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In accordance with 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 July 25, 2025, at 11:00 AM (IST).

We request you to kindly take the above on record.

Thanking You,

For **Unimech Aerospace and Manufacturing Limited**

Ramakrishna Kamojhala
Whole Time Director & Chief Financial Officer

Encl: A/a





“Unimech Aerospace and Manufacturing Limited
Q1 FY '26 Earnings Conference Call”

July 25, 2025



MANAGEMENT: **MR. ANIL PUTTAN KUMAR – 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 PUTHAN – WHOLE-TIME DIRECTOR –
UNIMECH AEROSPACE AND MANUFACTURING
LIMITED**
**MR. PREETHAM HV – 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 the Unimech Aerospace and Manufacturing Limited. Q1 FY26 Earnings Conference Call hosted by Anand Rathi Share and Stock Brokers Limited. As a reminder, all participant lines 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 this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this call is being recorded.

With this, I now hand the conference over to Mr. Manish Valecha. Thank you and over to you, sir.

Manish Valecha:

Thank you. Good morning, ladies and gentlemen. Welcome you all to the 1Q FY26 Earnings Conference Call of Unimech Aerospace and Manufacturing Limited. From the management team here today, we have Mr. Anil Puttan Kumar, Chairman and Managing Director, Mr. Ramakrishna Kamojhala, the Whole-Time Director and CFO, Mr. Rajanikanth Balaraman, the Whole-Time Director, Mr. Mani Puthan, Whole-Time Director and Mr. Preetham HV, the Whole-Time Director. We also have Mr. Aakash Jaiswal, AGM Investor Relations.

I now hand over the call to Mr. Anil for his opening remarks, post which we will take the questions from the participants. Thank you and over to you, Mr. Anil.

Anil Puttan Kumar:

Thank you, Manish. Good morning and good day to everyone and welcome to Unimech Aerospace Q1 FY26 Earnings Call. We are pleased to report a strong start to the fiscal year despite a quarter marred with uncertainty induced by ongoing tariff discussions. This performance is powered by a combination of strong relationships with customers and strategic execution of the key business decisions.

India's aerospace and defense sector is entering a rapid growth mode and Unimech is positioned to capitalize. Government's renewed push to make India a global aerospace manufacturing hub is translating into real opportunity. From streamlined certification protocols to expanded R&D incentives, the policy environment is now more conducive than ever to scale and innovate.

Notably, Mr. Piyush Goyal's visit to our KIADB factory in Devanahalli, Aerospace SEZ underscores the vision of government's continued commitment to promote advanced manufacturing and indigenous capabilities within India's thriving aerospace and defense ecosystem.

Sharing a few insights highlighting growing confidence in Indian aerospace manufacturing, global OEMs have ramped up sourcing from India, Boeing's annual sourcing from India has grown from \$250 million to \$1.25 billion in less than a decade, a clear signal of growing confidence in Indian capability.

Domestically, the aviation sector is booming. India's aviation sector rises to third spot globally, creating 7.7 million jobs. Passenger traffic is up 15% year on year and infrastructure expansion continues with 157 operational airports and more in the pipeline.

Capitalizing the growing demand and capacity building and strongly capturing business opportunities in segments we operate, I would like to share a few thoughts here. In the first



quarter of FY26, the momentum continued of receiving strong business inquiries from both domestic and international customers. We added around three new customers during the quarter, serving them with their initial orders ranging across industries like defense, electronics, and medical robotics.

This takes our customers count to 35 in total. Further, the new inquiries being received from five new customers, which is a mix of domestic and international, and all predominantly in the aerospace and defense segment. Last quarter, we secured a new order for a high-value engine stands. Production will begin in this quarter, that is Q2, with deliveries expected in Q3 and early Q4.

We have submitted four EMCCR tenders for Tarapur-3 and 4 atomic power stations, which is a 540 megawatts reactor, waiting for results in a couple of months. Like Tarapur, we expect tenders for 3 more EMCCR jobs for 220 megawatt reactors situated in Kaiga, Karnataka, and Rajasthan to be out in August.

Tender value is expected to be worth about INR400 plus crores, all three combined jobs, in which we will be eligible to bid at least one. We have started receiving RFQs for Kaiga-5 and 6 nuclear power plants from a Tier 1 manufacturer in India, for which supply is expected to commence in the second half of the next year.

