Ref: CE/NSEBSE/10112026 November 10, 2026

To,

Listing Department, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	Department of Corporate Services – Listing, BSE Limited, P. J. Towers, Dalal Street, Mumbai – 400 001

Re: Scrip Symbol: CENTUM/ Scrip Code: 517544

Dear Sir/ Madam,

Sub: Transcript of the conference call with Analysts/Investors

In continuation to our letter dated 5th November 2026 and pursuant to Regulation 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Transcript of the conference call that was organized with the Analysts / Investors on Thursday, 5th November 2026 at 16:00 hours IST is enclosed.

Yours faithfully,

For **Centum Electronics Limited**

INDU H S
Digitally signed by INDU H S
Date: 2026.11.10 16:51:05 +05'30'

Indu H S
Company Secretary & Compliance Officer
Encl: as above

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"Centum Electronics Limited

Q2/H1-FY27 Earnings Conference Call"

November 05, 2026

MANAGEMENT: **MR. NIKHIL MALLAVARAPU – JOINT MANAGING DIRECTOR – CENTUM ELECTRONICS LIMITED**
MR. SUNDARARAJAN PARTHASARATHY – CHIEF FINANCIAL OFFICER – CENTUM ELECTRONICS LIMITED

MODERATOR: **MR. TANAY SHAH – DAM CAPITAL ADVISORS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Centum Electronics Second Quarter and First Half of Financial Year 2027 Earnings Conference Call hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand the conference over to Mr. Tanay Shah from DAM Capital Advisors Limited. Thank you, and over to you, sir.

Tanay Shah: Thank you, Vaishnavi. Good afternoon, everyone, and welcome to Centum Electronics Q2 and H1 FY27 Earnings Call. Today, we have the meeting being represented by Mr. Nikhil Mallavarapu, Joint Managing Director, and Mr. Sundararajan Parthasarathy, Chief Financial Officer.

At this time, I will hand over the call to Nikhil for his opening remarks, post which we will open up the floor for Q&A. Thank you, and over to you, sir.

Nikhil Mallavarapu: Thank you, Tanay, and good evening, everyone. Welcome to Centum Electronics Earnings Conference Call to discuss our performance for the second quarter and first half of FY27. Let me also extend a special thanks to our hosts at DAM Capital.

I will begin with an overview of the company's performance, followed by updates for our Build to Spec or BTS business and our Electronic Manufacturing Services or EMS business. Our CFO, Mr. Sundararajan Parthasarathy, will then take you through financial performance in greater detail.

Overall, the company delivered a strong performance during the quarter, supported by robust execution across both BTS and EMS. Q2 revenue increased by 52% year-on-year to INR312 crores. For the first half, revenue increased by 32% year-on-year to INR517 crores. Profitability also strengthened with quarterly EBITDA growing by 63% and PAT by 77% year-on-year.

Our order book stood at approximately INR2,000 crores as of September 2026, representing growth of about 38% year-on-year. This provides a strong visibility for future execution and reflects a continued customer confidence across defense, space, semiconductor equipment, transportation, industrial, and medical applications.

Let me first start by speaking about our BTS business. BTS delivered a strong quarter with revenue increasing by 84% year-on-year. For the first half, BTS revenue increased by 33% year-on-year, and this was supported by improved execution across key radar electronics and space programs.

The BTS order book increased by 47% year-on-year at the end of Q2 and stood at INR959 crores. Among the key wins, we secured a prestigious export order of approximately INR30 crores for the design, development, and supply of advanced electronic warfare subsystem.

The technology being developed leverages the latest technologies, creating a meaningful platform for follow-on opportunities. We also secured our second order for tactical air navigation systems, valued at approximately INR51 crores.

This follows the initial order of approximately INR30 crores and is an important validation of our strategy to increase the contribution of system-level programs. Other major wins during the quarter included satellite payload electronics.

Execution on our strategic programs also progressed well. We achieved important design milestones on our radar programs, which represent an important step forward in strengthening our indigenous design and engineering capabilities in advanced systems.

During the quarter, Centum's contribution to India's space program also received recognition following the successful GISAT-1A or EOS-05 mission. More than 200 Centum subsystems and modules were aboard the mission, reflecting our longstanding contribution to the country's space capabilities.

