

Bijay Kumar Agrawal: So, inventory days are approximately 81 days. Receivables are approximately 59 days and payables 74 days. So, on that basis we are at about 67 days of networking capital investment.

V Balasubramaniam: But this would be the average right, can you provide the quarter end numbers?

Bijay Kumar Agrawal: Yes, quarter end basis my inventories are approximately 100 days. Receivables are approximately 67 days and again payables are approximately 95 days so on a quarter end basis also my overall networking capital days investment is approximately 74 days.

V Balasubramaniam: Now are these numbers sustainable going forward or you usually have like a low in first quarter than it increases?

Bijay Kumar Agrawal: So, in terms of actual inventory definitely with the increase in scale it should happen, but what we see and the trend is specifically, in our the recently commissioned plants, which we did in last financial year, those plants are reaching to final full-scale volume and also revenue is being booked. So, we are expecting this should continue going forward also in this particular year.

V Balasubramaniam: Beside this is it possible to provide what was the customer advances on your balance sheet, at the end of March '23?

Bijay Kumar Agrawal: That we can share separately.

JS Gujral: We will have to get back on that, but it wouldn't be significant -- because normally the customer advances are only in the case of a new customer where we have to commit some very dedicated inventory. For normal running orders the customers normally don't give advance. When a new customer is onboarded and there is a specific part which I can use only for him, and I can't use it and it's not fungible with other products then we do secure our exposures but Bijay will share with offline.

And on your question on the working capital, the management has seized of this sort of issue and I think that we had said that we will have a gliding sort of path to sort of degrowth this, sort of reduce the working capital, networking capital that endeavor will start, whether it is 68 days or 65 days, one, two, three days here and there, but there will be no abrasion of going back to the old level.

V Balasubramaniam: Now broadly there were a couple of other things which I was keen to know, one is you said that you can maintain double digit margins going forward. Now when you are actually talking about that double-digit margin you actually include the other income in your calculation and then talk about it, right. So, it will include the other income also in it.

JS Gujral: See the other income has two legs, one is a treasure income and when we compare the margins we normally exclude the treasury income and then share the margins. The other incomes which are related directly to the operations of the Company so the accounting standard says they have to be classified as such. When I buy a material, there is a cost which is based on the customer exchange rate. When it actually pays, it could be more or it could be less. So, any fluctuation on foreign currency whether on receivables or on payables is directly related to that.

Now the law is such that when I import I have to book it based on the bill of entry rate. Where the law was not that and the bill of entry rate was based on the actual thing then this thing would automatically get knocked off. So, when we share the profile that will be about a double-digit EBITDA margins it is with operating incomes related directly to the operations of the company, not the treasury incomes or not the miscellaneous income.

Moderator: Thank you. We have the next question from the line of Ravi Swaminathan from Avendus Spark. Please go ahead.

Ravi Swaminathan: My first question is with respect to the gross profit margin. So, you highlighted some points definitely with respect to how we can improve in the call earlier. But if you can double check on it and say over the past couple of quarters it has been in the low 20 in terms of overall profitability, is there a scope for this to improve significantly, say 25% or more given the fact that the industry average if I am not correct so basically it maybe in the 30s or something of that sort. Is there a scope for us to improve to those levels over the next say few quarters or a couple of years or something of the sort and what can be the triggers for that increased ODM share, export ratios, if you can touch upon that that that will be really good?

JS Gujral: See we believe that with the product mix which we have, we should be able to maintain the gross margins at about 23%- 25% along that percent overall. We currently do not see it going up to 30%. Okay, could we be able to identify how it can grow up to 30% I will be more happy to come back and share with you. We currently are still looking at it but we don't see a gross margin of 30% coming forward, until and unless again this is a hypothetical question if for examples exports were to account for 50% of my revenue than it would go up. But the current mix which we have, we believe will be in the range of 23%, 25%, 26% that would be the range which we will continue.

The EBITDA would come in from the operating leverages as our businesses grow, if you see the Q4 operating overheads as a percentage of sale, there is a significant reduction. If we see Q1 of this year versus one of last year there is a significant reduction, I think there is a 3% or 4% reduction in the operating expenses as a percentage of sale. Exports we would strive to be about one third on a long-term basis, short term basis it could be a few percentages point down here or there. I think for this quarter it was about 28%.

Ravi Swaminathan: And my second question is with respect to the acquisition that we had done. The numbers of this company both in terms of growth and margins say in FY'23 that you have mentioned is fabulous, I mean from FY'22 if I read right, it's Rs. 90 crore to almost Rs. 160 crore of revenue that's almost like near to doubling in terms of revenue. And margins are also, you had mentioned that it was north of 30% EBITDA margin.

First is, such kind of growth sustainable, what kind of growth that you foresee for this newly acquired business over the next two years? And this 30% margin is very high, is it something which can be sustained in the medical equipment business side? Is it similar to the business that we do in the core business?

