Company Name: TVS Electronics Ltd.

Quarter under review: Q4-FY26

TVS Electronics Ltd – Q4-FY26/FY26 Concall Highlights:

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TVS Electronics Ltd								
INR In Mn	**Q4-FY26**	**Q4-FY25**	**Y-o-Y**	**Q3-FY26**	**Q-o-Q**	**FY26**	**FY25**	**Y-o-Y**
Operational Income	1,174	1,146	2.5%	1,136	3.3%	4,552	4,305	5.7%
EBITDA	70	21	NA	65	7.0%	196	110	78.2%
EBITDA M (%)	5.96%	1.87%	409 bps	5.75%	21 bps	4.29%	2.55%	174 bps
PAT	29	(7)	NA	4	NA	13	(39)	NA
PAT M (%)	2.43%	NA	NA	0.36%	207 bps	0.28%	NA	118 Bps
Diluted EPS	1.53	(0.35)	NA	0.22	NA	0.67	(2.08)	NA

Operational Highlights:

- Two core business segments: Operations are organized into Products & Solutions Group (PSG) and Customer Support Services (CSS).
- Products & Solutions Group: Offers point-of-transaction products and integrated solutions catering to business and enterprise customers.
- Customer Support Services: Provides IT infrastructure managed services for IT and peripherals, along with operations & maintenance services for solar projects.
- Manufacturing base: Operates a manufacturing plant in Tumkuru, Karnataka, supporting product development and production capabilities.
- Revenue growth supported by new customers: Growth during the year was driven mainly by addition of new customers across business lines.
- Better product mix improved profitability: Margins expanded due to a more favorable product mix and internal Total cost management initiatives.
- PSG segment performance:
    - Q4 revenue: INR 80 crore, up 2% QoQ
    - FY26 revenue: INR 316 crore, up 3% YoY
    - Growth supported by higher volumes in existing products and traction in new product & solutions offerings, especially in manufacturing and logistics.
- CSS segment performance:
    - Q4 revenue: INR 37 crore, up 6% QoQ
    - FY26 revenue: INR 113 crore, up 13% YoY
    - Growth was led by improved volumes across multiple business verticals within the segment.

Key Questions & Answers discussed during the Concall:

- **Which end-user segments are seeing the strongest demand currently?** Demand remains healthy across both major business verticals. In Products & Solutions, the strongest traction is coming from BFSI and warehousing & logistics. In Customer Support Services, growth is being driven by IT products, auto, and power electronics. These segments continue to contribute meaningfully to overall business momentum.

- **What is the outlook on margins going forward? Can EBITDA margins reach 5.5–6%?** We have not provided formal margin guidance. However, we believe the recent margin improvement is structural rather than temporary, supported by better operational efficiency, volume growth, and disciplined execution. While quarterly fluctuations may continue, our focus remains on sustaining profitability improvement over time

- **What opportunities is the company seeing in manufacturing and logistics solutions?** The key opportunities are in handheld devices and 2D scanners used in manufacturing and warehouse operations. With manufacturing activity expanding in India, logistics infrastructure is also scaling up, creating demand for automation and tracking solutions. We are seeing healthy traction in these categories.

- **What is the current utilization level of the new SMT lines at Tumakuru?** Current utilization of the SMT lines is in the 30–40% range. We have already on boarded a few customers and is actively adding more through business development efforts. We expect utilization to improve gradually through FY27 as customer ramp-up continues.

- **Why did debt-to-equity increase in FY26?** The increase was mainly due to higher working capital requirements. Inventory levels were raised because of supply-chain disruptions and memory price inflation. At the same time, receivable collections took slightly longer than usual, leading to increased short-term borrowings to support operations.

- **Has revenue from external EMS customers started contributing?** Yes, revenue from external EMS customers has already started coming in during FY26. We also mentioned having a pipeline of customers along with prototype orders under discussion. These are expected to convert further and contribute more meaningfully in FY27.

- **Why did revenue growth moderate in FY26 compared with last year?** Growth was intentionally balanced with profitability. We chose to avoid certain lower-margin business opportunities in order to protect margins. While this moderated revenue growth, it resulted in significantly better profitability, reflecting our focus on sustainable and profitable growth.

- **What are the key growth drivers expected for FY27?** Growth is expected across all three areas—Products & Solutions, Customer Support Services, and EMS. The main drivers will be new customer acquisition and deeper engagement with existing customers

- **Why was growth in the Products & Solutions segment relatively lower?** Growth was impacted by two main factors: selective exit from lower-margin orders and delays in customer ordering due to sharp increases in component prices, especially memory. Some orders were postponed by customers rather than cancelled, and we expect part of this demand to return in FY27.

- **What drove strong growth in the Customer Support Services segment?** Growth was driven by new customer wins in both Infrastructure Managed Services and Solar Managed Services. The solar business saw a major scale-up, with managed capacity increasing from 1 GW to 3 GW. EMS customer additions also supported the strong performance of this segment.

- **What are the cost initiatives behind margin improvement?** We focused on improving efficiency across operations. Key initiatives included better productivity, tighter control over manpower and facility costs, and overall cost optimization across business units. We indicated that cost discipline will remain an ongoing focus area going forward.

- **Which sectors is EMS targeting for customer acquisition?** EMS is currently focused on auto electronics, power electronics, industrial electronics, and defense systems. We highlighted these as attractive areas due to product complexity, better profitability potential, and long-term demand visibility.

- **What is the long-term vision for the EMS/SMT business?** We aim to build EMS into a leading manufacturing services platform over time. The focus is on mid-to-high complexity, mid-volume products with better profitability, particularly in auto, industrial, power electronics, and defense. The long-term ambition remains significant scale-up in this business.

- **What is the capex plan for FY27?** Capex for FY27 will be mainly routine business investments such as tools, molds, and ongoing operational requirements. We highlighted that major expansion investments, including the factory and EMS capacity expansion, have largely already been completed, with about INR 40 crore invested earlier.

Key Participants:

- *Ashish Jagnani – HDFC AMC*
- *Jaymin Trivedi – ICICI Securities*
- *Nisheeta Shanklesha – Sapphire Capital*