

Centrum Electronics

14 August 2026

Operator: Ladies and gentlemen, good day and welcome to Centum Electronics Q1 and FY27 earnings conference call, hosted by Emkay Spark Institutional Equities. This conference call may contain forward-looking statements about the company that are based on the company's beliefs, opinions, and expectations as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Juzer. Thank you, and over to you, Juzer.

Juzer Havewaliwala – Valorem Advisors: Good morning, everyone, and a very warm welcome to you all. My name is Juzer Havewaliwala from Valorem Advisors. We represent the investor relations function of Centum Electronics. On behalf of the company and Valorem Advisors, I would like to thank you all for participating in the company's earnings conference call for the first quarter of FY27.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management beliefs as well as assumptions made based on the information currently available. Audiences are cautioned not to place undue reliance on these forward-looking statements when making any investment decision. The purpose of today's earnings call is purely to educate and create awareness about the company's fundamental business and financial performance for the quarter under review.

Let me now introduce you to the management participating in today's earnings call and hand it over to them for their opening remarks. We have with us Mr. Nikhil Umesh Malabarapu, Joint Managing Director, and Mr. Sundararajan Parthasarathy, the Chief Financial Officer. Without any further delay, I request Mr. Nikhil to begin with his opening remarks. Thank you, and over to you, sir.

Nikhil Umesh Malabarapu – Joint Managing Director: Thank you, Juzer, and thank you. Good afternoon, everyone. Welcome to our earnings conference call to discuss our performance for the first quarter of FY27. Let me extend a special thanks to our hosts at Emkay Spark for today's call. Let me start by taking you through the key business highlights for the quarter, after which our CFO, Mr. Sundararajan Parthasarathy, will take you through the financial performance in greater detail.

We have started FY27 on a steady note, with revenue growth in our standalone business and continued strengthening of our strategic positioning across high-reliability electronics. At the outset, I would like to highlight that the first quarter was somewhat muted compared with our expectations for the full year, both in terms of growth and margins. This is primarily a function of quarterly variations in project execution and revenue phasing, particularly in our built-to-spec business. Based on the momentum we are seeing across our businesses, our order pipeline, and our customer engagements, we are confident that the stronger execution expected in the subsequent quarters will enable us to deliver against our full-year growth objectives. As we have mentioned

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consistently, we encourage investors to look at our performance and outlook on a full-year basis.

During the quarter, standalone revenue grew 11% year-on-year to 205 crores, while we closed the quarter with a standalone order book of approximately 1,800 crore, representing robust 31% year-on-year growth and providing strong visibility for future growth. One of the most significant developments during the quarter was the successful completion of the restructuring and exit from our overseas subsidiaries. As many of you would recall, we initiated this strategic exercise last year with the objective of sharpening our focus on our core India business and ensuring more disciplined capital allocation.

During the quarter, the French court approved the acquisition of substantially all the operating business and employees of Centum TNS Group SA and certain subsidiaries by the successful bidders, MBDA and SII. Following the transfer, these entities ceased operating activities and were deconsolidated from our financial statements effective June 4, 2026. Subsequently, the French court converted the process into judicial liquidation and appointed a judicial liquidator on July 2, 2026, to oversee the remaining wind-down activities. Importantly, with the operating businesses now transferred and the restructuring process substantially completed, we do not expect any further liabilities in relation to these subsidiaries.

This allows us to put this chapter behind us and move forward with a much sharper focus on our core India ESDM platform, with greater management attention and capital directed towards our standalone business. Sundar will take you through the accounting impact of these developments in greater detail.

Let me now move to our operational performance and business highlights. Our built-to-specification, or BTS, business continues to have a strong underlying demand environment. Revenue in the quarter was impacted by project execution schedules, but our order book remained healthy and grew approximately 40% year-on-year. Looking ahead, we expect continued strong order intake through the year across several of our key programs, particularly in the areas of Space, Radar, Electronic Warfare, and Air Navigation. This gives us confidence in the growth trajectory of the BTS business as we move through the year.

