



“Sahasra Electronic Solutions Limited
H1 & FY26 Earnings Conference Call”
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Moderator: Ladies and gentlemen, good day and welcome to Sahasra Electronic Solutions Limited H1& FY26 Investor Call. As a reminder, all participants lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Neha Tahir. Thank you and over to you, ma'am.

Neha Tahir: Thank you, Danish. Good morning, ladies and gentlemen. I am Neha Tahir, Company Secretary and Compliance Officer of Sahasra Electronic Solutions Limited and it is my pleasure to welcome you all to our H1 Financial Year 26 Earnings Conference call. Today, on the call from the management team, we have with us Mr. Amrit Manwani, Chairman and Managing Director, Mr. Varun Manwani, Director, Mr. Maneesh Tiwari, Chief Financial Officer.

Please note that this call is being recorded. We will commence with a briefing from the management team on the business and performance highlights for the H1 Financial Year 26, followed by insights into our growth plans and strategic vision for the upcoming year, post which we will open the floor for Q&A.

Before we proceed, I would like to read out the standard disclaimer. This discussion may include forward-looking statements regarding the company and its subsidiaries. These statements are based on the beliefs, expectations, and assumptions of the management as on the date of this call.

The company undertakes no obligation to update any forward-looking statement in the event of a change in beliefs, expectations or circumstances. Forward-looking statements are subject to risk and uncertainties and do not guarantee future outcomes. Listeners are therefore advised to exercise caution in interpreting them. With that, I now hand over the call to Mr. Amrit Manwani, our Chairman and Managing Director. Over to you, sir.

Amrit Manwani: Thank you, Neha and good morning to all the listeners. I am happy to be here at the investor call, post the results of the first half of our Financial Year 25-26. I am happy to inform that our results were as expected. After a slightly difficult year that we experienced in the year 24-25, the first six months results have been quite satisfying and as expected.

We hope that we will continue the same momentum in the next six months and beyond. With that, I would like to suggest that I hand over the mic to Varun Manwani, who will run you through the details of the performance, our order bookings and other financial details and of course, our CFO, Mr. Maneesh Tiwari, will be happy to explain the financials a little further and thereafter any questions and answers that may crop up. Thank you very much. Varun over to you.

Varun Manwani: Thank you, Mr. Chairman. Good morning to all the listeners on today's earnings call. As our chairman has put that last year was a bit of a difficult year for us, primarily due to the fall in the export business, which was the mainstay for us over these past several years. However, as I had



mentioned during the previous call, we are also considering this scenario, we were also looking to pivot our business towards the domestic market.

And therefore, with the effort of all our team members, the sales and marketing team, we did manage to pivot to some extent. We are definitely we have a long way to go, but we did manage to pivot ourselves towards the domestic market as well. And therefore, we had some recovery in the numbers and in terms of the business that we could pick up.

So, at a time where, let's say, about a 1.5 years, 2 years ago, our export versus domestic revenue was obviously in favor of exports with about 85% to 90% of exports, considering the challenges in that area. So, the export share today is more like 50%, 55%. And therefore, the domestic share is 45% to 50%.

Having said that, the addition of the two SMT lines that we had at our new unit in Bhiwadi, that helped in meeting our domestic order book and we were able to satisfy the demand of our customers in the domestic market. It is also mentioned in the subsequent slides of our presentation that we are looking to further invest in two more lines.

And this further investment will basically be done to bolster up our production capacity, because we are looking at various market segments and these market segments represent different kinds of potential. In some areas, there are very large volume projects and in some areas, there are high capability projects. And therefore, these additional two lines that we will have at the domestic unit in Bhiwadi will be high speed lines, because the previous two lines we brought in were high capability lines.

And so, they will both complement each other in meeting customer demand. In addition, we have also planned that, while we did get our ISO9001 certification at the Bhiwadi unit earlier this year, however, we plan that before the end of the financial year, we are also able to get further certification of ISO45001 and ISO14001, which is the environmental management standard and the employee health and safety standard.

So that not only do we meet our corporate social responsibilities, but we also are able to meet customer expectations. I'm sure you all may have also seen some of the images of the new facility in Bhiwadi. The building is -- the full building is almost nearing its completion. We should be fully complete in the next couple of months. And also you may have seen pictures of the facility inside, which thanks to all the efforts of our team members is at par with global standards and also at par with the top companies in India.

