



25 July 2025

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 Q1FY26 Financial Results held on 22 July 2025.

This information will also be hosted on the Company's website, at [www.cyientdml.com](http://www.cyientdml.com)

This is for your information and records.

Thank You

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](http://www.cyientdml.com)  
[Company.Secretary@cyientdml.com](mailto:Company.Secretary@cyientdml.com)  
T: +91 8214282222/4004500  
F: +91 8214000369  
CIN: L31909TG1993PLC141346



# “Cyient DLM Limited Q1 FY-26 Earnings Conference Call”

**July 22, 2025**



**MANAGEMENT: MR. KRISHNA BODANAPU - NON-EXECUTIVE  
CHAIRMAN, CYIENT DLM LIMITED  
MR. RAJENDRA VELAGAPUDI - MANAGING DIRECTOR  
AND CHIEF EXECUTIVE OFFICER, CYIENT DLM  
LIMITED  
MR. SHRINIVAS KULKARNI - CHIEF FINANCIAL  
OFFICER, CYIENT DLM LIMITED**



*Cyient DLM Limited  
July 22, 2025*

**Moderator:** Ladies and gentlemen, good day, and welcome to the Cyient DLM Limited Q1 FY '26 Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing and '\*' then '0' 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 very much, and good evening, ladies and gentlemen. I am Krishna Bodanapu – Non-Executive Chairman of Cyient DLM.

Welcome to Cyient DLM Limited's Earnings Call. Present with me on this call are our Managing Director and CEO – Mr. Rajendra Velagapudi; and our CFO – Mr. Shrinivas Kulkarni.

Today, we will be covering the Quarter 1 performance of FY '26.

Before we begin, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. A detailed statement in this regard is available in our investor website or our investor update, which has been posted to our website.

Firstly, I am pleased to share that earlier this quarter, the Board of Directors appointed Mr. Rajendra Velagapudi in the role of CEO, in addition to his role of the Managing Director of the company, and as such, will now be responsible for the overall operations of the company.

Many of you already know Rajendra, having met with him when he was the Managing Director running some of the operations of the company and has been instrumental in shaping Cyient DLM's journey over the years. Under his leadership after 2023, we have achieved significant milestones, expanded our capabilities, and built a strong foundation for the future, much of which is playing out now.

His appointment as CEO comes at a pivotal time as we accelerate our growth trajectory, strengthen global partnerships and deepen our presence in high reliability sectors such as Aerospace, Defense, Medical and Industrial.

We are pleased to report that Q1 has made a solid foundation for the year ahead despite navigating a very dynamic macroeconomic landscape. Our performance this quarter reflects the resilience of our business model; the agility of our teams is the continued trust of our customers



*Cyient DLM Limited  
July 22, 2025*

and stakeholders. We are excited to see a significant improvement in our order book, and I am pleased to say that we will announce the highest ever order intake in a quarter in the past 2 years.

The new orders are from both existing customers, which demonstrates the trust our clients have on our capabilities and quality systems and new customers, which is a reaffirmation of the strength of our sales team and our ability to deliver a solid value proposition in the market. Of course, we have faced certain short-term challenges, most notably the delay in securing the repeat order from a major customer, which has temporarily affected our growth. Having said that and very encouragingly, our current order book shows strong momentum, and we are confident that this is just a short-term pause with this customer.

It's worth highlighting that the backlog now contains higher-margin orders, signaling a favorable shift in our business compared to the previous periods, which will continue to be reflected in much better margins going forward. We have also significantly ramped up our sales efforts by deepening engagements with our existing clients and proactively pursuing new business opportunities. Simultaneously, we expanded our market reach, strengthening our footprint, both in domestic and international segments, supported by a much more agile, qualified and empowered sales team.

These efforts are already yielding positive results, reflected in the significant increase in order intake. With momentum building, we are confident and suggest in sustaining this trajectory and achieving and continuing to achieve a book-to-bill ratio significantly above 1 going forward.

I also wanted to highlight some of our Q1 deliveries were impacted due to the conflict in the Middle East between Israel and Iran. This has created a disruption in the supply chain. The Iranian and Gulf airspace restrictions have forced number of airlines like Emirates and Lufthansa, which carry a lot of the material that we supply to our customers to reroute, increasing flight times and costs. Similarly with sea lanes disrupted, demand for air freight has surged and it has further constrained space on these aircraft or in these routes, which has driven up pricing for us.

Of course, this conflict is a stark reminder of how geopolitics can append even some of the best pass-through supply chains. We are managing these challenges proactively and the support we are getting from our clients and suppliers is overwhelming. Of course, we pray for the safety of all involved and hope to see normalcy returns very soon.

Looking ahead, I am optimistic and confident about the opportunities as the year progresses. With the U.S. tariff situation stabilizing, China Plus One playing to our advantage, with the increase in semiconductors and the use of electronics in various systems, etc., we expect demand to accelerate, especially in Aerospace and Defense, Medical and Industrial sectors, all of which are strong, strong areas for us.