Our electronic manufacturing services, or EMS, business also continued to perform well, with revenue growing 20% year-on-year and the order book expanding 23% year-on-year. We are ramping up well with our semiconductor equipment customer, and demand remains solid and in line with our expectations for the current year. Importantly, based on customer engagements and the opportunities we are seeing, we believe there is visibility to surpass our current expectations over the next 1-2 years. More broadly, we continue to see increasing opportunities across industrial automation, electrification, and grid automation.

During the quarter, we received a strategic partner award from a leading global industrial and energy conglomerate. We value this recognition as a strong endorsement of our engineering capabilities, execution track record, and long-standing customer relationship. This also reflects an important area of focus for Centum going forward. We are increasingly working with global customers that are implementing localization strategies in India while simultaneously responding to growing global demand for advanced electronics. We see an opportunity to leverage our engineering capabilities, manufacturing scale, and high-reliability expertise to become a deeper

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partner to these customers as they localize and diversify their supply chains.

As part of this strategy, we have initiated the NPI process for a number of electrification and grid automation products. These programs are expected to start contributing meaningfully to revenue growth over the next 2 years and provide another important growth avenue for our EMS business. Across our other focus areas, we are tightly integrating our engineering services and EMS teams to deliver differentiated design-led manufacturing solutions, enabling customers to seamlessly transition from product design to high-reliability manufacturing. This approach strengthens our value proposition, enhances customer engagement, and supports improved margin profiles. We have made encouraging progress in building this capability and are optimistic about securing our first DLM program wins in the coming quarters.

In summary, with a robust order book, strong expected order intake, expanding customer engagements, and a healthy opportunity pipeline across both BTS and EMS, we believe Centum is well-positioned to capitalize on these structural opportunities. With that, I would—

Operator: I would now like to hand over the call to our CFO, Mr. Sundararajan Parthasarathy, who will take you through the financial performance for the quarter in greater detail.

Sundararajan Parthasarathy – CFO: Thank you, Mr. Nikhil, and good afternoon, everyone. Let me now take you through the financial highlights for the first quarter of FY27.

At the standalone level, revenue from operations for the quarter stood at Rs.205 crores, registering healthy growth of approximately 11% year-on-year. EBITDA for the quarter stood at 23 crores, which translates into an EBITDA margin of 11.28%. Profit before tax stood at 18 crores, while profit after tax stood at 14 crores, with a PAT margin of 6.59%. While margins during this quarter were impacted by a relatively lower contribution from the BTS business, we expect the revenue mix to improve as execution on key BTS programs accelerates over the coming quarters.

Before I move to the consolidated performance, let me briefly touch upon the accounting impact of the overseas restructuring. During the quarter, following the approval of the French court and the transfer of substantially all operating businesses and employees to the successful bidders, the overseas entities were deconsolidated effective June 4. Consequently, the financial statements reflect a one-time profit on deconsolidation of Rs.94 crores, while the remaining entities are now under liquidation proceedings. These developments provide greater transparency into the performance of our continuing operations and sharpen our focus on the core India business.

Coming to the consolidated financial performance, revenue from operations for the quarter stood at INR 204 crores, representing growth of approximately 14% year-on-year. EBITDA stood at 24 crores, with an EBITDA margin of 11.56%. Profit from continuing operations after tax stood at INR 11 crores, and including the one-time gain arising out of the deconsolidation of the overseas subsidiaries, consolidated profit after tax for the quarter stood at INR 106 crores.

Our overall performance continues to reflect the resilience of our core India operations, well supported by healthy execution across both our BTS and EMS businesses, robust order inflows, and sustained demand across strategic sectors, including defense, aerospace, semiconductor equipment, industrial automation, and energy. We also closed the quarter with a standalone order

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book of approximately Rs.1,800 crores, up 31% year-on-year, and strong order inflow for the quarter that stood at approximately INR 360 crores, growing by approximately 70% year-on-year. This was mainly influenced by BTS, which registered robust 150% year-on-year growth at 120 crores. This provides strong revenue visibility for the coming years.