JS Gujral: See on the growth front as the base of the Company was very low, it has grown at 85% and 78% over the last two, three years. Honestly when we acquired and when we evaluated this, we didn't factor this level of growth. On a conservative, we said if it was to grow at 25%-35% would it be a good bet for us. And we found that even if it grows at 20%, 25% it would be a very good bet for us and it will fulfill a gap of medical devices which is a very lucrative and growing business globally so if we grow at 80% that will be phenomenal but we have not factored that growth in our analysis when we sort of did the due diligence.

On margins, I think hovering around 30% of EBITDA whether it is 32% or 29% or 1%, 2% is always here and there. But we believe that for the near foreseeable future we would be able to maintain EBITDA margins in this business at 30% plus. And on the growth part, you see what happens in medical devices is you gets your products approved from the regulatory agencies. Now that is a long period for approval of the product. So, currently I think there were 15 or 18 number of products which have been FDA approved and there are some more products in the pipeline. Now till those FDA approval comes we believe we will grow at 20%, 25%, 30% but the moment if say out of the 10 or eight or five or seven products which are in pipeline, three gets approved now that three will add a significant growth to the business. So, it will always be a sort of a period that there will be a spike in the growth when new products get approved then there will be sustenance and consolidation of the markets and then new products are in the pipeline so it will be an ongoing cycle.

Jayesh Doshi: And just to add to what Mr. Gujral says I think we should look at this as a platform for medical devices is what we have created. The idea is to create this platform of medical devices because it comes with all the requirements of a USFDA approvals or a MDSAP approvals which is required for exporting to these developed countries. The idea is that whenever medical devices is conceived and predesign, co-created, the manufacturing is to be done, can be done in India. And we at Syrma SGS support in terms of management as Mr. Gujral has already said management and bandwidth and the available facilities which we can really sustain.

So, I think we should look at this as a creation of a platform for a medical devices which is significantly going to add value over three to five years is the way, at least we have perceived this acquisition rather than just one-off of adding it to my things. And that's a vertical as Mr. Gujral rightly said that this is what we have been thinking strategically since last one year and it's fructified today.

JS Gujral: Yes just to add to what Jayesh was saying, now you see with the global reach which Syrma SGS has, we have just announced, we have just done it in less than 48 or 24 hours. So, it gives us a platform as Jayesh is saying to go to big customers. You see again, a Rs. 100 crore company on its own to go to a global giant would have a issue, but a Rs. 3,000 crore company going to a global giant in medical devices and offering its products, the confidence level of the targeted customer is much more, when it is dealing with the say a Rs. 3,000 crore to Rs. 4,000 crore company.

So, we believe that this is a platform which we have acquired as Jayesh has very correctly put it. Now we have to grow on this platform. And this growth I can assure you will be visible in the coming years. It's not a one, two quarter journey, it's a long haul. But this platform will give us a big leg up into the medical devices business, an industry which is a very big and fragmented industry.

Moderator: Thank you sir. We will take the next question from the line of Chirag Lodaya from Valuequest. Please go ahead.

Chirag Lodaya: My first question is on the acquisition which we have done. If you can help us give some background about the promoter and looking at the profitability, balance sheet, no debt etc., it looks really you know quite attractive or lucrative for us. So, what led to this some color on this would be helpful.

JS Gujral: You see this Johari Digital or JDHL is almost a 40-year-old company. Started by a husband-and-wife technocrats Mr. Satyendra Johari and his wife and they have their design centers in Serbia. They are primarily a technology-oriented company and ventured in two manufacturing activities to satisfy the customer demand. Given a opportunity on an option the current promoters would love to concentrate their time, spend their time in the lab to develop new product and not be bothered about the sort of day-to-day rigmaroles of running a manufacturing operations.

This is where there is a perfect strategic fit. We are very efficient into medium to high volume manufacturing. And the current promoters are very strong on technology. So, it's a marriage of two. So, going forward we believe that we could leverage the strength of each other with the product and technological offerings of JDHL and the manufacturing and marketing reach of Syrma SGS, it would be a formidable combination going forward. It will take time, it will take time to setup the distribution channel, the marketing channel and the whole strategy. But we are very excited about this platform which we have acquired. I don't say we have acquired a company as Jayesh put it very rightly we have acquired a platform for foray into a virgin area where Syrma SGS was not there.

Jayesh Doshi: And Chirag one more thing as Mr. Gujral said that both promoters who are design and technology savvy they had earlier lived all their life in U.S. they came back to India when they realized the kind of growth in terms of medical devices have been that why not India can really give these devices and technology and make it here much cheaper than what the U.S. companies were doing. And with that idea they came back to India in 80s and started this company and setup their plant in Jodhpur. And they really worked on to ensure that how they can cater to the U.S. companies. And today if you look at it, 90% of their sales is exports. So, they actually have wanted to create a platform as we call it Make in India or manufacturing hub, medical devices hub that's what at least their thoughts were when we were talking. And they said why not partner it and really make its big that's where we are coming.

