

October 31, 2026

To,

National Stock Exchange of India Ltd.

Symbol: UNIMECH

BSE Limited

Scrip Code: 544322

Sub: Transcript of Earnings Conference call

Dear Sirs,

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Conference call conducted on October 28, 2026, at 11:00 A.M. (IST), post announcement of Financial Results for the quarter and half year ended September 30, 2026.

The transcript of the Earnings Conference call is also available on the Company's website at <https://www.unimechaerospace.com/earnings-call>.

Yours Faithfully,

For Unimech Aerospace and Manufacturing Limited

**RASHMI
GUPTA**
Rashmi Gupta

Digitally signed by
RASHMI GUPTA
Date: 2026.10.31
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Company Secretary & Compliance Officer

M. No: A25382

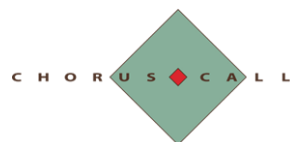
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“Unimech Aerospace and Manufacturing Limited
Q2 and H1 FY27 Earnings Conference Call”

October 28, 2026



MANAGEMENT: **MR. ANIL KUMAR PUTTAN – CHAIRMAN AND
MANAGING DIRECTOR – UNIMECH AEROSPACE AND
MANUFACTURING LIMITED**
**MR. RAMAKRISHNA KAMOJHALA – WHOLE-TIME
DIRECTOR AND CHIEF FINANCIAL OFFICER –
UNIMECH AEROSPACE AND MANUFACTURING
LIMITED**
**MR. RAJANIKANTH BALARAMAN – WHOLE-TIME
DIRECTOR – UNIMECH AEROSPACE AND
MANUFACTURING LIMITED**
**MR. MANI PUTTAN – WHOLE-TIME DIRECTOR –
UNIMECH AEROSPACE AND MANUFACTURING
LIMITED**
**MR. PREETHAM S. V. – WHOLE-TIME DIRECTOR –
UNIMECH AEROSPACE AND MANUFACTURING
LIMITED**
**MR. AAKASH JAISWAL – AGM, INVESTOR RELATIONS
– UNIMECH AEROSPACE AND MANUFACTURING
LIMITED**

MODERATOR: **MR. MANISH VALECHA – ANAND RATHI SHARES &
STOCK BROKERS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Unimech Aerospace and Manufacturing Limited Q2 and H1 FY27 Earnings Conference Call hosted by Anand Rathi Share and Stock Brokers Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict.

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 this conference call, please signal an operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded. And now, I hand the conference over to Mr. Manish Valecha from Anand Rathi Share and Stock Brokers Limited. Thank you and over to Mr. Valecha.

Manish Valecha: Thank you. Good morning, everyone. We welcome you all to the Q2 and H1 FY27 earnings call for Unimech Aerospace and Manufacturing Limited. From the management team today, we have with us Mr. Anil Kumar Puttan, Chairman and Managing Director, Mr. Ramakrishna Kamojhala, Whole-time Director and CFO, Mr. Rajanikanth Balaraman, Whole-time Director, Mr. Mani Puttan, Whole-time Director, Mr. Preetham SV, Whole-time Director, and Mr. Aakash Jaiswal, AGM Investor Relations. I would now like to hand over the call to Anil for his opening comments. Over to you, Anil.

Anil Kumar Puttan: Thank you, Manish. Good morning, everyone and warm welcome to Unimech Aerospace and Manufacturing Limited's Q2 and H1 FY27 earnings call. Thank you for joining us today. The second quarter has been an important period for us as we continue to build on the strong momentum witnessed at the start of the year and advance our overreaching strategy, which is transforming Unimech into an integrated multi-industry precision engineering platform.

As indicated during our previous call, Q2 has turned out to be a very strong quarter. In H1 FY 27, our revenues grew by 85% year-on-year to INR231 crore with significantly strong EBITDA margins at 38% for the period. Across our operations, execution remains robust, driven by steady order flow and sustained customer demand.

Concurrently, our strategic initiatives including the seamless integration of Hobel Bellows and ramp-up of our production components business are strengthening both our growth prospects and operational foundation. This strength is not only visible in our financial performance, but also in strengthening our order book and future revenue visibility.

While our foundational heritage in aerospace tooling has traditionally operated on short cycle purchase orders, we have deliberately evolved our business model to establish multi-year revenue predictability. By aggressively expanding our precision components and assemblies' business and locking in multi-year long-term supplier agreements with Tier 1s and global OEMs, we have fundamentally transformed our growth profile.

I am pleased to share that as of September 30th, our consolidated order book stands at INR855 crore representing an increase over of over 700% on a year-on-year basis, successfully building high-visibility multi-year compounding revenue streams. To further institutionalize this

momentum and scale these compounding opportunities across our expanding footprint, our long-term value creation strategy rests on three core pillars: strengthening our core tooling business, expanding into higher value recurring manufacturing opportunities across industries under our precision components business, investing proactively in capabilities and capacity to capture larger multi-year customer programs.