Overall, we remain confident in the strength of our business fundamentals. With a focused India EMS platform, a healthy order book, expanding customer engagements, and a strong opportunity pipeline across both BTS and EMS businesses, we believe the company is well-positioned to deliver sustainable long-term growth. With that, we can now open the floor for the Q&A session. Thank you.

Operator: Thank you so much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question comes from the line of Sai Vijay with Capstock Securities. Please go ahead.

Sai Vijay – Capstock Securities: Good afternoon, sir. Thank you for the opportunity. My first question is regarding the BTS segment. Given the higher project lifecycle of over 2.5 years, our order book has almost doubled since FY24. Can we expect accelerated revenue recognition going forward for the BTS segment?

Management: Thank you for the question, Sai Vijay. Yes, the simple answer is yes. With the increased order intake that we have had, we expect clear, strong revenue growth in the BTS business this year and in the coming years as well. As I mentioned in the call, there are high levels of quarterly variations, but on a full-year basis, we are very confident of healthy revenue growth.

Operator: I am sorry, sir, but your voice is breaking.

Management: I was explaining that we absolutely expect healthy revenue growth in the BTS segment as a result of the increased order book. We have some quarterly variations because of the lumpy nature of this business and its contracts, but on a full-year basis, we expect strong growth in revenue.

Sai Vijay – Capstock Securities: All right, sir. I have one doubt regarding the advances. We currently have around 210 crores of advances. How much of this is coming from the BTS segment?

Management: I would say the majority of that is coming from the BTS segment, given the nature of the contracts. I would say approximately two-thirds is coming from BTS.

Sai Vijay – Capstock Securities: All right. Thank you very much, sir, and congratulations on the results. I will get back in the queue. Thank you.

Operator: Thank you. Our next question comes from the line of Pratik Shrivastava with Nivesh Wisdom. Please go ahead.

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Pratik Shrivastava – Nivesh Wisdom: Congratulations again on a great set of numbers and great progress in the BTS segment. My question is about semiconductor equipment. This has also been referenced many times in the call. I want to understand what this semiconductor equipment is. Can you provide more details about this semiconductor equipment? Who are the customers? Have you signed any large global player? I just want more details on this semiconductor equipment, sir.

Management: Thank you for the question, Pratik. First of all, this is part of our EMS business. Essentially, we manufacture various types of box builds and PCBAs that go into the equipment used in semiconductor manufacturing. If you talk about processes such as photolithography or etching, and some of these critical processes that actually enable the manufacturing of semiconductors, the equipment is supplied largely by a few very large global OEMs to the foundries.

In terms of where we are, we have added one of these key global OEMs as a customer and have ramped up over the course of the last year. We continue to ramp up in terms of the new part numbers and products that we are delivering. On previous calls, I had mentioned that our revenue from this segment, which was practically zero in FY25, was in excess of 10 million, or over 100 crores, in revenue contribution in FY26. We expect this to reach a range of 25–30 million in the coming 1–2 years. This is where we are seeing strong visibility, and it is in line with our expectations.

Pratik Shrivastava – Nivesh Wisdom: Understood, sir. Since this is EMS and not BTS, what are the margins in this business, and what margins are we looking forward to in the future in this business?

Management: In the EMS business, considering the sectors that we are addressing, these will be in the range of about 10% EBITDA. They can vary slightly up or down depending on the customer and the segment, but I would say there is not a huge amount of variation. Typically, as this is a cost-plus model, 10–11% is a fairly typical benchmark EBITDA margin.

Pratik Shrivastava – Nivesh Wisdom: In the future, can we use the learnings from this and move more towards a BTS-type model, where the margins could be higher in this segment?