Chirag Lodaya: Two things, do you intend to put any fresh capital here to grow this business or it can grow at like 25%, 30% minimum without putting any capital. And do you have any right to take your shareholding up in the near future or this is what we will be capping at?

JS Gujral: See on the capex part since we have a very big presence in electronic manufacturing. I don't think capex would be a significant thing, maybe something specific to it or existing and the expansions which we have planned in Syrma SGS they would be able to take care of all the capex requirements of the growth strategy.

Jayesh Doshi: And their capacity utilization is just 40% as of now, Chirag so apart from what Mr. Gujral has said that there is enough capability to produce. And in terms of your second question, yes I think we will see how this platform grows and then gradually decide on how we take over it. So, there is always an option to buy, but that option will be decided at an appropriate time between the two parties.

JS Gujral: Jayesh, deleveraged company strong balance sheet, deleveraged company so that also is not an issue -at JDHL level.

Jayesh Doshi: So, the company can fund its own capex in case it is required.

JS Gujral: But going forward I think with Syrma SGS coming on with big contracts it would be sort of beneficial to consolidate manufacturing in the new hub. Should the existing manufacturing area, space, capacity fall short, it will be consolidated or it will be migrated to the new hubs which we are starting.

Chirag Lodaya: And in terms of new order wins which you have highlighted utility metering system, how big is this opportunity for us and how are the margins in this business if you can just give some flavors that would be helpful?

JS Gujral: This is industrial things so the margin profile would be the industrial margin profile which I think is about 23% -24% gross margin. The initial figures which we have got are good and they are very sort of exciting. And that's why I said that financial year '24/'25 would be when you would see a significant leg up in our export revenues because of this contract. Our current export revenues are about 25% to 30% on Rs. 600 crore export revenues for the quarter about Rs. 180 crore, so when I say a significant leg up, I think it is quite clear that it would be going up much beyond the current level, the overall sales with this.

I can't give a forward-looking statement; it's a big contract and we are very excited about it. And this is again into currently we have got orders only in the utility metering business. I am very confident that in the other verticals also we will get the entry.

Chirag Lodaya: Yes lastly on margins, if you can just callout, were there any one-off in employee cost in this quarter and at a company level x of other incomes, what kind of operating margins we are comfortable guiding for FY'24?

JS Gujral: The employee cost in the first quarter typically what happens when you complete a financial year you know the reviews and all those things. And when you do the reviews you don't amortized the reviews over the whole year. Whenever you pay it off the performance linked incentives or anything you just charge it off. Going forward as my revenues grow up, the employee cost which is booked in the first quarter will not go up in the same proportion.

So, I believe that just as if you see the quarter ending March '23, my operating cost had come down and I think it was about 15% if I am not wrong somewhere I had written and going forward I mean this quarter it is, they are high, in this quarter they are high because the revenue is unknown. On the margin we still maintain the guidance that we would be striving to be a double digit EBITDA on operational basis. And except for the treasury income which is lying the surplus funds of the IPO all other incomes are related to the operation. There is nothing which is rental income or a treasury income. We exclude the treasury income when we gave our guidance of margins and what we have to shared with you.

Chirag Lodaya: So, out of Rs. 22 crore other income booked in the quarter how much is related to business where you would like to attribute?

Bijay Kumar Agrawal: So, in this other income actually which is treasury income related number is about Rs. 16.4 crore and balance is my other operating income which is about Rs. 5.6 crore which is mainly foreign exchange fluctuations.

JS Gujral: So, when we say our EBITDA of Rs. 42 crore we don't consider the treasury income we only consider the operational income. If I have to take the treasury income the EBITDA would be Rs. 59 crore odd. So, the treasury income is not factored when we calculate over operating margins.

Moderator: Thank you. We will take the next question from the line of Aditya Bagul from Tata Mutual Fund. Please go ahead.

Aditya Bagul: Just to take the last point forward wanted a clarification the EBITDA number of Rs. 59 crore that you had mentioned on Slide #8 and Slide #9 this includes the other income which is treasury income right of Rs. 16 crore.

JS Gujral: Yes, Rs. 59 crore includes the treasury income of Rs. 15 crore to Rs. 16 crore, without the treasury income it is Rs. 42 crore to Rs. 43 crore is the operating EBITDA. It is due to the abrasion which has happened this quarter because of sharp reduction in my healthcare business which has got pushed to Q2 and we have already started billing that in last month we did Rs. 10 crore. The loss of EBITDA because of a sharp decline in healthcare business in this quarter, if I was to compare it with Q1 of last year would be Rs. 17 crore, if I was to compare with Q4 of last year it would be Rs. 14 crore to Rs. 15 crore.