We have submitted a few bids, and we are also, you know, working out a couple of more bids, and the results are waiting, and we expect it in the near future. Near-term opportunity, as I said in my last earnings call, there are about 10 plus reactors, new reactors, tenders are expected to release in the near future.

Each twin reactor will be thousands of crores, for which we can apply for at least about 500 plus crores of tenders in each of the reactors. This is the confidence that we have identified. Again, coming to the small reactors, the BSRs, government has initially selected a few private vendors to build about 12 new reactors with a 220 megawatts kind of capacity. These reactors will be built and managed by a private organization, and Unimech is well positioned to serve these opportunities well.

Focusing on customer's acquisition and continuing with more product qualifications, we are gradually upgrading, building more complex products. Total SKUs that we have delivered until the end of June '25, tends to 4,769, adding 381 new SKUs versus March '25. For Unimech, these developments are not just encouraging, they are catalytic. Despite a weak business environment, our Q1 results reflected a disciplined execution.

Our investments in capacity is aligned with both domestic and global demand and shift. Focus is to grow order book, enable a resilient cost structure, and continually innovate aligned with sectoral trends. As on June '25 end, our order book is around INR81 crores, though the lesser than the last quarter, but I'm expecting a large order inflows to come in in Q2 and Q3, both in aero tooling as well as precision segment.

With this, we remain confident in our ability to deliver the guidance we had issued earlier this year for the whole FY26. Lastly, I will also want to convey my thoughts on tariff. This is an

unsettled matter as of today, which may have both positive and negative outcomes in the short term. Tariff has a bearing on sales, leading to slower shipments as customers want to play out the tariff impact through drop shipments.

This also signifies the customer's stickiness, which is going to be very high with us, who have gained strong trust on our product. We are anticipating rise in direct drop shipments to end customers' premises to minimize tariff impact for non-U.S. goods. I will try to indicate maybe about 70% of our goods to end customers are based outside U.S.

So, we kind of want to play around drop shipments to minimize the tariff effect. A difficult attribute for our customers to find any new supplier because of these drop shipment layouts, where the quality, the trust that we have built with the customers over a number of years is something that comes challenging with new suppliers.

So, we see that customer stickiness with us going forward also. Additionally, we also understand tariff can impact our gross margin negatively, as some cost sharing can be requested from larger customers, but in the long term, we are confident of working out ways to minimize the tariff effect.

I will now hand it over to Ram. He will guide on the quarter's financials and strategic highlights that underscore our optimism for FY26. Over to you, Ram.

Ramakrishna Kamojhal: Thank you, Anil. Good morning, everyone. So, before covering the financial performance, I would like to mention about one of the strong initiatives being introduced company-wide to ensure the financial statements remain lean. And, of course, special thanks to my first-line people. Across the company, there is cost and profitability and efficiency-related drive in July beginning.

This will not only bring bottom-line improvement, it improves the process efficiency. Strong efforts are already demonstrated from all our employees to bring small change in our day-to-day operations to improve the overall process covering all business aspects. This initiative was well-received by our employees and well-implemented.

Speaking about results, I will now give you an overview of the financial performance of our company and outlook for the rest of the year. First, the revenue side. Revenue for quarter is around INR63 crores, up by 6% versus Q1 of the last year. However, compared to immediate last quarter, it is slightly lower due to overall slowness in export market post-tariff news, as you all are aware, which we have anyway indicated in our last call.

And coming to segment-wise revenue, as you know, we have two segments, aero tooling and precision and assembly segment. 82% of this revenue has contributed by aero-tooling segment and the remaining 18% by precision and assembly segment.

Here, I would like to emphasize one important thing that, despite the slow business environment across the globe, we have booked a healthy revenue, I can say. However, you will see improvement in revenue on quarter-on-quarter basis going forward as pipeline building is going strong across aero-tooling, nuclear and precision segment. Though growth might seem slow in

first half, but second half looks stronger with large number of orders expected, as just now indicated by Anil.

Coming to margins, gross margin for the quarter was 66%, kind of similar to last quarter. However, I would like to highlight a few things here. Our GP level got slightly impacted due to increase in cost of goods on account of large number of small qualification related orders. It means like in the first articles for the new customers. However, this drop in GP has been mitigated by reduction in subcontracting cost and thereby we are able to maintain decent gross margin still.

Coming to EBITDA for the quarter, which is stood at INR20 crores, around 31% on the revenue, which is in line with our FY '26 guidance. EBITDA is slightly low, definitely down by 23% compared to last year and even compared to mid-last quarter. The decline was largely due to employee cost and operating expenses, I can say.