Overall, the strong order book, improved execution, specific systems wins, and healthy opportunity pipeline reinforce our confidence in the BTS growth outlook. Turning now to EMS, the business also delivered strong performance, growing 41% year-on-year and approximately 42% sequentially.

For the first half, revenue increased by 32% year-on-year. The EMS order book grew by 30% year-on-year, supported by healthy demand, improving delivery execution, and the ramp-up of new customer programs. In semiconductor equipment, we continue to see strong traction, with deliveries ramping up and demand increasing across both existing and new products.

This is a strong validation of our manufacturing quality, execution capability, and competitiveness against established global EMS companies in a technically demanding supply chain. We also secured three new marquee customer wins across defense, transportation, and industrial segments. These wins broaden our customer base and reduce dependence on any single end market.

A major focus for us in the next quarters is the prototyping qualification of these new product wins. Our teams are working with customers to complete the engineering validation, industrialization, qualification, and initial production builds. This will position us for the sustained growth over the coming years.

We continue to see attractive opportunities in the industrial, automotive, and medical, particularly as global customers pursue localization in India and diversify their supply chains. We are also advancing our design-led manufacturing strategy with some of our strategic customers.

Supply chain, however, remains the principal near-term bottleneck. Shortages in selected memories, controllers, MLCCs, and PCBs are extending lead times and increasing component prices, inventory requirements, and working capital. We are working closely with supply partners, component manufacturers, and customers to mitigate these impacts.

During the quarter, we also received the CII National Energy Management Award for 2026 for the second consecutive year. This also reinforces our commitment to our ESG and continuous improvement programs. To summarize, we delivered strong first-half performance with robust growth across BTS and EMS, a large order book, important systems and customer wins, and increasing deliveries across key programs.

As we move into the second half, our priorities are clear, is execute the existing order book, secure material availability, convert the opportunity pipeline, complete prototype and qualification milestones, and ramp new products into serial production.

The combination of a healthy order book, strong execution, expanding customer relationships, and multiple programs moving through development, qualification, and scale-up gives us confidence in Centum's medium and long-term growth prospects.

With that, 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 and first half in greater detail.

Sundararajan P.: Thank you, Mr. Nikhil, and good evening, everyone. Let me now take you through the financial highlights for the second quarter and first half of the financial year 2027. At a standalone level, our revenue from operations for the quarter stood at INR312 crores, registering a growth of approximately 52% year-on-year.

EBITDA for the quarter was at INR40 crores, reflecting a growth of 63% year-on-year, with an EBITDA margin of 12.69%, an improvement of 87 basis points over the corresponding quarter last year.

Profits before tax for the quarter stood at INR31 crores, registering a growth of 75% year-on-year, while profit after tax for the quarter stood at INR23 crores, reflecting a strong growth of approximately 77% year-on-year. The PAT margin for the quarter improved to 7.31% compared to 6.28% in the corresponding quarter last year.

For the first half, standalone revenue from operations stood at INR517 crores, registering a growth of 32% year-on-year. EBITDA increased by 25% to INR63 crores, with an EBITDA margin of 12.11%. Profits after tax increased by 28% to INR36 crores.

Moving to a balance sheet and working capital position, our net working capital improved by six days to 136 days, while the receivable days improved by nine days to 106 days.

This is driven by strong collection efforts during the month of September by both the divisions. Inventory, however, increased due to business growth and the supply chain constraints. However, customer prepayments provided cushion, covering approximately 50% of the net inventory as of September end.

On the debt front, borrowings increased by about INR11.5 crores to INR134 crores, primarily due to higher working capital requirements. This was largely offset by cash balances of about INR127 crores, which includes approximately INR49 crores of restricted cash.

Also, we have the balance in our QIP proceeds of about INR53 crores as of the end of September 2026. Overall, we have delivered strong revenue growth during the quarter and the first half of FY27 while maintaining the profitability. I have another point to cover as well.

As you would have observed, we took an enabling provision from the board of directors during the meeting held on 4th of November 2026, subject to the shareholders' approval, to increase the authorization levels of borrowings from INR500 crores to INR1,000 crores.

This is primarily to facilitate additional non-fund-based limits to support the order book growth that we anticipate in the BTS segments, as we have nearly utilized the existing sanctioned limits of about INR490 crores, including the fund-based limits.