Contribution because of the sharp decline in the healthcare business, we did Rs. 55 crore in Q1, we did Rs. 45 crore in Q4 and we did say less than Rs. 15 crore in Q1 of FY'23/FY'24. So, the delta is Rs. 40 crore for Q1 and Rs. 30 crore for Q4 comparison. And healthcare business is about 40%, 45%, 48% gross margin business. So, on a Rs. 40 crore, 45% would translate to Rs. 17 crore, on a Rs. 30 crore it will translate to Rs. 15 crore. So, ideally if my healthcare business was as we had envisaged I would have been sitting at a operating EBITDA of about Rs. 57 crore to Rs. 59 crore. Just as a sort of explanation we are not there. And with the healthcare business reviving and this quarter we expect to do Rs. 30 crore to Rs. 35 crore in healthcare and then build on it in the subsequent quarter, I think this one-off abrasion is like a bad dream and we should recover or we will recover.

Aditya Bagul: Just one last question, if you can talk about your overall order book for the next 18 months. And if you can give some texture in terms of which are the categories and segments that are likely to contribute to that?

JS Gujral: The order book as of 30th of June is Rs. 3,500 crore which will be for about, Rs. 2,200 odd crore is to be executed over the next one year and then we keep getting the orders. The composition, the texture of the order book would be spread across electric mobility, combustion, industrial consumer, almost in the same fashion of 25% to 40% would be the continuation of each one of those sectors.

And export order book is also now with this new business which we have got is strong. And we also going into a significant sort of growth in the railways, the numbers being very small, the base being small as I said significant, it might not be significant in relation to the total turnover, but again railways is a platform which we have created in this year, to grow in the coming year.

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

Aniruddha Joshi: Two questions, one, how should we think about the healthcare business because I guess the products that we were supplying were going in a consumer product like toothbrush. So, obviously the last customer that we had must be procuring it from somewhere. So, has the customer gone to any other competitor of us or is there any issue. So, how should we understand about that business, that is the question number one.

And secondly the acquisition seems to be just too excellent and very accretive. So, while the margins are good, growth was also at last two year CAGR was also 80% plus growth. So, if we look at the valuation at which the existing promoters has sold to us, is less than 10 times, EBITDA on an FY'23 basis. So, it will be much lower on FY'24 or FY'25 basis. So, what was the exact reason for selling out at a such a lower valuation, because it's not that he was not growing, he was growing at a very good rate of 80% plus rates. So, these are the two questions.

JS Gujral: The customer has not gone to anyone else. The business, 100% business is still with us. In fact in the Q4 period the customer has committed more capex for automation for this product. This customer has gone a lot of reorganization and you see at times even big companies falter on their planning. So, obviously his supply chain was choked in terms of the inventories. The customer has gone for a reorganization and in big organizations whenever there is a new team which comes in, the first thing is to have a status quo, checkup the things, clean up the balance sheet so that the team starts on a clean slate, if it keeps on carrying legacy issues --

So, there was a combination of three, four sectors, but be rest assured the customer has not gone anywhere, it's 100% with us for this product, because he is committed and he is committing more CAPEX for automation, productivity improvement and features. So, that takes care of the first question. On the second part the JDHL, I think our M&A team did a phenomenally good job of stitching in a deal which makes sense to both the parties.

Jayesh Doshi: Just to add to what Mr. Gujral has said, Aniruddha I hope you don't have a problem if the deal is good, because if we do a bad deal also there is a problem and if we do a really nice deal also there is a question that how come he sold it. So, let me be a little serious and ask you why he sold it is because the growth as Mr. Gujral explained when he said 70% or 80% growth is on a small base. When you want to grow to a Rs. 2,000 crore, Rs. 3,000 crore, Rs. 4,000 company in medical devices you need a strong platform, you need a strong partner, you need a strong balance sheet to approach larger clients in U.S. and everywhere. And that's why we told them that if you really want to make a platform and build your current shareholding to a level, let us come in at 51% and you will grow your 49% along with it. And you will recover everything.

I think that is the crux to the matter is that how the partnership, you may look at 51-49 but it's more of a partnership where both the shareholders will work to make it as a real big platform of medical devices, that's the vision. So, it's not that we have done some deal and he has given a cheap or he is cheap, yes it looks reasonable because there will be enough efforts from the entire Syrma team as Mr. Gujral very correctly said that lot of efforts will go from our side to make this happen. And if you look at it as lack of 50% or 49% of value to them, because it is going to be co-created that's why the deal is looking so, on a singular basis so attractive.