Management: This is where I was addressing the point around design-led manufacturing. While we have a BTS business, which we run separately in the form of actually building products for defense and space and so on, we also have an engineering services team that was originally intended or created for the overseas subsidiary that we had. With that now being behind us, we are refocusing this part of our business to work very closely with our EMS team and our EMS customers to offer more end-to-end solutions, or design-led manufacturing solutions. As these progress, we do expect to have a higher margin contribution from those businesses.

Pratik Shrivastava – Nivesh Wisdom: Understood. Thank you for answering my questions, sir, and all the very best.

Operator: Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press star and one on their touchtone telephone. Our next question comes from the line of Darshan Galla with Galla Investments. Please go ahead.

Darshan Galla – Galla Investments: Hi, sir. Am I audible?

Sundararajan Parthasarathy – CFO: Yes, sure.

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Darshan Galla – Galla Investments: You were just explaining how the margins would be much higher in the semiconductor part of the business. When can we expect that revenue to start contributing meaningfully?

Management: I did not talk about higher margins in semiconductors. I said that we have good visibility on semiconductor revenue growth, but this is fundamentally an EMS business. Therefore, the margins would remain at 10–11%.

Darshan Galla – Galla Investments: Correct. Sorry about that. Regarding the revenue, when can it start contributing meaningfully?

Management: Darshan, as he mentioned, the contribution started coming in during FY26 itself, which was 100-plus, 100-plus—

Operator: I am sorry to interrupt, management. Your voice is breaking.

Management: How about this? Is this okay?

Operator: Yes, this is loud and clear. Thank you, sir. You may proceed.

Management: I was explaining to Darshan that the revenue contribution from this business was zero in FY25 and ramped up to more than 100 crores last year. We expect this to double or triple in the next 2 years. You will see that coming in this year as well, and it will further ramp up next year. That is what we see.

Darshan Galla – Galla Investments: Thank you. I will get back in the queue.

Operator: Thank you. Our next question comes from the line of Karan Sanwal with Nivahesh. Please go ahead.

Karan Sanwal – Nivahesh: Thank you for the opportunity. I wanted to understand something along the lines of what the previous participant asked. We have already ramped up the semiconductor division well over the last 2 quarters, perhaps in Q4 and Q3. Should this execution remain stable once the customer tests our product under real conditions? Would there be linear growth, or could there also be exponential growth as we qualify additional parts simultaneously?

Nikhil Umesh Malabarapu – Joint Managing Director: Let me make sure I have understood the question correctly, Karan. Your question was regarding the semiconductor equipment, whether these products have been tested and validated in the real environment, and your second question was regarding growth, whether you see this as exponential growth or linear growth. Is my understanding correct?

Karan Sanwal – Nivahesh: Yes, sir.

Nikhil Umesh Malabarapu – Joint Managing Director: Yes. To your first question, they are absolutely in production. First of all, this is a highly recurring business. There may be some variability arising from longer capex cycles in the broader semiconductor manufacturing industry, but at least for the next 2–3 years, there is fairly strong visibility in terms of demand in the industry. As a qualified partner for these global OEMs, these products typically have very long product life cycles, and we

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have a fairly good level of recurring revenue from this part of the business.

Also, in the last year itself, for all the products that are already in production, we went through the full qualification process and requirements. That is behind us, and the products are now in serial production. However, we continue to add new part numbers from this customer, and as and when we do that, they will go through their respective qualification processes and then go into production. I would say we are now very well integrated and in a fairly mature process in the supply chain.

Regarding your second question about growth, as we mentioned, this has already been very steep and strong growth, considering that revenue was practically zero in FY25, exceeding 100 crores in FY26. As Sunder was mentioning, we expect it to more than double going forward in the coming year and so on. Clearly, there has been steep growth over these couple of years, and we expect that it will stabilize at a certain point in the next 1-2 years and then remain fairly stable after that as well.

Karan Sanwal – Nivahesh: It would still be recurring demand after 1-2 years, right?