*Cyient DLM Limited  
July 22, 2025*

We remain committed to delivering sustainable growth, investing in innovation and delivering value to all our stakeholders.

Thank you very much for your patience. Thank you very much for your support. And I will now hand over the call to Rajendra and Shrini to provide more updates on business and finance.

Over to you, Rajendra.

**Rajendra Velagapudi:**

Thank you, Krishna. Thank you very much. Good evening to all of you. This is Rajendra Velagapudi – MD and CEO of Cyient DLM. I will just walk you through on some of the key trends and some of the work strategies what we have right now in place.

If you look at the key trends, I mean, I won't go at each point to point, but I will just give key messages from these things. So, we are seeing a shift to regional manufacturing due to tariff uncertainty. So, we are still working on some of those areas. So, we are seeing a nearshoring is one of the areas to mitigate.

So, Altek being with us in U.S., so that's what we are seeing in some of the advantages of regional there, local to local manufacturing. And if you look at on the global EMS industry, it is projected to grow at a 6.9% CAGR. So, taking it to \$1 trillion in the next 7 years, that's what the market size right now where we are going ahead.

And on the emerging sectors, I think we are seeing a lot of opportunities on the renewable areas plus EV adoption, robotics, automation. So, we are seeing a lot of opportunities in those areas at this point of time. And on the EMS market side, I think we are seeing a growth in India EMS market, driven by the PLI schemes and also on the Industry 4.0.

So, we are looking at some of the impact on the U.S. side, which I think probably Krishna just highlighted prior to this one. So, we are seeing some of the shift which is happening from China Plus One, particularly in the last 3 to 4 months. We are seeing those happening with our existing customers on the U.S. OEMs. So, they are actively de-risking some of the China dependence. So, that is an opportunity which we see we being signed DLMs, India and U.S. hybrid model. It helps to avoid any of this tariff's impact. That is one of the major advantages what we are seeing.

And also, India's cost advantage and the footprint in U.S., that is one of the areas where we are seeing it attract the U.S. OEMs.

And if you look at some of the RFQs, which we are seeing at this point of time, we are seeing a spike in RFQs, coming from our existing customers and also some of the new prospects in U.S. where we are seeing some of the inquiries which are coming there, currently, they are making it in China. So, they are doing for a dual sourcing. So, what we feel definitely is going to give us a positive impact in the next few quarters, we will be working on this one very closely.



*Cyient DLM Limited  
July 22, 2025*

And as I said, our growth strategy, one I think probably we are all aware that we have build-to-print and build-to-spec. I think mainly we are also focusing on build-to-spec offering.

At the same time, we also have a product road map to identify some of the products where we want to focus. So, some of the key products that have been already identified and working on some of the product development, which will definitely help us going forward in terms of revenues and the margins there.

And we are also looking into the new industries like U.S. Defense, particularly for the tariffs, which I mentioned earlier. So, that's where Altek Electronics will really help our manufacturing center in Connecticut, this will really help us. And we are also focusing on the EV and ADAS segment at this point of time.

And if you look at some of the strengthening core business, what we are doing is, we want to strengthen the core business via large deals and the sector diversification. So, those are the 3 things which we are working out at this point.

And on the inorganic expansion, we are looking into some of the inorganic expansion strategies, mainly focusing on the technology and also at the geographic footprint, which probably help us to reach our customers there, and ensuring that it will expand our capabilities. So, those are the areas where we are looking at inorganic expansion, particularly on our existing business to bring more technology and also add more footprint, which is closer to our customers and also on our product road map.

And coming to some of the business highlights on the quarter, which has just passed by. So, we had one new logo in Q1, which is Deutsche Aircraft, so this is basically BTS projects, which we are working out right now. And we also have 2 major BPS orders in the finalization stage, which probably we will be closing in this quarter.

And if you look at it, I think as Krishna mentioned earlier, the order intake, which is the highest in the last 8 quarters. So, we have close to \$60 million order intake in Q1, the book-to-bill ratio is close to 2 here, and we are also focusing on the factory automation and digitalization, which is going on, which we are working out.

So, probably by end of this year, we will be completely closing this particular initiative from our side. And strengthening sales outside of India, I think that Krishna also said in the earlier that we are strengthening our sales team and ensuring that we will be focusing on the growth. And that at this point going on and we will be continuing continue to strengthen the sales team there.

B2S, I just already mentioned earlier, so we will be continuing strengthening the B2S capabilities through our technology and people investments, and also on the product strategy there.



*Cyient DLM Limited  
July 22, 2025*

The one last point here is on the 2 new accounts, which was added during the last year, we are seeing a visibility to become multimillion dollar accounts in the next 1-year timeframe. And also, some of the things which are today in the pipeline on the B2S, we will be expecting to see multimillion-dollar revenues coming from those accounts too in the near future.