To summarize, with an end-to-end ESDM solutions platform, a healthy order book, expanding customer engagements, and a strong opportunity pipeline across both our BTS and EMS businesses, we remain confident in the strength of our business fundamentals. Our focus remains on strengthening execution, improving operating performance, and positioning the company for sustainable long-term growth.

With that, we can now open the floor for the Q&A sessions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from Ankit Babel with Subhkam Ventures. Please go ahead.

Ankit Babel: Good evening, sir. A couple of questions. First is, sir, considering your first half revenue and the order book positioning, would you like to revise your full-year guidance in terms of growth?

Nikhil Mallavarapu: Thanks for the question, Ankit. As we mentioned, we do not want to give a very specific quarterly or yearly guidance. We have shared that our medium-term objective is to grow at a 25%-30% growth rate, and I think we feel quite confident in continuing to maintain that over a medium term. And of course, as I mentioned, with the first half that we have had and the demand that we are seeing, we have a good visibility and confidence to have a healthy growth rate.

Ankit Babel: Okay. Second was that the share of the growth in BTS was very healthy in this quarter, but in spite of that, we have not seen any meaningful improvement in margins. Any reason for the same? Because BTS usually has very high margins.

Sundararajan P.: Yes. Ankit, in BTS, as you know, the margin range is about 20%-22%. You will see some outliers, as we discussed in the last year's first quarter, of significantly higher margin in BTS. This is driven by the program mix only. As you know, it's not possible in our business to go quarter on quarter because of the mix, there'll be a steady BTS uptick there. But in the longer term, the margin would continue to be at around 20%-22%.

Nikhil Mallavarapu: Basically, it's the product mix that we had even in the BTS segment, where compared to the previous years, we had a slightly higher material cost in the programs that we delivered in the quarter than we did in the past year. So, there will be some fluctuation on a program-to-program basis.

Ankit Babel: Okay. So, within BTS also, you mean to say that there are some projects where the margins are lower, where the share of material is high, or in spite of that, you believe that this 20%-22% is the average margin range?

Sundararajan P.: That's correct. What you said is right.

Ankit Babel: Going forward in the coming quarters, can we see a margin uptick?

Sundararajan P.: We will maintain the same range, what we say, about 20%-22% from the BTS. At the company level, we will strive towards reaching and breaching the 13% mark at a combined level.

Ankit Babel: 13%?

Sundararajan P.: Yes, between 12.5% to 13%, correct.

Ankit Babel: Okay. Thank you, sir.

Sundararajan P.: You are welcome.

Moderator: Thank you for your question. Moving on to next, Tanay Shah with DAM Capital. Please go ahead.

Tanay Shah: Yes, sir. Thank you so much for the opportunity. I have a few questions. Maybe, you know, first, if with the BTS segment, right, why we have seen very strong growth this quarter. I just wanted to understand that has there been any sort of spillover from last quarter? Because obviously, the first quarter was a little muted for us. So, has there been any spillover impact into 2Q, or has it been just an increased offtake from customers, which should thereby help us see a much better H2 as well going forward in FY27?

Nikhil Mallavarapu: As you know, we have seen the order book increase quite significantly. So, this performance, I would say, is reflective of the increased activity and execution in the business. So, I would not read this as a one-off sort of spike in the revenue or a spillover from Q1, but a more reflection of the higher level of execution and activity in this business.

That being said, there is always some quarterly variation or significant quarterly variations in this business. So, that remains part of the nature of the business, but we feel the second half should continue to be very strong, and we expect to have a growth. Also in the second half compared to the first half.

Tanay Shah: Sure, sir. Despite such almost 33% growth in BTS for the first half, we had sort of stick to our 30% sort of guidance for BTS and consol revenues despite increasing traction only in the second half for BTS as a segment.

Nikhil Mallavarapu: Yes, like you said, Tanay, we don't want to share very specific annual guidance kind of numbers, but we have enough from a demand perspective.

Tanay Shah: Got that. Got that. Sir, the other question which I had is that we've spoken about a lot of key programs and we've won many orders as well over the last year in BTS, specifically for defense.

And space also sort of gaining traction. We spoke about SBS as well. So maybe if you can sort of give a brief update on each of these key programs which you're targeting over the next couple of years in terms of inflows, as to where we are right now standing versus the order inflow expected?

Nikhil Mallavarapu: Yes. We saw that the order book has increased in the first half of the year compared to where we started. As I mentioned during my opening remarks, some of the key wins were precisely some of those programs that I mentioned about. We had about INR51 crores of orders for the air navigation system, which was one that we have been speaking about.