Nikhil Umesh Malabarapu – Joint Managing Director: Yes.

Karan Sanwal – Nivahesh: Understood. For the products that we are manufacturing for these semiconductor equipment players, who are we competing with in India, and are we competing with players in other geographies? Where is the competition positioned for the products that we are already manufacturing or will be manufacturing in the future for the semiconductor clients?

Nikhil Umesh Malabarapu – Joint Managing Director: Regarding EMS manufacturing—

Operator: Sorry to interrupt you, management. Again, your voice is breaking.

Nikhil Umesh Malabarapu – Joint Managing Director: Regarding the competition, as far as PCBA and box-build manufacturing for this type of EMS business is concerned, we are the main supplier in India. We are their first major supplier in India. Our main competition is based in Southeast Asia, basically Malaysia. There is nobody in India with whom we would directly compete as far as the EMS business is concerned.

Having said that, they are adding other parts of the supply chain, and there are other good companies that have been benefiting from the general shift towards increasing their overall spending and sourcing from India.

Karan Sanwal – Nivahesh: Understood. Are we also in discussions with other semiconductor clients for similar products, or are we not allowed to supply similar products to their competitors? How is the understanding there?

Nikhil Umesh Malabarapu – Joint Managing Director: First of all, in the EMS business, the design and IP of the product belong to the customer, so we are not allowed to sell the same product to other players in the space. Having said that, we are in preliminary-level discussions with other customers that are looking at India as a supply base as part of their sourcing and supply chain strategy. However, that is still at an early stage. We will update you as we progress.

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Karan Sanwal – Nivahesh: Understood. One last question—

Operator: Thank you, Karan. Sorry to interrupt. May I request you to come back for a follow-up, please? Thank you. The next question is from the line of Alok Shah from Shri PMS. Please go ahead.

Alok Shah – Shri PMS: Hello. Am I audible?

Nikhil Umesh Malabarapu – Joint Managing Director: Yes.

Alok Shah – Shri PMS: Thank you. I had 2 questions. First, can you shed some light on how India is evolving in the space industry and what opportunities ISRO can provide us over the next 2–4 years? My second question is about the space-based surveillance program that was initiated during Operation {? Sindhu ?}. Where does it stand now? What opportunity will we get? Can you shed some light on that as well? Thank you.

Nikhil Umesh Malabarapu – Joint Managing Director: Thank you. The space opportunity is quite an exciting one. We have been in the space sector for over 25 years, or close to 25 years, and have gradually moved along the value chain from producing niche components to modules, subsystems, and now complete payloads. Our objective is to move further into satellite integration as we move forward.

In terms of the broader ecosystem, there has been a lot of positive development, with startups coming up with very good and innovative solutions. You must have recently seen the success of the Skyroot launch vehicle, which I think is a major milestone for the country. There is clearly a lot of innovation and, from a demand perspective, a need emerging from various end-user applications.

As far as we are concerned, the major end applications that we are addressing today are largely related to defense and military requirements. However, there are also certain contributions that go into scientific missions and some communications equipment.

Regarding your question about the SBS program, it is progressing well. We have started booking some good orders from this program, and we expect to have very strong order intake from this program during this year. We are quite positive about that. Apart from this, we are also executing a major program for payloads, or electronic-warfare-based payloads, which is not specifically part of the SBS program but is very closely aligned with it. Once delivered, we expect these to have repeat requirements in the coming years as well.

Alok Shah – Shri PMS: Okay, sir. Thank you.

Operator: Thank you. The next question comes from the line of Harish Subramaniam with Unifi Capital Private Limited. Please go ahead.

Harish Subramaniam – Unifi Capital Private Limited: Good afternoon, Nikhil. Good afternoon, Sunder. My question was on the BTS segment, where the order book has increased over time. As far as the revenue mix is concerned, do you see it sustainably moving beyond a 70/30 ratio in favor of BTS? That was the first question.

