



21 October 2025

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Scrip Code: 543933

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Exchange Plaza,
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Scrip Code: CYIENTDLM

Sub: Transcripts of Earnings Call

Please find enclosed transcripts of earnings conference call, in connection with Q2FY26 Financial Results held on 14 October 2025.

This information will also be hosted on the Company's website, at www.cyientdml.com

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Thank You

For **Cyient DLM Limited**

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“Cyient DLM Limited Q2 FY-26 Earnings Conference Call”

October 14, 2025



**MANAGEMENT: MR. KRISHNA BODANAPU – NON-EXECUTIVE
CHAIRMAN, CYIENT DLM LIMITED
MR. RAJENDRA VELAGAPUDI – MANAGING DIRECTOR
& CEO, CYIENT DLM LIMITED
MR. SHRINIVAS KULKARNI – CFO, CYIENT DLM
LIMITED**



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Moderator: Ladies and gentlemen good day and welcome to Cyient DLM Limited Q2 FY26 the 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 ‘*’ 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. With me on the call are Mr. Rajendra Velagapudi – our Managing Director and CEO and Mr. Shrinivas Kulkarni – our CFO. Together we welcome you to our Q2 FY26 Earnings Call.

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 posted on our website.

We are pleased to share that our Q2 Results demonstrate sustained positive momentum across all key performance indicators including order intake, revenue, margin and cash flow. This progress builds on the solid foundation established in the previous quarter and strengthens our confidence in the path ahead. Our order book growth is now firmly on track, supported by a robust book-to-bill ratio sustained for two consecutive quarters and with an outlook to sustain further into the rest of the year.

Our strategic focuses on the Indian market and strengthened relationships with existing global clients has translated into significant wins. We are seeing strong momentum in build-to-spec orders and have secured prestigious awards from global OEMs. These design-led engagements are currently in development and are expected to ramp up to mass production in the coming years, reinforcing our growth strategy and further deepening our customer partnerships. The revenue potential for B2S projects is long and it is critical because it provides stability over an extended period of time so it is great to see our order book building up in this regard of B2S projects. We are also encouraged by the progress in emerging industry segments, especially automotive.

We have successfully onboarded a new client and several more accounts are in advanced negotiation stages. Increasingly, clients are engaging us in early-stage product development which enhances our value proposition and deepens long-term relationships. By engaging in the early cycle, we are able to have a much better control on the supply chain decisions which eventually leads to better margins at a more sustained basis. Our sales team continues to remain focused and optimistic about the promising opportunities ahead.



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Despite some of the challenges posed by global geopolitical developments, we are actively managing these headwinds to minimize impact on operations. I think it is important to note that Israel is a key market for us and the geopolitical situation there has had a significant impact both in the quantum of revenue and predictability of revenue. Where credit is due and thanks to President Trump, we now can expect stability to return to the region which will also greatly support stability in our business given the importance of Israel as a market to us. So, we are pleased on what is happening in Israel and with some of the stability that is returning in the region. Our US operations, led by Altek, remains a strategic advantage providing clients with reassurance and ensuring continuity in delivery even in the worst case being close to our customers.

This quarter, our revenue mix is significantly stronger supported by a substantial backlog of high margin orders which enhances our confidence in sustaining and growing beyond double-digit margins. I am pleased and you will see in the financials that we have reported double-digit EBITDA margins and we continue to see significant traction in those margins. With solid order intake and clear margin visibility, we are confident about maintaining this positive momentum going ahead.

In summary, we are excited about the opportunities on the horizon and are confident that the second half will further strengthen our momentum. We remain deeply dedicated to fostering sustainable growth, investing in innovation and delivering long-term value to all our stakeholders.

Thank you for the continued support and I will now invite Rajendra and Shrini to share detailed insights on our business and financial performance. Over to you, Rajendra.

