



27 April, 2026

BSE Limited  
PJ Towers, 25<sup>th</sup> Floor,  
Dalal Street,  
Mumbai 400001.  
Scrip Code: 543933

National Stock Exchange of India Ltd  
Exchange Plaza,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai-400 051.  
Scrip Code: CYIENTDLM

Sub: **Transcripts of Earnings Call**

Please find enclosed transcripts of earnings conference call, in connection with Q4 FY26 Financial Results held on 21 April 2026.

This information will also be hosted on the Company's website, at <http://www.cyientdml.com>

This is for your information and records.

For **Cyient DLM Limited**

**S. Krithika**  
**Company Secretary & Compliance Officer**

**Cyient DLM Limited**

**Mysore Office**  
Plot no.347, D1 &2, KIADB  
Electronics City, Hebbal Industrial  
Area, Mysore 570 016,  
Karnataka, India

**Registered Office**  
Plot No.5G, Survey No.99/1  
Mamidipalli Village,  
GMR Aerospace & Industrial Park,  
Rajiv Gandhi International Airport  
Shamshabad, Hyderabad – 500 108

**www.cyientdml.com**  
**Company.Secretary@cyientdml.com**  
**T: +91 8214282222/4004500**  
**F: +91 8214000369**  
**CIN: L31909TG1993PLC141346**



“Cyient DLM Limited

Q4 FY '26 Earnings Conference Call”

**April 21, 2026**



**MANAGEMENT: MR. KRISHNA BODANAPU – NON-EXECUTIVE  
CHAIRMAN – CYIENT DLM LIMITED  
MR. RAJENDRA VELAGAPUDI – MANAGING DIRECTOR  
AND CHIEF EXECUTIVE OFFICER – CYIENT DLM  
LIMITED  
MR. R.M. SUBRAMANIAN – CHIEF FINANCIAL  
OFFICER – CYIENT DLM LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Cyient DLM Limited Q4 FY'26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Krishna Bodanapu, Non-Executive Chairman, Cyient DLM Limited. Thank you and over to you sir.

**Krishna Bodanapu:** Thank you. Good evening, ladies and gentlemen. I'm Krishna Bodanapu, Non-Executive Chairman of Cyient DLM. I welcome all of you to our Q4 FY '26 Earnings Call. Joining me today are our Managing Director and CFO, Mr. Rajendra Velagapudi -- sorry, Managing Director and CEO, Mr. Rajendra Velagapudi; and our CFO, Mr. R.M. Subramanian.

Before we begin, I would like to remind you that certain statements made during this call may be forward-looking in nature and subject to risks and uncertainties. A detailed disclaimer is available in our investor update section posted on our website.

I'll start by first sharing my perspective on a few key developments in FY '26 and more importantly, how we are positioned as we step into FY '27. On reflection, FY '26 was a 4 year on a growth perspective, and I think that is a reality that stares us. Having said that, I'm happy to say and that we will talk about it in more detail, that we end the year strongly with a strong Q4 and a strong backlog and order book that helps us deliver well into the coming years.

Let's start with the order book momentum, which remains a strong anchor for our confidence. Over the course of FY '26, we've witnessed consistent and healthy order intake across our focused industry segments. Each quarter, we had a book-to-bill ratio of greater than 1, which ends up at being 1.5x for the full year. The ability to sustain the strong order book through the book-to-bill ratios reflects not just the demand conditions but also the effectiveness of our customer engagement model, our service offerings and our focus on long-term programs.

I'm happy to say that the order intake is the highest -- or the order backlog is the highest that it has ever been, which bodes well for the coming year ahead. Equally importantly or I even say more importantly is the quality of the order book. We are increasingly winning programs that are more complex, more integrated, critical to our customers.

Now these engagements come with longer life cycles, greater collaboration, higher barriers to entry, all of this sustains or substantiates the durability of our growth. What does also means the type of programs that we're working on means that we will continue to have better predictability and better profitability, which, as you know, is very important to the sustainability of our business or for that matter, any business.

Margins this year at 10-plus percent were very good, and we believe that, that will sustain into the future. A key driver behind this momentum has been our focused effort to support and

strengthen the sales organization. Over the past year, we've hired some very good sales leaders across geographies and industry verticals, and this enhances both our reach and the depth.

This has helped us to progress meaningfully from being just a manufacturing partner to being a value-adding strategic partner. I'll say we continue to hire sales team and good sales leaders, and we continue to see some very good benefit, which will translate into, again, the coming year.

Being a good value-add strategic partner is relevant in the segments we focused on where selling is relationship driven. It is technically intensive. And as you know, it comes with long consultation cycles. With a stronger leadership bench in more structured go-to-market approach, we believe now we're putting into place a sales team that is well positioned to convert and execute a very, very strong pipeline into FY '26 on top of a good year for order intake and a very strong order backlog that we start the year with.

Of course, we've had challenges this year. Obviously, the significant geopolitical uncertainties that have characterized this year initially with the scare with tariffs and -- with the uncertainty, I would say, with tariffs. And now -- and what continues is the crisis in West Asia -- some of our customers have been directly impacted, and this has led to temporary disruptions in schedules and execution plans in Q4.

Of course, there is a stress, and it's hopefully a cyclical stress in the electronic component availability with what's happening in the memory sector. And we end up, given the complexity of our Board, we end up using memory in a lot of our goals. Also, 60-plus percent of our revenue comes from exports. And therefore, the geopolitics and the global issues have a disproportionate impact on us.

Of course, despite these headwinds, we performed strongly. We did well on our delivery commitments. We protected customer confidence, and we responded with agility across supply chain and execution. Another positive we're seeing is the structural shift in the growing traction in the build-to-spec engagements, which are higher-value engagements.

While build-to-print or EMS remains an important part of our portfolio, customers are increasingly seeking partners who can engage earlier in the value chain, contributing to specifications, manufacturing decisions, suppliers, part selections and of course, the entire life cycle management, which includes things like service, etcetera.