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Nikhil Umesh Malabarapu – Joint Managing Director: Thank you for the question, Harish. Fundamentally, we are seeing strong growth happening in both businesses. In the very short term, over 1–2 years, you may see a slightly higher contribution from BTS, but I would not say it will be hugely different. Instead of a 70/30 split, it may be marginally favorable towards BTS, but again, not drastically different from a split standpoint.

Harish Subramaniam – Unifi Capital Private Limited: Understood. My second question is on revenue growth. Would you say that the medium-term target for revenue growth for the India business is 25% plus? This year, do you think you will still maintain that, or will revenue growth be below 25%?

Nikhil Umesh Malabarapu – Joint Managing Director: Harish, we are confident of reaching that 25% level, and we will maintain that for now. Based on the order book trend and the projects under execution, we do not see any reason to change it significantly.

Harish Subramaniam – Unifi Capital Private Limited: Understood. My last question is about the new wins you mentioned in aerospace and defense applications, specifically the complex test systems. Can you talk a little more about that and what it can open up?

Nikhil Umesh Malabarapu – Joint Managing Director: This is part of what we deliver to our export customers. It is part of our value-added engineering services offering that we provide to our EMS customers. This was roughly a 55 crore order that we received from an export customer for this program.

The nature of this business is that a test bench or test system does not always generate recurring revenue. These are application-specific requirements that may arise from time to time. Therefore, demand is volatile. There are certain years in which we have high order intake and certain other years in which it is lower.

However, this is a particularly substantial order that we received, and we continue to offer this solution to differentiate ourselves with our major customers. It has a small revenue contribution, and I would not say that it will have a major impact from a revenue standpoint on the company's future prospects.

Harish Subramaniam – Unifi Capital Private Limited: Sure. Thank you, Nikhil. Thank you, Sunder.

Nikhil Umesh Malabarapu – Joint Managing Director: Thank you, Harish.

Operator: Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press star and one. The next question comes from the line of Diya Jain with Sapphire Capital. Please go ahead.

Diya Jain – Sapphire Capital: Hello, sir. Thank you for the opportunity. Can you provide any guidance for FY27 and FY28 in terms of revenue and margins? Also, how will the export and domestic split evolve going forward?

Management {? Nikhil ?}: We still maintain a similar trend of approximately 25% revenue growth for this year and next year as well. That is the visibility we see as of now. Regarding margins, we reported about 12.5% last year, and we are aiming to move above approximately 13%. That could remain stable or improve slightly next year. However, it is too early to comment on next year; we

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need to look at the order profile as we continue booking orders during the year.

In terms of our export composition, I think it will still remain in the range of about 50–55%, or even slightly higher, given the orders and growth that we see in EMS. However, it could remain in the same range as well. We do not expect much to change.

Diya Jain – Sapphire Capital: Okay, sir. Thank you, and all the best.

Operator: Thank you. Our next question comes from the line of Darshan Galla with Galla Investments as a follow-up question. Please go ahead.

Darshan Galla – Galla Investments: My questions have already been answered. Thank you.

Operator: Thank you. Anyone who wishes to ask a question may press star and one. Our next question comes from the line of Vinit Khanna, an individual investor. Please go ahead.

Vinit Khanna: Hi, am I audible?

Operator: Yes, sir, you are.

Management: Yes.

Vinit Khanna: Nikhil, I have a question for you. In the previous calls, you have updated us or shared details about some of the BTS-related initiatives you have undertaken. In particular, there was the initiative for Virupaksha, the recent one for the helicopter platform for AESA radar, and another initiative with Garden Reach Shipbuilders, where there was an upgrade for the electronic subsystems. Can you provide a current update on where we stand with respect to these?

Nikhil Umesh Malabarapu – Joint Managing Director: Thank you for the question, Vinit. We are quite excited and making good progress on all these programs. Both the Virupaksha and UHM programs are development programs. We have completed the first phase on UHM. At least the first phase of the critical design reviews and related activities has been completed, and we are well underway with the realization of the first prototypes for the program.