In terms of the business growth, especially in the domestic market, we are targeting various sectors and segments. So, we have made inroads in the EV accessories market. We have also entered into the metering business for exports based on the announcement we had made with our Dutch client in April. The very first production shipment should be leaving our facility sometime in December.

In addition, we are also looking at other markets like GPS tracking, personal grooming products, automotive markets, whether it be instrumentation clusters, automotive lighting and other automotive accessories. We are also focusing on our industrial solutions offering. So, we are



working with several industrial product companies in India for their products to be manufactured by us.

We have traditionally always focused on the turnkey model. And therefore, we will continue to focus on the turnkey business rather than just looking at pure play job work, as that has been our strength with our supply chain team working hard to ensure that we are able to maintain our margins.

In addition, also to de-risk ourselves, we are definitely looking to enter into further new markets on the energy side, such as solar solutions and also on other automotive products, IoT solutions, so that we are not a single customer dependent model in any particular line of business.

And this has been our business strategy over the last several years, whereby we tend to de-risk ourselves from markets, geographies, products, industries. So, we will continue to use that model. Also, as our chairman mentioned that, yes, the initial six months have been satisfactory and we hope to maintain this momentum in H2 as well.

Currently, the order book that we have seems healthy enough for us to be able to maintain this momentum. And so that is what we are focusing on to be able to execute the orders at the moment. Now, there are also new projects that we have picked up. For example, we had shared the agreement signing with another U.K. company called Solstor, whereby these are opto sensor assemblies.

And so, the development exercise for this particular customer is underway and perhaps from the next fiscal year onwards, we will start to see revenue realization on this particular project as well. And obviously, the initial supplies that go to Europe for the metering should also start to look at larger volume orders from the next fiscal onwards. I already spoke about the investment in plant and machinery.

So, this will be to the tune of INR15 crores, whereby we will be bringing in two other SMT lines, along with other peripheral equipment, so that the diversification that we are looking at, we are able to fulfill all those product requirements. We will also be bringing in a fully automated conformal coating line.

So that there is more and more reliance and dependence on automation to ensure that we have the right level of quality and we are able to fulfill customer expectations. With that, I would like to hand over to our CFO, Mr. Maneesh Tiwari, so that he can share the financial performance of the company. So, Maneesh ji over to you.

Maneesh Tiwari:

Thank you, sir. So, respected all the investors, if you see our financials, we have achieved a turnover of INR58.16 crores during the first six months of this fiscal year. And if you see our last guidance, we have given the projected revenue of INR130 crores. So, in a way, we are on the halfway and we are expecting that the second half would be better than the first one.

So, we are on the track. On the other side, if we see on the expenses side, we have controlled our expenses and if we see the expenses also have been reduced compared to the previous year.



So, we are on the first side, we are trying to reduce our expenses and we are trying to increase the income.

So, the delta would be the net profitability will be increased. And this is the basic of this P&L statement. And so, similarly, if we see the balance sheet, we are increasing our assets and now we have the total assets of INR31 crores in this listed entity. And on a consolidated basis, we have the assets of INR143 crores on the consolidated basis when we are consolidating the assets of our subsidiary companies. So, our EBITDA also has been on the track.

Last year, it was on 13.79%. Now, since the turnover has been increased, still we are maintaining the EBITDA of 12.63%, which is quite healthy. And management is trusting and they are hoping that we would be able to sustain this EBITDA in the coming quarters also. We have some other incomes because of we have some unutilized fund of our IPO proceeds, which we are using for the purchase of new equipment.

And almost we have utilized all the other funds only we have some INR46 crores right now, which will be used for the procurement of other assets. And PAT we are also maintaining the PAT of 15.49%, which is quite good compared to last full year of 9.13%. So, investors, the finances are improving and we are hoping that we will be able to maintain this profit in the coming quarters also. Thank you. Over to Varun sir.

Varun Manwani:

Yes, thank you, Maneesh ji. I would also like to share developments around the subsidiary Sahasra Semiconductors. The first half for Sahasra Semiconductors has not been as exciting as the listed entity that is Sahasra Electronic Solutions. The primary reason for that is that out of the entire portfolio of three products, the plans that we had for this financial year was to be able to have, let's say approximately 50%-50% revenue from both the memory business and also the eSIM business.

However, due to delays in the approval cycle of the eSIMs, which we were very much confident that would have got approved by April, May this year. However, it got pushed out and the final contract with our European customer for eSIM manufacturing got signed only in October.