Rajendra Velagapudi:

Thank you, Krishna. Good evening, ladies and gentlemen. So, it was a pleasure to welcome you all and kick off our Q2 Results with a business update.

As Krishna highlighted, Q2 has been an exciting quarter from both business and financial perspectives. We have made significant progress across emerging sectors, particularly in automotive and built-to-spec areas.

I am pleased to announce a new logo through a BTS order from a Japanese electric vertical take-off and landing urban air mobility company, focused on the future of mobility. So, this program is currently in the development phase and is expected to enter mass production in the coming year, reinforcing our global footprint. We also secured a strategic win from a key automotive client specializing in EV charging solutions. This India-based company, backed by a global giant, represents a high potential account with a short sales cycle. We are optimistic about this relationship evolving into a multi-million-dollar opportunity in the near future. In addition, we are in advanced discussions with several promising companies and we expect some of these to convert into key accounts over the next one or two quarters.



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As we also strengthened our portfolio of the BTS and we have made some investments in those areas and we have seen the order intake from two of the customers in BTS in this quarter. So, all these wins contributed to a robust order intake for the quarter. We reported order intake of nearly 500 crores with a book-to-bill ratio of 1.6. So, this exceeds the expectation we set in our last call of maintaining a B2B ratio of above 1 and is a testament to the consistency and effectiveness of our sales effort. For H1, our cumulative order intake crossed 1,000 crores, reflecting growth of 130% year-over-year. So, with a strong pipeline and continued traction in the Indian market, we expect this momentum to carry into H2, setting the stage for a strong FY27. So, while we are not providing a formal guidance for FY27, early indicators suggest that we are well on track to resume our growth trajectory.

And on the strategic updates, I think I just mentioned about earlier on the investments what we already made on to the B2S. And in terms of some of the inorganic, so I would like to just bring it out. Our M&A strategy is focused on enhancing client proximity, strengthening our capabilities and ascertaining entry into new industries such as rail and automotive. So, if you look at our strategy, what we just coined it as a set, which is strengthen, expand and transform. So, strengthen here, our focus is to win our existing customers and build the strategic client relationships and focus on the domestic market, which we have seen, where we are just in some of the opportunities where we already won an opportunity in the electric charging stations. And some of the orders are in the pipeline, which we are expecting in Q3. So, that's what our focus is continuing on the domestic market to grow.

And build-to-spec, I just already mentioned some of the things which we had and we will be strengthening build-to-spec going forward. And then the expand area, I think we are going to focus mainly on the non-A&D sector, continuing where what we are doing on the A&D, but at least on the expansion, the non-A&D is where we are more focused predominantly on industrial, medical and the automotive, in particular, the electric vehicle infrastructure. And in terms of organic, I just highlighted earlier. So, we are just looking at some of the acquisitions by the North America and Europe regions.

And on the transform side, I think on the product side, we have a focus internally, which we have identified the investments we are making it to have our own products into the IP led by us. And we continue working on those things and expand. So, that's what we are looking at to transform into IP product led organization.

To summarize, the order inflows are gaining consistent momentum. So, if you have seen a book to bill ratio of 1.6 in this quarter. And we also expect for the year, as of now, what we see is the book to bill ratio may go to 1.4 to 1.5 for the year. And pipeline strength based on the traction, what we are seeing it in India and B2B segments are really encouraging. H2 outlook is really promising, setting the stage for the growth to revive year-over-year growth story starting from



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Q4, FY26. And margin improvement is given by a favorable mix and scale, which will continue for the next few quarters.

Just in closing, as we look ahead, we are entering a phase where our capabilities, global reach and sectoral diversification will continue to unlock new growth vectors. With a resilient core and bold vision, we are confident in our ability to deliver sustainable value to our stakeholders and shape the next chapter of our journey with the purpose and momentum.

So, with that, I will now hand over to Shrini for the financial update. Thank you.