So, I will just hand it over to Shrinivas Kulkarni.

**Shrinivas Kulkarni:**

Thank you, Rajendra. Ladies and gentlemen, thank you for joining the call, and thanks you for the interest in Cyient DLM. I will walk you through the Q1 financials. This presentation has been shared with you all an hour ago. So, hopefully, you have gone through it, but I will give you some additional color on how the numbers are appearing. And then after which we will open up the floor for questions and answers.

So, in terms of revenue, we delivered INR 2,784 million, which is a growth of 8% year-on-year. As indicated in the earlier commentary, the growth for this quarter has been muted for a couple of reasons. One, if you see last year, I think we had a large customer order that has come to an end completely.

And the other thing is the conflict in the Middle East has also led to a certain right shift of revenue. So, this is not revenue loss. We will make up for it in the coming quarters. But for this quarter, because of these 2 events, our revenue growth has been a little bit weaker.

Having said that, the margin profile of the revenue that we have delivered significantly better than what it was, so we are showing 125 basis points improvement in the EBITDA margin, which therefore means the revenue growth was 8%, our EBITDA growth was actually 25.3% year-on-year at INR 251 million.

PAT is at INR 75 million with a margin of 2.7%. Now the PAT margin is also impacted by the impact of amortization that has come into the P&L. This is a noncash item. But when you do an M&A, you do the purchase price allocation, there are certain intangibles, which gets charged off to the P&L over a period of time, that is sort of impacting the margins a little bit. But from an order backlog perspective, we are at INR 2,132 crores which is a growth quarter-on-quarter of INR 225.7 crores or INR 2,257 million.

Now the order backlog increase is resulted from a record order intake, as mentioned earlier, we had an order intake of INR 515 crores during the quarter. This is the highest quarterly order intake in the last 10 quarters. And the good news is the nearly 50% of this new order intake is actually executable in the current year itself. So, we will see the benefit of this new order being executable through the rest of the year.

Now healthy EBITDA growth is also a function of better revenue mix. Now this is a sustainable change, right? So, what I mean to say is even the new orders that have come in have come in



*Cyient DLM Limited  
July 22, 2025*

with a very healthy margin numbers. So, this is a sustainable change, and we will see EBITDA from this point growing. So, the 9% number is also a result of a lower revenue base this quarter, right? So, as the revenue base picks up, we will see significant leverage flowing into the P&L, and we are extremely confident of our double-digit EBITDA at this point in time.

The consolidated free cash flow for the quarter is about INR 80 crores or INR 802 million. Now this is the third quarter in a row where we have generated positive cash and outlook for the next quarter is also quite good, right? So, in terms of the net operating cash flow metrics and the net working capital, we have done a good job, and we don't have any adverse pressure on the P&L because of additional borrowings.

Now, as I said, the PAT Y-o-Y growth is a result of 2 things. One is the amortization of intangibles, noncash items. Other is also reduced other income. I think last year, we still had a lot of the IPO funds which were not used, whereas that number has now reduced. And I will present later in the slide how much is the money left from the IPO proceeds, and that's resulting in lower other income and these are some of the drivers for the profit change.

Moving ahead if you just see the trend of the revenue, EBITDA, EBITDA percentage and PAT, I think it's important to present this because there's a lot of seasonality in our business as you are aware. Usually, our first half is quite weak and then the pace picks up in the second half as you can see from the 4 quarter numbers that we have seen in the earlier period. So, a good number to compare is Y-o-Y. So, in all of these metrics, I encourage you to look at the Q1 '25 number and compare that with the current quarter now.

In terms of the EBITDA growth is healthy due to the mix and marginal increase in volumes, but it will further benefit by the increase that we will see in the coming quarters from the indirect costs playing out over a larger revenue.

Looking at some of the other key KPIs, the order book has shown an increase after several quarters. We are at INR 2,138 million. Our DIO is high at 185 days, but this is also the denominator effect of a lower revenue. In absolute terms, our inventory hasn't grown much, right? And DPO is healthy, it's grown by about 15 days. DSO is in control. Customer advances are in control.

So, even though the net working capital shows an increase, year-on-year, there's a reduction in that number. Thus, in absolute terms, the working capital metrics are looking good for the quarter, that's why there is a positive generation of free cash flow.

Going forward, in terms of giving you some of the other metrics in terms of how our business mix is changing, I think the first point to note that is the Industrial mix. Now if you remember from a year ago, this chart used to look very different, with huge trends from Aerospace and Defense. Now this is a well-balanced portfolio with the acquisition of Altek a couple of quarters





*Cyient DLM Limited  
July 22, 2025*

ago, right? So, where we have a healthy mix of business coming from Industrial and Med-tech areas as well.

And then from a product category perspective, more or less the business mix has remained consistent. And the last chart there, which talks about the mix in terms of exports versus domestic. So, this is, again, a big shift in our business. We used to be at around 60%, 65% rest of the world, and remaining in India, the one large business deal that has ended with a key customer is resulting in this changing. But what we see is a higher traction coming from in the India business. So, we will see some percentage going up in the coming quarters.