And just recently in the first week of November, their assessment audit was conducted and we have passed that audit. So, now there will be -- now the next steps will take place. And therefore, from the next financial, sorry, from the next calendar year, let's say from March onwards, we will start to look at making eSIMs on a production scale.

So, that obviously has been a bit of a dampener in terms of the volume and revenue contribution from the eSIMs. But nonetheless, the good news being that we have finally signed the contract. Due to sensitivities around the business, we have been restricted by a customer to make any announcement with respect to their name, etcetera.

However, we will be getting into mass production, as I said, in March, April timeframe and so, that will definitely contribute to the revenue in the next fiscal year. The memory business in the first half was slow and it was -- the prices were very, very low. However, with the growth in AI and extreme demand from the AI segment, the prices for the memory business or memory products has increased multifold and there is currently a massive shortage in the market.



As a result of that, the fact that we had built up inventories at our place to be able to meet the future demand, we have a slightly healthy stock position. And therefore, we are trying to ramp up our packaging volume to be able to meet this demand. And once again, the latest agreement signed with HAMA, also our agreement signing with other Indian companies will contribute to the growth.

And therefore, we are looking for recovery to happen in the second half. With this recovery, while we may not be able to achieve the initial numbers that we had suggested, but we will at least be able to recover to the extent that we can at least reach similar to the last year's revenue. Also to add that in the memory business, we are going to now initiate our exercise with respect to adding products to the portfolio.

And also, we will initiate the exercise of starting to study the packaging of the higher end solutions, which are more like advanced packaging, such as the NAND flash VGAs and eMMC products. So that exercise will start in the last quarter of this financial year. Also, happy to announce that our specs approval that we had received from the Ministry of Electronics application that was approved several years back.

We had submitted our subsidy disbursement proposal to the government. And IFCI, which is the monitoring agency has completed all the exercise. And so they have submitted the details to the ministry. So now depending upon the time that would be taken, we hope to get the first tranche of our grant back from the government.

And hopefully we can have that to be completed before the end of the financial year. That will support the operations to a large extent and will also help in cutting down the interest burden, which will have a healthy and positive impact on the profit and loss statement. So these are some of the developments in the semiconductor space, which I wanted to share. Thank you.

Moderator: Thank you so much, sir. Ladies and gentlemen, we'll begin with the question and answer session.

Varun Manwani: Danish ji, I also had one last thing to mention, which I will skip if I can continue with that.

Moderator: Please.

Varun Manwani: Yes, I just also wanted to share with everybody on today's call regarding the merger exercise. So as has been shared by us that we have initiated the process of merger. All the group entities, the boards have given respective approvals to initiate the activity. And currently, we are in discussions with consultants and external agencies to draw up the merger scheme to ensure that it has the right impact on your company.

So in the next few weeks, we hope to have a final merger scheme available based on which we will seek further approval from the board for the merger scheme. And once that happens, then we can initiate the exercise for the merger. Chairman, sir, if you have any additional remarks on this point, you may please add on.

Amrit Manwani: Ye, thank you, Varun. So the purpose behind this merger is that we have this non-listed company which is in the same domain. And by merging that company, we would be able to bring more



value to the shareholders of the company. The other company that we are looking at merging is the PCB company where we make one of the inputs for our listed company.

So they make printed circuit boards and we are looking at merging that company also with the listed company. So all this will bring value to the shareholder of our listed company. Also, we are looking at how do we improve our skill sets. So we are also merging one of our skilling companies so that we will be able to provide skilled manpower for hiring manufacturing in the EMS domain as well as, of course, very importantly in the semiconductor packaging domain.

So these are some of the initiatives that are being planned and we hope that with the merger, we will be able to take benefit of an integrated approach to this business. And therefore, we will be able to grow significantly and bring value to the shareholders of the company. Okay. So can we go ahead with the question and answers, please?

Moderator: Thank you so much, sir. All right. Our first question comes from the line of Paras Chheda from Purpleone Vertex Ventures LLP. Please go ahead.

Paras Chheda: Yes. First of all, congratulations for a strong revival of our business revenue that we've seen and the performance. Sir, I had a couple of queries in regards to our business. First of all, what I see is fixed assets to the tune of about INR4.27 crores have been written off against the PBT of INR6.2 crores. So what is this write-off? I mean, I understand this could be about search for semiconductors, but is there any more to come and what is it about?

Maneesh Tiwari: We do not see any write-off. I don't know where you are -- how do get...