These wins reflect the trust customers place at our engineering depth, process rigor and governance. On the subject of margins, of course, I'm thrilled with the company's ability to sustain healthy double-digit performance. As you know, this has been our intent and our ambition, and I'm happy to say that this year, we ended with 10-plus percent EBITDA margin across the whole portfolio, including the operations in India and the operations in the U.S.

This is the first time that we've ended with a 10% plus EBITDA margin for the entire year, and we believe that we are in a very sustainable situation. Of course, this is not by chance. This is through deliberate actions. We're focused on the right segments. We've invested in operational excellence. And of course, we've maintained discipline in cost and execution. We remain clear that margin sustainability is as important as growth and our objective is not short-term

optimization, but building a robust business model that will deliver long-term value for all our stakeholders.

I can again confirm that we continue to invest where it is needed, especially on sales, especially on technology, which will all lead to some very good outcomes over the years. As we look ahead, I am particularly engaged by a strong entry into FY '27. The order book, the pipeline maturity, early ramps all gives us measured confidence as we go into the new financial year.

Of course, there are global uncertainties, but we are quite confident that structurally, we have a very strong business. Obviously, India's growing role in global electronics, increased defense spending, rising electronic content, all bodes very well for Cyient DLM and presents meaningful opportunities.

Before I hand over for the business update, I would like to thank our employees for their dedication, our customers and partners for their trust and you, our investors for your continued support. Thank you once again, and I will turn it over to Rajendra to talk about the business. Rajendra?

**Rajendra Velagapudi:**

Thank you, Krishna. So good evening to all of you. I'm Rajendra Velagapudi. Just I'll quickly walk you through some of areas of the achievements in terms of business. So first, I would like to talk about -- give a concise overview that covers three critical areas. One is the current EMS industry outlook and its primary demand drivers, notable highlights and milestones recently achieved by Cyient DLM and our forward-thinking strategic road map augmented around the pillars of strengthen, expand and transform.

So to just begin, let us look at the industry perspective. The global EMS market is poised for robust expansion with projections indicating growth from approximately \$650 billion in 2025 to nearly \$1.1 trillion by 2033, a solid CAGR of 6%.

This trajectory is fueled by a confluence of long-term structural trends that is accelerating electronification and digitization across multiple sectors, increasing defense expenditures worldwide, shifting geopolitical landscapes that prompt supply chain realignment and localization. The rapid emergence of AI and supporting infrastructure and a marked rise in domestic investments within India, particularly in defense and rail. Geographically, the demand is distributed broadly, APAC leads 40%, followed by North America at 35% and Europe at 25%.

Segment-wise, consumer and IT remain dominant, trailed by industrial, while automotive, aerospace and defense, medical and rail are collectively gaining strategic importance as growth drivers. The key takeaway here is that the EMS industry benefits from enduring multiyear demand, setting the stage for sustained disciplined growth. Shifting focus to the Cyient DLM's recent accomplishments, we have made significant strides on multiple fronts.

At the Integrated Electronics Manufacturing Interconnection event, which was held in the beginning of last quarter, Cyient DLM recognized by the Global Electronic Association and also achieved top honors in the fiercely contested Hand Soldering Championship, where our participant emerged victorious among a field of international competitors. These accolades

underscore our dedication to excellence and are a testament to the ongoing investments we make in quality, training and process maturity.

On the automotive front, we have successfully completed the International Automotive Task Force audit and secured a letter of confirmation, further enhancing our credentials. In addition, we have commenced series supply for a new automotive product line and initiated series production for a semiconductor mission supply partner.

These are not preliminary trials but full scale, repeatable production endeavors signaling our growing capabilities and reinforcing our entry into more rigorous customer environments. We continued order intake momentum in Q4, as Krishna said. I am pleased to share that we secured an order intake of over \$208 million for the year, resulting in a robust book-to-bill ratio of 1.5x.

This performance is a clear testimony to our focused strategy and execution in our key markets. We witnessed good traction across major industries, reinforcing the diversification and resilience of our business model. With the continued strengthening of our sales organization, so we are confident that this momentum will further improve as we move into FY '27. So looking ahead, our strategy is structured into three phases, as I said earlier, to strengthen, expand and transform.

If you look at the strengthen, our immediate focus is on fortifying our core. This involves deepening our presence in key markets, pursuing operational excellence and strengthening our build-to-spec capabilities. Tactically, we are enhancing our go-to-market structures, building cross-functional teams, pursuing large deals and new client logos and investing in automation to support scalable disciplined growth.

If you look at the expand section, the next phase targets selective growth avenues, particularly in automotive, Indian defense and AI infrastructure manufacturing. We are also aiming for vertical integration across cable, sheet metal and machining, broadening both our market reach and manufacturing depth while capitalizing on global industry tailwinds.

If we look at on the transform, finally, we aim to move beyond conventional EMS models by developing products and platforms, investing in product organization capabilities and forging technology partnerships and MOUs. This phase is designed to unlock new long-term strategic opportunities and additional growth levers. So in summary, the EMS industry continues to present a promising landscape, bolstered by megatrends like digitization, increased defense spending, supply chain localization and the rise of AI infrastructure.

Cyient DLM's recent milestones, particularly in automotive and semiconductor underscore our momentum. Our phased road map, strengthen, expand, transform, charts a clear and disciplined path for growth through the years. And looking ahead for FY '27, the company remains focused on operational excellence, margin improvement and deepening strategic customer relationships, supported by a strong pipeline and order book, and we continue investments in capabilities and go-to-market. So thank you for your continued support and interest in Cyient DLM.

Now I hand it over to RMS, our CFO.

**R. M. Subramanian:**

Thank you, Rajendra. Good evening, ladies and gentlemen. This is R.M. Subramanian. Let me take you through the financial performance of Q4 FY '26 and the full year performance. For the quarter, revenue stood at INR3,691 million, reflecting a strong growth over previous quarters in the financial year. On a year-on-year basis, it is down by 13.8%, mainly due to the large order closure in Q4 FY '25. We also observed some moderation in customer offtake due to West Asia crisis and project execution phasing getting extended. That said, from a demand perspective, we are encouraged by the underlying pipeline and the order inflows.