A tabular view of the P&L is given for your convenience to sort of check. Only thing I will caution is when you are comparing year-on-year, last year's numbers did not have the U.S. operations through the acquisition.

So, some of the numbers might look a little uncomparable like if you see material cost, it's actually gone down. So, the financial footprint of U.S. operations are very different from what we have in India. But at an EBITDA level, they are quite competitive, right? So, I would encourage you to look at it in that way.

Lastly, on the IPO proceeds, we have used up about INR 60 crores towards working capital in the current quarter. We have about another INR 100 crores left to be used for the rest of the year, out of which INR 60 crores is towards working capital and about INR 40 crores towards CAPEX. So, in terms of the IPO proceeds usage, as I mentioned, I think we have been completely compliant in terms of the issue proceeds as stated in the RHP.

And we will continue to show this through as we continue to use the rest of the funds. Now there is no pressure to sort of raise funds because they are in a heady cash position as of this quarter, right?

So, that sort of concludes the finance presentation. We will now open it up for questions.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Vipraw Srivastava from PhillipCapital. Please go ahead.

As we are not receiving a response from the current participant, we will move to the next. Our next question comes from the line of Balasubramanian from Arihant Capital. Please go ahead.

**Balasubramanian A:**

Good evening, sir. Thank you so much for the opportunity. Sir, my first question is regarding B2S. The company added one global logo and finalizing 2 major B2S orders. What is the expected revenue contribution from B2S in FY '26? And how does this align with long-term profitability goals?



*Cyient DLM Limited  
July 22, 2025*

**Rajendra Velagapudi:** Thank you very much for the question. Rajendra here. On the B2S, as I said, in the FY '26 immediately, we won't be seeing much revenue coming over on this one, so it will be probably 5% of the revenue in FY '26. Otherwise, we will be seeing as I said, some of the things which are right now in the pipeline, where we will be working on this, so probably both things will be having maybe 100-plus million of revenue which we will be seeing over the years.

**Balasubramanian A:** Sir, on that U.S. operations have seen significant growth, especially in Industrial 425% year-on-year and Med-Tech 142% growth. I just want to understand what is our long-term strategy for balancing India and U.S. production, especially given tariff uncertainty.

**Rajendra Velagapudi:** Yes. So, I think as I said earlier, so we are all working out right now with our customers and also the new prospects where we will be bringing a value in terms of working at a low cost at offshore and probably doing the final assemblies at the customer, at our U.S. operations. So, that way we can bring in value to our customers in reducing the final product price. So, those are the things which right now lot of our customers are in discussion, some RFQs we are working out with them. So, we will be seeing those traction. Some work probably will be moving from there to here, some will be moving from here to there. So, we will be working with our customers to ensure that we will bring value by having both an offshore and on-site model.

**Balasubramanian A:** Okay. Sir, on the Defense segment, last year, we have seen like sharpest degrowth because of the large order completions. Like how do you look at in this segment, whether we can expect a rebound in a shorter period of time? Otherwise, like we are pivoting away from the Defense side. So, how do you mitigate in upcoming years?

**Rajendra Velagapudi:** No, I think the Defense sector will keep focusing, as you have seen this quarter the revenues for Defense, but otherwise, for the last year, there is mainly because of one customer, where we said. I think there is probably a cyclic nature of the business. So, we will be working out with the customer for the other opportunities and some of the repeat business there. And at the same time, we are also working with the other Defense prospects at this point of time, both for U.S. and also there is a lot of focus on the India Defense.

**Balasubramanian A:** Okay sir. Sir on the inorganic expansion side, which is specific focus on the target side? And is there any timeline for additional M&A? And how these IPO funds will be utilized in coming years?

**Shrinivas Kulkarni:** Yes. So, in terms of IPO funds, I think whatever was earmarked towards M&A have already been used. So, if we do a new M&A, we would M&A we have to do fund raise. In terms of the targets, I think we have identified the areas, right? Like Rajendra explained, I think there are customer proximity, the regional capability and technology focus are the areas.

We are in early-stage conversation with a few companies, and at an advanced stage at this point in time. As and when, we make progress we will let you know but for now, I think it's more of



*Cyient DLM Limited  
July 22, 2025*

a **(Audio Distortion) (0:26:08)** and with sufficient leverage sort of do any sort of debt or equity fundraising required to make the acquisition.

So, in terms of our appetite to do acquisitions as well as from the market perspective, whatever is available, I think we will wait and watch to see what is the right target for us that fits our strategy, and then go ahead. But the current IPO proceeds have all been utilized whatever was in the front.

**Balasubramanian A:** Okay, sir. Sir, on that margin side, like what's the margin profile between acquired entity of Altek Electronics compared to our Cyient DLM business? And this margin, like how do we understand margin profiles between India and U.S. operations.