This is with the GRSE, the customer GRSE here. That is one, and we continue to see a healthy pipeline of further orders that we feel we are quite well-positioned to win for this system or this category of systems, I would say, around navigation systems.

That is progressing quite well. The other one was also on the space side of things, where whether it is SBS or other programs, we have started to see the new orders coming in the first half.

We also have a fairly strong visibility that the second half should also be quite good in terms of order intake for SBS programs. Things are progressing quite well on the space and the defense side of the business. Also, on the defense, we have been delivering various different subsystem level orders also in radars and electronic warfare and so on.

Even in those domains, we are in final stages of hopefully closing a few of the, I would say, repeat contracts, for products that we have designed and coming as further production orders for those products. In general, I think things are moving as per plan, and we feel quite confident that even in the second half of the year, order book should be good in the BTS part.

Tanay Shah: Got that, sir. Got that. Sir, if we were just to come to EMS, right, I think we spoke about delivering almost around INR100 crores for the semicon applications last year. Obviously, in this first half, you have already seen almost INR85 crores to INR90 crores delivered in the first half itself.

What would our guidance be for this year, or let us say, even from a two to three year perspective, how do we see the semicon piece evolving, given that you also mentioned that you have won an incremental contract apart from the existing one?

Nikhil Mallavarapu: I think this is a segment that is clearly growing very aggressively. As I was mentioning, even for the existing products that we have already qualified for, we are seeing increases of demands happening almost on a quarterly basis. In addition to that, we have been adding new lines or new products for this segment.

If you rewind back to when we started this discussion, we had estimated this to be somewhere between a $25 million to $30 million annual run rate kind of opportunity. I think we will definitely surpass that, and I think we have a visibility to get to about a $45 million-$50 million kind of range also in a relatively, in the next, I would say, two years or so.

It is growing very aggressively, so we will continue to look and monitor the segment as we progress. But things are surpassing what we had initially expected for this part of the business.

Tanay Shah: Got that, sir. One more question I had on the EMS piece or just on the whole from a new customer addition perspective. We spoke about two to three new customer adds across industries. Could you just possibly help us with what sort of applications these customers are which we've added and the opportunity size which these can sort of get to over a period of two to three years?

Nikhil Mallavarapu: Sure. We talked about new customer adds in defense, in industrial, and in transportation. On the transportation side, this is a large tier 1 customer that basically delivers the equipment going into applications like braking systems and controllers for platform doors and things like that.

It's a global OEM and probably the first or second-largest OEMs at the tier 1 level. They already have facilities in India and are well-entrenched in various critical programs for both metro and mainline kind of programs.

But their electronics was largely imported and integrated into the system, and they have taken the decision to localize. Basically, we have been qualified or selected as their, I would say, first EMS partner in India. We will be ramping up a few different products with them. So that's the first one on the transport side.

Second is another large German OEM in industrial machinery. This is also a capital equipment kind of application, where they are a leading company in various types of metrology kind of applications and measurement tools and so on. They are also establishing a large plant in India and are looking to localize their supply chain.

For them also, we have been selected as the EMS supplier for this application. We are again the first EMS supplier in India that they have engaged. It's a large global OEM, so their coverage goes across different applications. It goes beyond industrial. They also do things in medical and other applications. So we've started with one part, and we'll be looking to expand our engagement to other areas also.

Finally, the third one is on the defense side. This is a Middle East customer that we have been working with. It is partially a design-led kind of opportunity. We have been engaged with them from the design stage of this. Now we have started to receive the orders for serial production. This is an application for drones. We expect basically each of these to be at least a $10 million per year kind of engagement once it gets ramped up in the next two to three years.

Tanay Shah: Perfect. Thank you so much for answering my questions in detail. I will just fall back in the queue. Thank you so much.

Moderator: The next question comes from Vayun Jain with Bajaj Alternative Investment. Please go ahead.

Vayun Jain: Yes. Thank you so much for taking my questions, and congratulations on a strong quarter. My first question is regarding our order book execution. This quarter, we have recorded INR1,950

crores of order book, and from the BTS segments, it is nearly half of it, like INR950 crores something.

Given that the BTS projects typically execute over a longer 25-30-month timeline, compared to nine to 12 months for EMS, how do we map out our revenue visibility over the next two fiscals? Do we see any capacity bottlenecks given the massive surge in the BTS order book?