Coming to the order book. We ended the quarter with a strong order book of INR24,166 million with INR672 million net addition during the quarter. The order book reached its highest level in last 10 quarters. It is really encouraging as it gives us a good visibility moving into FY '27. EBITDA for the quarter is INR431 million, down 24.9% year-on-year, and the PAT came in at INR224 million, a 27.6% decline year-on-year, while the year-on-year comparison reflects the impact of lower revenues and operating leverage, it is important to highlight the sequential strength and profitability is improving.

At a margin level, EBITDA improved 11.7% and PAT stood at 6.1%. Both EBITDA and PAT margin are the highest compared to all previous quarters of the year, reflecting focused execution on operating efficiency and margin accretive business mix in Q4.

Let me now walk you through our full year financial performance. For FY '26, revenue stood at INR12,615 million, representing a 17% year-on-year decline. The softness is caused by the one large A&D order completion during FY '25. This is also an year of moderated demand across certain customer programs and deliberate execution facing.

However, the business demonstrated strong operating resilience through the year despite the softness. On the profitability front, normalized EBITDA after factoring one-offs or Wage code impact and M&A expenses stood at INR1,302 million, a decline of 10.2% year-on-year, while reported EBITDA stood at INR1,268 million, down 12.6% year-on-year.

Importantly, margins remained stable at double digits, driven by an improved business mix and tight control over operating expenses. At the bottom line, normalized PAT after factoring earnout impacts for FY '26 was INR563 million, down 24% year-on-year, largely reflecting operating deleverage and normalization adjustments. However, reported PAT increased by 7.7% year-on-year to INR733 million with margin improving to 5.8%, up 133 basis points year-on-year.

Coming to the order book. We've closed the FY '26 with a record order book of INR24,166 million, which is INR5,105 million higher than last year. This is the highest order book levels for us since 2.5 years. This is providing us a strong revenue visibility and the confidence as we enter into FY '27.

In summary, FY '26 was a year of subdued revenue. However, we sustained double-digit EBITDA margins and built a record high order book. This factor underline the robustness of our operating model and position us well for a gradual recovery and profitable growth in the coming years.

This slide captures the quarterly trend of revenue and margins. Starting with revenue, we saw a steady ramp-up through FY '25, peaking in Q3 FY '25, followed by a moderation in FY '26. Despite the softer revenue environment in FY '26, the quarterly trend shows a sequential improvement towards Q4 FY '26, reflecting a gradual normalization in customer schedules and improved execution momentum as the year progressed.

The margin follows similar trend as revenues with gradual improvement sequentially in FY '26. While EBITDA moderated in early part of FY '26, we saw a strong recovery in Q4 FY '26. Same is the case with PAT as it shows a healthy upward trend. After the start in FY '26 -- softer start in FY '26, profitably improved sequentially, culminating in INR224 million in Q4 FY '26.

To summarize, while revenue trends were subdued, both EBITDA and PAT margins show a clear upward trajectory, particularly in the second half of the year. This reinforces our confidence in the structural strength of the business and our ability to convert growth into profitable outcomes as volumes recover.

The next slide highlights the quarterly trend of our non-P&L metrics. Starting with the order book. I mentioned earlier that we see a clearer and consistent upward trajectory. The order backlog has increased from about INR21.3 billion in Q1 FY '25 to INR24.2 billion by Q4 FY '26, making it as the strongest level the company has seen for quite some time.

Inventory days remained elevated through FY '26, largely driven by advanced stocking for the long-lead components and program ramp-ups. Importantly, we are seeing reduction in Q4, reflecting tighter material planning and improved execution alignment. DSO has improved steadily moving from the low 90s to the mid-70s, driven by stronger collection and billing discipline. DPO on an average, is higher in FY '26 compared to FY '25.

During the FY '26, we saw elevated working capital typical of a ramp-up in revenue moderation phase. As we move into Q4 and forward, we are seeing clearer signs of normalization, with sharper control on inventory, stable receivables and a healthier cash conversion cycle. We expect to improve it further as we move into FY '27.

In terms of revenue share, from an industry perspective, aerospace, industrial and medical continue to be our largest contributors. Defense share is low and having year-on-year decline of 68% due to large order coming to an end in FY '25. The other segment showed stronger growth, largely aided by B2S business.

From a product category standpoint, PCBA remains the largest contributor at around 48% of the revenues, reflecting its continued strength across industry segment. It's also encouraging to see the Box Build revenue share going up. Others category recorded strong growth supported by B2S and value-added offerings.

Geographically, the rest of the world continues to account for over 90% of the revenues driven by strong demand across four industries we operate. It is expected to remain same in the near term. Overall, the Q4 mix reflects a balanced portfolio, increasing contribution from strategic programs and strong overseas demand, which positions us well moving forward.

The next slide is on financial detailed overview. This slide provides a detailed P&L view for the quarter. As mentioned earlier, revenue is lower year-on-year due to large order completion in FY '25 and moderate uptake from few clients due to West Asia crisis. However, the quality of the revenue significantly improved along with supply chain efficiencies. As a result, we posted a healthy double-digit margins at 11.7%. Although it is lower by 174 basis points year-on-year, the traction is sustainable and hence, provides more confidence moving into FY '27.

With better control in finance charges and benefits from other income, normalized PAT stands at INR224 million, a significant growth sequentially, but declined 27.7% year-on-year due to strong Q4 FY '25.

Next slide, revenue for the year is INR12.6 billion, down 17% year-on-year growth primarily impacted by the completion of a large order in the previous year and delayed ramp-ups in key programs. Material costs are lower year-on-year, mainly due to improved revenue mix. With the revenue contribution from high-margin business increasing, we see this trend sustained.

The overall margin in FY '26 have improved within business mix and better supply chain efficiencies. Normalized EBITDA stands at 10.3%, 77 bps higher year-on-year. Reported EBITDA margin also improved to 10.1%, up 103 basis points. At the bottom line, normalized PAT declined to INR563 million due to operating leverage and onetime costs during the year. However, Reported PAT increased by 7.6% to INR733 million, with 5.8% margin, up 133 basis points year-on-year.