Shrinivas Kulkarni:

Thank you, Rajendra. Ladies and gentlemen, thank you for your interest in Cyient DLM and joining the call today. I will walk you through the financials for Q2 initially and then we will also look at the H1 as a summary.

We did a revenue of 310.6 crores, which signifies a degrowth of 20% year-on-year. Our order backlog, as Rajendra indicated, we had an order intake of close to 500 crores in Q2, which means we have added another 159.3 crores to the order book. So, further increasing the order book to 2,291 crores. EBITDA is 312 million or 31.2 crores. Despite the year-on-year degrowth in revenue, we have been able to keep the EBITDA almost flat, the reason being the expansion in margins. And so, it is more than 100 basis points increased sequentially and 192 basis points increased in margins year-on-year. Now, this margin growth is despite the loss of volume. So, that means even though we had under-absorption because of the volume loss, we have been able to get to a double-digit EBITDA margin because of the quality of revenue. And what I want to assure you here is the order backlog has a similar quality of revenue. So, that as we grow the business, we will see this further expanding.

We have reported a profit of 32.1 crores or Rs. 321 million. This is a 108% growth year-on-year. However, I want to call out an event which is not normal. And therefore, we are reporting the normalized fact as well here. As you all remember, we had made an acquisition about a year ago and there were certain performance conditions to which the earnouts were tied. And those performance conditions have not been met. Therefore, the earnout is reversed in the books which comes in as other income, giving you an extraordinary gain this time. I want to assure you that the acquisition is intact, the company is doing well. It is just that the performance condition is not met. So, we are looking at Altek as a very key acquisition and a milestone for the company and it does position us very well for growth in the US markets. With that, the normalized PAT margin was 4%, which is an 8% increase. But the reported profit margin was quite high because of the one-time item at 10.3%.

Looking at the revenue trend, I think as you can see the growth trajectory is back in Q2 compared to the last quarter. We also have EBITDA growing in Q2 compared to Q1 and the EBITDA percentage is reaching a double-digit number. The PAT has broken into two parts there, which includes the normal PAT as well as the reported PAT. And that's what you see in terms of trend.



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And looking at other metrics which are critical for our business, our order-backed book is now showing a continuous—this is the third quarter where you are seeing a continuous—increase in the order book. As Rajendra highlighted, we have had more than Rs. 1,000 crores worth of order intake in the first half of the year. And taking into account the revenue that is reported, the net increase in order book is significantly positive.

We have also made some improvements in the DIO in the 2nd Quarter. And you will see the seasonality, the Q1 numbers are usually low and therefore all the metrics around the net working capital show an elevated number. But we see improvement as we go through the year. So, we see that the net working capital has actually dropped to 139 days from 165 days. This also means that we have generated positive cash. This is the fourth quarter in a row where we have had positive FCFs. Now the reported FCF is Rs. 27 crores. But that's also because there is a land acquisition in Mysore for building our own factory, which has resulted in that reported number being a little lower than what the operational free cash flow is, which is Rs. 46 crores. We see improvements in DSO. We see improvements in the customer advances as well. And all this has contributed to the net working capital for the current quarter.

Some of the mix that we have been seeing in the past, we see the industry mix on the left side where Aerospace is about 37%, Defence is 8%, Industrial is 30% and Medical is 15%. If you remember this from a year ago, this was very different. We were very heavy on Aerospace and Defence. It was close to 70% of our business. But with the acquisition of Altek and the growth we are seeing in the industrial and tech segments in the rest of the business, this is a much healthier portfolio and a mix that we are comfortable with as we go along. We are also focused on expanding this industry mix into other areas without compromising the characteristics of a low volume, high mix. From a product category standpoint, we see a higher mix of box builds coming into our business. And the box build year-on-year growth standard is around 34%. And because of that, the PCBA mix has declined. This also augers well for the business because box build tends to be more sticky in nature. It's also a slightly higher margin than the traditional PCBA mix.