Higher employee cost, which is now at more than 20%, has increased due to new hiring, ESOP cost also we have introduced in the current year and which has started impacting our P&L. Salary incremental just now rolled out and provisions related, bonus, etcetera, has been created. Overall employee cost is expected to be ranging around 20% to 22% range for the fiscal, which is in line with our growth plan, and which we have anyway anticipated that.

Other operating expenses remain at similar level compared to other quarters. Slight increase due to facility expansion, higher charges being incurred. Operating expenses is expected to be around 12% to 13% of revenue on a full year basis.

Depreciation, coming to depreciation expenses, which is up by 50% compared to last quarter due to majority of depreciation charged for the machinery installed last quarter has come into full effect now. PAT, coming to PAT, declared for the quarter is INR19 crores for this quarter, which is at around 26% in revenue. However, strongly this is supported by other incomes. Adjusted ROE and ROCE, which came at 23.7%, 14%, respectively.

Overall, profitability and margins are reasonably under control considering large scale expansion capacity creation happening in FY '26. Coming to assets and capacity side, on the operational front, capacity utilization remained at 58% with the available machine hours at 6.59 lakhs approximate hours. Slightly increased compared to previous quarter due to new additions happening in the last quarter.

Fixed asset turnover ratio was at 2.2 times similar versus previous quarter as we continue to add machines and run the fair or qualification orders. I'm, again, reiterating again here that our target is to attain optimal utilization level of around 85% to 90% machine capacity in next 24 months' kind of thing. And thereby, asset turnover will be maintained in the range of 3 times to 3.5 times.

Coming to other guidance, speaking about specifically on margin profile side, as guided in our last interaction, there are a couple of underlying factors basis which our margins can alter. Though we understand the shift will not be significant. The first one, notably, the tariff, the new date for tariff finalization is, as you all know, shifted to 1st August. This is our interaction with our customer. We don't see any impact in demand.

However, revenue growth will be slow on quarterly basis as customers are preferring delayed shipments to mitigate tariff impact to possible extent. Again, to mention as Anil just before mentioned, indicated earlier, we might have to accommodate some cost impact on the margins from customers if demanded basis the severity of tariff impact. This can lead to some compression in gross margin, I can say.

Despite all this, we are still targeted to maintain EBITDA margins in between 30% to 32% for this financial year, because some strong initiative will lead in place to ensure cost saving also leading in process improvements, like, solar power installation or availing benefits of energy costs under Karnataka Aerospace Defense Policy, negotiation of contracts with our existing supply chain vendors, etcetera.

All these things good initiatives already happened. Hoping for decent cost saving by year end. Additionally, we are confident on building good order book by end of this year, supported by nuclear side new projects and EMCCR projects, semiconductor OEMs also and large order from existing customers.

Further relating to working capital, I would like to draw attention here. As we are entering the nuclear projects, this will lead to higher capital -- working capital requirement. As of now, working capital is around 100 days to 110 days, probably this will increase to 150 days to 160 days, because of the nuclear segment occupying major role.

This might involve some kind of funding -- debt funding related to be required for which I have already factored additional data around INR50 crores ready, but not yet availed. Having stated some risk which we understand, we are still confident in maintaining our guidance issued at the beginning of the year.

Finally, the focus of the founder's team, as always, is to keep the cost streams rationalized, improve efficiency and maintain lean operational cost structure. We are investing heavy in this year, but we'll also keep close eye on how external factors impact business and suitable calls will be taken to rationalize the investments and costs if required.

So, Yes, that's it from my side, and thanks, everyone, attending this call, and now I'll hand out to my other Co-Founder, Mr. Rajanikanth, to update M&A and other collaboration aspects.

Rajanikanth Balaraman: Thank you, Ram. Good morning, all. Building on the progress we outlined in Q4 around the -- our M&A pipeline, I'd like to share how we've advanced both our inorganic growth agendas this quarter. On the inorganic growth, through acquisitions and JVs, we continue to evaluate precision manufacturing targets, both in India and the US.

Maintaining our discipline around strategic fit, margin sustainability, and written thresholds. In parallel, we are also exploring joint ventures outside India to accelerate our global growth. We'll share details as soon as any deal is closed. However, we understand any acquisition we finalize might surely move to next year to completely integrate with our business.