JS Gujral: -- But the overall scheme of things is that when we, anyone evaluate is 100% giving me more valuation or 49% if I grow at the business significantly and in this case it was a second alternative that with our bandwidth and their capability on technical they would not have grown to a Rs. 5,400 crore or sort of Rs. 500 crore to Rs. 1,500 crore medical devices company because it didn't have the management in the financial bandwidth. And they are senior people, more sort of comfortable in the lab environment rather than on the road creating business. So, I think going forward their 49% would give them a phenomenal leg up in valuation because of the growth of the business. So, it should not be taken off as a one-off transaction. Overall going forward I think both of us would benefit from this tie-up.

Moderator: Thank you. We will take the next question from the line of Rahul Gajare from Haitong Securities India Private Limited. Please go ahead.

Rahul Gajare: I have two questions, one on the order books side. Now you closed the 4th Quarter with closer to about Rs. 3,000 crore or you have got about Rs. 3,500 crore now. So, in this particular quarter you have got about Rs. 1,100 odd crore of new orders. Now that has a bearing on the profitability of the future quarter. So, could you just break up this Rs. 1,100 crore into various segments where you have got it from, which are the segment which are having the lion share of the new orders that you have got in this particular quarter. So, that's the first question.

Bijay Kumar Agrawal: So, if I say the breakup of the current total order book that way so broadly 25% is towards automotive sector. And then there is about 40% odd which is for consumer sector.

JS Gujral: Including ODM.

Bijay Kumar Agrawal: Including ODM, healthcare would be approximately 8%- 9% and then there is industrial 20%-22% and IT and railways would be around 3% to 4% . So, that's the overall breakup of the total order book.

Rahul Gajare: And even the intake would be similar in this range?

Bijay Kumar Agrawal: So, intake for this quarter is already there in there, this is all data of so we can confirmed the orders that way. So, we see unless and until there is a push out kind of a scenario for any kind of rare maybe otherwise intake should be broadly in the lines.

Rahul Gajare: Now the second question is on the acquisition, you said that the balance Rs. 28 crore will be paid based on certain milestones, could you discuss this milestone, what are these milestones and what is the timeline for that payment?

Jayesh Doshi: See usually we would not like to disclose but its profitability-based milestone and it's over a period of two years, two to two and a half years.

Moderator: Thank you. We will take the next question from the line of Amar from Alfaccurate. Please go ahead.

Amar: So, firstly if you can give us what are the plans for capex you guided for '24 around Rs. 250 crore. What would be the capex line up for '25 that is my question number one? The second question is, basically if I see the gross margin even in this quarter expanded on a sequential basis. But your EBITDA dipped, your argument of the medical business not coming actually it does not have impacted the gross margin so there must be something else which basically dipped the EBITDA margin, right. So, that is my question two. And thirdly if you can guide me what would be the tax rate for FY'24?

Bijay Kumar Agrawal: So, if I answer your first question on the capex side, so you are right this year we are targeting Rs. 200 crore to Rs. 250 crore. And balance capex which will be approximately Rs. 150 crore odd which should go into the next year FY'25.

Now to answer your question on the EBITDA and the gross margin, you are right gross margin percentage is still similar, but if you see on the absolute total number because fixed cost is actually fixed so it should not be calculated on a percentage basis. But when we calculate EBITDA on a percentage basis, so fixed cost remains the same and my sales is almost Rs. 70-odd crore lower than the previous quarter. In that case if I would have forgotten that contribution of 17% to 18%, so I should have been able to get another Rs. 20 crores of contribution which would have immediately reflected into my EBITDA, because fixed cost would have remained same. So, in that case we were saying that because of this shifting or pushing of the sales that contribution is what we are missing which is what is impacting in the actual total EBITDA and then thereby the percentage EBITDA number.

JS Gujral: And just to add to what Bijay is saying my operating expenses as a percentage of sale for the Q4'23 sequential was 12.6% for this quarter it is 15.4% so it is 3% higher because my business is growing. And the sales have not grown in Q1, because Q1 historically is a quarter which accounts for about 19%, 20%, 21% of the total revenues. The Q4 is about 30%. So, it's a combination, so when I alluded to the healthcare devices it was a direct hit, had I done that Rs. 45 crores to Rs. 40 crores odd additional business my EBITDA would have come in more. It may not have made a major difference in the material margin, but in absolute term a Rs. 40 crores or a Rs. 30 medical devices business would have added Rs. 14 crores or Rs. 17 crores depending upon which figure we take, to the EBITDA.

Now if I take the operating overhead for Q1 of last year it was 19%. So, from 19% we came down to 12% for Q4 on an annualized basis there would be about 15% and in this quarter because Q1 is typically a muted quarter compared to the overall palette, it accounts for 20% of the sales, overheads we bill we can't chop off the overhead quarter-on-quarter and then sort of hire or fire. So, these are two factors I highlighted healthcare because that was what was a significant factors from Rs. 54 crores to Rs. 14 crores.