And the geography is still there. I think India continues to grow for us with the large order coming down. I think we had a significant India business ramp down. But as we grow the rest of the India business, we will see a higher mix going forward. Currently, we are tracking to about 85% rest of the world and 14% in India. This is a slightly detailed view of the financials. I will not go through all the details here. The important thing here is from a reporting perspective, I also want to highlight the effective tax rate appears to be low because the other income that came because of those extraordinary gains are not in the nature of a normal profit. It's a capital gain and therefore excluded for the purpose of taxation. And if you remove that, then our ETR stands at 25.8%, which is in line with the earlier part. Other than that, I would only say the employee cost and other expenses have increase YOY due to the inclusion of US operations, which are



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generally the employee cost tends to be higher than the resources in India. But the net number to look at there is EBITDA, which is a double digit and a healthy growth of 192 basis points.

We also have provided a summary of H1 financials. This gives further color on how we are doing on a half yearly basis. As you all know, there is some seasonality in the business. Typically, our businesses tend to be between 40% to 45% in H1 and 55% to 60% in H2. We expect a similar trend in the current year and therefore it makes sense to measure first half of last year with the first half of the current year. When you look at that, I think even from that yardstick, the EBITDA margin has increased by a healthy 157 basis points. And even the normalized tax is lower because of the volume drop. We are recovering from that loss of business steadily and you can see the sequential growth coming into the business. And by the end of this year, we would have completely overcome from that loss of business resulting in a year-on-year growth.

Our last chart is on the IPO funds utilization. I think we are almost in the third anniversary after the IPO and have used up most of the funds that were raised. And then the only one that needs to be spent a little more is on the capital expenditure. We will keep updating you in the coming days on how that is getting played out. We are healthily placed at 93% utilization of the cash that was raised during that. We also have a healthy cash balance. Despite the IPO money getting exhausted, we are comfortably placed today to fund any growth that might come. So, with that, we will open the floor for Q&A.

Moderator: Thank you very much, sir. We will now begin with the question-and-answer session. The first question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian: Good evening, sir. Thank you so much for the opportunity. My first question, we have added a new logo in the EV space. Given the volatility in the EV market, which are the subsegments we are focusing on within EV, like charging infrastructure, powertrain, and I just want to understand what kind of margins we are getting in the EV space and how these orders are profitable? This is my first question.

Rajendra Velagapudi: Yes, this is Rajendra here. You said about Japanese customer eVTOL, that is electric vertical take-off and landing aircraft or you asked about automotive EV charging. Okay, but you said about eVTOL, that's right. Okay, so if you are asking about that automatic infrastructure EV charging, so there is basically an EV charging station. So, we are working out in terms of some of the assemblies, sub-assemblies, which goes into the electric charging stations, which are available today right now in the public area. So that's where we got an order from one of the customers in India.

Shrinivas Kulkarni: To further elaborate on that point, we are going to go into that part of the automotive sector, which is sort of on the infrastructure side of things, the margins are quite comparable with the rest of the business.



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Balasubramanian: Okay, sir. Regarding this Altek acquisition, I think it's been increased material cost, employee and other expenses significantly, which impacted our profitability. And when we can expect Altek operations will achieve profitability and what kind of synergies we can expect, maybe what kind of timeframe we can expect?

Rajendra Velagapudi: So right now, we have some of the opportunities going on with the Altek, with our unit there in US in Torrington. So, some of our existing customers, we have submitted some of the quotes, and they are in the positive direction. We will be expecting some of those orders will be coming in this quarter. And a similar thing, we are also seeing this synergy coming from their side to us, year two. So, where they are working with one of their customers, we are seeing some synergies here in year two. Okay, so that's where the synergies are happening from both the sides, and mainly from existing DLM India, we are seeing a lot of synergies happening into the Altek.