Nikhil Mallavarapu: Yes. Thanks for the question. First, as we have mentioned, all of these orders have to basically be executed over, I would say, 2 to 2.5 year kind of timeframe. Accordingly, we will see the ramp-up of revenues happening. Again, we cannot give specific numbers for quarterly or annual numbers, but we have a strong visibility to have a growth rate for the EMS or for the BTS side of the business, which is of the 25%-30% kind of level that we have been targeting.

So, in the next couple of years, we do see, I would say, faster growth rate that we can achieve on the BTS side of the business. The question of capacity bottlenecks, currently, on the production side, we don't really have any capacity bottlenecks as such to execute some of this to execute these kinds of orders.

We are adding and we have added some specific engineering capability because that is one of the things that we really need to be able to execute the design aspect of a lot of these new systems and programs. So we have been adding our engineering bench strength in terms of with highly qualified and skilled engineers. That's one part of it.

But coming back to the production capacity, while we don't have a short-term constraint on production capacity, we are, however, embarking on a capex plan to establish a new facility more for the BTS business itself, and with the intent of establishing system-level capabilities. So, this will have some dedicated test infrastructure and so on, which currently we will need to rely on other third parties or go outside to be able to carry out.

Some of those things will be in-house, and we will also have a bigger space for larger systems and so on, which is what we are bidding on and applying for as part of our tenders and RFQs that are in the pipeline.

Vayun Jain: Okay. Got it, sir. Just for my understanding, a little repetitive, but my understanding that if we have an order book of INR1,000 crores and an execution period of two years, let's say, so is this revenue split equally between two years or some part of is realized earlier, like 60%, 70% is realized early and then 20%, 30% later? Just for understanding this business?

Nikhil Mallavarapu: It will not be equal. I mean, this is a ramp-up that is happening, so you will see certain part of it that happens this year, and we will be looking at some growth going into next year also.

Vayun Jain: Okay, sir. Got it. My second question is on the working capital and balance sheet. So, as we see, your inventory has increased to INR540 crores this half. Previously you mentioned this is driven by supply chain constraints and some softness by the customer key payments. Could you elaborate on what the supply chain bottlenecks are, and also what is the plan of utilizing that INR50 crores in QIP balance?

Nikhil Mallavarapu: First, let me take the point on supply chain.

Vayun Jain: Yes, please.

Nikhil Mallavarapu: So, yes. First on the supply chain point, I think it's largely driven by various macro trends that are happening. First of all, you're seeing a huge build-out happening in AI and data center infrastructure. A lot of companies are allocating their capacities towards products that are intended for those applications.

As a result, other applications have taken a backseat in terms of priority. You're starting to see an increase of lead times, increase of pricing, and so on happening as a result of that. On the second hand, some of these conflicts that have been happening in the Middle East and Europe and all of that have also resulted in some logistics delays and challenges and so on in terms of getting the appropriate raw material for production of some of these components.

So, that has been driving it, and you have certain specific components where the effect is seen at a much larger scale. Bare PCB is one of the examples where typically lead times would be anywhere from maybe eight to 12 weeks maximum, even probably shorter than that.

Today, because of the supply bottlenecks, these lead times have gone to anywhere from 40 to 50 weeks. That's where working closely with suppliers, getting priorities and all of that, something that we're working very aggressively to do. Even on other devices, specifically memory devices, that's been an area of critical shortages, where those are in heavy demand on data centers and so on. For some of the other applications, it's been a challenge to secure.

This is where we go and look at wherever we're able to find it in the market and stock those devices to suffice whatever demand we will need for the next 12 months, for example, these are some of the examples of what's happening from a supply chain perspective. The second question on QIP proceeds, I'll ask Sundar to cover.

Sundararajan P.: Yes. Also on the inventory, just want to highlight that whenever we have such constraints and we build the inventory, we have to secure inventory in advance. We do work with the customers and get adequate payment coverage. As I mentioned earlier about 50% of our net inventory on hand at company level is covered by customer prepayments and so on.

Now, on the QIP balance of around about INR50 crores - on the capex side, INR35 crores we've almost utilized in full, and that remaining amount also will get utilized this quarter. So the INR50 crores, INR50.7 crores, which is for general corporate purpose, is reserve cash that we have earmarked and kept. We don't have any specific usage identified for the near future. We will continue to hold it as such.

