

SYSTEMATIC INDUSTRIES LIMITED

(Formerly Known as SYSTEMATIC INDUSTRIES PRIVATE LIMITED)

REGISTERED OFFICE: 418, NIRMAL CORPORATE CENTRE, L.B.S. MARG, MULUND (W), MUMBAI - 400080.

CIN U25200MH2000PLC125313; TEL: 022-41383900; FAX: 25684711

Email: finance@systematicltd.com

Systematic Industries Limited (SIL)

Company Overview

Systematic Industries Limited is an established, **25-year-old company** that was recently listed on the BSE on **October 1st**. The company is ranked as **India's third-largest steel wire and speciality cable manufacturer**. It serves key sectors including power and transmission infrastructure, agriculture, and telecommunication.

The company maintains **four manufacturing plants** and has a presence across 25 states, exporting to **30 plus countries**. SIL is now a public company driven by transparency and trust. The office is based in Mumbai, with factories located in Dadra and Nagar Haveli and Daman and Diu and Valsad, Gujarat.

Products

SIL's product portfolio traditionally includes steel wires, high carbon wires, mile wire, aluminum clad steel (used in conductors), and ACSR.

The company has recently diversified into high-growth telecommunication products, which started this year:

1. **Optical Ground Wire (OPGW) Cables:** These integrate optical fiber into overhead power transmission lines, combining grounding functionality with high-speed data transmission. They are used in applications for smart grids, power grids, and telecommunication.
2. **Optic Fiber Cables (OFC):** These transmit data as light signals, providing high-speed, long-distance data transmission with minimal signal loss. Applications include telecom, internet, medical, military, and new data centers.

The company markets its OFC and OPGW products under the registered trademark "**Dura Fiber**".

Financial Performance and Outlook

- **Growth History:** Revenue has grown consistently from 320 to 370 to **446**. PAT margin has also increased from around 4% to **7.6%**.
- **Recent Performance:** The half-yearly result (H1 FY26) showed a **54% revenue growth** and **36% PAT margin growth** compared to the previous year's first half.
- **Margin Drivers:** The increase in margins is attributed to the **economy of scale** achieved through increased sales volume using the same infrastructure, and the expected reduction in interest costs.

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- **Debt Position:** The company has utilized IPO funds to repay debt and is currently almost a **debt-free company**, excluding small working requirements and for BG and LC.
- **Capex Strategy:** **No new capital expenditure (capex) is planned in the current financial year.** Management is confident they can achieve "more than double volume from the same capacity" without additional cost, as the necessary capex has already been completed.
- **Growth Guidance:** SIL projects a **realistic year-on-year growth of 25% to 30%**. Profitability is expected to grow even faster due to interest cost savings.
- **Future Leap:** **FY27 is anticipated to be a "big year"** that will see a "big jump in the quantum," driven purely by the revenue contribution from the new OFC and OPGW businesses.
- **Debt Status:** IPO funds were utilized for debt reduction, resulting in the company being almost **debt-free** (excluding working requirements). The reduction of interest costs is a key factor in expected faster profitability growth.

Operational Readiness and Key Milestones

The management emphasized that the company is "future ready and fully geared up" to meet demand.

- **Manufacturing Capacity:** Current capacities include **more than 1 lakh metric ton** for steel wire, **48,000 kilometers** for OFC, and **12,000 kilometers** for OPGW cable.
- **Approvals:** SIL has received crucial approvals from **BSNL** (India's largest telecom operator) and **RDSO** (Research Designs and Standards Organisation). As part of our quality assurance process, some material is supplied to RDSO for testing.
- **Strategic Orders:** SIL secured an **L2 position in a PGCIL** (Power Grid Corporation of India Ltd) order for **complete EPC** (supply of OPGW cables, along with erection and commissioning). This is expected to "open our gates to multiple other opportunities".
- **Pipeline Opportunity:** Initial orders from RDSO and PGCIL are "symbolic", but they provide access to substantial future requirements: PGCIL needs over **45,000 kilometers** and RDSO needs **50,000 to 60,000 kilometers** in the coming year.
- **R&D and Quality:** The company has an **in-house R&D team of 10 people** working on new products and process improvement. SIL maintains accreditation through ISOs, BIS license, and type testing from IDA, DRDO, and CPI.
- **Capacity Usage:** Management has stated that the primary goal is to utilize existing underutilized capacity. In line with this objective, they have confirmed plans to increase production output by leveraging the capital expenditure undertaken in the last year.

Long-Term Vision and Expansion

SIL is focused on long-term exponential growth and increasing its market positioning.

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- **Vision 2030:** The company aims to be a **growth enabler for the country**.
- **Growth Target:** The long-term vision is to achieve **at least 10x growth** from the current level by 2031.
- **Industry Goal:** The goal is to reach the **top three category** in all the industry, which management believes is possible through organic or inorganic means.
- **Geographic Focus:** SIL plans to increase penetration in current states and countries, strengthening its distribution network. They prioritize exports to developed nations like **Japan, Europe, and Latin America**, where profitability is generally higher.
- **New Product Focus:** The team is currently working on specialized fiber optic cables required for **data centers**.

Strategy Outlook

SIL's strategy involves two key thrust areas: leveraging existing strength in steel wire and aggressively scaling high-margin, integrated technology products.

- **Steel Wire Strategy:** The strategy is to remain **quality conscious** and focus on **high-end products** (e.g., being the first in India to provide zinc aluminum wire), avoiding the chase for volume alone. SIL operates on a **cost-plus model** to manage steel price volatility, contractually passing price changes through to customers, making the company "auto-hedged".
- **OFC/OPGW Integration Strategy:** The decision to enter the fiber optic cable business was strategic because OPGW requires a major component—**special high tensile steel**—which SIL already manufactures. This makes SIL the **only integrated manufacturer of OPGW in India**, possessing the entire plant setup from steel till the fiber. This diversification utilizes existing expertise while introducing products that offer **much higher profit margins**.
- **Competitive Strategy:** In the fiber optic segment, SIL aims to compete with peers by leveraging its established distribution network across India.

For and on behalf of Board of Directors,
Systematic Industries Limited

Siddharth Rajendra Agarwal
Managing Director
DIN: 00515410

Place: Mumbai