Balasubramanian: Okay, sir. So, on that, built-to-spec side, I think we are targeting 5% of revenue by this year. And I just want to understand what are the factors to scaling this business? I think it's a high margin business. So, what are the factors to scaling in this business? And when we can expect it's more than 15% kind of contributions, maybe next 2 to 3 years' timeframe? If you can share more clarity on this business.

Rajendra Velagapudi: I think the contribution going to the number what you said will take a lot of time. But what we have currently is the contribution, whatever the share of the business, so it will increase in FY27 based on what we have today, which I said, one of the ones we had mentioned about the eVTOL for a Japanese customer. I think last quarter, we just mentioned about one another US-based company where we had BTS activity. I think there are a few other things which are in the pipeline. And we definitely see that our BTS revenues will go up in FY27 compared to what we have currently in FY26.

Balasubramanian: Okay, sir. So, my last question on the Defence and Aerospace side, Defence has grown significantly, Aerospace has grown significantly while Defence has impacted because of the large one-order competitions. And I just want to understand, is there any broader delays in Defence procurement cycles? And what is your visibility on new Defence program awards?

Rajendra Velagapudi: So right now, I think we are still working out with the customer whom we worked with in the past. So still, they did not get their orders from the Indian MoD. So, we are just working with them. Once they have it, I think probably we will be getting those orders back.

Balasubramanian: Okay.

Moderator: Thank you. We will take the next question from the line of Praveen Sahay from PL Capital. Please go ahead.



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Rajeev Sahay: Thank you for the opportunity. My first question is related to the margin. On the sequential basis, there is improvement in the margin. While the contribution from the Aerospace or Med-tech, which I believe is a higher-margin business contribution has declined in QoQ. So, is that the industrial business which you are doing have a higher margin as compared to the other segments?

Rajendra Velagapudi: No, I think most of our businesses are quite homogeneous. I think the margin profiles across the industries that we have are quite comparable. So, it's the overall mix that has changed. In the order book that we have today, where up to last year, there was one large customer with a large order with low margins, and that has gone away. The mix of the businesses is favourable now in terms of the margins.

Rajeev Sahay: Okay. Second question is related to the standalone business, which is 40% down and that is only because of the one large defence order, or is there something else too also?

Rajendra Velagapudi: That's completely because of that one particular order only. There's no other event leading to that.

Shrinivas Kulkarni: The growth in the rest of the business has been 50% or so. It's been very significant, 15%.

Rajeev Sahay: Last question is related to the order book because last quarter you highlighted around 515 odd crores of order intake and out of that 50% was executable in the FY26. So, is that the part you started executing the last quarter Q1 order intake?

Rajendra Velagapudi: Yes, the Q1 order intake will be executed over this Q2, Q3, Q4. That's what we said around 50% of that order of the \$60 million will be executed between Q2 to Q4. Which is in the pipeline right now for our H2 revenues, whatever we have is based on some of the orders which we got in Q1 also.

Rajeev Sahay: Is there any part in this quarter?

Rajendra Velagapudi: Yes, whatever we got in Q2 order intake, in that one fourth of that will be happening in H2.

Rajeev Sahay: Thank you and all the best.

Moderator: Thank you. We will take the next question from the line of Sameet Sinha from Macquarie. Please go ahead.

Sameet Sinha: Thank you. First question as it relates to Altek, can you talk about Altek in the broader context of the geopolitical environment and you mentioned about Israel, but can you just talk about the new tariff situation and your exposure to that? And what's the underperformance at Altek? And if you can talk about the clients, the inbound increase that you are getting over there, then I have a follow-up question primarily related to B2S about what sort of investments are you trying to



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make here? And how do you see value proposition improving because of B2S and if you can talk about the higher margin versus the core business? Thank you.

Shrinivas Kulkarni: Okay, so on the tariffs, so what I think for some of our customers, we are also working out with them in terms of executing some of the work from Altek. Okay, so we are just working with them. So, where they are also interested to see that whether how effectively, I mean, basically since we are working on those products, so they feel that it is easy to transition from India to US to manufacture those products. So, we are working out to ensure that they won't be losing any of the gains here. So probably they will be seeing some momentum and some gain here by moving from India to US. So, we are working out for some of the things. Otherwise, for the rest of the customers, we have not seen any major impact in terms of the size.