Overall, despite revenue headwinds, FY '26 demonstrate margin resilience, disciplined cost management and improving profitability, positioning us well as revenues recover. The slide is on EBITDA and PAT walk. The slide explains the bridge from our reported to normalized margins. The first one-off relates to M&A evaluation expenses amounting to INR17.75 million.

We incurred the expense to evaluate a deal that did not go through. The second one is the wage impact totaling to INR16.4 million resulting from the new wage code by government of India. The third item is the reversal of earn-outs from the earlier M&A deals. All these expense above are exceptional in nature and not reflective of normal business.

The PAT walk reflects the tax impact of this adjustment as well. The next slide in terms of IPO proceeds utilization. As of March 2025, we have fully utilized the IPO proceeds in compliant to objects defined during the IPO. We are glad to report that the IPO proceeds are fully utilized and the account stands closed.

In summary, FY '26 performance. Okay. This brings to me towards the end of the finance presentation. Before we move on to Q&A, let me summarize the performance in four key points. Order books remain strong with four consecutive quarters of growth in build-to-book ratio of greater than 1. Revenue was impacted by FY '25 large order completion, but we are well positioned for a strong FY '27 backed by strong order book.

Margin remains healthy at double digits with further improvement possible with scale. Fourth, industry and product mix are diversified and moving in the right direction, supporting the long-

term margin expansion. With this, I'll bring to the close. Thank you for your kind attention, and we can move to Q&A from participants.

**Moderator:** Thank you very much. We'll take our first question from the line of Vaibhav Mishra from Finvestors. Please go ahead..

**Vaibhav Mishra:** Congratulations for the very strong numbers in respect of margins and very good cash flow and order book and all, but I think, sir, there is a small basis, we see the Y-o-Y revenue I think in the quarter 3 call, we were confident of meeting our revenue Y-o-Y as well. So what could be the reason, I think I mean the U.S. tariff or West Asia war or any other reason for that?

**Rajendra Velagapudi:** Yes. Vibhav. So first of all, thanks for that. It is a question which is very important for everyone. I think the challenge the headwind what we had is one is the West Asia war impact. So because of that the materials got delayed, that's usually all our materials comes through the European -- I mean West Asia in terms of all the fights and all, so they got delayed. And so we got very late we got the materials for the quarter to finish it.

And we also had other headwinds in terms of the Israelis where we are working some other -- some other this programs, defense programs. We could not get some of the approvals, clearances, because of -- again, because of West Asia war which is going on there. And added to that, and we also have some of the NPA approvals from our customers. So these are the three main reasons where we could not able to meet our commitment what we said in the last investor call.

**Vaibhav Mishra:** All right, sir. And sir, just -- I mean it is not in the presentation, how much exposure we have in West Asia in terms of our supply chain or delivery? And going ahead, we expected very strong FY '27. So how is it going to affect our targets or what are the targets that we have set in terms of revenue and margin for FY '27?

**Rajendra Velagapudi:** FY '27, I think the revenue, I think we are not giving any other guidance right now on the revenue side, but we definitely -- I mean whatever FY '26 has gone by. So that is a year which was not a good year for us. I think now FY '27, you'll be starting seeing the growth, year-over-year growth we'll be seeing it in all the quarters, four quarters, which is a very strong. I think by looking at the order backlog, what we have and also the pipeline which we have currently, so it gives a strong reason for us to look for higher growth.

**Moderator:** Vibhav. I request you to join back the queue please, as we have participants waiting for their turn. Next question is from the line of Sameet Sinha from Macquarie.

**Sameet Sinha:** Yes. Thank you very much. I have a couple of questions. So obviously, very strong order book growth that sounds promising, but it's not converting into revenue, and I can understand the reasons you've provided. But can you give us some sense of how do you define order book and backlog? And has that definition stayed consistent over the last few quarters?

**Rajendra Velagapudi:** Yes. So when we say order book, so those are the purchase orders which we have got from our customers, because only that we will take it where we can take material actions. That's where

we will consider as the order book. We won't take anything which is a TCV and all those, we won't take it as a part of our order book. Order book is very clear.

It is the purchase orders which are available with us executable in the financial year or beyond the financial year. So it is a total order book what we have. But for the year FY '27 order book is very, very strong and solid right now. And that's what in terms of order book. Order intake is, I think as we said, is only, again, again the POs, what we get from our customers.

That only we'll take it as an order intake. It is not anything about -- there is a full TCV of five years. So we'll get around \$40 million so that we won't take as a part of our order intake. Hope I made it clear Sameet.

**Sameet Sinha:** Yes, just one question. I think in your slide deck, you had mentioned you're still looking for acquisitions, but the IPO proceeds that you used up about 100%. Any thoughts on what structure are you thinking about as you look to make acquisitions?

**R. M. Subramanian:** RMS here. Let me take that, okay? We continue to look for both organic and inorganic growth. And as Cyient DNA, which is we continue to look at opportunistic one. We will look at both from an product perspective in terms of what we don't have and geographically, okay? And this is our -- in terms of the playbook of what we look for. Based on what comes in our market, we continue to evaluate it.

And depending on the fitment, we will look at it, okay? We looked at sometime in the last quarter, but it will not go through. But we continue to look for opportunistically. And as long as it fits in our portfolio in terms of growth geographically or product-wise where we don't have that expertise, we will look for that, okay? So it depends on opportunities.

**Sameet Sinha:** Got it. One final question. In terms of -- you identified some new product areas. You spoke about semiconductors, you spoke about AI. It seems like you're getting into more sort of critical product segments. Can you spend a minute talking about what product type are you contemplating building there and give us a sense of when we should start to see the results of those new forays?

**Rajendra Velagapudi:** I mean, particularly on the equipment manufacturing for semiconductor equipment manufacturings. So we are doing a lot of the power boxes for the customers and a lot of those products which goes into the PCBAs, wire harness and the complete integration of those machinery, the subassemblies, which goes into that, that is where I think we are focusing today.