Nikhil Mallavarapu: Yes, just to reiterate what Sundar said, I think first of all, on the working capital inventory, it is very important that our inventory is viewed along with the customer advances or the customer prepayments that we receive, because it is quite significant. Like Sundar was saying, pretty much 50% of the inventory that we are carrying is paid for by customer advance. So that is important point to highlight.

And on the QIP proceeds, we have various different strategic plans that we are working on, and as and when those fructify, we will be utilizing this for that.

Vayun Jain: Perfect. Perfect, sir. Got it. Last question, if the moderator allows, on the margins. So, now that the drag for these discontinued overseas operations is behind us, how do we see the EBITDA margin evolving? Can we expect them to structurally align with the standalone performance of 13% quarter?

Sundararajan P.: That is right. So, as you know, the subsidiaries have been deconsolidated with effect from last quarter itself, Q1 of this current financial year. So, in effect, our consolidated financial statements will reflect the standalone only, because what we have as stepped down is only the U.K. entity, which is just a SPV. There could be some bank charges or minor expense, that is all. So, for all practical purpose, to understand, analyze our P&L and balance sheet, you can consider standalone only.

Vayu Jain: Okay, sir. Any guidance on the two-year outlook or one-year outlook?

Sundararajan P.: As Nikhil mentioned, we don't give specific short-term outlook, but we are pretty much on track to grow the revenue at a compounded annual growth rate of about 30%, 25%-30%, but it could be closer to 30%. On the margin side, the range of 12.5%-13%, which is what we maintain. Of course, next year it should be, our aim is to reach the 13% mark and move upwards, and ultimately reach about 14%-15% in the next three, four years.

Vayun Jain: Thank you so much, sir. I'll get back in the Q&A for any more questions. Thank you so much.

Sundararajan P.: Thank you so much.

Moderator: The next question comes from Nirali Gopani with Unique PMS. Please go ahead.

Nirali Gopani: Yes. Hi. Thanks for the opportunity, and congratulations on great set of result. Nikhil, since a couple of quarters, you have been talking about global BTS. Any light that you would like to throw that, like, is any of it sitting in the order book? How sizable it can be, say, over the next two, three years? Which geography we plan to cater to?

Nikhil Mallavarapu: Got it. Yes, this is a strategic objective that we are looking at more closely. In the defense side of the business, first of all, it is not trivial to be able to get BTS orders from foreign customers at the subsystem level, because they typically want to have all the IP in country, right? We have been able to break through in a few of these areas, and one of them is what we just mentioned with a Middle Eastern customer.

We are also in some advanced level of discussions with another European customer also, to be able to follow a similar type of model. We are at, I would say, the early stage of this discussion, so I can't tell you a specific number in terms of how large we feel this can be.

We would like this to be a meaningful percentage of our overall BTS business as we scale up the revenues in the coming years. So, that's what we're doing first, at least at the subsystem level.

The second thing is, of course, once our system kind of programs are developed and complete, those also we will be looking to sell as a full product to end users.

Other countries, whether it is rather friendly countries, I would say. So that is still, I would say, two to three years away. But once we have completed some of these key programs, then we will start to sell them outside. The key is to first sell it in India before we can start selling abroad.

Nirali Gopani: Right. Perfect. That's great to know. Second, you mentioned on the semiconductor part for the EMS, where you see the opportunity size as quite bigger when you say $50 million. This is largely with this one existing customer that we have, or we are in discussions with other customers and you see something concrete happening on that side also?

Nikhil Mallavarapu: The major part of the momentum is with our anchor customer here. We are in some preliminary discussions with others, but it's nowhere near the traction or the momentum that we're seeing with our anchor customer here.

Nirali Gopani: Okay. That's it from my side. Thank you so much.

Nikhil Mallavarapu: Thank you.

Moderator: Your next question comes from Karan with Niveshaay. Please go ahead.

Karan: Thank you for the opportunity, and congratulations on a good set of numbers. I have a couple of questions, starting with, you mentioned that in the PPT that the demand is being driven by displacing the incumbent in the semiconductor segment. This competitor is in India or is it from a different geography?

Nikhil Mallavarapu: From a different geography. They are doing it in Southeast Asia and transferring business to us.