And on your second question, which you asked about the B2S investment, the investments which you said we are making right now, the investments we are doing it for the last, I think the 4-5 years we are investing on this and we are seeing some of those things right now, which we are already manufacturing. The revenues are coming right now for us. So that's what we are seeing, those 5% of the revenues in this year. So, we will be seeing some of those things, the revenues going up. So, our investments will continue. I think we are also doing our own product-led IP. So there also we are putting the investment and we are developing the design and products on our own. So then going back to the customers and working with them to win some of the things. So, we have anchor customers available in those IP-led products for which we are working right now.

Sameet Sinha: Got it. Thank you.

Moderator: Thank you. The next question is from the line of Vipraw Srivastava from Philip Capital. Please go ahead.

Vipraw Srivastava: Thank you. So, the customer advances have gone up. Because of that, obviously the net working capital has improved. So last time it went up because of the particular kind of order we had from the Defence client. So, this time, any specific reason why it has gone up or is this the kind of order we should expect in coming quarters? So, any thoughts on that?

Shrinivas Kulkarni: No, I mean, we constantly look for opportunities to seek advances from our customers. It's not unique and specific to one Defence customer that we had. Even with our customers, wherever we expect a slightly longer sort of inventory blockage than what is within the threshold of our pricing, we don't go and seek that. So, we have been able to get some advances from other clients.

Vipraw Srivastava: Sure sir. In the coming quarters, what kind of fraction are you seeing there as the geopolitical situation in Europe helping you out? What kind of growth prospects are you seeing on the Aerospace side?



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Shrinivas Kulkarni: Not specific to the geopolitical situation. I think it has its own sort of way it plays out. But I would say we are seeing traction in our business overall, not just in North America, but also in Europe. We are on a growth trajectory and that will continue in Q3 and Q4. Nothing specific. In fact, some of the recent, last couple of days, what we have seen on the Gaza-Hamas situation, like Israel, I think that should help us further. While there are no major disruptions in the business, I believe some of the decision-making has slowed down. So that should come back into the forefront again. So, we will see positive changes.

Vipraw Srivastava: Last question from my end, this Japanese eVTOL customer, which we have landed, what kind of ramp-up do you expect from them and how many years you can expect them to start contributing to the P&L?

Rajendra Velagapudi: So, this is basically a BTS project. So initially, we are just working out right now doing the BTS design-wise. So, the actual project will happen only after 2.5 to 3 years, but it continues for 9 years period.

Vipraw Srivastava: Okay. Thank you.

Moderator: Thank you. We will take the next question from the line of Bhavik Mehta from JP Morgan. Please go ahead.

Bhavik Mehta: Hi, thank you. A couple of questions. Firstly, it's nice to see an order book improving quarters, but how should we think about the duration of this order book in terms of conversion to revenues? Are these more like 20 to 24 months order, which leads to faster conversion or these are like more longer duration order and the revenue conversion should be more gradual?

Rajendra Velagapudi: I think the some of the orders, most of the orders are 18 months to 24 months. And wherever we have the BTS orders, which we just said that, that is initially the design work. I think even that also will be only within the less than 2 years, whatever we have the order book right now.

Bhavik Mehta: Okay. Got it. The second question is, can you break out the order book in terms of the different verticals? Like which vertical is driving a lot more orders compared to others? Just a rough split of the order book as per your four verticals.