And we are seeing a lot of traction from the existing customer and also from the new customers in semiconductor area, okay? So that's what. And again, on the AI side, as I said, we are expanding. That's why I said we are now focusing more on those areas. So probably we will explore more on that and probably come back in the next quarter if you have some update on that.

**Moderator:** We'll take our next question from the line of Disha from Sapphire Capital.

- Disha:** So sir, you mentioned that some of our revenue was impacted due to the West Asia war. Will it be possible for you to quantify the amount that was deferred? And I believe that's the reason our inventory has gone up because the shipments didn't go through?
- Rajendra Velagapudi:** Yes exactly as [inaudible 0:33:40]. So we have already planned for that. That's what the revenue if you have missed there. And that's where I think the inventory which has gone up the DAO and the absolute value of the inventory has gone up. That is one of that reasons because of West Asia, yes.
- Disha:** Sir, can you quantify the amount of revenue that we lost out due to this. Will it be possible?
- Rajendra Velagapudi:** No, I think -- yes, I think as I said, there are basically three areas where we have just impacted our Q4 revenues. So I think we don't have -- I mean, yes, we have the numbers, probably I think we...
- R. M. Subramanian:** Maybe I can get in here. We don't want to get into the exact quantification of this stuff. But if you look at it, some of them are postponed in terms of pushing into the next quarter, etcetera. But what we can broadly say is these are the reasons why there's been a gap between in terms of what we expected and what happened. But overall, the way we're ending this quarter is based on the order book and what we have on hand, gives us the confidence that we should continue to grow quarter-on-quarter.
- Disha:** And sir, any color on the order pipeline that we have? And what sort of inflows will we expect for FY '27.
- Rajendra Velagapudi:** I mean so we are looking at the order book -- I mean the book-to-bill ratio is greater than 1, as we said, I think we will be focusing on that. I think we are very, very confident by looking at the current order pipeline what we have. So we will be working towards that. And probably you'll be seeing those order intakes for every quarter, you'll be seeing the positive things going forward, okay? Yes. So that's what I think probably we -- I can see on the order intake side. Yes.
- R. M. Subramanian:** Just maybe one point to add to what Rajendra said is from an order intake, it's broadly in the direction of what we want from a sector perspective. The non-A&D segment is growing, and that's the direction we want to go on. And there are some focus new areas of what Rajendra talked about. It has a strengthening of that as well. So overall, from directionally, we are happy with the way the order book is shaping up, and that gives the confidence for going forward.
- Disha:** Okay. All right. And sir, what was the contribution from the BTS segment this quarter?
- R. M. Subramanian:** We're not getting into the specifics of section-wise thing. I think BTS is a long-term play. Last year, we did not have. This is the first year we are having it. For the first year, it has done well. And this will -- in terms of fructification to series order and volume production, it will have a couple of years down the line is where it will come up. But overall, we are very happy with the way the performance has come up. It's better than our expectations, but we should give that division a little more time in terms of what we do. But otherwise, it continues to be a profitable division.

- Disha:** And we -- so this margins of 10% to 11%, we sort of expect that to sustain going ahead?
- R. M. Subramanian:** Yes. Basically, on the margin front, let me try and answer a bit of it. If you look at it, our revenues could have been softer, but we've been able to consistently maintain the margins. It's because based on the quality of the revenue and the order book what we have. Since the current order book continues to remain strong, and we are happy about it, we can say that we are confident of sustaining it.
- And if we have the top-up in terms of the growth, the operating leverage impact will start kicking in, and we can have something on top of this bit of it, okay? So that's what we are confident about in terms of sustaining and performing better as the volume grows.
- Disha:** And sir, given the strong order book that we have, can we expect some more like 25% to 50% sort of growth for FY '27? Would that be a fair assumption?
- R. M. Subramanian:** On revenue guidance, we clear that we will not be giving any guidance on that. But having said that, what I can say is Q4 was a good quarter in terms of the growth Q-on-Q and also the order book and the visibility what we have gives us the confidence that it will be going to be a strong year, which will make probably everybody happy. But I don't want to be getting into the numbers, and let's leave it at that.
- Moderator:** Next question is from the line of Adityapal from MSA Capital Partners.
- Adityapal:** Great performance on the margin front. Sir, I had two questions on Altek and then on the investments that we made on our sales team. So let me start with Altek. Altek historically operates in a much shorter book and ship cycle compared to the 18, 24-month gestation that we usually see in our stand-alone base. So how do you see this impacting our projected '27 consolidated revenue? Because there's enough and more cross-sell synergies. So just if you can highlight between the growth that we are seeing in stand-alone vis-a-vis Altek?
- Rajendra Velagapudi:** Yes. I mean, so Altek, I think as you rightly said, Amit, we usually get it order intake in the same year, most of the things getting converted in that year, almost 50%, I can say, get converted. I think we are seeing a good -- I mean we also have a good order backlog right now available. And we also see a lot of pipeline from the existing customers. And also to add to you, I think we also added one of the new customers, the synergy customer from the Cyient DLM stand-alone side.
- Now they also just started working with Altek. We got the first PO there in the last quarter. And we'll be seeing more of those tractions happening from the synergy coming in. And with the order book which we have plus the pipeline which we have, we are very confident that we'll be seeing the growth in Altek business in FY '27.
- Adityapal:** Understood. So the growth rate is not -- the growth rate that we're seeing in our order book is not explicitly reliant on specific cross-sell synergies. If it happens, it's an addition, correct?
- Rajendra Velagapudi:** Correct. Correct. Correct. Exactly, yes.

**Adityapal:** And on the point that you highlighted in your introduction that we've invested in our sales team. So when I look at the stand-alone EBITDA margins vis-a-vis the difference between the consol and stand-alone, the EBITDA margin has gone down in Q4 specifically. This is purely because of our investments that we made in Altek in employee benefit -- in employee expenses, correct?