Paras Chheda: The cash flow statement reflects sir in the console cash flow statement. The console cash flow statements reflect the write-off of fixed assets, INR4.27 crores?

Maneesh Tiwari: Let me see. You are talking about which one?

Paras Chheda: Fixed assets written off INR4.27 crores cash from operating activities?

Maneesh Tiwari: That is only 0.67 lakhs loss on sale of assets.

Paras Chheda: No, fixed assets written off is INR4.27 crores. Loss on sale of assets is 0.67, but the second line that comes in fixed assets written off INR4.27 crores or maybe you can look at it later on, but basically this is to do with search for semiconductors to meet up seem so. So, I mean, I just wanted to understand, is there any more to come or what was this about sort of?

Management: Paras ji nothing has been written off. I think some typo error or something. Let me check it. Then definitely, I will...

Paras Chheda: Yes, maybe it could be a typo error. But, at least, the way this is reflected here, I mean, one will get shocked a little bit. Because I have got profits of about INR6 crores and INR5.27 crores have been written off on fixed assets, at least on this paper.

Varun Manwani: Maneesh.



Maneesh Tiwari: Yes, sir.

Varun Manwani: You have the cash flow statement in front of you, the consolidated statement.

Maneesh Tiwari: Yes, I have. I think, sir, because when the CA was doing it, some -- let me check it. I will definitely respond it.

Amrit Manwani: Well, let me put it this way. There has been no write-off on account of...

Paras Chheda: Yes, broadly, at least to your knowledge, I mean, other than this thing can be rectified. But I'm just trying to understand, to your knowledge, has anything been written off on fixed assets?

Amrit Manwani: No, nothing has been written off in terms of fixed assets. That we are certainly sure of. How has the entry been made that we will have to check with our statutory auditors, but I can definitely confirm to you that there is no write-off to the extent of INR4.27 crores and you're right. Written off if you see adjustment for there is a point balance written off.

Paras Chheda: Sir, loss on sale of assets is 0.67, but the next item that is in fixed assets is written off?

Amrit Manwani: Yes, I think there's an error in the entry. We'll have to check with the statutory auditor.

Paras Chheda: Fair enough, sir. I mean, you can get it rectified later on. But to your knowledge, there is broadly no write-off, I mean, per se?

Management: No nothing.

Paras Chheda: Okay. Understood, sir. The other thing, sir, I just wanted to understand, there is this loan of about INR19.75 crores to a related party. I mean, what are these loans about broadly?

Amrit Manwani: Again, these loans are to our subsidiary company, that is Semiconductors.

Paras Chheda: Semiconductors?

Amrit Manwani: Yes and that is planned even at the RHP stage, we had said that the subsidiary company would require loans to be able to purchase more equipment. We did not want to depend on debt, so we chose to support it ourselves.

Paras Chheda: Fair enough, sir. Okay. Sir, just in terms of the EMS business, that seems to be quite on track. I mean, at least recovering nicely. On the Semiconductor, I wanted to understand, there are monthly run rates for now. Is there any for FY27, any commitment from customers? I mean, because, of course, for this financial year, we have projected about INR50-odd crores and I guess we'll be able to reach INR10 crores odd. But for next year, we are again projecting INR50 crores. So, how is it poised, sir? Is there a monthly run rate, some commitment from customers on Semiconductor business? So, next year, INR50 crores looks like achievable for that business?

Amrit Manwani: Yes, Varun, you go ahead you answer.



Varun Manwani: Yes. I'll answer that. So, if you look at this eSIM business, definitely, there is a commitment. The contract that we have signed with the client, for the very first year, they are looking at anywhere between 5 to 10 million units, depending upon market conditions.

Paras Chheda: And what is that revenue potential, sir? Yes, that 5-10 million units, in terms of revenue potential?

Varun Manwani: Yes, I'll just complete first. So, that 5 million to 10 million units would be, obviously, there will be certain spike months. So, the average, let's say, would work out to a total of anywhere between 5 to 10 and also it depends upon how fast we can ramp up our production, how much we can maintain the yield quality, etcetera. But upper side, they have confirmed that if everything goes well, it can be 10 and lower side it could be 5 million.

Now, in terms of value, so the core item in this is the wafer. And in terms of the wafer, we don't know the pricing of the wafer as such, because that is a customer-owned, that's customer-owned property. So, it is difficult for us to comment in total, but the revenue could depending upon the wafer value, could be around INR20 crores, INR25 crores.