Shrinivas Kulkarni: I think it's quite similar to our current revenue mix. We don't see any significant shift in the composition of the order book compared to our current mix today. The only addition is the, about 20% of the orders are coming in from the built-in spec, which is very encouraging as far as we are concerned because we are pushing that business more and more. So, BTS tends to have a longer gestation cycle as Rajendra explained. There is a design element to it and therefore the sales cycle is a little longer, but then it tends to be secure and very long term in nature once the production starts, it's about 10%. The only other thing I will say in this quarter that's very encouraging for us is automotive. I think we had a very good order, significant order coming in



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from an automotive customer. This is a segment where we consciously put efforts to sort of expand our portfolio.

Bhavik Mehta: Okay. Got it. Thank you.

Moderator: Thank you. The next question is from the line of Param Vora from Trinetra Asset Managers. Please go ahead.

Param Vora: Hello. Thank you for giving me this opportunity. So, what I wanted to ask was, what is the company exactly doing to, you know, broaden the customer base and reduce dependency on top five clients? And are there any targets or timelines for this diversification?

Rajendra Velagapudi: As you've seen in terms of expanding the non-A&D sector, is where we are working out. And we also have the sales team, which is basically right now focusing on the new customers. So, we are seeing some of those things in the pipeline. So, there are a lot of the orders on the pipeline in terms of new customers, where we are driving, and also the focus on the Indian-based customers. Okay. So, we will be seeing those trends in the next Q3-Q4. So, majority of the things will be happening from the India-based and the new customers.

Param Vora: And another question is, like, there's a visible shift towards strengthening Indian operations. So, do you see India becoming main growth engine and will exports always dominate? Is there a scenario where India's share could exceed exports?

Rajendra Velagapudi: Will focus on India, but our exports will be the, I mean, probably if you look at the mix, exports will be the highest, then comes to the India. So, India market growth, we are seeing a good growth in India right now. So based on the opportunities, what we have in the pipeline. So, we will continue to focus on India. And at the same time, I think Aerospace and Defence is our core, where we will strengthen those things and focus on the non-A&D customers particularly in Industrial and Automotive segments.

Param Vora: Thank you.

Moderator: Thank you. The next question is from the line of Adhiraj Singh from Amicus Capital. Please go ahead.

Adhiraj Singh: Good evening, sir. A couple of questions. First on the order book. I just want to understand in the next six months, how much of the order book are we planning to execute?

Rajendra Velagapudi: From the Q2, whatever we got it, you said?

Adhiraj Singh: Yes, outstanding. So, 2,300 is what I see. So how much of this would be executed in the next two quarters, Q3-Q4?



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Rajendra Velagapudi: No, we will not be able to provide that specific number, because that would then amount to giving guidance on the revenue itself. So, what I will just say is that there's a healthy amount of that order that is executable for the quarter.

Adhiraj Singh: Okay. My second question is on the US business. So how much of the revenue do we get from the US market? And with this tariff coming in, you had mentioned that some of the customers, you are not having discussion, the business is going as usual. So, what is the reason for that? Are you the sole supplier or what would be the reason? And secondly, with the customers, you are having the conversation, they are looking to move the supply chain to the US itself or you are working out some other destination, like let's say going to Vietnam or something, if you can help me understand.

Shrinivas Kulkarni: Our US business is roughly, I think, for this year, we expect 40% of our business to come from the US. And look, I think there are many, many conversations going on with customers to see how we can offset the impact of the tariffs. There is no one solution. It works differently for different customers. Some customers want us to change the ship to location to where their customers are, so that the product is prepared there. Some others are just paying the tariff right now from their pocket. And they are waiting for some change to happen in the regulations. A few others are trying to see if we can route the products differently and through different geographies. So, there is no one solution. Frankly, it's a very customer specific and it depends on the usage of the part as well. So, we are open, we are discussing with all the customers. Obviously, we will not be able to pay the tariff ourselves, given the low margins in this business. It has to be a solution that we work out with the customers to support.

Adhiraj Singh: Sure, understood. Thank you.

Moderator: Thank you. The next question is from the line of Maitri Shah from Sapphire Capital. Please go ahead.