Let me briefly walk you through our progress across these three pillars.

Aerospace tooling

Aero tooling remains our anchor, backed by steady demand across our established engine and airframe programs. While traditional tooling operates on a short-term cycle purchase order, we are actively expanding into high-visibility contracts.

For instance, we are negotiating long-term supply agreements with existing customers for high-demand tools, such as engine stands. Converting such opportunities will allow us to layer predictable multi-year revenue streams on top of our agile, short-cycle PO-to-PO business.

Precision components and assemblies

Alongside tooling, precision components represent our strongest multi-year growth engine, expanding our addressable market across aerospace, defense, semiconductors, capital equipment, energy, and nuclear application. Our recent long-term agreements and program award wins with OEMs and Tier 1s and global aerospace majors reflect our successful entry into the complex aerostructures, engine components, and control systems.

In semiconductors, our two-year development efforts are bearing fruit, generating some revenue in H1 with step-up expected in H2. To demonstrate the sheer strength of our long-term revenue pipeline, as of H1 end, we have successfully qualified over 250 parts across our PCA component customer base with another 340 plus parts currently in the throughput pipeline. As these parts move from qualification into series production, they will provide compounding multi-year revenue visibility. In nuclear, our existing order book provides a strong foundation of revenue visibility. and we are actively preparing to build on upcoming opportunities.

Finally, our Middle East expansion through our joint venture with the Kanoo Group in Saudi Arabia marks our first international manufacturing footprint in the localized oil and gas market. Our initial equity investment of approximately USD4 billion deployed earlier this month fully capitalizes this phase, funding the infrastructure readiness required to capture regional localization demand.

Platform expansion and strategic investments

To capture growing demand tailwinds across aerospace, defense, semiconductor, and industrial sectors, we are proactively expanding our manufacturing capabilities. Establishing scale-ready capacity early is a critical strategic enabler, sending a clear signal to global OEMs that Unimech has the willingness, scale, and technical capability to support their multi-year growth requirements.

We are installing dedicated automated special process cells and assembly lines at our existing facility. Trial runs are taking place this month and next. Commissioning will be completed by December 26th, and Nadcap certification is targeted for March 27th. Beyond organic growth, our broader ecosystem is firing on all cylinders. Hobel Bellows integration is complete, driving organic growth while opening doors to newer industrial applications with newer customers for Hobel.

Propulsion capabilities

Our strategic alignment with Dheya Engineering continues to progress through major indigenous propulsion qualification and international customer milestones. Taken together, these initiatives diversify our revenue stream, eliminate customer concentration risk, deepen client retention, and establish Unimech as a preferred global supply chain partner.

We remain committed to disciplined execution, operational efficiency, and prudent capital allocation. I will now hand over the call to Rajni to provide a deeper update on our specific customer programs, operational milestones, and strategic execution across our business.

Rajanikanth Balaraman: Thank you, Anil. Good morning, everyone. Building on the strategic foundation Anil laid out, I am excited to share how our operational execution across every business is unlocking massive growth, securing premier global accounts and expanding our multi-year order visibility.

One, starting with our tooling business, our core aerospace tooling business continues to see robust steady demand across established platforms, crucially, leveraging this core capability to unlock transformative long-term global programs across industries beyond aerospace. We are in initial discussions with a Dutch-based semiconductor OEM for supplying tools for their established machine base. If this strategic account is successful, this can open doors to massive tooling opportunities beyond aerospace in the first phase and in the second phase, opportunity for manufacturing high-volume precision parts for the OEM.

Two, in precision components and assemblies' business, our overarching strategy is executing steadily, transitioning into recurring high-volume manufacturing while aggressively capturing a greater share of wallet with top-tier global aerospace majors.

Our marquee multi-year contract wins reflect this momentum. FACC, our USD7.5 million five-year long-term supply agreement for crucial aerostructure component is actively moving into initial execution. Happy to indicate with the progress in qualification and discussion, the contract tenure can potentially double from the current disclosed period. Similar will be the case with the contract value.

French Tier 1 manufacturer to aircraft majors. We secured a flagship program award valued at USD43 million approximately spread over 10 years with qualification activities rapidly moving forward. In Honeywell Aerospace, we locked in a 10-year long-term supply agreement extendable by an additional two years of the recurring supply of engine components and control systems.

This is a strong validity of our capabilities on winning such programs and agreements in shorter span and making our entry into high-precision flying parts. Across our precision aerospace customers, we are targeting the qualification of over 320 parts in full year FY27 alone. While these parts undergo first article inspection throughout this fiscal year, they represent a coiled spring setting up a massive compounding revenue ramp that will layer directly into FY28 and beyond as serial production scales.