Paras Chheda: Okay, in that region?

Varun Manwani: In that region.

Paras Chheda: Right. And the approx EBITDA margin on this business would be, sir?

Amrit Manwani: Varun, can I answer that?

Varun Manwani: Yes, please.

Amrit Manwani: In general terms, Mr. Chheda, our EBITDA margin in this would be about 18% to 20%. But going forward as the volumes ramp up, initially we are looking at probably 500,000 or 5 lakhs to about 1 million pieces a month. But as the volume ramps up, the EBITDA would increase because the cost will be divided over a large volume and, therefore, the EBITDA may reach 20% or a little more. But initially, I would say 16% to 18% is what we can forecast or 16% to 20% as EBITDA margin. Does that answer your question?

Paras Chheda: Yes, sir. Absolutely. Okay. Sir, with this SPECS subsidy, when do you think likely will be sanctioned and what kind of cash flow can we expect out of that?

Amrit Manwani: Okay, so what as Varun mentioned, IFCI has done the due diligence. We have submitted the application for disbursement in March. They have taken a long time. However, that is a main exercise, they take quite a bit of time in due diligence. That is over. They have confirmed to us that they have finished the review.

And the two steps that are remaining before they give their final figures to the ministry is that they require some certificates, both from the certified auditor as well as the equipment, for the equipment, the value, etcetera, the current value. So those certificates they have to receive from us.



They have to spell out what certificates do they need from us. And secondly, they will also visit. They have checked all the equipment that they have claimed for. They would physically visit our site for the working of those equipments. And then hopefully in the next 10 days or by end of November, they would be submitting the final proposal to the Ministry of Electronics in IT.

Then it's very difficult to say, but we hope that in the next six to eight weeks thereafter, the government will be able to disburse. Now, all that money -- we could have two options for usage of those funds. Either we could repay or prepay the loan that we have taken from the banks or we could use that for our working capital needs in future as we increase our sales volume for the next year from current level of about, I mean, this year we are expecting about INR10 crores or thereabouts to about INR50 crores.

So that's a decision we have to take based on business conditions at that time, but that generally gives you a picture. The amount of subsidy that we are looking at from receiving from the government is anywhere between INR20 crores to INR22 crores.

Paras Chheda:

Right, sir. And sir, just last query from my end, we are looking at phase two for this ATM to about INR200 crores kind of capex. Now, I mean, the only worry is so far the semiconductor is yet to pick up and I understand there is a little bit of a long cycle that's there in the business. But how do we fund it and how do you look at it because eventually the revenue PAT etcetera, has to all come in. And INR200 crores for now at least is seemingly quite a significant capex number. So, I mean, how do you look at it because so far it's yet to pick up?

Amrit Manwani:

So, this will require a little bit of a detailed discussion, but I'd quickly answer it in 30 seconds. If you need more clarifications, you can contact our CFO and our people. But when we are envisaging INR200 crores, there is a new ISM scheme coming up, what is called India Semiconductor Mission Scheme 2.0, whereby for packaging and advanced packaging, they would support by 50%.

It means if you give a proposal of INR200 crores, INR100 crores would be grant -- will come as a grant to the government on a pari passu basis, while the remaining INR100 crores has to be put by the investor. And what we are saying is, together with our listed company, revenues and PAT, we will be able to provide INR50 crores or thereabouts in terms of promoter contribution and INR50 crores will come from debt financing through banks. So, that is amount that we are envisaging.

In any case, ISM 2.0 has not yet been announced. It could be announced probably later in the year by end December or by the first quarter or by, let us say the fourth quarter of this financial year. And then it goes through an approval cycle. Applications have to be sought by the ministry and then they go through the approval cycle.

So, we do not see an activity before, let us say, the second or the third quarter of next calendar year. And by that time, we would have seen, our activity, our green shoots in terms of what we are looking at sales revenue both in all the three verticals that Varun mentioned. One is the eSIM vertical, the other is the memory vertical and LED vertical. So, as we go along, we will see how



our performance has been. Your concerns are valid that this is an industry where the ecosystem is still lacking. So, we will have to be very careful about our investments. I do agree with you.

Paras Chheda: Right, sir. Understood. So, there will be no further dilution, at least, even if you go ahead with this. So, I mean, INR50 crores will come from internal accruals of the company, is it, if I understood correctly and INR50 crores debt, but the other INR50 crores was from internal accruals?