Maitri Shah: So, our share of build to spec orders, what is the percentage in the backlog currently?

Rajendra Velagapudi: What is the percentage of backlog? You are not very clear about the question.

Maitri Shah: It's the percentage of build to spec orders in our backlog.

Shrinivas Kulkarni: But we got the question, I will respond. I think your question is how much is build to spec in the overall order book that we currently have?

Maitri Shah: Correct. Yes.

Shrinivas Kulkarni: So, we do have more than 10% of the order book in build to spec in the current order.



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- Maitri Shah:** And how do we see it growing forward in the next six months for FY26?
- Shrinivas Kulkarni:** Absolutely, we see it growing heavily because we are focusing on build to spec as a focus area as far as they are concerned. I think that's how we differentiate ourselves compared to some of the competitors that are there in the space. Design capability is very unique to Cyient DLM. I don't think anybody can boast of having such a large design setup to service our clients. It's a large experience we have working with clients. They also trust us on giving designs to us. So, it's a focus area. We are growing, we are seeing a lot of traction. In fact, there's a very healthy sales pipeline that we are working on. And we expect build to spec business to grow quite healthily going forward.
- Maitri Shah:** Quantification by the end of FY26, do we see this in that order?
- Shrinivas Kulkarni:** It will be hard to quantify because I think it all depends on the win rate and the customer cycles, etc. What I can tell you is that it's on a growth trajectory and we will continue to see growth in that.
- Maitri Shah:** Okay. And so, the BTS orders going into mass production, do we have any idea of how many contracts do we see them going into mass production next year FY27?
- Shrinivas Kulkarni:** Almost all of them will go into mass production, but not in FY27. We have long design cycles. I think the first manufacturing order might be from FY28 onwards.
- Rajendra Velagapudi:** But some are already happening now, small things.
- Shrinivas Kulkarni:** Small ones are happening currently and they will continue in FY27 as well. But a lot of the bulk of the manufacturing orders will come in a little later.
- Maitri Shah:** And now that we are expecting a growth quarter-on-quarter happening in the revenues, do we see a Q4 YOY growth for this year or will that happen in the 1st Quarter of FY27?
- Shrinivas Kulkarni:** Yes, we are absolutely working towards that and we expect the growth coming in the fourth quarter of this year.
- Maitri Shah:** Fourth Quarter or 1st Quarter?
- Shrinivas Kulkarni:** Fourth quarter of the current financial year.
- Maitri Shah:** Okay, you do see a fourth. And this will be less from the Defence side and more from the Industrial side of the business. Is that correct?
- Rajendra Velagapudi:** Yes, that's correct.



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Maitri Shah: So, we do see the QOQ margin improvement as well happening?

Shrinivas Kulkarni: Yes.

Maitri Shah: Okay. Thank you so much.

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

Krishna Bodanapu: Thank you very much. And I just want to thank the leadership team and acknowledge what we have achieved this quarter. We have refreshed the BEL revenue, at least the order book is completely refreshed with a much better margin revenue, which gives us confidence that we will maintain the double-digit EBITDA margins at least or into the foreseeable future and really grow the double digits because this time we barely passed 10. But we strongly believe that that will grow. The team has made sure that the backlog is built in such a way that we will grow some very good business, both good margins, B2S business, but also what you heard about, which is the B2S business. Some of the contracts that we are talking about run into 20 years, which gives us the stability to then aggressively grow the rest of the business. So, B2S is important for multiple reasons, one of which is, of course, the control we have over the supply chain, the stability of the business, and the longevity of the business. And I can assure you that Q1, we have seen some good growth in Q2, and this growth will only accelerate to the rest of the year. So, I just think it's appropriate to pass on what the board said and compliment the management team on where we stand. But I want to assure you that a lot better times are coming and we are saying this based on our order book and where we see the business. So, thank you very much for your support and we will again speak next time after the results. Thank you.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of Cyient DLM Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.