In semiconductors, we see a possibility of exponential scale. Our dedicated 20-month investment in semiconductor domain is delivering exceptional commercial returns. Performance across our precision metal and plastic machine portfolios is accelerating rapidly. 60 FAIs have already been qualified. We are moving up the value chain by crewing our complex high-precision mechanical sub-assemblies as well in addition to our machining portfolio for our customers' core equipment.

Another 20 parts of components and assemblies are targeted by end of this calendar year. Discussions with another major global semiconductor OEM for precision components are also underway.

Three, special process automation and operational readiness. As Anil emphasized, investing ahead of the curve is our biggest strategic advantage. We are installing dedicated automated special process cells and assembly lines at our existing facility, expanding our in-house capabilities to include anodizing, electroless nickel plating, passivation, zinc and cadmium plating, heat treatment, surface finishing, and non-destructive testing.

This investment strengthens our end-to-end manufacturing ecosystem for aerospace and semiconductor OEMs, giving us complete control over quality, lead times, and process traceability while unlocking high-value program opportunities. We are proactively augmenting our overall shop floor capacity, cleanroom infrastructure, and machining capabilities ahead of demand. Demonstrating scale readiness early is precisely why premier OEMs are selecting Unimech for multi-year programs.

Number four, the integration of Hobel Bellows has exceeded our expectations. Demand from key customers is bullish for the coming years, driven by the strong demand of genset engines in data centre industry and they have already requested additional capacity, which we are absorbing using our available infrastructure.

For the new pipeline and cross-selling, advanced engagements with new clients are underway for turbine switchgear bellows as well as locomotive exhaust and engine bellows. Concurrently, our cross-selling strategy is active with Hobel's capabilities entering initial qualification stages across Unimech's existing customer base.

Global majors like Wabtec are actively exploring broader partnerships with Unimech Group beyond Bellows. AS9100 quality certification for the Vizag facility is underway with completion targeted by Feb '27 to unlock aerospace bellows opportunities. We are also evaluating the timing of new capex expansion as more customers are being onboarded, providing stronger visibility.

Number five, Middle East expansion via Saudi JV. Following our initial USD4 million equity investment, construction of our Saudi Arabia facility in partnership with Kanoo is progressing

on schedule. We are targeting commercial manufacturing readiness by March or April '27. While we continuously monitor regional dynamics, customer demand in the Middle East energy sector remains extraordinarily strong. Once local infrastructure is operational, we expect immediate production ramp-ups with complementary overflow demand being fulfilled directly by our Indian manufacturing base.

Number six, Dheya Engineering. Unimech holds an approximate 27% equity stake in Dheya Engineering Technologies alongside exclusive manufacturing rights for their indigenous micro gas turbine and propulsion platforms. The strategic value of this partnership was validated on 26 September when Avaana Capital invested in Dheya at an approximate INR200 crore valuation.

I would also like to share few operational updates on Dheya. Development of the 40 kg thrust engine has progressed to an advanced stage with serial production and manufacturing initiated in direct collaboration with Unimech. Dheya is developing a comprehensive portfolio of 20 kg, 40 kg, 50 kg, and 100 kg thrust engines, targeting availability of all four variants by March '27. ECU or electronic control unit development is progressing in parallel across all these variants.

Dheya is seeing encouraging interest both from domestic and global defense majors. Discussions are underway with global customers. Crucially, on the certification front, Dheya has achieved a historic milestone by becoming the first private company in India to receive a prototype certification pathway from CEMILAC. Having successfully cleared the preliminary design review, completing Phase 1, we target completing the critical design review before December '26, moving directly into full-scale engine testing to achieve final design approval certification by Feb '27.

As Dheya's exclusive manufacturing partner, Unimech stands uniquely positioned to participate in India's private sector indigenous engine manufacturing. Before I hand over to Ram, I want to leave our listeners with two compelling indicators that define our transformation into a high-visibility integrated manufacturing platform.

We expect to exceed 590 qualified parts by the end of the year by combining our established 250 plus qualified base with 340 plus parts currently in throughput. We will have more than 590 qualified parts across our customer ecosystem by close of FY27. This massive qualification footprint creates an unbeatable multi-year recurring revenue runway starting next year.

Our consolidated order book stands at a strong INR855 crore, up 715% Y-o-Y. This is anchored by a mix of firm POs and multi-year long-term supply agreements and award letters. This provides unprecedented top-line visibility and completely addresses historical concerns regarding short-cycle order dependency. Thank you. I will now hand over to Ram to take us through the financial numbers in detail.

Ramakrishna Kamojhala: Thank you, Rajni and good morning, everyone. Echoing to what Anil and Rajni mentioned, yes, we continue to see encouraging momentum across our businesses and our focus also remains on translating this demand into sustainable revenue growth while maintaining operational discipline.

With this note, now I will move on to the financial update and performance for Q2 and H1 FY27. Talking about revenue, revenue for the quarter stood at approximately INR123 crore representing 14% sequential growth and sharp 98% year-on-year growth. As indicated in our last earnings interaction, this is an outcome of strong demand and robust execution. We are confident and will continue to see stronger revenue performance in the forthcoming quarters also.