Things are moving well, and we expect to have these first prototypes successfully demonstrated to the customer next year and subsequently deliver the order, after which we will wait for HAL to determine the series production quantities. In short, it has progressed well.

For Virupaksha also, we are in the product design stage. We expect to have those development orders completed perhaps in Q4 or Q1 of the next year. The Takan system is also making similar progress in terms of delivery and development. This is a technology partnership that we have established, so it does not involve a significant amount of investment. There is some localization, design, and engineering work being done, which is an important part of the development effort here.

It is progressing well, and again, at the beginning of next year, we expect to have the first deliveries completed. We are also very closely monitoring and awaiting further orders for this system in the coming 1–2 quarters.

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Vinit Khanna: Thank you, Nikhil. I have a follow-up. There was some discussion in previous calls about direct engagement with the armed forces. So far, our engagements have mostly been with defense PSUs, DRDO, or ISRO. How are we progressing on direct engagements, and are opportunities emerging in that area?

Nikhil Umesh Malabarapu – Joint Managing Director: Those are also progressing well. Even when we talk about some of these system-level opportunities, although our direct customer may be a PSU such as HAL or GRSE, these systems are very critical to the platform and its capabilities. Therefore, we already have an enhanced level of engagement with the end users.

Beyond that, we are also at various levels of discussion and responding to RFIs for full-system opportunities directly with the armed forces. These are in progress, but we will provide an update as and when they reach a higher level of maturity.

Vinit Khanna: Thank you. One last question. You highlighted 4 bullet points in the BTS section of the slide. Is there anything new that you would like to share that the slide may not capture? Are you doing any work that could potentially be something or be seeding an opportunity with potential? Please share some color on anything that is not captured in the slide that you would like to share verbally.

Nikhil Umesh Malabarapu – Joint Managing Director: There is a lot happening in this part of the business, much more than we can capture in 4 bullet points. I would say there is clearly a major ramp-up in our engineering team and capabilities across different skill sets, with a greater focus on the objective of system integration.

We are bringing in new talent and people who will enable us to get there and also ensure that we execute and deliver these new programs and respond to other new opportunities to the customers' satisfaction. At a high level, that is the main point I would add or provide more color on regarding what is actually happening. Thank you.

Operator: Thank you. Anyone who wishes to ask a question may press star and one. Our next question comes from the line of Preet Gopani with Unique PMS. Please go ahead.

Preet Gopani – Unique PMS: Hi, team. Thank you for the opportunity. Most of my questions have been answered. I have one question in continuation of the last participant's question. At your AGM yesterday, you mentioned that we are trying to work with a global customer in the BTS space and that the opportunity is not far away. Can you elaborate a little on how large a business global BTS could be for us?

Nikhil Umesh Malabarapu – Joint Managing Director: This is a specific opportunity that we were discussing regarding BTS for an export customer, specifically around electronic warfare. This is a beginning for us. There are various levels of discussion taking place with different customers. Therefore, it is a little early to quantify what it could be in several years, but there is clearly a need and demand for this. As we close some of these opportunities, they will make a meaningful contribution both in terms of revenue and margin to the overall business.

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Preet Gopani – Unique PMS: At a broader level, once businesses such as global BTS start contributing to our P&L, do you think they will have higher margins than the domestic BTS business that we conduct here?

Nikhil Umesh Malabarapu – Joint Managing Director: I would still say that we are probably targeting a margin profile of around 20% plus. The main difference, and the reason why we like the export BTS business in some of these cases, is that these businesses are not all tender-based. It is not an LI-type business where the outcome is either zero or one. Typically, there is a relationship with the customer, and you can reach a reasonable agreement on some of these matters. That is what we like about some of these export opportunities.

