



Centum Electronics Limited
Q2 H1 FY26 Earnings Conference Call

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CORPORATE PARTICIPANTS:

Mr. Nikhil Mallavarapu

Joint Managing Director

Mr. Sundararajan Parthasarathy

Chief Financial Officer

Mr. Gulshan Singh

Sunidhi Securities

Moderator

Good evening, ladies and gentlemen. I'm Pelsia, moderator for the conference call. Welcome to Centum Electronics Limited Q2 FY26 Earnings Conference Call. As a reminder, all participants will be in 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 the operator by pressing * and then 0 on your touch-tone telephone. Please note this conference is recorded.

I would now like to hand over the floor to Mr. Gulshan Singh from Sunidhi Securities. Thank you, and over to you, sir.

Gulshan Singh

Yeah. Thank you, ma'am. Good afternoon and very warm welcome to everyone. On behalf of the Sunidhi Securities, I welcome you all to Centum Electronics Limited Q2 H1 FY26 Earnings Conference Call. Today, we have with us a management represented by Mr. Nikhil Mallavarapu, Joint Managing Director and Mr. Sundararajan Parthasarathy, Chief Financial Officer. We thank Centum Electronics for giving us the opportunity to host the call.

And we will now like to hand over the floor to the management for their opening remarks, post which we will open the floor for Q&A. Thanks and over to you, Nikhil sir.

Nikhil Mallavarapu

Thank you, Mr. Gulshan, and good evening, everyone. Welcome to our earnings conference call for the second quarter and the first half of the financial year 2026. Let me first thank our host of today's earnings call at Sunidhi Securities. Let me now take you through the operational performance of our company for the period under review, followed by which our CFO, Mr. Sundararajan Parthasarathy, will brief you on the financial performance for the period under review.

During the Q2 FY26, we recorded a robust standalone revenue growth of 18% YoY, supported by strong execution in our to Build-to-Spec business for domestic defence and space customers. Operational efficiency and improved revenue mix contributed to EBITDA margin expansion in the quarter as well. These gains were primarily driven by the high quality of our Build-to-Spec revenue mix. At the consolidated level, EBITDA margins were however impacted by the subsidiary losses.

Our international operations continue to face headwinds in the first half of 2026 with weak macroeconomic conditions and intense competition in the ER&D market in France. And this has led to subdued demand and pricing pressures. We are progressing on the planned divestment of our Canada operations and we are in the process of also evaluating the long-term strategic direction of our European business in alignment with our longer term value creation objectives.

On the balance sheet front, we continue to invest in CapEx and to enhance capacity to build inventory in preparation for the strong order execution expected in H2 of FY26. We continue to see strong order book momentum supported by healthy growth in the EMS business from new customers. And also on the domestic BTS order pipeline, we continue to see a healthy pipeline remains robust and is expected to be a key driver for sustained growth in the coming quarters.

Further, during the period, we strengthened our strategic partnerships. We've received notable recognitions. We signed MoUs with GRSE for collaboration on navigation systems for the Indian Navy and with BEL to advance indigenous defence electronics across electronic warfare, radar and military

communication systems. We also delivered nearly 400 critical modules for ISRO's recent CMS-3 GSAT-7R program, underscoring our execution capabilities in space programs.

Our BTS unit also received NABL accreditation, which is further enhancing our credibility in defence contracts. Additionally, the company was also recognized by CII as an energy efficient unit for excellence in energy management for 2025.

Now, I would request Mr. Sundararajan to give you more details on the financial performance.

Sundararajan Parthasarathy

Thank you, Mr. Nikhil, and good afternoon, everyone. Let me brief you on the financial highlights for the second quarter and first half of financial year ending 2026. At the standalone level for the quarter under review, our revenue from operations increased by around 18% YoY to INR 206 crores. EBITDA stood at approximately INR 25 crores, registering a 36% YoY growth with EBITDA margins improving by 154 basis points to 11.97%. PAT came in at about INR 13 crores, reflecting a strong 97% YoY increase.

For the first half of financial year 2026, revenue from operations grew by 24% YoY to INR 391 crores and EBITDA for the period was about INR 50 crores marking a 68% YoY rise and EBITDA margins also expanded by 338 basis points to 12.88%. PAT for the first half stood at INR 29 crores, delivering a robust 182% YoY growth.