**Rajendra Velagapudi:** Yes. See, when the acquisition happened, we had mentioned that the margin profile of the acquired company is similar to margin profile that we have. Now as we integrate, I think about the business, there is a lot of synergy benefits flowing into the India books as well. So, it will be hard to sort of give that split going forward. And we want to operate as one independent entity in terms of the spirit of really integrating the acquired company. But when that acquisition happened, the margin profile was similar to what we have.

**Balasubramanian A:** Okay. Sir, is there any margin difference related..

**Moderator:** Sir, sorry to interrupt. We request you to please rejoin the queue if you have follow-up questions. Thank you.

Our next question is from the line of Vipraw Srivastava from PhillipCapital. Please go ahead.

**Vipraw Srivastava:** Sir, quickly, on the order book side, as we have seen, obviously, a very good ramp up in quarter 1, any plans you have, where will you end up by the end of this FY, any rough idea?

**Rajendra Velagapudi:** I think as said earlier, we are very confident that the book-to-bill ratio will be more than 1, okay. So, we will be beyond that 1, probably we will be working. Otherwise, by end of the year, definitely the book-to-bill ratio will be more than 1.

**Vipraw Srivastava:** Right, sir. And sir, obviously, on the Israel side, as you have suggested that there is some supply chain issues in the short term. But sir, obviously, with this whole war thing shaping up, Defense spending and Aerospace spending is going to increase in these regions. So, are you optimistic that you might see an increased order flow from Israeli clients in coming years?

**Rajendra Velagapudi:** Yes, absolutely. We are actually seeing more of those things RFQs coming now, from that region. So, we will be seeing if some of those things will be coming up in this year too, we will be having some of that will be coming --



*Cyient DLM Limited  
July 22, 2025*

**Vipraw Srivastava:** Right. And sir, last question, obviously, the BEL order has been consumed entirely. Any further order wins which you are targeting for the domestic Defense market or the company's current focus is going to stay on exports only. Any thoughts on this?

**Rajendra Velagapudi:** I mean the India Defense is one of our strategies, so which we have continue focusing. We also have the sales team strengthened there in that area, and we will be seeing those things in the next few quarters of the India Defense going up.

**Vipraw Srivastava:** Sure, sir. Thank you. Thanks a lot.

**Moderator:** Thank you. Our next question is from the line of Praveen Sahay from PL Capital. Please go ahead.

**Praveen Sahay:** Yes. Thank you for taking my question. The first is related to the order book. As there is a good improvement in the order book, and also you had highlighted about the INR 515 crore of order inflow in the quarter, which can executable over this year only. Is that order going to change segment contributions or that is quite in line to the segment contribution at the current level?

**Rajendra Velagapudi:** So, it is going to be at the same level where we are today. We don't think there is any change in any of 2 sectors, okay? So, whatever you have seen the order intake which we got in the Q1, I think it is more or less in the industries where we are focusing in the Industrial and --

**Praveen Sahay:** Okay. So, order inflow is similar segment where we are operating and that will not change materially for a full year, segment contributions, right, sir?

The second question is related to the book-to-bill ratio. So, as you had highlighted, your book-to-bill ratio has been highest in the last 8 quarters. So, can you further elaborate more on that, what exactly working out for you right now? Is that the kind of order book you are booking in which has improved that? And/ or the automation or digitization has something to impact on that. What exactly has happened?

**Rajendra Velagapudi:** No. So, order intake is not on the other regions. So, basically, it is on the sales focus from our team. So, that's what we have seen some of those order intake. So, it is not anything which has happened just like that. There's a lot of effort which has gone in by the sales team to improve this order intake, correct?

So, probably this is the highest one that we have got in the last 8 quarters, close to 1.9. But as you said, we are confident that, for the entire year, it will be more than 100%. So, we will be working towards that number, probably you all will be seeing that where we will be standing by FY '26.

**Praveen Sahay:** Thank you, sir. Thank you. Those are my questions.



*Cyient DLM Limited  
July 22, 2025*

**Moderator:** Thank you. Our next question comes from the line of Madhav Marda from FIL. Please go ahead.

**Madhav Marda:** Yes. Hi, sir. Good evening. Just interacting with the company, initially some maybe very basic questions. Could you give us some sense in terms of revenue growth outlook for FY '26 and '27, maybe? And could be the key segments, which could contribute? If you could provide some color there, that would be very helpful.

**Rajendra Velagapudi:** Madhav, we are refraining from giving a full-year guidance. I think what we have said that in the past is over a long-term period of 5 years, I think we can confidently say that we will grow at 30% CAGR, right? But there will be odd years where it will be down, another year where revenue will be higher than that.

I think this is a year where we are pivoting, right, as a business. There is a very large order that we executed over the last 2 years, and that comes to an end. But the pivot is also an interesting pivot for us, because the new orders that are coming in are at a significantly higher margin than what that particular order was delivered at. So, while we may not see a big revenue growth this year, we will definitely see better margins and higher profit growth, right?