Jayesh Doshi: And in fact the consistency of absorption of fixed cost happens over a period of 1 year and not quarter-on-quarter. So, what Mr. Gujral actually highlighted is that this was a continuous phenomenon where the first quarter costs are always higher and ultimately the absorption happens over the period of one year. But had it been the business which would have come in the 1st Quarter that's why we highlighted, that's why the difference. So, there is no that something other thing is happening.

Amar: And then tax rate?

Bijay Kumar Agrawal: Tax rate for this year should be approximately 26% to 27%. Currently only Syrma is there in the old regime which we are again internally evaluating how quickly we should move to the new regime. So, if we move to the new regime in this particular financial year, it should be around 26% to 27% and if we do not move to the new regime in that case it should be approximately 29% to 30% broadly.

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

Keyur Pandya: First question is on the revenue sides, so Rs. 600 crores kind of revenue. And you mentioned that of the order book I think 23 to 25 billion kind of revenue can be executed this year. So, do you mean that this Rs. 600 crore kind of quarterly run-rate would continue for next nine months, is that fair understanding? And that is how we should look at the annual revenue?

JS Gujral: If we go by the historical trend then I think we can derive our figure. And when I am talking about FY23 we had a run-rate of Rs. 128 crores per month approximately in Q1, which went up to Rs. 148 in Q2, it went up to Rs. 175 in Q2 and about Rs. 200 in Q4. So, from Rs. 128 starting ending at Rs. 200; we are starting with Rs. 200 keeping our fingers crossed and looking at the customers and everyone I think we should be growing at a rate higher than Rs. 200 in the coming quarters, per month, because that has been the historical trend in the past years. So, I just shared Rs. 128 start of the year, Rs. 200 crores end of the year. So, this year we are starting at Rs. 200 crores, so I think by the same logic we should be ending at the last quarter of this year we should be at a higher run-rate than Rs. 200.

Keyur Pandya: Second on the automotive and consumer margins, so quarter-on-quarter I think there is movement in gross margin as well, say almost 300 to 500 bps kind of run-rate change --

JS Gujral: See what happens is on automotive also in the EV segment the margins are more higher, the combustion segment is matured so the margins are compatibly tighter. On the consumer front if my ODM sales goes up the margins are high. And then also the product mix, it's a very high volume product than the margins are a bit tight. So, we would continue to see this sort of, I wouldn't call it a volatility, a shift in margins. This is a purely decisions of the company what businesses we are entering, what businesses we get.

So, I will share with you, these are the two to three factors which account for a change, if my EV mobility goes up the margins are better, in the combustion the margins are tighter and same is the case with ODM, consumer and plain build to print.

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

Alok Deshpande: Two questions, first like you have now ventured into the medical vertical and also you mentioned about railways as a platform that you are building. Going forward over the next couple of years, any other strategic entries that you are thinking about? Any gaps that you have top of the mind?

JS Gujral: I have sharing in all of my earlier calls also that the growth areas are healthcare and medical was one, defense was second, railways I consider it as part of mobility, but railways we were not present and then the fourth area is the IoT based electronics. IoT based electronics is what we are doing so I don't call it a separate vertical, but it's a separate field. Defense we are definitely looking at as vertical for growth, but it has long gestation period and long regulatory approvals and all those things. So, I think it will be a while before we see defense coming into our sort of portfolio, a significant portion. And we do a little bit of defense through some government companies, but it's not a significant portion I believe. Health, medical devices would over the coming years form a decent portion of our revenues.

Railway the base is very small, so hypothetically I am saying that even if I, hypothetically there is nothing, I am saying here for the sake of reference, if I was to do even Rs. 200 crores next year FY24/25 and I was to do whatever turnover I do, it would form a very 3%, 4%, 5% of my revenue. It would not be a 10% to 12% like the automotive or the industrial or the consumer. But the railway would be a growth area and a focus area so that going forward in three to five years it has a decent share in our revenue, that's how we would like to derisk. This automotive and other things coming down and these new verticals going up, coming down means as a percentage, they would grow in absolute numbers, but as a percentage would love to have all verticals low 20%.

Alok Deshpande: Second question on this acquisition that you have done, when can we expect these numbers to sort of start reflecting in your numbers, is it just after a few approvals that will come through or just any timeline on that?

Jayesh Doshi: We have take a long stop date of 30th September, there are some conditions, decisions that we have do to so if they do it, then it will be from 31st August. So, at least six months of the, results will come, because 30th September we will definitely do the transaction. So, for the balance six months, it will certainly come in, maybe six months or seven months, depends upon when the closing or payments actually happen.

Moderator: Thank you. The next question is from the line of Rajesh Kothari from AlfAccurate Advisors. Please go ahead sir.

Rajesh Kothari: My first question is you said your total CAPEX for this year is Rs. 200 crores and then next year will be how much?

Bijay Kumar Agrawal: Another Rs. 150 odd crore.