Of course, once these systems that we have built—whether it is the one we are developing for UHM or some of the other products we are developing—are ready, there will be significant demand for those types of equipment and systems from overseas customers. We have not yet reached the stage where we are responding to such opportunities because we are still at the development stage. However, when these come in as system-level opportunities for export, they can absolutely have a higher margin profile, even beyond that. Thank you.

Operator: Thank you. Our next question comes from the line of Alok Shah with SRI PMS. Please go ahead.

Alok Shah – Shri PMS: I have just one last question. We recently had a groundbreaking ceremony at KIADB Aerospace Park in Bengaluru. Can you let me know the status? Have we started construction of the facility? Secondly, what are the capex plans for this year and next year? Thank you.

Nikhil Umesh Malabarapu – Joint Managing Director: The design stage is complete, and we will be starting construction soon. However, the land belongs to another group company, a private limited company, so Centrum Electronics does not have to invest anything this year.

Next year, once the shell is ready, as we start building the factory and installing all the MEP and HVAC systems, the cleanroom, and ordering plant and machinery, the capex outflow could start towards the end of the next fiscal year. The high-level estimate is a figure between {? 50 and 70 crores ?}, but we will know more as we do the budgeting for the next fiscal year. We will update you.

Alok Shah – Shri PMS: Okay, sir. Thank you very much.

Operator: Thank you. Our next question comes from the line of Arshit Kotecha, an individual investor. Please go ahead.

Arshit Kotecha: Thank you, sir, for the opportunity. I wanted to understand, with regard to the various opportunities available, where we stand vis-à-vis major competitors in the different areas in which we operate. Hello?

Nikhil Umesh Malabarapu – Joint Managing Director: I will not speak about specific competitors, but broadly, we have 2 businesses: EMS, and the domestic defense and space products, or BTS, business. We have different sets of competitors for each of these businesses; they are not the same. Regarding our positioning, I think there are certain areas—

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Management: ...years, especially if you talk about the BTS side of the business. In certain areas, especially space, we are quite ahead in terms of our capability and history in the domain, and we are making very strong progress from a systems perspective in areas such as radar and EW, where some competitors may have been slightly ahead of us. However, from a capability standpoint, I think we are quite on par in these areas.

On the EMS side of the business also, we have certain segments and differentiators. Particularly when it comes to export customers and unique manufacturing requirements, supply chain complexity, and related matters, these are all areas that I think we understand quite well. We consistently see that when we work with these customers, they have a strong preference to work with us.

In certain areas, such as very high-volume businesses like consumer electronics, that is probably not our area of focus. Our competitors have a setup and ecosystem that are much more aligned and tuned for those types of segments. That is the position in short.

Arshit Kotecha: The reason I asked this question was that companies such as Astra or Data Patterns, along with a couple of other players specializing in this area, are they ahead of us?

Management: As I mentioned, there are 2 aspects. In some areas, such as space and so on, we are ahead of them. In other areas, they have been in the business, or in these specific domains, for longer than us. However, from a capability standpoint, as I mentioned, we are quite close to being on par.

These are the top competitors with whom we compete across various projects. As I mentioned, even in the {? UHM ?} program, when we qualified for it, there were more than 10 bidders interested in participating, but only 3 were shortlisted, and we were L1. I would say some of these are good case studies and proof points in terms of recognition of our capabilities.

Arshit Kotecha: Who were the other 2?

Management: I cannot disclose that.

Arshit Kotecha: Okay, sir. Thanks a lot.

Operator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for the closing remarks. Thank you, and over to you, team.

Management: Thank you all for participating in this earnings conference call. I hope we were able to answer your questions satisfactorily and provide sufficient insight into our business. If you have any further questions or would like to know more about the company, please reach out to our investor relations managers at Valorem Advisors. Thank you. Thank you, Jesse.

Operator: Thank you so much, sir. Ladies and gentlemen, on behalf of Centrum Electronics, that concludes today's conference. Thank you for joining us, and you may now disconnect your lines.

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