**R. M. Subramanian:** Yes. Let me answer this question. In terms of the average EBITDA margin between the India and U.S. business, U.S. business is going to be lower, and that's something which is expected, because U.S. manufacturing will have a lower EBITDA margin. So this is in terms of the expected lines. That's point number one.

Point number two, overall, Altek and the growth in Altek continues to have a bit of an overhang with respect to the tariff overhang still continues to be there. There's no clarity in terms of how -- which direction is going, which I think we are all aware of, okay? Overall, the synergy benefits in the cross-coordination, there's a little bit of slowness in it.

Hopefully, things should settle down and then it will lead to it. And more -- once we have a cross-pollination where Indian customers start going through Altek and the U.S. customers start moving to India, we will see those benefits. Those benefits have just started on a trial basis happening, but not in a full fledged.

But when that happens, we will have an uptick in the margin. But as of now, none of them is factored in. And as you rightly said, the margins are lower, but that's not expected. The more we start moving to India and using Altek as the beachhead in terms of U.S. business is where the uptick will come in. But it will take some time and it also dependent clearly on the tariff overhang getting cleared, which should happen over the period of time.

**Adityapal:** Understood. Understood. Just let me squeeze in one more question. So the question one is on the current investment that we made in employee, how much -- in the sales team, how much sales can they generate? I mean what is the revenue potential of the sales team? And then also, if you can just help us understand the build to specification, right?

Because last couple of quarters back, you had said that mass manufacturing orders at least for the four new anchor clients that we had onboarded will start coming in from FY '27, Q3 or Q4. And we would see -- we would see actually scaling up in FY '28. Is this still on? Or do you see this happening later earlier than expected? If you can just comment on that?

**Rajendra Velagapudi:** No, I think as you rightly said, that's what is going to happen. We'll be seeing some uptick in the order intake because of this new people who are on board. And we're also adding a few more people, where we are in the process right now. And with all that, we are definitely seeing more order intake in Q3 and Q4 and beyond, yes, from all these new people coming in.

**Adityapal:** Understood. So -- and also in the build specification that you had mentioned last quarter that we onboarded four new clients in the defense vertical?

**Rajendra Velagapudi:** Absolutely. Yes, you'll be seeing -- you will also seeing the B2S revenues and also on the order intake for the next year, yes.

- Adityapal:** So the inflection point will be flag end of FY '27 or more -- or we'll see the visibility more coming in FY '28?
- Rajendra Velagapudi:** No, it will be in the flag end of FY '27 and also in FY '28 both, yes.
- Moderator:** Ladies and gentlemen, in order to ensure that management is able to answer queries from all participants kindly restrict your questions to two at a time. You may join back in the queue for follow-up questions. We also request participants to keep their questions please.
- Next question is from the line of Harsh Sheth from Pi-Square.
- Harsh Sheth:** I just want to understand a bit more about the dip in margins that we saw this quarter. I think you answered it previously, but I just wanted to get to know more a bit, because we moved out of the aerospace -- sorry, of the defense orders, which should give us higher margins, but we saw a dip there. So can you explain a bit more?
- R. M. Subramanian:** Yes. From a margin perspective, what I think as we reported, we continue to sustain the double-digit EBITDA margin, which is our focus on, okay? And in terms of the absolute numbers, okay, obviously, there's been a drop in terms of the margins, okay? Moving forward, as we move along and if the product mix remains the same, okay, these margins are sustainable in terms of what they are doing.
- Harsh Sheth:** So could you just go more into the reason for the dip there in the margin -- in the EBITDA margins?
- R. M. Subramanian:** The EBITDA margins in terms of overall, if we look at it, it's actually improved, okay?
- Harsh Sheth:** No, I'm talking about this quarter to be specific. We saw a dip?
- R. M. Subramanian:** Yes, that's more reflected on the revenue drop and the operating leverage impact, because the fixed cost continues to remain the same. That's the impact I was talking.
- Harsh Sheth:** So, but shouldn't we have seen better margins from not taking up the orders from the defense space? That's the reason that we moved out of the space in the first place?
- R. M. Subramanian:** That's what I said. At the percentage -- at the absolute level, it has come down and at a percentage level, it's improved or maintained. And that's what I explained, which is because of the revenue degrowth and operating leverage impact.
- Moderator:** Next question is from the line of Shashank Jha from SB Capital. Please go ahead.
- Shashank Jha:** Yes sir, I have one question which is regarding the order book. So when you say book to build order of 1.5, then the order book continues like INR400 crores that we are receiving. So it seems that we can do INR1,600 crores plus of revenue in FY '27. So can you confirm something on that?
- Rajendra Velagapudi:** No, no. I think, see order book whatever is there in that executable order book in this financial year. And then I think as I said earlier, the order book whatever we have is maybe 18 months to

22 months, 24 months range, right? So not that everything can be happening only in one financial year.

**Shashank Jha:** Can you give some number less than -- focus on numbers?

**Rajendra Velagapudi:** That's what I said. We are not giving any guidance right now on that in terms of how much of the order intake will be converted as a revenue in FY '27. So we are not giving that guidance, but probably you'll be seeing that in the next quarters itself, starting from next quarter itself, we'll be seeing that growth.

**Shashank Jha:** Okay. And second thing is that like order book pipeline when you say, so can you give me what -- how big is the pipeline, some number conservative also will be saying, sir?

**Rajendra Velagapudi:** I mean are you talking about the sales pipeline, what we have?

**Shashank Jha:** Yes, yes. Order book pipeline that we are negotiating right now or we are seeing for next one year?

**Rajendra Velagapudi:** I think we have a very good order pipeline right now, as I said, it is closer to \$0.5 billion order pipeline, which we have today, the sales pipeline where the teams are working out to make those things as an order intake. So that's where I think the focus is going to be in the FY '27 order intake targets which we are driving it internally.

**Shashank Jha:** And lastly on the margin...

**Moderator:** Shashank, I request you to join back in the queue please as we've participants waiting for their turn. Next question is from the line of Vipraw Srivastava from PhillipCapital.