Happy to indicate for H1 level, our consolidated revenue reached INR231 crore, an 85% year-on-year growth. To put this performance into perspective, in just 6 months, we have achieved 96% of our entire full-year revenue for FY26, which is also a strong indication for the upcoming quarters.

From a business mix perspective, Aero Tooling contributes approximately 67% of total H1 revenue. The remaining 33% came from precision component assembly, PCA business. Within this, Hobel contributed 30% of total H1 consolidated revenue. It means excluding Hobel, the PCA momentum has just begun, and higher share of growth and revenue contribution is expected in coming quarters. Other income for the quarter and half year stood at approximately INR7 crore and INR14 crore respectively, maintaining a steady run rate.

Let's talk about margins and cost structure. Consolidated gross margin for H1 remained strong at 67% with Q2 gross margin at 69%, supported by high-value orders and favorable business mix. Subcontracting costs continued to remain at lower trend at 2% of our revenue. EBITDA margin for the quarter was robust at 40% with H1 margin at 38%, indicating strong business performance. This reflects operational excellence, a high-margin order mix, and strong operational leverage kicking in as our revenue base expands.

During H1, employee cost and operational expenses were contained at 15% and 14% respectively as a percentage of revenue with a total of 1,332 employees on board. We believe this is our sustainable margin range going forward for this year.

Talking about profitability and returns, profit after tax for Q2 stood at approximately INR32 crore, representing a PAT margin of 24%. This reflects 14% sequential growth over Q1 FY27 and a 103% year-on-year growth compared to Q2 FY26. Supported by this strong Q2 performance, our H1 FY27 PAT reached INR60 crore, marking a 71% year-on-year growth. Like our top-line performance, we have delivered nearly 94% of our full-year FY26 profit after tax within the first half of the fiscal year. On an annualized basis, both our ROCE and ROE for H1 stood at approximately 20% and 15% each.

Coming to working capital and capacity utilizations, working capital for the quarter stood at approximately 110 days, remaining well within our historical operating range. As we highlighted earlier, as our revenue mix shifts towards longer-cycle aerospace and nuclear programs, inventory and execution lead times will increase.

Accordingly, we expect working capital days to gradually move towards the 150 to 160-day range by end of FY27. Our manufacturing facilities are currently operating at approximately 65% utilization, which includes about 15% to 20% of our available capacity, which is dedicated to new production introduction, prove outs, and customer qualification order to secure future

production volumes. Given the strong volume of customer inquiries what we are receiving, we will be initiating capacity expansion to support demand if needed.

Let's talk about capital allocation and the proposed fundraise. Our capital allocation strategy remains focused on aligning capacity addition with clear customer demand while maintaining a disciplined balance sheet. To support our future expansion plan, we are evaluating options and expect to consider an equity fundraise in early calendar year 2027, subject to final requirements and market conditions. This will also help the company achieve a minimum public shareholding, MPS.

Now, I would like to talk about FY27 growth outlook. Overall, we remain confident in our growth outlook for FY27. Based on our current order book and delivery schedules, we expect H2 revenue to be higher than H1 with similar margins. This increase will be driven by higher deliveries to semiconductor capital goods OEM, execution of nuclear orders, and steady run rate performance across our other businesses.

Our core priority remains translating our expanding pipeline into profitable cash-generative growth while building the manufacturing scale needed for the future. Thank you. I will now hand over the call back to the operator for the question-and-answers session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Srinivasa Reddy from Yellow Investments. Please go ahead.

Srinivasa Reddy: Congratulations on the fantastic quarter, sir. You know, you have indicated a sharp step-up in semiconductor revenue in H2. Roughly, what share of revenue did semiconductor contribute in H1? What do you expect in H2? And where does the long-term agreement with the semiconductor equipment OEM stand?

Aakash Jaiswal: Sure, Mr. Srinivas. Good morning. Though we have started seeing some accretions happening from our semiconductor OEM in the revenue from PCA, but as we indicated on overall basis, PCA business contributed 33% of the revenues, of which primarily 3% has been coming from PCA as a mix. As on date, we will indicate semiconductor is small, but the step-up is expected in H2. We will be expecting to do better numbers.

We are also looking into getting into more qualifications, which will resultantly lead into a long-term supply agreement. That's a broader indication that we can give for now. But going forward, we are very optimistic about how the semiconductor demand will pan up. We are seeing good inquiry from the customers and with the healthy revenue pipeline or the healthy qualification pipeline we have in place, this will be a significant contributor to the business.

Srinivasa Reddy: Okay, sir. With the business now spanning into tooling, components, nuclear, semiconductors, and now Hobel and the Saudi joint venture, how are you strengthening the senior leadership team below the founders?