Now coming to the consolidated financial performance for the quarter under review, our revenue from operations increased by about 12% YoY to INR 291 crores and EBITDA stood at approximately INR 18 crores which declined by 12% YoY with EBITDA margins also declining by a 165 basis points to 6.16%. Profit after tax was reported at INR 4 crores as against a loss of, INR 30 lakh for the same period last year.

For the first half of the financial year 2026, our consolidated revenue from operations grew by 12% YoY to INR 564 crores. EBITDA for the period was around INR 41 crores, marking a 14% YoY rise and EBITDA margins improved by 14 basis points to 7.22%. Consolidated profit after tax for the first half stood at about INR 9 crores as against a loss of INR 4 crores of fees in the corresponding period last year.

As of September 30, 2025, our borrowings stood at about INR 108 crore that was about 12% increase on a net basis after accounting for INR 16 crores of discounted letters of credit. We maintained healthy cash balances of INR 136 crores, which includes about INR 76 crores from the QIP proceeds. And we also reduced some subsidiary borrowings by INR 13 crores through waivers and cancellations during the quarter.

With this, I now open the floor for question-and-answer session. Thank you.

Moderator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. Ladies and gentlemen, if you have any question, please press * and 1 on your telephone keypad. We will wait for a moment while the question queue assembles. Ladies and gentlemen, if you have any question, please press * and 1 on your telephone keypad.

The first question comes from Nishita Shanklesha from Sapphire Capital. Please go ahead.

Nishita Shanklesha

Yes, hello. So, I just wanted to understand that on a consolidated level, our margins have dropped. So, when are we going to see our subsidiary become EBITDA positive?

Nikhil Mallavarapu

Yes. Thank you, Nishita. I think the point on the subsidiary is clearly a high priority topic we're all looking to address. I think as I mentioned during the earlier discussion, with regard to our Canada operations, we are quite confident that we will have a solution very shortly to be able to divest or close the business that we have there that's been a contributor for an important part of the losses that we have as part of the subsidiary. So that we feel in a fairly short duration in a few months or couple of months by the end of the quarter, we should have a clear decision on this.

With regard to our Europe operations as well, as I mentioned earlier, we are evaluating various options on this front. As I mentioned, the macro scenario today is not favourable to be able to have a good amount of growth, which is what is really needed to improve the margins. But we are taking various steps on that front, but also more strategic options are being evaluated. And at this stage, I'm not able to share more, but we expect that by the end of Q4, we should have direction on which we will be able to build.

Nishita Shanklesha

Okay. Understood. So, once we have more clarity on the Canada and the Europe operations, like, we'll be able to say more about when the subsidiary will be EBITDA positive. Right?

Nikhil Mallavarapu

Yes. The objective is that we clearly would like as much as possible to not have any losses from the subsidiary impacting our overall numbers in the next financial year. So, we are working on various different actions to be able to address this in the next couple of quarters.

Nishita Shanklesha

Okay. Understood. And if you would like to give any revenue guidance and margin guidance for FY26 and FY27, that would be great.

Nikhil Mallavarapu

Yeah. I think with regard to revenue, as you mentioned, the standalone numbers have been very strong in light of what I've just mentioned, I would focus my comments on the standalone numbers. So, the standalone numbers have been very strong. As we mentioned, we're close to 25% for the first half.

Also, as usual, our second half numbers typically are higher. And based on this, we are targeting 30% growth for the full financial year at the end of March. That's with regard to revenue growth on the standalone numbers. And with regard to EBITDA margin, again, with the higher sales that we are seeing in the second half, we expect by the end of the financial year on a full-year basis, we should be in our range of between 13% to 15% at a standalone basis for EBITDA.

Nishita Shanklesha

Understood. Thank you so much.

Moderator

Thank you. The next question comes from Nirmam Mehta from Unique PMS. Please go ahead.

Nirmam Mehta

Hi, Nikhil. So, on our BTS business, while we saw a good growth, our order book has gone down slightly from last year or so. Can you just give an outlook for this business over the next two, three years? What segments do you see the growth from? Where do you see the business?