I also want to draw your attention to the Paris Airshow that was held in June. At the Paris Airshow, both aero and defense OEMs, as well as Tier 1s, expressed strong interest in our



capabilities. We are deepening our relationship with our existing customers and onboarding some new customers.

On Dheya technologies, our 16% stake continues towards the 30% target as we advance along India's jet engine-banao incentives. Specifically, I want to call out the DET-200, which is a 20 kg thrust engine. It is in approval phase or certification trials. The DET-500, our 50 kg thrust, is in initial validation or verification phase.

And Dheya have designed their first ECU or the prototype, which is actually perhaps India's first ECU prototype that has been done completely out of India. Typically, these kinds of commodities have been something that has been imported and this is one of the times where we are designing it in India, reinforcing Atmanirbhar Bharat in propulsion control. So the ECU I want to just call out is the engine control unit.

Now these combined efforts, inorganic expansion through disciplined acquisitions and JVs, organic growth via new customer engagements and product ramps, and technical milestones and data demonstrate Unimech's ability to scale both globally while deepening India's self-reliance in aerospace and defense. We remain focused on executing each of these initiatives and will keep you informed as they progress.

Thank you. That concludes my update. Operator, you may now open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Jai Chauhan from Trinetra Asset Managers.

Jai Chauhan: So, my first question was regarding with India targeting 100 gigawatt nuclear capacity by 2047 and the recent INR20,000 crores allocation for SMRs, you mentioned opportunities worth of INR400 crores to INR500 crores per reactor, right? And can you elaborate -- basically, I just wanted to understand your competitive positioning in the nuclear supply chain and also the timeline for order realization.

Ramakrishna Kamojhala: Your question is on you want more elaboration on Anil's reference of INR400 crores to INR500 crores opportunity for Unimech. Is that your question?

Jai Chauhan: No, no, sir. Mainly on the competitive positioning and the competitive environment about more players and what kind of product they are making and any differentiation between you and them. Basically, that is my question, sir.

Ramakrishna Kamojhala: Okay. I'll slightly elaborate on the bigger picture side. So, while the recent announcement is more of BSR related, which is anyway more than 10 BSRs are going to come up in a couple of years. However, Unimech as of now -- there are three stages of opportunity when Unimech look at nuclear side. The first one is immediate, the short-term project, which is the EMCCR, which is a modernization project kind of thing.

Second thing is a new, bigger reactor, 700 megawatt reactor, which is around 10 coming. And third opportunity is the BSR side, which is just now the announcement is happening. Of course, next 10 to 15 years, the roadmap is very strong.

Now, the opportunity what Anil in his speech mentioned, he's referring to the short-term opportunity, which is the tender for the more refurbishment -- the modernization project, which is called EMCCR projects, a couple of reactors started. And it is continuing now, like, three reactors closed, another two reactors are going to come up. So now here, Unimech, the capabilities in terms of various subsystems, as of now, around six to eight kind of subsystems, we are aiming, which eventually we will add more subsystems.

So the opportunity of six to eight which we are aiming is going to be like the kind of opportunity size is INR400 crores to INR500 crores kind of thing for every time a tender comes out. And such EMCCR are going to be around five EMCCR projects, each of five reactors across -- each of EMCCR, all 10 to 12 kind of various subsystems will come and we'll participate around six to seven kind of subsystems we'll participate.

Jai Chauhan: Got it sir, understood. So basically, what my understanding was, for the reactors, the typical capital cost is around INR1,500 crores, INR1,700 crores, right? Am I correct?

Ramakrishna Kamojhala: Yes.

Jai Chauhan: And of that heavy engineering is approximately 5% to 6%. And from that, your target basket will be like the 40% to 45% of heavy engineering pie, which you mentioned INR400 crores to INR500 crores, am I right?

Ramakrishna Kamojhala: So on the new project side, when it comes to new project side, it is more than INR10,000 crores projects now. So where the mechanical side which my tentative rough number could be like, maybe the opportunity size is kind of more than INR3,000 crores, INR4,000 crores kind of thing, where Unimech eventually will build up capabilities to attain at least larger subsystems.

Now the opportunity is the complete mechanical subsystem, which could be INR3,000 crores to INR4,000 crores for each new project. Here the EMCCR side is slightly lower because it's only a few subsystems that will be modernized.

Jai Chauhan: Got it sir. And by the total opportunity you mentioned, it is for all the 10 reactors, right?

Ramakrishna Kamojhala: Each reactor is 3,000 to 4,000.