Management: If you saw, a lot of our employees had been in place since last year and if you see the expense ratio, you will see that there's not much change in the expense ratio. And we've been doing a

great job hiring senior leadership and in fact, even adding in newer incentive policies as well for the senior leadership, including car lease program, insurance and others.

Moderator: Thank you. Next question is from the line of Abhijeet Singh from Systematix Group. Please go ahead.

Abhijeet Singh: Out of the order book, INR589 crore pertains to LTA and award letters. What is that? And when does the execution of that part start? How to see the award letter as a part of it, actually? In terms of the visibility and from orders that you could receive out of that pocket?

Aakash Jaiswal: Sure, Abhijeet, so INR589 crore is a number that we indicate as a part of our long-term wins and if you see, we have also indicated who our marquee customers are under that. There are three entities. FACC is on the aerospace components that we have signed up an LTA. This is a 5-year contract and also opens up potential as the current discussions are ongoing so that it can double up.

This is roughly around USD7.5 million as on date. Secondly, there is one with Honeywell Aerospace, which we have very recently announced. This is towards the engine components and control systems. This is roughly a 10-year contract with a 12-year extendable. We have some exhibits that provide us confidence on what the order book will be and this is what's been summed up under the INR589 crore also.

The third and the larger piece is the French aerospace Tier 1. Now, this customer has provided the indication of 43 million. This is a 10-year visibility that has been indicated. Basis this, prove outs, qualifications will continue to happen, and we have a strong exhibit forecasted schedule that has been received from these customers till date, which gives us this INR589 crore visibility. It spans over a period of 5 years to 10 years.

Abhijeet Singh: Is it that you will have to, you know, kind of qualify your prototype first and then you might get an order of this quantum from these three customers? Is that the right understanding?

Aakash Jaiswal: It's not always the case, but qualification will be a continued process. Let's put down one example. In the semiconductors space that we have been actively working upon, we had as on date 60 qualified parts. That is moving into revenue production, so, this is what gives us confidence why PCA business is going to scale up. Similar is with the case of the other aerospace players. We have firm exhibits which are supported by POs, which will eventually form up revenues from the next year onwards.

Rajanikanth Balaraman: There is a need for qualification, following which there is a production. But looking at our operational capability, we are fairly confident that all of this will be qualified.

Abhijeet Singh: Understood, sir. Second question on semiconductor, what exactly are we doing in that business, particularly our capabilities, products? And as far as I understand, is it supplying to the semiconductor capital goods machines which are used to make semiconductors? Is that what we do?

- Rajanikanth Balaraman:** Abhijeet, correct. These are semiconductor equipment or what is called semiconductor capex and they use these equipment's to turn this wafer to chips. And what we do is the following. One, we do machining components, both metallic and plastic, which goes into this equipment. Two, we also do mechanical assemblies, which go into this equipment.
- Abhijeet Singh:** Okay. Is it fundamentally different from our aerospace PCA business?
- Rajanikanth Balaraman:** Not from a commodity lens and not from a fungibility lens. However, there are some nuances in terms of how the surface finish looks like and stuff, which is quite different between aerospace and semiconductor. But from a fungibility lens and from execution lens, it's very similar.
- Abhijeet Singh:** And the last question on the same business, semiconductor. How many customers do we have under our kitty as of now and what is the ramp-up looking like for the business in H2 and beyond?
- Rajanikanth Balaraman:** Semiconductor, we have one established customer, two in the pipeline. Aerospace, we have three established and few in the pipeline.
- Moderator:** Thank you. Next question is from the line of Ajinkya Jadhav from KRIIS PMS. Please go ahead.
- Ajinkya Jadhav:** Yes. Thanks for the opportunity. My question is regarding the Honeywell Aerospace deal. Can you elaborate on that deal in terms of what kind of components and structures are we talking about here, and like any capex you need to do since the scale will be quite positive and margins for the same?
- Rajanikanth Balaraman:** From an NDA perspective, we are not allowed to specifically talk about the specific components. But what I can tell you is that these are engine and control system components that go into the Honeywell engine.
- Ajinkya Jadhav:** Okay.
- Aakash Jaiswal:** And Ajinkya, just to talk about margins, so as an internal policy, what we will do is we will strictly report on a consolidated basis, not on a vertical or a customer basis. This helps us keep all our cost structures intact, also maintains the competitive positioning across the key business lines and customers.
- Ajinkya Jadhav:** Okay. But directionally, will the margins be equal to the tooling business or lesser than that?
- Aakash Jaiswal:** Yes, I should say you should look at the overall picture and not keep looking at individual product-related margins.
- Ajinkya Jadhav:** Okay. And in Honeywell, you said you can't mention the product, but is it related to actuator?
- Rajanikanth Balaraman:** It is not an actuator. These are components which go into the engine and APU and such.
- Ajinkya Jadhav:** Okay. And the third aerospace client that you mentioned, French one, can you elaborate on that as well?