Nikhil Mallavarapu

Yeah. I think we're very confident with regard to what we have in the pipeline. I think the second half of the year here as well, we expect to see a very strong order booking. And there are several different programs that are in advanced stages of decisions. So, we expect between Q3 and Q4 that the order book on the domestic BTS side will definitely increase and we should close at a very healthy pace by the end of this financial year.

And with regard to more longer, two-year to three-year kind of horizon, as we've mentioned in the past, based on our pipeline of opportunities and what is our share and so on, we expect that over a three-year period, including this year, we're targeting somewhere in the range of a little over INR 2,000 crores of order booking in this business. So again, as I mentioned, we've continued to be confident on certain things and we expect some of that to come in within second half of this year.

Nirmam Mehta

Okay. And similarly, can you also present an outlook for the EMS business? How do you see that over the next, say, two, three years?

Nikhil Mallavarapu

Yes. EMS also, we would be expecting this year to have a very strong growth again just as we've had in the past couple of years. As I mentioned, we have certain new customer additions that we had are now in production as of this quarter, which will help drive some of that growth.

And there continued to be several other opportunities that are significant, which are in the pipeline and we are in a good position to be able to win those. So with all of this, we are seeing a healthy pipeline on the EMS front also. You will have, obviously, from year to year or quarter to quarter, some ups and downs in one business or the other, but targeting a 30% growth rate in the overall standalone business.

Nirmam Mehta

Okay. And lastly, so you mentioned about the decision on the Canada business by end of the month. So, what are we trying there, transferring the business to the customer or what option are we deciding?

Nikhil Mallavarapu

Yeah. As I mentioned, there are a couple of options that remain open and I'm not able to disclose exactly what will happen until it's finally done. But the first option is to receive a discussion with a third party who's interested in this, and we are in fairly advanced stage of discussions with them.

But if that doesn't work through, then there is a backup solution also from the customer or we may also proceed with the court-assisted process for us to exit the business.

Nirmam Mehta

But you do expect a decision in the next one or two months?

Nikhil Mallavarapu

Yes. For sure.

Nirmam Mehta

Okay. Thank you. That's it from my side. All the best.

Sundararajan Parthasarathy

Thank you.

Moderator

Thank you. Ladies and gentlemen, if you have any question, please press * and 1 on your telephone keypad.

The next question comes from Sai Vijay from Capstocks Securities. Please go ahead.

Sai Vijay

Good evening all. Thank you for the opportunity, sir. My question is regarding the follow-up on the inventory that you mentioned on the opening remarks. So, the past six months, inventory levels have increased by around 40%, 45% rate. So, is this primarily due to execution of existing orders? Or can I be more optimistic and see it as a positive indication for expected order book growth?

Sundararajan Parthasarathy

Yes. These are primarily for the existing orders in both BTS and EMS divisions. There are different programs that we are working on, execution, and this also would support the statement that we made about, how the revenue is likely to ramp up in the second half of this year. And, this increase is kind of equally split also between the divisions, so you would see the liquidation coming in the next six months. And this also explains the payables that has also gone up, which will also get liquidated over time.

Nikhil Mallavarapu

Yeah. Just to clarify, all our inventory is bought against firm purchase orders or customer forecast given by the customers. So, we don't buy inventory in anticipation of something. It is really against firm purchase orders or customer forecast. So, just to reiterate what Mr. Sundar has just said, this is clearly in anticipation of the higher deliveries that we expect in the second half of this year.

Sai Vijay

Okay. Got it. Sir, I know you may not be able to give a lot of details, but at least if you can just broadly speak regarding the opportunity size for space-based surveillance program?

Nikhil Mallavarapu

Yeah. We are obviously tracking various different opportunities on that front. I think from our perspective, we have seen somewhere in the range of about INR 1,000 crores of opportunities that is addressable. Now, I'm not saying we'll be booking that entire INR 1,000 crores, but it is a significant program. And, you know, I'm sure that we will have orders that we will be booking even in the current financial year for this program.

Sai Vijay

Okay. Thank you, sir. Thank you so much and all the best to the team.

Nikhil Mallavarapu

Thank you.

Moderator

Thank you. Ladies and gentlemen, if you have any question, please press * and 1 on your telephone keypad.