But then as we continue this trajectory of the book-to-bill ratio being higher than 1, it's almost 2 this quarter, it will be higher again in Q2 as well. What you will see is that when the growth comes back, there will be a much higher quality of revenue that will support that P&L, right? So, yes, we don't give a specific guidance for the year. I think the business is very dynamic. One order can completely change that guidance. It's a growing industry. It's not a mature industry, much predictable, so that's where we stand today.

**Madhav Marda:** Okay. Okay. And the EBITDA margins, you said that it was at 9% in Q1, but you said that new business can come at much better gross margins, plus there is a lot of operating leverage scope, so you are saying basically on maybe 2, 3 year basis margins, you said can be double digits. So, are we looking at teens or low double digit, what's the sense? Like what's the potential for business? I don't need an FY '26 outlook, but if you were to think 3, 4 years out, like where do you think the margins could settle eventually?

**Rajendra Velagapudi:** Yes. I mean clearly, there is a line of sight to get to teens at least, early teens, if not low teens. But it all depends on the mix of business that we grow. For now, for the current year, we will definitely be a double-digit margin company. I think even with such a lower revenue in Q1, right, compared to what we have seen in, let's say, H2 of last year, we are already at 9%. So, imagine the next bit of the next INR 100 crores of revenue coming in at the same gross margin without any growth in the indirect costs. The leverage will play out very strongly in our favor. So, we see a line of sight. Again, this is not a guidance, but we definitely will see a line of sight to a 12%, 13% sustainable margin.



*Cyient DLM Limited  
July 22, 2025*

**Madhav Marda:** Okay. And to like better understand the scope for operating leverage in the business, like maybe if you could help us understand what is the capacity utilization, how much revenue we can grow without adding too much to a fixed cost, just to understand the extent of underutilization of fixed costs, which can benefit us on the margin side, whatever you can share is helpful.

**Rajendra Velagapudi:** Certainly. I think our current capacity utilization is quite low. On a full-year basis, we will be close to 55%, 60% of capacity utilization. And this is running at 2 shifts, right? So, if we actually run 3 shifts, we can potentially double the current revenue without having to add any new factory or new SMT line, right? So, we have a huge runway in terms of growth without having to spend any further significant CAPEX. There will be some maintenance CAPEX, etc., but those will not be substantial.

But what will play out is not just the factory capacity, it's also the indirect cost. If you see our **(Inaudible) (0:36:27)** cost, it is billed for a run rate of \$400 million, \$500 million. I don't think there will be any substantial addition or at least it won't grow linearly. It will be a non-linear growth in terms of the indirect cost as we see the revenue. So, that will play out even stronger as the factory capacity utilizes. So, both those 2 levers will ensure that the leverage will play out very strongly as we grow.

**Madhav Marda:** And just last question. Our legacy basis, obviously, our exposure to the domestic business has been smaller. If we were to think from a medium-term perspective, do we think domestic can grow faster, because some of your peers have been doing well, so do you plan to realign a sort of target the domestic market more versus the past? Or will export domestic be similar growth?

**Rajendra Velagapudi:** No, no, absolutely, very good question. I think the domestic market shows a much higher potential than the export market. Our export market is more a legacy where we have strengths that we have played to in the past, which has led to higher growth. The domestic market has higher growth. And what we have done over the last 18 months is to build a solid foundation there, which we see results of already. So, even in our current order intake, there is a lot of domestic order intake that is coming. We see that growing in the coming quarters.

**Madhav Marda:** Got it. All right. Thank you.

**Moderator:** Thank you. Our next question is from the line of Deepak from Unifi Capital. Please go ahead.

**Deepak Lalwani:** Hello, sir. Thank you for the opportunity. So, first question, on your order book, can you give a split between India and Altek, and if you can also spell out the execution period of our order book.

**Rajendra Velagapudi:** So, we will not be able to provide that split going forward. As I said, I think the acquisition is completely consumed and we are one company now, right? A lot of the customers are looking for manufacturing capacity in India. Similarly, a lot of our existing customers are looking for



*Cyient DLM Limited  
July 22, 2025*

manufacturing company outside of India. So, that split will be a little misleading, and therefore, we will continue to provide numbers as one operations going forward.

In terms of executability of order book, it's between 18 and 24 months depending on the order, but, yes, that's the range of the current order book.

**Deepak Lalwani:** Sure. Okay. Got it. So, if one works with 18 months period, so INR 100 crores per month should be the run rate in terms of revenues, would that be a good assumption to take for the FY '26 revenue run rate, INR 100 crores per month?

**Shrinivas Kulkarni:** No, Deepak, I think the schedules are very different. You can make an assumption based on a certain run rate, but it will be hard to sort of comment on that, because frankly, the customer schedules when they need the parts, and that's what is loaded in our ERP today, on which I said the 18 to 24 months. But how it plays out has a lot to do with those customers' schedules.