Rajanikanth Balaraman: They are a door manufacturer, and we are doing components for the door.

Ajinkya Jadhav: Got it. Yes. Thank you.

Rajanikanth Balaraman: This is across Boeing, Airbus, Embraer platforms, which also means that basically, once we get qualified, we get approval from all these platforms and then there is a snowballing effect where we could potentially work with other Tier 1s in all these platforms and OEMs.

Moderator: Thank you. Next question is from the line of Garvit Goyal from Serene Alpha. Please go ahead.

Garvit Goyal: Good morning, sir and congrats for the good set of numbers. I have two questions. One is on the capacity side of it while you mentioned a lot about the areas and the capabilities that we are capable of right now.

Considering the kind of execution, we are witnessing from you in this financial year, what do you think, with the kind of capacity available right now, what kind of growth can we do in FY28? because even if I assume we will be at 70% blended level utilization by the end of FY27, don't you think we will be capacity constrained, specifically considering the kind of opportunities we have in front of us in FY28?

Aakash Jaiswal: Sure. Let me put a perspective on this. While we have capacity available, we look at approximately 2 times, 2.5 times asset turns of the available gross block that we have on date, and we still have some capacity. But as you rightly said, because of the growing demand, there will be a need for capacity.

What we have been doing is putting across vertical integration. As discussed about there's a special process cell that's what we have already put into effect. Trials are already underway and then we are looking towards commissioning that.

To capture the oil and gas demand, we are putting up a capex for the Saudi JV that we have. This will be roughly a INR200 crore, INR250 crore of outlay that we will be putting across. Correspondingly, the activity is similar under Hobel, the newly acquired entity. We are seeing strong traction from our customers. We are doing some machine-related capex to fulfill and support that demand.

And having said all this, we believe for the next 2 years or so we have sufficient capacity available to meet the aspirations and the indications provided by the customer. However, one under or the indicative thought I would like to also put across is while the customer demand still remains very strong across all these segments, internally we are contemplating what would be the right time to put out newer capacity for the business.

We see that there will be a strong opportunity over the 3, 4, and 5-year period going ahead and we might have to do early investment. We are internally assessing that, and we will come out and indicate to the street once the plans are formed up.

- Garvit Goyal:** What do you think will be the existing infra across the board? What will be the peak revenue we can achieve without doing any incremental capex? What will be that number, sir? Like, peak revenue that we can do with the existing infra?
- Aakash Jaiswal:** While we are not giving any forward-looking guidance's over the next 2-3 years.
- Garvit Goyal:** No. I'm not asking about the guidance. I'm just asking for the peak revenue. I'm not asking about the ramp-up.
- Aakash Jaiswal:** I was coming to that. While we are not giving any forward-looking guidance, we are working towards an aspiration of achieving INR1,000 crore revenue. This is a broader indication and if you see the capex number or the gross block number by end of this financial year will be roughly around INR500 crore with all our JV business also put in place.
- Garvit Goyal:** Okay. And you are saying it will be 2x asset turns, right?
- Aakash Jaiswal:** Yes.
- Garvit Goyal:** Understood. And sir, secondly, on the semiconductor value chain, you mentioned we are supplying some components that goes into the capital goods which is ultimately used for making the chips. How is the competitive landscape there, sir? Are there global players or there are few other Indian players as well? What kind of competition is there and how critical these products are in the terms of the end users?
- Rajanikanth Balaraman:** The supply chain is actually global in nature. There are some good Indian players as well. But what we see is that there is enough and more demand that is created. Competition is not a concern, scale is and we are basically building scale to address the customer's needs and ensuring that we are building capacity, and we continue to qualify more parts. We should look at collaborating and building a larger India ecosystem to address all this.
- And there's also as you see, from a market force perspective, there's more capacities that have been set up in India where there are multiple plants that are planned here in India where they are building semiconductors. We see this to be an upward tick, a ramp cycle for the semiconductor industry.
- Moderator:** Thank you very much. Next question is from the line of Sajal Kapoor from Antifragile Thinking. Please go ahead.
- Sajal Kapoor:** Yes. Thank you for taking my questions and congratulations on the continued scale-up team. Few questions. First is, roughly what share of new capacity is dedicated to a specific program, platform, or customer versus general-purpose fungible capability that can be redeployed across multiple customers and applications? Thank you.
- Rajanikanth Balaraman:** We do have some capacity dedicated for each customer, but typically all these machines are fungible across the system, so, I wouldn't say anything is general purpose because aerospace has its own nuances, semiconductor has its own nuances, defense has its own nuances, and, we have

basically dedicated machines based on that, but typically most of it is fungible across the block. We don't see it as this percentage or that percentage.

Sajal Kapoor:

Right. That's helpful. And second is, given the geopolitics and what's happening in Europe across manufacturing challenges and energy constraints, you name it, right? In that backdrop, my sense is, India is in a sweet spot, and we are near friend with lower cost, plus compliance is high and we have capacity and our appetite to invest in fresh growth capex is also much higher than the European players.