The next question comes from Atul PanPatil from Sunidhi Securities. Please go ahead.

Atul PanPatil

Yes. Thank you for the opportunity. Sir, I would like to understand how is our order pipeline for the European business. We were anticipating some good orders from the European customers, and so I'd like to understand what's the status over there?

And we were also anticipating some margin improvements in the French subsidiary also. So, if you could throw some light over it, it would be really helpful.

Nikhil Mallavarapu

Sure. Yeah. So, as I was mentioning, unfortunately, the uptick in demand has not happened in the way that we expected it to with regard to our Europe subsidiary. Basically, there's two effects that we're seeing.

One is, as I mentioned, most sectors are down. There's no major investments happening in the automotive side or in some of the other sectors as well, which has caused an impact to lot of the players in the ER&D space.

The second thing is, of course, even from a defence standpoint, which is an area that we have a good position in, lot of the increased budgets and expenditure is happening in production contracts whereas lot of the new projects for design development have been delayed, which is really the area that we play in when we talk about engineering services, when it is the new project design and so on that we are in.

So, as a result of that, either programs that we were tracking have been delayed or pushed out. And on the other hand, due to general macro trend in other sectors, the intensity of competition, margin pressures have all also increased in the sectors that we are in.

So, this is the challenge. We are continuing to monitor that and taking certain actions from first on the cost side to continue to look at where opportunities we have. But as I mentioned earlier, we are taking a more holistic review of what strategically we can take action on with regard to the European subsidiary, considering especially the opportunity that we are seeing here in India. So, we're evaluating various options on that side.

Atul PanPatil

Right, sir. Yeah. That's it. So, the second question is on the guidance which you had provided for FY26 that we were anticipating somewhere in the range of 18%, the top line growth and 12% to 13% EBITDA margin.

But if we could see for H1 FY26, we were able to achieve, of course, due to the challenges in the European market and of course, that is the one factor. But the guidance which you had provided of around 18%, and we have achieved so far 11% to 12% top line growth. So, how do we see H2 FY26 will play out? And are we still maintaining this guidance for FY26?

Nikhil Mallavarapu

Yeah.

Sundararajan Parthasarathy

Yeah. So like we said, on the European side, of course, there is some softness. But on the domestic front, we definitely expect good uptick on revenue for both Q3 and Q4 numbers you've seen in line with the orders that we are likely to fulfil. So while, of course, it may not be as what you need that be stated as far as European business is concerned, if we execute the orders that we have that is quite strong pipeline that we have in both BTS and EMS in India, we are likely to not miss that guidance that we gave in the past. So, you will see some ramp up coming up.

Nikhil Mallavarapu

Yeah. Second thing like I said, in light of what I was just mentioning, I would like to focus the attention on the standalone business, which is really a good story. So there, we continue to maintain guidance, if not strengthen that to say that we should at the standalone level grow at 30% for the full year.

The view on the subsidiary is we will have some degrowth over there. But like I said, we're taking certain actions on that front to look at more long-term opportunities. So, the real focus for growth is on the standalone business. And on that front, we are quite confident we will hit the 30% number.

Atul PanPatil

Yes. That's helpful, sir. That's all from my side. Thank you. Thank you so much, sir.

Moderator

Thank you. Ladies and gentlemen, if you have any question, please press * and 1 on your telephone keypad.

The next question comes from SB Bhaiya, an individual investor. Please go ahead.

SB Bhaiya

Hello, sir. Right. I've got two questions, please. First is on the domestic front, right, to achieve a growth of 30% for the year, right, you have to achieve a growth of 36% in the second half. So, you are confident about that?

Nikhil Mallavarapu

Yes. I think, first of all, with regard to the Build-to-Spec business, this is not a surprise. I think it's not only for us, but for most players in the industry, a lot of billing happened in the fourth quarter. So, we expect similar things this year as well.

And even on the EMS side of the business, as I mentioned, some of the new customers that we've added are getting into production in this quarter. So, we feel quite confident that we should be able to accelerate revenues in the second half.

SB Bhaiya

Okay. That's great to hear. And the second question is, sir, right, we know your focus is to reduce the losses of your overseas subsidiaries, including Canada and European operations. But, unfortunately, what has happened in the first half is your losses or the overseas subsidiaries have rather increased though, what you have done the last year and what you've done this year, I think this year, the PAT loss is more this year than the last year's losses. So, how the scenario looks for the second half?