Amrit Manwani: Yes. So, we are not looking at any further dilution. We are, as you rightly understood INR50 crores from internal generation and INR50 crores from debt.

Paras Chheda: Understood, sir. Fair enough, sir. I will come back in a little while.

Moderator: Thank you so much, sir. Our next question comes from the line of Ashutosh Kejriwal from Mastergrowth 369. Please go ahead, sir.

Ashutosh Kejriwal: My question is with respect to -- my question is to Mr. Tiwari and this is with respect to consolidated financial statement. So, what I understand is that Sahasra has one subsidiary, which is a semiconductor company and that company is into losses. But when I -- but when we see at the allocation of profit between parent and non-controlling interest, so that non-controlling interest has been allocated certain profits. So, my question is when if the subsidiary company is into losses, then how can a profit be allocated to the non-controlling interest on a consolidated level basis?

Amrit Manwani: So, I can probably answer that, if I may. When we are seeing that the top -- the loan that has been given from the parent company to the subsidiary company was incurred losses. So, that is the interest on that amount. And the total interest paid to the -- or booked to the parent company is INR4.27 crores. And the promoters have certain amount of it and the non-controlling interest is to the public, I suppose.

Ashutosh Kejriwal: Okay. So, are we saying that interest on loan to subsidiaries has been eliminated on a consolidated level and post that our subsidiaries into profits?

Amrit Manwani: So, it is considered as a part of the profit in the listed company and considered as a interest and therefore booked as a book loss. And that has been negated in the consolidated statement that has been provided. And, in fact, this also answers the previous question that was there that INR4.27 crores that he was mentioning, the earlier investor who -- Mr. Paras Chheda who raised that question of sundry balance write-off, that was actually on account of the interest paid to the parent company.

Ashutosh Kejriwal: Okay. That is all from our side.

Moderator: Thank you, sir. Our next question comes from the line of Manik Gautam from Findoc. Please go ahead.

Manik Gautam: Yes. Hi. Congratulations on a good set of numbers. So, I just have one bookkeeping question that is on the treatment of depreciation on a consolidated level. So, what depreciation rate do



you charge on the net fixed assets? I just wanted to know that why do we charge such a low depreciation rate that is 7% on standalone and approximately 6.5 on a console basis? That is my question?

Maneesh Tiwari: Okay. So, depreciation is being charged on straight-line methods. So, it is based on the number of days the assets have been utilized. So, if you see in consolidated basis, it may be some lowest at the time in terms of total percentage because some other assets have been acquired in subsidiary company, but the assets have been used for lesser days, some assets which have been used for the full year. So, this is the base of calculation and all the depreciation has been charged on straight-line methods.

Manik Gautam: Okay. So, another question I had for your SMT line. So, any guidance on the capacity and its utilization for the near-term future?

Varun Manwani: Yes, I can answer that question. So, the two new SMT lines that are coming belong to very high-speed model. So, therefore, these are individual smaller modules. At this point of time, we are bringing in five modules whereby there will be three modules allocated to one line and two modules that will be allocated to the second line.

In total, if you look at it line-wise, each of these modules has a capacity of 50,000 CPH. So, on one line it will be 150,000 CPH and the other it will be 100,000 CPH. As I mentioned earlier that we are targeting some large volume projects. So, if those projects indeed come our way and if the volume grows, then we only have to add on individual modules rather than creating full lines. So, to start with, we are taking three and two modules as and when the volume grows, we will only add to the module capacity. The balance of the line will remain the same.

Manik Gautam: Okay. Thank you so much. I will fall back in the queue.

Moderator: Thank you, sir. The next question comes from the line of Shashank Jha, an Individual Investor. Please go ahead.

Shashank Jha: Yes. Actually, most of the questions have been answered by management itself or past participants. Just one query, is it regarding to margin like a core business PAT margin seems to be something around 20%. So, is it sustainable in future and when volume comes in for semiconductor business, what can we expect as a PAT margin from there?

Management: Okay let me, although I partially answered this question, so let me answer it again. Firstly, I think the PAT margin on the EMS business or the SMT business as you called it, I don't think it's 20%. It's more like 15% to 16%. And that's a very healthy margin compared to our industry peers.

And we definitely will maintain it. And particularly with once we are able to merge the non-listed company also with us, I think it will slightly improve because we are focusing on exports also, where we get slightly better margins. Coming to the semiconductor business or the semiconductor subsidiary, as we ramp up volume, because that is a volume kind of a situation, the more volume you do, the better you would do in terms of both EBITDA as well as net margins.