Given that background, in the past year, what opportunity did you deliberately turn down? because you may be getting opportunities left, right, and center, and of course, you cannot do everything. You have to decide what is not worth doing given our limited resources and talent pool. Thank you.

Rajanikanth Balaraman:

Mr. Sajal Kapoor, I think you did a fantastic pitch of what's happening in the ecosystem, and you seem to have a very good understanding of what's going on. I completely agree and resonate with what you said. In terms of what we turned down, there have been one or two that we have turned down where there's an ask that we basically prove out and then they will give the order for the larger serial production.

Some of them we said, unless you give us the overall order, we are happy to do the FAIs and then turn it into production, but we will not be a shop where we will just keep doing FAIs for you with no horizon for serial production. That has happened; however, you pointed out, there's just a lot of opportunities for companies like us to go in and build out a larger footprint.

Moderator:

Thank you very much. Next question is from the line of Ankur Gulati from Genuity Capital. Please go ahead.

Ankur Gulati:

One of the comments was that H1 margins will be maintained in H2. Should we work with the higher base going in FY28, FY29? That's point one.

Aakash Jaiswal:

Yes, Ankur. We are confident that the margins will sustain what we have delivered in the first half of this fiscal in the second half as well.

Ankur Gulati:

And so, for FY28 and FY29, should we also factor in the revised base?

Aakash Jaiswal:

I would say it would be a bit early to talk on that. We are looking at newer plans. Once those get crystallized, there might be some variations around it, but let's stick to one year at a time and then we will be able to indicate what the next year is looking like.

Ankur Gulati:

Perfect. Second, there was some mention of their design getting finalized or approved, and you mentioned that commercial production is sometime in FY28, if I got it right.

Rajanikanth Balaraman:

Ankur, sorry, I couldn't hear what you said?

Ankur Gulati:

There you said, the design has been approved, and commercial production of engines may start FY28 or maybe FY29, but does that set you up to go and, talk to other global OEMs as well, for smaller UAV engines?

Rajanikanth Balaraman: Sorry, again, you trailed off in the last part. What I heard is that we spoke about serial production '27-'28. Then after that, like, the question I did not understand.

Ankur Gulati: Once you have the protocols or prototypes approved, right, can you go and talk to other global OEMs to get orders for UAV engines, or that's not how it will work?

Rajanikanth Balaraman: I understood your question, Ankur. The talks have been ongoing for a while now, both domestically as well as globally, where we have been having conversations with multiple customers, and the customers have been using our engine to test out their platforms. I would say it's fairly in a good stage.

Ankur Gulati: And any revenue is at least FY28 or maybe FY29 to be on safer side?

Rajanikanth Balaraman: Yes, good question. At this point of time, it's mostly, testing out of the engine in the platform and stuff. The revenue would potentially follow this.

Ankur Gulati: Okay. Third, on nuclear, if you can give us more colours. There were some products which were already approved and you were working with some of the bidders. Any new product development on nuclear side? And second, any more clarity on when the nuclear orders may flow in?

Ramakrishna Kamojhala: Ankur, on nuclear side, in terms of the upcoming opportunity, yes, 4 new reactors that you might be aware of, is in the bidding stage where different bidders are participating. Tier 1 bidders are there. Yes, we are going to participate through them. And the opportunity could be, reasonably before this year end, but yes, we will wait for the transaction to complete.

And in terms of new product, as a process, again we will continue to invest our time and money and efforts on, prove-outs. As so far, I think approximately 13 to 15 different sub-assemblies and systems may be qualified. And we will invest efforts on, qualifying some more. Now this is ongoing process, and based on that, now we are now able to confidently participate in a higher chunk of bids.

Ankur Gulati: Okay. Third, sir, if you can give us more colours on Hobel synergies, cross-selling, how is that playing out?

Ramakrishna Kamojhala: Yes, so Hobel, in terms of the kind of capability, this acquisition itself was a capability-led acquisition where, we wanted metal moulding for our existing customers predominantly in aero, semicon, and nuclear side. And as part of that, now I think approximately 6 or 7 months of time has completed since the time when we acquired this entity.

And, during this time, we already kind of brought our existing customers like Honeywell, NPCL. Those customers visited and qualification process started while, some are in a very, advanced stage and some are in early stage. But yes, by cross-selling, when I mean our existing customer, we are showing capability.

Similarly, when we met those Hobel customers, they were also interested in Unimech's standalone capabilities, and they were now in discussion with us to utilize our capabilities and capacities. This is how I think cross-selling between these 2 entities is happening.

Ankur Gulati: We know Hobel numbers standalone approximately. Will it be possible for you to quantify what kind of revenue synergies can we see, or is that built in your INR1,000 crore top line guidance?

Ramakrishna Kamojhala: Yes, it is built in, the INR1,000 crore vision, approximately 20%, of the total vision, will be achieved from Hobel side.