**Vipraw Srivastava:** Sir, quickly, one line item on the balance sheet, which is contract assets. Can you please explain what is that?

**Rajendra Velagapudi:** Contract assets is unbilled revenue, which we have, okay? That's more from the B2S thing. Yes.

**Vipraw Srivastava:** Okay. Fair enough, sir. And sir, from a working capital perspective, what kind of targets you have for this? Do we see further improvements from here on or you expect to maintain the current level?

**R. M. Subramanian:** Yes. On net working capital, which we talked about is slightly elevated. So we definitely see possibilities for improvement, and we're going to continue to work on it, okay? Our target is to reach about 100 to 120 in terms of the number of days, but we have some distance to go. Maintaining what we call a profitable efficient operations and growing is always a challenge, but we continue to do it, and we continue to work on improving it, okay? It will take a couple of years, but that's a work in progress.

**Vipraw Srivastava:** And the last question from my end. From an aerospace perspective, the company and mainly European defense companies as a clientele, are we targeting new geographies, or are we continuing to be limited to Europe and Middle East?

- R. M. Subramanian:** Can you repeat the question, please?
- Moderator:** Vipraw, can you use the handset mode, please.
- Vipraw Srivastava:** I want to know from an aerospace perspective, we currently have clients in Middle East and Europe, Israel, and mainly Rafael and Thales and all these companies. Do we have plans to switch to other clients also or we plan to increase our wallet share with these clients?
- Rajendra Velagapudi:** That's what I think earlier RMS also was mentioning that we'll be also focusing more on the non-A&D side of the business, which we'll be seeing that -- I think if you look at some of the order pipeline what we have. So that's where I think it gives a strong this thing to us saying that, yes, we'll be seeing more of the non-A&D along with the A&D growth, whatever we have the pipeline will be continuing. But yes, not that because of whatever is happening today in West Asia or in other areas, but we see a traction definitely in the non-A&D, and we'll continue that along with the A&D growth.
- Moderator:** Next question is from the line of Ritvik Agrawal from 3P Investment Manager.
- Ritvik Agrawal:** So I wanted to ask two questions. One was on the directions on margin in the future years. And on the areas of growth, where do we see growth coming from in terms of revenue and order book? And secondly, we have had some days in the quarter. So like during the wars, are we seeing any positive commentary from the Israeli defense customers?
- R. M. Subramanian:** I'll take the questions on the margins. Okay. So in terms of the margins, we are confident of sustaining the margins moving forward. This is based on the order book in terms of customers of what we have. With the current mix, we can continue to maintain. And with the growing volumes, there will be a couple of basis points improvement with respect to the operating leverage impact, which is on the positive side, okay? That's what we will continue to aim for in the next year. In terms of the business growth...
- Rajendra Velagapudi:** Yes, as I said, I think -- I mean, if I can answer your last point in terms of the defense side or Israeli business side, I think we'll be seeing a lot of traction there, which we are seeing it right now. There are a lot of RFPs in the pipeline, which we are working out currently. And we'll be seeing more of the order pipeline and the order intake coming from the Israeli customers.
- And we see the growth not only from that one area, but we have even from existing customers both in aerospace, non-aerospace and also the new verticals, electric vehicles where we are focusing, we are seeing a lot of traction in that one. So we'll be seeing more of the revenues growth coming from those areas, too.
- Moderator:** Our next question is from the line of Deepak from Unifi Capital.
- Deepak:** Sir, firstly, if you can cover the geopolitical aspect. See, U.S. is a big portion of our revenues. So with the reduced tariffs, have we seen any pickup in the demand and order book? That is one. And also the West Asia crisis, how much -- I didn't understand how much proportion of our revenues is coming from the Israeli client?

And I'm assuming he would have not given you the delivery time line yet, because nobody knows when the war ends. But on the freight aspect, are you able to read out from other lines or other modes of transport that you're getting the supplies for your raw material that you elaborated. So on these two fronts, I wanted your clarity?

**Rajendra Velagapudi:** Okay. So yes, sure, definitely, Deepak. On the tariff side, yes, there is slightly -- there was some mis-clarity, but still the cloud has not gone away, correct? I think so I mean we still don't know. But the customers are still waiting. We are seeing some opportunities coming right now asking us for submission of the courts, but it was not what we were having in the past. But I think probably we can just clear that cloud probably the next one quarter or so, once we get full clarity from the U.S. tariffs. Okay?

But otherwise, yes, but to your question, yes, we are seeing the new opportunities coming in right now. And the second one on the West Asia, it is not that it is only from one region there where we could not able to make the revenue. It is mainly the supply chain where we are getting it through the cargo.

I think all the cargo comes either from Dubai or I just think Doha. So that's where I think we had a lot of challenges in getting the materials. It is not that our final goods are only for the customers there in the UAE region. Okay, it is not for that. It is basically for all the customers where we have got impacted because of not getting the materials on time.

**Deepak:** And on this aspect, are you able to fix this issue? Has there been any solution to it that you found, which gives you a good visibility going forward? And yes, you can answer this, then I have another question.

**Rajendra Velagapudi:** Yes, I think, see we are taking actions wherever we see the impact now. I think that's where our inventory also has gone up because of the materials where we have some partial materials, and we are working to ensure that we get the material. And also as Krishna said, there are also some challenges in terms of the lead times gone up for the memories, correct?

So those are the things where we have some impact of the inventories. And we are -- so now if you ask me about some of the actions, we have already ordered the materials for a long -- for entire FY '27, particularly for the critical items, where there are long lead items we already placed the orders. So we are ensuring that. At least it will ensure that we will meet our commitments for FY '27.

**Deepak:** Understood. Sir one more question I had...

**Moderator:** Deepak I request you to join back in the queue, please, as we have participants waiting for their turn. Next question is from the line of Praveen Sahay from PL Capital.

**Praveen Sahay:** Sir, my question related to the order book is first one is, is there any order from the associate companies of a client you have? And how is the mix of the geography in your order book? Because highlighting the RM delay or the Israel defense orders, these which has impacted your revenue. So is these orders also in the near terms expected to get a delay in execution?