Although the semiconductor, because of the nature of its -- the current level of maturity that that industry has in India, the margins will be definitely lower. We are looking at EBITDA of 16% to 18% and as the volume increases, it may go up to 20 or more. But the PAT margin would be, I think, somewhere hovering around 8% to 10% at least in the initial years. I hope I have answered your question.

Shashank Jha: Sir, one request. Like six months is too long time, especially in some volatile environment. So if you start posting some like quarterly numbers, just what revenue you did, what was the EBITDA and how is the order book scaling up, it will be very helpful, sir, six months is too long time?

Varun Manwani: Well, Mr. Jha thank you for the question. We will review it internally with our CS and CFO and also as per the SEBI guidelines. We won't commit anything at this point, but we will review internally and we will see if anything can be shared on a quarterly basis.

Shashank Jha: Just a few numbers, sir, not entire results. Actually, a few companies are doing it. So if you also do it, it will be very helpful, sir?

Varun Manwani: Sure, Mr. Jha. Point well noted. We made note of it and so we will review it internally. I also wanted to add to whatever Mr. Chairman mentioned on your previous question. See, the DNA for Sahasra has always been its export potential and its export exposure. Yes, in the last few months and quarters, there has been a bit of uncertainty in the global market and with the US tariffs, etcetera.

However, there are all positive signs everywhere that India and the US should be reaching some kind of a positive trade deal. So with that in mind and the fact that we have exposure to other European markets, we will continue to have a share in exports, a healthy share. We'll always be targeting 50% and above.

So that will marginalize the lower profitability margins that one has in the Indian market. And therefore, we should be able to see better numbers. It may not be 20% as has already been said, but even with the growth in the India business, we will not be wanting to ideally look at very, very low margin business, at least in the short term. So I hope that also answers your question.

Shashank Jha: Yes, sir. Thank you and all the best for future.

Varun Manwani: Thank you, Mr. Jha.

Moderator: Thank you. Our next question comes from the line of Abhay Jain from Hem Securities. Please go ahead.

Abhay Jain: Hi, sir. Congratulations for the great set of numbers. Just needed one clarity that you mentioned that board has just approved the merger of group companies. Which company are you going to merge, what was the revenue and part of that company in FY25? And when do we expect that merger to be completed? Thank you.



- Amrit Manwani:** So as Varun mentioned, the merger scheme is being finalized. And once the merger scheme is finalized, that means evaluation of each of those companies is done. Then we will have to go back to the individual companies' boards and seek their permission and also the shareholders to seek their permission for the merger process to commence.
- The companies in question are this unlisted company called Sahasra Electronics Private Limited, which is also in the same domain. And last year was a difficult year even for that company. Often, I don't remember what were the financials of that company last year, but we are expecting that in this year, they would also achieve a turnover of about INR90 to INR100 crores with a PAT of about INR8 to INR10 crores.
- Then there is another company where we make PCBs, which is a very important input to our EMS vertical. And that's a smaller company. Their revenue this year is expected to be anywhere in the range of INR18 to INR20 crores, but this is a strategic merger because that's very critical as an input to our EMS business.
- And as I also mentioned earlier that the third company, which is really a skilling company, which we would be merging so that more importantly, rather than the revenue there, we are looking at their experience in skilling, providing skilled manpower, both to our EMS business or the SMT business as some people call it, as well as to our semiconductor business.
- Abhay Jain:** Great, sir. Thank you so much. Sir, my second question is regarding the shareholding pattern of Sahasra Electronics Private Limited, Can you tell us that?
- Amrit Manwani:** Well, the majority about 86% is owned by the promoter family. The remaining 14% is owned by one US entity, who have about 4 point something. And there is another individual who is a US, but Indian American who owns about 9%.
- Abhay Jain:** Thank you so much, sir.
- Moderator:** Thank you.
- Amrit Manwani:** Okay. It looks like there are no other questions. So I think we should conclude this session. And I would like to thank all the participants, all the listeners and investors who actively participated and look forward to all the shareholder support so that we can, with your blessings and support, we can continue to grow and be a very healthy company.
- Moderator:** Thank you so much, sir. On behalf of Sahasra Electronic Solutions Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.
- Management:** Thank you, everyone.
- Neha Tahir:** Thank you.