Sundararajan Parthasarathy

So, as far as subsidiaries, when you say it's both Canada and Europe. So in Canada, if we have to say, we have reduced the loss for the quarter by a bit in terms of comparing to Q1. Q1, we were about 0.6 we mentioned last time. So, we're less than that. And Europe is the one that is, in general, on the top line troubling us.

For the quarter, of course, it is also a must like a couple of write-backs of liabilities that I mentioned in our notes. So with the orders that have been booked in this quarter once the second half if we are able to deliver, then there is a possibility that in Europe, we will see a further reduction of losses. And with Canada operations, as you mentioned, anyways, on the way out.

But moreover, in Europe, what happens is in the first half, typically, there are a couple of months, May and August, where you have a lot of holidays or very, very reduced working days. So in general, H1 to H2 ratio will be about 45% to 55% or 46% to 54% that range normally. So, you would definitely see some improvement coming up in the second half from Europe in terms of bottom line.

SB Bhaiya

So, right, what has been done is done, actually. No problem with that. I would just like to take a guidance about, like, how the losses will look like in the second half this year, both actually European and Canadian operations taken together if you compare it with the first half?

Sundararajan Parthasarathy

Yeah. So, I'm not able to pinpoint and give a guidance in terms of what could be the precise number or range. But this much I can tell you that there will be improvement. There'll be an improvement based on the orders that we foresee and the pipeline that we have. If those things convert precisely and the cost-efficiency actions that we've been taking, it should help us.

Because what we've also done is in terms of the liquidity management and in line with the operation efficiency, we had worked with the banks and restructured some of the loans. So, that includes -- that kind of release the cash stress on the business, which means more liquidity to be able to generate more revenue and so on.

On top of it, like, mentioned, there are couple of items on the balance sheet, like borrowings in terms of bonds that are being discounted and closed. So that's 1 million off, and another loan also we kind of closed it because it's no longer payable with the bank. So, these actions also will help to manage the business well.

And moreover, they have been on their own for the first half without any additional infusion support and so on. That also is a telling story, and we are in the process of making better bottom line in the second half.

Nikhil Mallavarapu

Yeah. I mean, let me be clear about this. There will be a slightly lesser loss than we have had in the first half. We don't expect to have profits in the second half of the year. We will have, however, a moderate loss.

I think there are several factors that will impact finally what happens here. But right now, not giving a very specific number, but it will be less than the loss we have had in the first half.

SB Bhaiya

That's nice to hear, sir. It's such a nice business model and such a nice team. Actually, we expect that, right, company's investors also will be happy with whatever your performance, and we have got great hopes on it, sir. So I hope, right, it will do better, actually, what you have done in the first half. The second half will be much better than with 36% growth, which you are envisaging for a standalone year and lesser losses.

I hope these are really achieved. Thank you, sir.

Sundararajan Parthasarathy

Thank you very much.

Nikhil Mallavarapu

Thank you so much.

Sundararajan Parthasarathy

Thank you very much. Yeah.

Moderator

Thank you. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad.

We have a follow-up question from Nishita Shanklesha from Sapphire Capital. Please go ahead.

Nishita Shanklesha

Yes. Hello. So, I just wanted to clarify, you mentioned that you have a good order pipeline in the BTS business in domestic side. If you could please quantify the order book, like how much is the order booking that we're expecting in H2? What is order book size?

Nikhil Mallavarapu

Yeah. So, yeah, you may have seen that as of today, we are roughly around, I think, INR 665 or INR 670 crores of orders for the domestic Build-to-Spec business. INR 650 crores, sorry. And as I mentioned earlier, over a three-year period are looking to book another INR 2,000-odd crores in this business.

So, the visibility is good and this is the kind of booking that we are expecting in the overall business.

Nishita Shanklesha

Okay. Perfect. Thank you so much.

Nikhil Mallavarapu

And also to clarify that typically in Build-to-Spec business, order execution period is in the range of two to two and a half years. And so, that's an important input to understanding it. So, that is with regard to the Build-to-Spec business whereas on the EMS side of the business, the order book visit, the firm orders can be less than 12 months. In fact, maybe in the range of 10 months or so whereas we also have certain customer forecasts for a longer period, which we don't report as part of the order book itself.