**Deepak Lalwani:** Sure. Sir, secondly, this order inflow run rate was quite encouraging. So, if you can spell out which clients have contributed to this, basically existing clients and which sectors, that is one. And I understand that your business is lumpy. So, what kind of quarterly run rate or annual run rate in terms of order inflow that one should work with?

**Rajendra Velagapudi:** I think the order intake, as I said, it is between all the 3 industries, which we had, majorly from the existing customers, okay? And on Medical and Industrial, so that is coming from the new customers, where we have got the new orders. That's one of the positives what we have seen in this quarter, where we will be seeing those accounts will be growing further going forward. So, it is an equal distribution between all the 3 segments currently.

**Deepak Lalwani:** Sure. And the order inflow run rate, any guidance that you can give for the full year?

**Rajendra Velagapudi:** On the bill-to-book ratio is more than 1, definitely. So, that's what at this point what we are seeing.

**Deepak Lalwani:** Okay. Sure. Sir, lastly, on your margins, if I have to break up your margins, India stand-alone is at 12% EBITDA, while the subsidiary is still at breakeven. When we had acquired this entity, we were assuming that the subsidiary makes a higher margin, definitely more than breakeven. So, how should we look at stand-alone and subsidiary margins, if you can spell out for the 2 entities, and yes, and then the consol margin as well.

**Shrinivas Kulkarni:** So, when we acquired the company, Altek had a similar margin profile as us. Now the subsidiary includes Cyient DLM, Inc. as well, right? So, therefore, I think it's not a comparable number from that perspective. See, I think it's best to look at this completely, because the financial footprints of the 2 operations are also very different.



*Cyient DLM Limited  
July 22, 2025*

I think if you look at India operations, there's a certain mix of materials, labor and other costs. And with U.S. operations, it's a little different. And then with the synergy benefits now playing out between each of the entities, it's not a right comparison to look at the India and U.S. separately. For now, I think let's look at the composite picture, right? And then from a consolidated perspective, we are confident of exceeding the 10% margin this year. So, as we grow through the rest of the year, we will see better margin.

**Deepak Lalwani:** Understood. And sir, on the BEL repeat order, if you can give an update as to what's happening there and why there is a delay in getting orders? And when should we be positively getting the repeat order from BEL, if you can spell out. Thanks.

**Rajendra Velagapudi:** So, we don't have any clear indication of the repeat order, when it is going to happen. So, basically BEL has to get it from their end customer, basically from the Indian Defense side, Navy. So, we still don't have that visibility, so we are working out.

**Deepak Lalwani:** Sure. Understood, sir. Thank you. All the best.

**Rajendra Velagapudi:** Thank you.

**Moderator:** Thank you. Our next question is from the line of Naushad Chaudhary from Aditya Birla Mutual Fund. Please go ahead.

**Naushad Chaudhary:** Two quick ones. First, on the inorganic acquisition side, what are the gaps which we are thinking to fill if you can touch upon this? And any size in mind beyond which you will not go for? This is first.

And second, on the margin side, apart from operating leverage, what are the levers you have for the expansion?

**G. V. Bodanapu:** Yes. See, on the inorganic side, rather than a gap that we have, I think it's more to enhance the capabilities of what we have. We currently are into PCBA, box build, cable wire, harness. Now we have design capabilities, and we can offer build to spec, right? So, what we will be looking for is something that enhances this, and we have given on broad themes, where we look for making the acquisition. So, it's not to fill the gap somewhere that we have.

Second is in terms of size. Look, I think we are quite open there. It all really depends on how it fits the strategy, right? So, we are comfortable to make a large acquisition as well, if we need be. So, there is no restriction in our mind. Of course, you have to keep in mind our size as well. So, I think that's the only point I will make there.

Second, on this margin lever, I think we already spoke about it. Indirect cost is definitely a margin lever. The capacity utilization is another margin lever. The mix of business between





*Cyient DLM Limited  
July 22, 2025*

build-to-spec business is the third margin lever. As the build-to-spec business scales up, our margin improves even further, because you have better control over the bill of material, the design services, and NRE work also come in at a higher margin. So, these are all the 3 things that will play out in our favor, when it comes to margins.

**Naushad Chaudhary:** Sure. All the best. Thank you.

**Moderator:** Thank you. We will now take our last question from the line of Amit Shah from Antique Stockbroking. Please go ahead.

**Amit Shah:** Yes. Hi, sir. Thanks for the opportunity. Sir, my first question is on the order backlog. Is it possible to share the proportion of orders or the backlog, say, from how much is from the Aerospace, what is the kind of mix basically that we have on the order backlog size? So, how much from Aerospace, Defense, Industry and Med-tech, if you can share that?