Karan: Okay, understood. Also, in the past maybe a month or so, there are concerns related to maybe AI data center and the recent midterm elections regarding the U.S. Would any of these macros, do you see affecting the semiconductor part of the business, considering that it is going to be a very good part of the overall revenue for Centum?

Nikhil Mallavarapu: Yes, so the AI data center piece is clearly the main driver of the demand in the semiconductor piece. That is one of the key reasons or drivers for the ramp-up that we're seeing there. In addition to that, there are also certain applications on the power side of it, industrials or energy grid products that we've won some important new programs in the last six months, which we are going through prototyping and qualification.

Those are used for different applications, but one of the key drivers of demand again for that is data centers. Again, so these clearly are key opportunities or drivers that we're already seeing in the form of these customers and products that we're making. Midterm elections, I don't know. That's, I would say, it's too early to have any sort of view on that.

Karan: Yes. So nothing negative from the customer per se in the last maybe one month, right?

Nikhil Mallavarapu: No.

Karan: Okay, understood. One last question. We are focusing on our BTS segment in the currently the domestic space and defense segment. We also won an order for the export piece, which you just explained. Are we also looking for BTS in maybe any other segment, or would it be limited to maybe defense and space currently?

Nikhil Mallavarapu: Yes. We're doing it differently in the other segments; this is where I briefly mentioned about the DLM or design-led manufacturing strategy as part of our EMS business, which is where we're going to some of our strategic customers that we're engaged with already on the EMS side and exploring some opportunities where we can also design a product and give it to them.

Because, with the same customers, there will be certain set of products that they have designed and they outsource in terms of contract manufacturing to us. There are also other products which they buy as turnkey products or from other third party.

We are exploring and we have, I think we mentioned this maybe last quarter, where we had won a key program again on the railway side of it, where we will build the product or process of designing a product that will then go into production. We are looking at it as a strategy, and similarly, we are doing this also with some of the other customers in other segments, whether it's defense, aerospace, or on semiconductor also.

But yes, it is more a part of the EMS business and an opportunity for us to look at how to expand margins of our EMS business. Whereas what we call as BTS today is really a product business that is intended for the domestic defense, or not only domestic, but defense and space customers.

Karan: Right. And for the semiconductor piece that which we are supplying to the customer, do we have any competitors in India or is it just the Southeast Asian, which you just highlighted? Any company which is doing a similar work in India?

Nikhil Mallavarapu: No, not exactly what we do. Obviously, the customers are selecting various companies doing various parts of their supply chain. We are not the only company that is engaged. But for what we are doing, we are the only one.

Karan: Understood. Great. Thank you so much and all the very best.

Moderator: Our next question comes from Pranav Bastawala. He is a Private Investor. Please go ahead.

Pranav Bastawala: Yes. Good evening, Nikhil. Good evening, Sundararajan. Looked at the numbers. One of the things what I was reading in recently, the Garden Reach Shipbuilders, where we have tied up recently, and they have received some very large orders, and it was around the space of amounting to INR32,000 crores. What kind of opportunity are we looking at? What kind of orders can we, and what kind of opportunity can this become? That was my first question.

Nikhil Mallavarapu: Yes, got it. Thanks for the question, Pranav. We are still in the process of really dealing down specifically that. But we have these tactical air navigation systems that we are supplying. Those will be part of these orders, which we will also have to deliver to them. Apart from that, there are also, we are looking at or understanding whether these ships also have radars on board them.

If we are delivering certain subsystems and assemblies to them, and we are looking to understand if it is the same radars that will be fitted onto these ships also, which will again be a large opportunity. We are yet to quantify specifically how much it could mean for us, but we clearly have definitely some key products that will go into this program.

Pranav Bastawala: Okay. One more question was basically, last time what I was hearing was that we are actually, we are one of the leading companies, or maybe we have something like a company wherein we can assemble complete payload, if I am not mistaken. What kind of a business opportunity now are we looking at from this? Can we become a tier 1 supplier at some stage, India and internationally?

Nikhil Mallavarapu: Yes. We do believe that over time, the industry is moving in this direction where private companies will be integrating full satellites, right? Or definitely full payloads, but we're also saying full satellites. The size of business or opportunity goes into, I would say, thousands of crores.