Rajesh Kothari: This is over and above the acquisition what we are paying for correct?

Bijay Kumar Agrawal: Yes.

JS Gujral: See the CAPEX which Bijay is referring to is all organic capex and as I mentioned in my opening statement, we are putting up campuses for catering to the future growth of the company. When I say future it is not this year or next year, it is beyond 25.

Rajesh Kothari: So, basically if I look at FY24 and FY25 you have a CAPEX of roughly about Rs. 400 crores, your acquisition cost including Milestone roughly about Rs. 250 crores and incremental working capital considering roughly 30% kind of a growth, will be about Rs. 350 crore. So, total requirement maybe roughly about say Rs. 1000 crore. So, just trying to understand from the funding perspective, do you think, how this should be funded if you can give some color on that, that will be useful.

Bijay Kumar Agrawal: So, against this we already have a Rs. 700 odd crore of unspent IPO proceeds also, which is already lying in our treasury and you can see that. And again, balance would be funded though, our internal accruals because whatever working capital investment which you have considered in your working of Rs. 300 odd crore, that will be an internal accrual also. What we are again tracking is that my operating cashflow should be positive which should also automatically be funding my working capital investment. So, if we leave aside that thing, the inorganic and the organic CAPEX would be approximately Rs. 650 odd crores and that much of funding is already available with us as of now, as an unspent IPO proceeds.

Rajesh Kothari: And my third question is basically on the overall EBITDA margin profile post acquisition and if one assumes 30% kind of a growth in your base business and 20% growth in your acquisition business, then how do you look at your margin profile in about FY25 and FY26?

Bijay Kumar Agrawal: So, as I had explained previously, this may help us in EBITDA accretion for about 1% to 1.5% for a full year consolidation, but we are yet to see that number.

Rajesh Kothari: Do you think you would need equity raising, are you looking for equity raising over next two to three years? Or you think, because you might have one more acquisition opportunity because you have been always scouting for good acquisition opportunities. So, do you think any acquisition further over next 12 to 18 months or for now, currently no such plans?

Bijay Kumar Agrawal: I think we do not immediately require any cash the way we look at it, because the business is generating enough cash. And we have just taken one acquisition so I think it's rather we consolidate this and grow the business before we get into anything. And Mr. Gujral very clearly said that we have organic growth coming in, we have enough cash to sustain the current businesses and the current growth, because we are growing at a very rapid pace and even with this rapid pace, we don't see any requirement for any equity raising.

Moderator: Thank you. The next question is from the line of Keyur Pandya from ICICI Prudential Life Insurance. Please go ahead.

Keyur Pandya: Just one clarification, on the capex side, this Rs. 250+Rs. 150 crore capex over the next two years, when you mentioned that this will double our capability so that is the Rs. 400 crores capex or Rs. 250 crore capex?

JS Gujral: What I referred to was that we are in the process of, we acquired land and we will be building the infrastructure which would double on existing infrastructure in terms of space availability. We currently have about 800,000 square feet of area under production or in terms of factories and office, the new facility, two facilities which I alluded to one in Chennai domestic and one in Hosur, Krishnagiri would have a potential of having 1.5 million square feet of area. Now I am not saying that I will build 1.5 million in the next two years, I may not require 1.5 million. But as I had shared in my earlier call we are moving away from the standalone factories concept to a campus concept. So, in a 16 acre campus, I would put in modeler manufacturing facilities purely dictated by the business needs.

So, if for example, the Hosur facility I can have 1 million or 1.1 million square feet of area, I am not going to build 1.1. million this year or next year, I may start off with 100,000 or 150,000 and then as that gets loaded with business, as new business comes in I put in another modeler area for 100,000 to 150,000. So, it will be a campus. And same will be the case in Chennai. So, we are moving away from standalone factories, because operationally it becomes much more efficient to run campuses than having individual standalone factories, because each individual standalone factory will have all the functional requirements.

Jayesh Doshi: And that is why we have planned this capex in a stagger way partly this year, partly in next year. So, just to answer you like, both these capex should be considered for the complete doubling of the capacity.

Ketan Pandya: And both of these campuses, plus some maintenance capex together would account for Rs. 400 crore over next two years correct?

Jayesh Doshi: Yes.

Ketan Pandya: One more question on the acquisition, if you can just give more idea about that businesses working capital and asset churns, and as you mentioned that 40% of the capacity is utilized. So, probably if it's similar facility we can at least double the revenue without any large capex, is it correct? And their working capital and asset churns --?

JS Gujral: Correct, you are right.

Jayesh Doshi: See the capacity utilization is about 40% so they are highly underutilized even at this kind of turnover. So, we leave that it may not require any capex maybe a little bit Rs. 5 to Rs. 10 crores for growing the business. And the working capital number of days last was about 95 to 97 days overall.