- Rajendra Velapudi:** So I think to your initial first question. So we don't have any intercompany orders, okay? It is all from the customer orders, whatever we have today with us. All order books are from our customers, not from any intercompany. And second thing is, yes, I think in terms of -- you said about, second question. Sorry, what is the other one, second question?
- Praveen Sahay:** RM delay which has impacted your revenue and the second Israel's defense orders. So you have an order book, such kind of order books you have already. So in the near term, we may see execution challenges of your order book because of these?
- Rajendra Velapudi:** Yes, see now today, what happened, whatever something whatever revenue we missed in the Q4, now that has just moved into the Q1, some of the revenue has come into the Q1, correct, where we'll be working. So that way you'll be seeing some of the right shift. And probably once the issues get settled down, probably I think everything will come online, on track.
- Praveen Sahay:** And last question on the margin, that's gross margin. So your gross margin, if I look at on the sequential basis, there is a contraction, and that's definitely because of the memory or the RM electronics ability and all. So how you are seeing this gross margin movement in the coming quarters or even '27 considering such kind of a challenges to continue?
- R. M. Subramanian:** So let me take this question. Gross margin, no, it's not seen as a huge movement. A couple of basis point movement has happened. It's a reflection of product mix in terms of what we manufacture quarter-on-quarter. It's not going to be uniform right. That's point number one.
- And point number two, there are also near-term factors of what the supply chain and the disruption and a few things like that. So it's a combination of both. Hopefully, our target in the long run is to maintain the EBITDA at the double-digit level and in terms of what we are doing, okay? That's what we do. There will be a bit of volatility between all of this for the reasons I said. But hopefully, we'll be able to -- we have been able to manage and sustain the margin, and that's what we will aim to do in the long run.
- Moderator:** Next question is from the line of Kiran from TableTree Capital.
- Kiran:** Two-part question. One, other expenses have significantly gone up this year, even this quarter, despite the year-on-year, despite the significant drop in revenue, our other expenses have gone from INR29 crores to INR44 crores. Q3 was the same. So -- and this is obviously disturbing our EBITDA margins quite significantly. So what accounts for these other expense increases despite severe degrowth in revenue?
- R. M. Subramanian:** Yes. In terms of the other expenses, what you're seeing is a mix of both U.S. and India operations all put together, what you're seeing. And moving forward, once we see the revenue growth, okay, the other expenses in terms of -- will have the operating leverage effect of -- it's going to be broadly fixed. So that's how -- and we'll keep a tab on in terms of what we do with that part.
- Kiran:** Sorry, sir, it's not clear at all. I mean your voice was clear, but your answer is not clear.
- R. M. Subramanian:** What I'm saying is the other expenses is a mix of both the India and U.S. operations put together, okay? And there are -- as we move forward and when the volume picks up, this item specifically

will have in terms of the fixed in nature. So you will have the operating leverage impact. But what you are seeing is the volume as a percentage has gone up. Hopefully, as we move forward, this will be under control.

**Kiran:**

Got it. Second question is, in Q3, I guess, Krishna sir, did speak about 25% year-on-year growth next year in FY '27. So if I just do rough numbers, again, I'm not looking for exact numbers, we'll end up at around INR1,600 crores revenue next year if you do a 25% growth roughly. And our remaining order book will be INR800 crores and year-on-year, we'll add like quarter-on-quarter INR500 crores, so INR2,000 crores. So are we really -- I mean, despite all other competition increasing their order books at 40% and similar spaces, right, defense, aerospace, industrial, medical, quite a few competitors are there?

There seems to be some structural -- is there a structural issue why we are not able to grow? Altek acquisition didn't go according to plan when I say because you reverse the earnouts, right? So that tells that it was not according to expectations. We are not growing our order book by 35%, 40% like the rest of the company who cater to industrial, medical, aerospace and defense and not even in consumer, right? Is there anything structural that we are seeing a problem within the organization? Or is there some industry issue? Or is it a West Asia exposure issue?

Just not clear around the strategy of what we are saying, sir. I mean similar numbers, EBITDA, double-digit EBITDA margin, all that is taken, but there seems to be something missing in the entire discover, for which we as investors are not able to understand?

**Rajendra Velagapudi:**

Very good question from your side. So I really appreciate that. See, so if you can look at it, the investments what we have just made in terms of our sales teams. So we just started. I think we have a few people on board. As I said, we are still getting some more people in this quarter. So I think those are the things which probably gives us a good order intake and also the new pipelines coming up to us.

So there is no structural challenges, anything in the organization because we are running the business for several years. So we have not seen any of those challenges. So it is predominantly having the right people there on the ground, so that we can get the new orders and go to the new customers and acquire them. So I think as we said about the growth percentages, I think we'll be within the ballpark range here for the next financial year for the FY '27, and we are very confident on that one.

**Krishna Bodanapu:**

Just to add to what Rajendra said, I think we did have a challenge in order intake in FY '25, and that's why we had to make some changes in the organization. That has translated to the order increase in FY '26. If you look at our order intake increase, I mean, you mentioned competition at 35%, 40%.

We are also at that percentage between FY '25 and '26. So yes, I mean, extrapolating that, yes, we did have a problem in '25 in order intake, which translated to obviously the revenue that you're seeing in '26. But the fact that we are at competition or even I would argue higher than competition in '26 should translate or will translate, sorry, into a very strong FY '27.



**Moderator:** Ladies and gentlemen, we'll take that as a last question for today. I now hand the conference over to Mr. Krishna Bodanapu for closing comments. Over to you, sir.

**Krishna Bodanapu:** Thank you very much, and thanks, everybody, for joining today for this investor call. Obviously, we've talked about a lot, but I'll just say thank you for the very insightful questions and thank you for also giving us some food for thought on where we should be looking at and what we should consider.

Like I said, it was a good start to the year given that we're coming off a very, very strong order book. So I'm confident that we will have a strong FY '27. Thank you for your support, and we'll again speak next quarter.

**Moderator:** Thank you. On behalf of Cyient DLM Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.