Ankur Gulati: The fourth, the fundraise that you are planning to do, how much of this new product will you need, new capacities I mean, let's say new products, how much will you need? or can you guys continue from existing facilities?

Ramakrishna Kamojhala: Yes, good question. Now with regard to the INR1,000 crore vision, which we highlighted earlier also, for that the capacity expansion infrastructure investment is already completed, and mostly by this year, nothing would be left out.

Yes, in terms of INR1,000 crore vision, we do not need that kind of money. Our internal accruals are more than enough, but when it comes to these further fundraise, we are thinking towards, the larger expansions now, because after achieving INR1,000 crore, the capacity will be maximum utilized, and there won't be any further growth possibilities beyond that, so, capacity addition has to be created towards that. Now to create the capacity addition and to create infrastructure, machines arriving, or, prove-outs and customer onboarding, it takes, 18 to 24 months' time easily, so that is the reason, we have to invest much ahead of the requirement.

And second and most important thing is that, customers will not, appreciate or show interest on new RFQs unless you show the capacity, because the existing capacity is going to be utilized for the existing portfolio, the RFQs and the approvals. They are definitely keen on understanding, additional and newer capacity. The fundraising is going to be for that actually.

Rajanikanth Balaraman: And potentially for inorganic expansion as well.

Moderator: Thank you, Next question is from line of Purab Upadhyay from Probitry Advisors. Please go ahead.

Purab Upadhyay: Thank you for the opportunity. Firstly, of the 250 FSIs you have proved so far, how many part numbers are now in serial production? And what is the current quarterly revenue run rate from those serial PCA parts?

Aakash Jaiswal: Yes, Gaurav, so, as an indicative thing, of the entire 250 population, not everything will into serial production, but it's an indication of our validation that what we are proving. While this gets proved, it gives us a multi-year visibility. As on date, the population out of the 250 will be smaller but 60%-70% would be moving into serial production.

More likely you see a compounding effect having in the next year. This year will be a beginning, but next year would be a significant scale-up.

- Rajanikanth Balaraman:** The harvesting would happen next year. This is a qualification year.
- Purab Upadhyay:** Got it. And, secondly, so most civil aerospace parts already enter Europe duty-free, but in practice, where does the UK and the Europe FTA help you incrementally in terms of, European customers moving sourcing to India or something like that?
- Aakash Jaiswal:** Gaurav, I believe we will have to guide you towards this question to an offline mode. We will also have to consider doing more study around it.
- Rajanikanth Balaraman:** On the previous question, the customers generally take care of duties and such on most of what we ship out, so, these are all transparent. And then, I believe it's generally at a smaller percentage and not something to be concerned.
- Moderator:** Next follow-up question is from line of Garvit Goyal from Serene Alpha. Please go ahead.
- Garvit Goel:** Hi, thanks for the follow-up. Just wanted to understand only on the product mix change over the years and the kind of sustainable margins we are looking at, maybe, once we reach to our vision of INR1,000 crore. How should one think about that?
- Aakash Jaiswal:** Garvit, we would request you to repeat the question?
- Garvit Goel:** Yes. Sir I want to understand on the product mix change, specifically in the terms of the end application or the end sectors, once we reach INR1,000 crore mark. And secondly, how one should look at the sustainable EBITDA margins, once that scale is achieved?
- Ramakrishna Kamojhala:** Okay. So now considering the past, historical trend of our margins, now, if you notice, including this H1, the Q2. See, I think when it comes to H2, we are confident of maintaining the same margins because the mix when it comes to aero tooling and precision component, the aero tooling largely is dominating. While, when we achieve INR1,000 crore over the next couple of years next, the mix is going to change.
- Maybe, I mean, fair guess is around 50%-50% could be there. I mean, the precision component is generally, slightly lower margin than tooling, so, you would see some kind of compression, but I do not indicate, large compression in the margin.
- However, there is some kind of 1% or 2% of, margin compression you have to factor towards R&D. A lot of R&D activity is happening, probes happening, such cost being margin dependent also has to be considered. But, at this stage we do not see any indication of large change in the margin profile.
- Moderator:** Thank you, ladies and gentlemen. Due to time constraint, we will take that as our last question. I will now hand the conference over to the management for closing comments.
- Anil Kumar Puttan:** Thank you everyone for joining us today and for the thoughtful questions and continued interest in Unimech. As we discussed today, our business model is transitioning into higher visibility, recurring revenue platform with a strong INR855 crore order book, over 590 qualified parts coming online by year-end, and landmark customer partnerships across aerospace, semiconductors, and energy.

We remain fully committed to delivering disciplined high-margin growth. We appreciate your trust in our strategy and look forward to updating you again on the progress in the coming quarters. Thank you and have a great day ahead.

Moderator:

Thank you. On behalf of Anand Rathi Shares and Stockbrokers Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines. Thank you.

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