Nishita Shanklesha

Okay. And like, do we have an order book for the EMS business also? If you can quantify that as well.

Nikhil Mallavarapu

Yeah. The order book for the EMS business is reported in our earnings presentation. It stands at INR 763 crores at the end of Q2.

Nishita Shanklesha

Okay. Understood. Thank you.

Moderator

Thank you. The next question comes from Pranav Bastawala, an individual investor. Please go ahead.

Pranav Bastawala

Yeah. Hello, Nikhil. Hello, Mr. Sundararajan.

Sundararajan Parthasarathy

Hello.

Pranav Bastawala

Sorry. I joined late, but just one of few questions. Just one noting I had made that in your subsidiaries, in last six months, you have incurred a loss of INR 21 crores, if I'm not mistaken.

Nikhil Mallavarapu

Sounds right. Yeah.

Pranav Bastawala

So, that is one worry that it was discussed that in the second half, something will emerge, and I'm sure that negotiations are on. And at least somewhere down the line in this year, somewhere we will either swap the leading part, I hope. Because definitely, it is impacting the consolidated results too much.

Now, my major question is that there are two questions. One is on space that what is happening because I see a lot of things are happening from Centum's side or from number of other companies like Bellatrix. They are doing lot of representations India, abroad on the space side, but I don't see government opening up and doing lot of work on the space, whereas this is a very big potential area. So, can you explain where we are? When you expect this thing to materialize?

And my second question is that when I look at the growth of the company, though, now we have a sizable order book and everything. When I look at the peers, there are number of other companies which are growing much faster. Even I was looking at an unlisted company recently and they are just manufacturing something like for Brahmos missile, some components.

Now, such kind of companies are growing by 50%, 60%, 70%, and they may report a number in next two years to seem similar to what numbers we are reporting in terms of revenue and much higher profitability. So, Centum being such a company in this space, do you think that we need to revisit our own plans and we look at our business model wherein we can move and scale up much higher than the industry? That's it. Thank you from my side.

Nikhil Mallavarapu

Thanks Pranav. Appreciate all the questions again. I think first point with regard to the subsidiary, you may have missed the initial opening remarks and some of the follow-up questions. But as I was mentioning, we are quite close to finalizing the divestment of the Canadian subsidiary. Things are on track to close that in the very short term.

We've also said that with regard to the European subsidiary as well, we are evaluating various strategic options to be considered to ensure that we don't continue or retain the status quo of the losses. And that as well, we should have a decision on this by Q4, right. So, I'm not able to divulge a lot more at this moment because we are actually evaluating various options.

Pranav Bastawala

No issue, sir. You can go ahead with the other questions. No issues.

Nikhil Mallavarapu

Yeah. So, then your second question was with regard to space. So space, yes, there's certainly a lot of discussions and activities that have been happening. With regard to Centum at least, our focus has been on applications that have largely been oriented towards military programs that has been our biggest driver of orders and revenues in the space side. And towards that, we talked about this a bit earlier.

We have a significant program in the form of SBS, space-based surveillance, where we anticipate a reasonably good pipeline of opportunities and an addressable market of close to INR 1,000 crores of the sum. So, we are taking various actions on that side to be able to address these opportunities as they come up. So that's one.

Then in addition to that, there are also certain other things we talked about earlier where we had won a significant order in the past year for electronic warfare based payloads. Those are in a reasonably advanced stage of design finalization and we expect that over the next few quarters, those will be delivered.

And we have also -- just to give you an idea that the constellation of three satellites for us was close to roughly INR 300-crore order. And we have certain indications from the customers that they would need more of such constellations. So, that's another opportunity for us.

And then there are also certain other areas within the space domain around situational awareness and all of that where we have also some active programs that we are pursuing and well positioned to capture those. So that's, I would say, the summary.

I would say, in terms of export opportunities, that is something that I would say still at nascent stage. But it is something that is evolving very rapidly and we continue to watch and see how we can leverage some of these opportunities for export also.

Pranav Bastawala

Okay.

Nikhil Mallavarapu

And then finally...