The need in terms of satellites for just only for military applications, let alone the requirements for commercial applications and scientific applications and so on, are beyond that. That being said, the timelines of when this will happen and how the decisions will be made are not crystal clear. Having said that, we have taken a decision that we will be establishing assembly integration test facility for full satellites in this new plant that we are setting up.

That's a serious commitment from our part to be positioned from an infrastructure standpoint to be able to do this. In addition to that, we are also in discussions with the end users in certain cases to formulate some proposals for us to consider providing a turnkey solution also. There are early stages of discussions happening on that side, and these are obviously large opportunities, but timelines are still a bit hazy on this one.

Pranav Bastawala: Yes. If the moderator can give me a squeeze around one more question request. Basically, now the question is that space and defense, where you want to see that in next three to five years, we will be adding more? As I understand, Centum has done a lot of, has been working very closely with ISRO on space, but these kind of programs earlier were not happening.

What is the status of this kind of a program, and is it has picked up the pace? What you look at over the period of three to five years, we will be more into going for a space, or it will be more into defense electronics?

Nikhil Mallavarapu: We are seeing both to grow at a pretty healthy pace. The fact is that even what we do for space largely is intended for defense applications. While the broader picture of the strategy that we're following to be able to grow over a medium term is to go up the value chain to do systems. This is where we have a pretty good pipeline of opportunities coming from defense. Of course, defense is, I would say, a much broader and bigger opportunity.

We do have a lot more opportunities and pipelines on the defense side. If I have to say what we are looking to book in terms of orders for the next two to three years, I would say we have maybe a 60/40 type of split roughly between defense and space kind of view.

Pranav Bastawala: Thank you very much, Nikhil. Thank you very much.

Moderator: Your next question comes from Rutu Rawat, a Private Investor. Please go ahead.

Rutu Rawat: Hello, am I audible?

Sundararajan P.: Yes, please.

Rutu Rawat: Yes. I am sorry if this is being repeated, but I just wanted some granular idea on the BTS export order. Could you just throw some light on how is it progressing and just share more details regarding these? What is the industry it is serving? Which product are we supplying to? If we can get any repeat orders from the same client?

Nikhil Mallavarapu: What I can share is that this is for a global OEM, for an electronic warfare application. What we are delivering is a subsystem, a very critical or core subsystem of this overall electronic warfare ELINT application. The specific application here is for EW system for naval applications.

The core technology subsystem that we are providing is something that can be utilized across different applications and platform. It can be for a land application, it can be also for an airborne application, and so on. We do expect repeat orders from the customer itself for this particular subsystem in the time to come.

Beyond that, I think it also sets us up quite well in terms of even pursuing opportunities with other customers, leveraging this technology, because this is the most latest cutting-edge type of technology in the domain. It is a 30 crores order, but we do definitely see this as an opportunity for bigger engagements subsequently.

Rutu Rawat: Okay, got it. Just last question. What is the TAM for the BTS export, and how it can be amplified with a faster execution margin?

Nikhil Mallavarapu: I'm not sure I have a very clear answer for you on that, in terms of exports for BTS for us right now. Just to look at it, I think, at a national level or a country level, overall defense exports is targeted to hit around INR50,000 crores. I think currently we're somewhere around INR38,000 crores. That's a combination of both BTS and build-to-print or EMS.

Not only EMS, actually. It's overall build-to-print across different commodities. It can be electronics, it can be mechanicals, it can be various things. That's the broader pie. I think it has actually progressed quite well over the last 10 years. I think if you rewind back to 2015, 2016 kind of timeframe, this was as little as, I think, INR1,000 crores, INR1,500 crores or something like that. A lot of exports on the defense side have increased.

Now, we have seen this on our EMS side of the business, where defense exports is a sizable share of our overall EMS revenue. We have not done BTS exports in a big way so far. This is, I would say, that way, a landmark kind of program, because it puts us on the map to start doing this also.

Rutu Rawat: Okay. Thank you so much.

Moderator: Due to time constraints, we will have to conclude the Q&A session here. I now hand the conference over to the management for closing comments.

Nikhil Mallavarapu: Thank you all for participating in the earnings conference call today. I hope we were all able to answer your questions satisfactorily and at the same time offer insights into our business. If you have any further questions or would like to know more about the company, please do reach out to our investor relation managers at Valorem Advisors. Thank you again, and I wish you all a happy Diwali in advance.

Sundararajan P.: Happy Diwali to you all. Thank you, and thanks for listening.

Moderator: On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.