**Rajendra Velagapudi:** I think, as I said earlier, right now for the order intake or backlog which is you are asking?

**Amit Shah:** Sir, I am asking for the order backlog, INR 2,100 crores order backlog that we have, what proportion of our order backlog is coming from Aerospace? What is the proportion from Defense? What is the proportion from Industrial? And how much is getting contributed from Med-tech?

**Rajendra Velagapudi:** Yes. So, I think if you look at it, that is almost the same range right now, between all the 3 industries. In A&D, whatever you have seen in the earlier A&D, closely around 40%, and 9% was the Defense side, and balance equally between the Industrial and Medical. Even our executable order backlog also is almost in the similar range.

**Amit Shah:** Okay. Sir, secondly, you highlighted that we are pivoting more towards Industrial and Med-tech, post the acquisition of Altek, just wanted to know if I look at your historical order inflow on a quarterly basis, that was quite volatile and lumpy in nature, because of our dependence on the Defense side of the business. With this pivot, can we expect more of a consistent kind of quarterly order inflow? Is that the kind of conclusion that we can arrive post your pivot? Would it be more consistent as compared to historical numbers that we have been disclosing on the order inflow side.

**Rajendra Velagapudi:** Absolutely, Amit. I think as I said, we have 1.9%. I think as Shrini said, next quarter, it will be more than 1, which we are already seeing it. And by the end of the year, as we said, it will be more than 1, the book-to-bill ratio. So, you will be seeing the consistency, probably you won't be seeing any volatility in terms of the order intake based on the current visibility and the sales pipeline, and at what stages, some of these opportunities are there. So, we are very confident on that.



*Cyient DLM Limited  
July 22, 2025*

**Amit Shah:** Yes. That's helpful. Thirdly, on the gross margin side, right, so this particular quarter, gross margins have improved to almost like 40% kind of gross margins that you have reported and a very sharp jump on a Y-o-Y basis as well as on a sequential basis, supported by your revenue mix. On a sustainable basis, given that your order backlog is now tilted more towards Industrial, Med-Tech kind of business, is this the kind of gross margin that one should work with? Or what is the sustainable gross margin number for the full year or annualized basis, if you can share that?

**Rajendra Velagapudi:** So, I think what you refer to as gross margin is actually the contribution margin where you are just taking the material cost. Yes, it is similar. I think in a specific quarter, the mix can change, and that will have an impact. But broadly, this is a range we can assume going forward.

**Amit Shah:** So, on an annualized basis, should we work with a 30% kind of a number? Is that what you are highlighting?

**Rajendra Velagapudi:** No, no, I am not giving out any numbers and guidance, please. If you look at the current quarter, whatever you are seeing as the mix of direct material cost to the total revenue is the same mix we can expect in the coming quarters.

**Amit Shah:** Sure, sir. And lastly, on the stand-alone numbers. If I look at your stand-alone numbers, the revenue has declined almost by 20% on Y-o-Y basis, given that large lumpy Defense order has got executed in the previous year. As a stand-alone business, how should I look at the annualized revenue run rate, what is the kind of growth that we can anticipate in FY '26? And possible to share any order backlog number for the stand-alone business?

**Rajendra Velagapudi:** No, I don't think it's fair to give that split now, because the businesses are integrated. The only thing I would say is from a stand-alone business, yes, you are right. The large order has come to an end in the quarter, which was there earlier. But the rest of the business is growing impressively.

This quarter also, we had a little bit of an issue with the pushouts due to the conflict in the Middle East, right? But that will sort of correct itself within a quarter, right. Thankfully, that situation seems to be in control now. But as we go forward, we will start seeing the growth in the other areas of the group.

**Amit Shah:** Okay. And possible to share, sir, what is the kind of miss that we have on the revenue front, because of this Middle East issue? In the sequential quarter, we will be able to recoup, possible to share that number.

**Rajendra Velagapudi:** It will be recouped through the rest of the year, not necessarily all in Q2, because that's how the schedules work.



*Cyient DLM Limited  
July 22, 2025*

**Amit Shah:** Okay, sir. Thanks a lot. That's it from my side. Thank you so much for answering the questions.

**Moderator:** Thank you. Ladies and gentlemen, we will take that as our last question. I would now like to hand the conference over to Mr. Krishna Bodanapu for closing comments. Over to you, sir.

**G. V. Bodanapu:** Thank you very much, and thanks, everybody, for participating. As you see, we have had a very good quarter from an order intake perspective and also from a margin perspective.

The third element I will also highlight is we had a very good quarter from a cash flow perspective, having generated almost INR 80-plus crores of free cash. So, now this gives us the confidence that as growth comes back, and I say as growth comes fast, because Q1, there's just been a few one-off issues in terms of some of the new orders, some of the pushouts because of the Middle East.

But we are quite confident that with the order intake and the order backlog, therefore the order book, we are quite confident that we will have a solid year, not just a solid year from a revenue and a growth perspective, but more importantly, a solid year from a margin and a cash flow perspective.

So, thank you very much for all your support. Thanks for your time. And we will speak again soon. Thank you.

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