Pranav Bastawala

But can I, yeah, please go ahead.

Nikhil Mallavarapu

Yeah. Growth, I think, this is something that we are taking several actions as I said. Even in the current financial year, by the end, we expect to have reasonably good growth rate. And there are various things that we are also working on, which are substantial opportunities in the radar domain, in the electronic warfare domain and so on. There are clearly uncertainties in terms of the timelines and all of that and so on.

So, we have to be mindful of that. But, as I said, we see a very healthy opportunity pipeline, and we continue to focus on going that. So, it's on priority for us and we are very focused on pushing that.

Pranav Bastawala

Can I just ask one more question, if possible?

Nikhil Mallavarapu

Yes, please. Sure.

Pranav Bastawala

Yeah. Thank you. See, you have tied up with the Garden Shipbuilding, recently I came across and read that some MOU has been signed. I feel shipbuilding also a very big opportunity. Government wants to develop this shipbuilding business. At the same time, electronics plays a very important role. And definitely, this is going to be a very big opportunity.

Are you looking at tying up with some other shipbuilders also? And what kind of opportunity -- scale of opportunity you are seeing?

Nikhil Mallavarapu

Yes. To speak a little bit more about, first, the partnership with GRSE itself, this is a specific system that is required for navigation of aircrafts onto ships, basically. It's intended primarily for military applications. And typically, it's a system that currently is not installed on almost all of our ships. I think there's only one ship in fact that has this.

And it is becoming a requirement that all ships will need this type of system. So, it's a substantial opportunity to the tune of maybe around INR 500 crores, INR 600 crores over a period of five years perhaps. And this is where we are working towards, and we feel quite confident that we should be able to convert this and can start in, again, a fairly short duration.

Pranav Bastawala

Nikhil, just one question. Is it a yearly opportunity or a five-year horizon?

Nikhil Mallavarapu

Five years.

Pranav Bastawala

Okay.

Nikhil Mallavarapu

What I mentioned over five years, but the orders will come in smaller parts, year by year type of thing.

Pranav Bastawala

Okay. But it can be a bigger opportunity than this over a period of time.

Nikhil Mallavarapu

I mean, this is the first thing that we are working with GRSE on. And as things pan out, we will obviously look at expanding the scope to see what other products and systems we can bring to bear. You're very right that shipbuilding is clearly an area that is a priority and we have good capacity and so on established. So, it's a newer area for us, I would say, but it's also an area that we are exploring more and more as we go forward.

Pranav Bastawala

Yes. Thank you. Thank you from my side.

Moderator

Thank you. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. I repeat, ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad.

We have a follow-up question from SP Bhaiya, an individual investor. Please go ahead.

SP Bhaiya

Nikhil sir, just a small request. I understand you had organized a visit to your work that was only about the institutional investors. So, I feel that, right, individual investors should not be declined the opportunity of visiting your facilities if you are really organizing that. So, whenever you are doing that, I think please consider the participation of individual investors like us. And I think it is sizable investment and lot of potential also going forward.

So, just a small request that whenever you are organizing the visit to your work, please do not exclude the individual investors who are also potential and believe in you a lot.

Nikhil Mallavarapu

Certainly, sir. Thank you. And I appreciate, first of all, the confidence in the company. We will certainly take the feedback and ensure we have individual investors also in future business.

SP Bhaiya

So, we were in touch with Valorem actually, but somehow they said that it's not possible. So please, actually, you just pass on the instructions to them that those who are sincere investors and potential investors, they should not be totally excluded, please.

Nikhil Mallavarapu

Certainly. Yeah.

SP Bhaiya

Thank you, sir. Thank you.

Nikhil Mallavarapu

Thank you.

Moderator

Thank you. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. I repeat, ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. There are no further questions.

Now, I hand over the floor to Mr. Nikhil Mallavarapu, Joint Managing Director, for closing comments.

Nikhil Mallavarapu

Once again, thank you all for participating in the earnings conference call today. If you have any further questions or would like to know more about the company, please do reach out to our Investor Relations managers at Valorem Advisors. Thank you once again, and have a wonderful evening.

Moderator

Thank you, sir. Ladies and gentlemen, this concludes your conference call for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you, and have a good day.