Bijay Kumar Agrawal: And asset turn if we calculate on the gross asset basis, it will be approximately 5 times and on net asset basis it is approximately 7 times.

Moderator: Thank you. The next question is from the line of Vishal Singh from Makrana Capital. Please go ahead.

Vishal Singh: So, basically I have two questions, one on the margins. So, in the current quarter the margins is around 7% including the net foreign exchange number as well, which is operating as per you. And for full-year we are guiding for around 10% kind of a margin or low double digit. So, just wanted to understand --

JS Gujral: That's what we are guiding yes.

Vishal Singh: So, basically this would mean that the remaining nine months we would have to sort of clock in around 10% to 11% kind of a margin. So, just wanted to understand that incremental delta will it come from because you mentioned that gross margin will remain 23% to 25% margin, in that range so just wanted to understand that?

JS Gujral: It will come from the operating leverages as I was just sharing with you earlier with the team, that my operating overhead in Q4 was 12.6% on the sale, in Q1 they are 15.4% of the sale, going forward as my revenue top-line increases which I alluded to that Rs. 200 crore should go up, the operating leverages will automatically set in. The sort of reinstatement of my healthcare business which is a highly EBITDA accretive, very low material margin should make it possible to be at a double digit margin level.

Vishal Singh: And lastly I just wanted to understand, because at the segment level your gross margins have been declining for your big three segments like auto, industrial and consumer; and I understand it's a play of EV being higher in auto and ODM higher in consumer, so wanted to understand what would be the contribution of EV in your auto segment currently and ODM in consumer currently versus the contribution in the order book, that you mentioned about 35 billion?

JS Gujral: The EV business is approximately 50% of the total automotive business. And that is accretive into the margins. And ODM I think was less, ODM was only about 14% to 15%, because my healthcare business didn't come in, again if I add Rs. 40 crores of healthcare business, it doesn't increase the ODM to that extent, but it is increases the EBITDA significantly.

And as we have been sharing all along that the endeavor and the vision of the management is to have one third exports approximately and a 25% ODM business in the overall scheme of things. 25% may not happen this year and I am not only talking about the organic, I am not talking about the acquisition part, but over a longer period of time with design and development teams getting matured and getting in revenue stream, and the product, I believe we are well positioned to achieve 25% ODM revenue in the coming years. It may not happen this year, but over a longer period of time, it would definitely happen.

Vishal Singh: This ODM share that you mentioned about 14% to 15% I just wanted to compare it with last year, so how much would it have decreased?

JS Gujral: Healthcare is all ODM so I just shared between Q4 of last year and Q1 of this year, our healthcare business has gone down by Rs. 30 crores, it was Rs. 45 in Q4 and Rs. 14 crore odd over here. Rs. 30 crore business with a 45% gross material margins translates into about Rs. 14 crores of direct hit on the gross material and the EBITDA. The overheads in any case are the salary, the wages and everything they almost fit, they are there.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today, I would now like to hand the conference over to the Management for closing comments, over to you.

JS Gujral: Yes, I would just like to reiterate that we are on track for the visibility guidance which we have given, we are on track for that. And we are very excited about the new businesses which we have got. And some of the softer areas where are concentrating on a lot for example we were the only EMS company in the country to have been awarded the Most Preferred Workplace Award which was announced in collaboration with India Today. Our teams in South and our teams in North have won competitions on Kaizen Small Quality Improvements, our shouldering operators have been given Runners Up certificate.

So, a lot of effort of the senior management is going in preparing the organization as I have been sharing with you all along, making the organization future ready. And end of the day we have a satisfied customer if we have a satisfied workforce. And towards that we have engaged external agencies, I had shared last time also, I will share it once again towards engaged to do employee satisfaction, employee engagement survey across our companies, across our plants. And I am very pleased to share that we operate out of 6 states, 3 countries: we at an engagement level of employees of 79%. The top 25 in the country have 82%. So, there is a scope for, a little bit scope of improvement. The industry, the EMS industry or this industry as a engagement survey of 61% to 63% in Asia Pacific and Global. We have 19 engaged employees, when we say engaged employees who are worried about the company to 1 disengaged employee. Well that's the area of improvement. The industry average is 8:1. So, the efforts of the management to invest in Human Resources, train them, motivate them I think are paying off and they would play a very significant role as we grow, at the scorching pace at which we are growing.

We are very sort of bullish on electronics manufacturing and the vision of the management is to make Syrma SGS a $1 billion company ASAP, whether it takes four years, three years or five years I can't say but that's the vision which with we are working and all the future expansions are aimed at that. Our plannings are being done in a way making Syrma SGS a billion dollar company with a significant footprint in USA and Europe, one third of exports, a strong ODM content and design led manufacturing which we have been maintaining all along.

Thank you gentlemen for your support and look forward to receiving this support in the future also. Thank you very much.

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