Jai Chauhan: Got it. Understood. And just one more question, this is on the macro side. So this is on the aerospace side. Given the global MRO market is expected to reach \$282 billion by 2025 and strong growth in Asia Pacific, like what is Unimech's strategy to capture a larger share of the emerging MRO market in India and South East Asia, and are you considering partnership with local MRO operators and actually are you seeing local MRO operators starting operations and competing with the bigger OEMs?

Anil Puttan Kumar: Yes. So this is Anil here. So coming to MRO, see the kind of product that we work on, kind of the LEAP, which is a product from CFM International and the Pratt & Whitney's GTF, Geared Turbofan, engine or any of the other Rolls Royce engines. Okay. So if the tooling requirements comes from any of these in MROs from Asia Pacific region, if it is under license agreement, definitely we'll be partnering with one of our, the licensee customers in U.S. or Europe to kind

of get to these needs. But any of these requirements which are outside the licensing program, like a lot of the tools which doesn't fall under the license program, so we will be directly catering to that.

So from a demand point of view, we'll be getting it from both licensed as well as kind of non-licensed kind of programs. But with the kind of the geographical advantage that we are in, we should be able to optimize the cost for them and also the lead times, because a lot of these MROs come with the quicker lead time requirements. So definitely, we are well positioned to kind of cater to this industry. So, definitely, we are considering both opportunities. One is partnering or collaborating with one of our customers as well as directly serving the market.

Jai Chauhan:

Got it, sir. What I understood, like what I wanted to understand was, I read in some reports where the MRO market and like the Tier 1 OEMs, like Airbus and -- not Tier 1, but the OEMs are also trying to capture the lifecycle of their product. And because of the productive maintenance and everything, they want to capture the whole lifecycle of their product. So that's why I just wanted to understand the competitive intensity in the MRO space for the local MRO operators, like what are your views on it? Like, will they be able to compete with these OEMs and what are OEMs planning for the same?

Anil Puttan Kumar:

See, actually speaking, OEMs, as I mentioned earlier, there are two programs, right, be it airframe or engines. You have license program for some of the engines, the tooling, the package of tooling comes under some of the license agreement and the package of toolings, which doesn't fall under the license agreement also.

So what OEMs are choosing now is they work with licenses directly for those tools, which falls under that agreement and they choose to work with people like us directly to kind of buy the tools, which are required for some production in MRO, which doesn't fall under the license agreement.

So if you know, probably we are working with OEMs directly already, not just with the Tier 1 licenses. Okay. So we are serving those industries, both the airframe requirements. But as of now, the chunk of revenue -- the major chunk of revenue that comes is from the Tier 1 licenses. So we would definitely be increasing that portion, OEMs and MROs in the future, but we are exploring opportunities directly.

Rajanikanth Balaraman:

Just adding on, what we see is that even like to your point, if OEMs actually take over and start, they're already doing it and they work with suppliers like us to help them support the full lifecycle. So from that perspective, we don't see any competitive threat that is looming because of OEMs wanting to take over lifecycle control because OEMs, we don't see them actually wanting to manufacture this. We see them project managing.

Jai Chauhan:

Right, understood, sir. But like, I wanted to understand -- I understand this is not a threat for you all, but for local I would say MRO operators, I just wanted to understand their competitive intensity and I actually have my answer and that's it from my side.

Moderator:

The next question comes from the line of Sagar Dhawan from Valuequest.



- Sagar Dhawan:** Thanks for the opportunity. My question is on the EMCCR tenders. Could you please quantify the amount of bids that you've submitted for the four EMCCR tenders that you talked about?
- Anil Puttan Kumar:** We have, it's a call, I don't want to kind of reveal the numbers because I can only say we have submitted a bid for one of the EMCCRs. Okay, so they are kind of at least in order of above INR400 crores overall, but what we have already submitted. Okay, so we are positive on some of the bids, but we are still expecting for the results from the bid opening. So it will happen in probably in a couple of months, maybe August or September.
- Sagar Dhawan:** Understood. Understood, sir. And in terms of your current order book, which is about INR81 crores, I just wanted to understand the split between aero tooling as well as precision. What could be the rough split of this order book?
- Management:** Sagar, again, to mention, the majority of it is coming from the tooling business. So at this, around 85% is from tooling.
- Sagar Dhawan:** Sure, understood. And have you started receiving any orders on the engine stand yet? You talked about the execution starting from next quarter onwards, but have any orders come in yet for the engine stand?
- Management:** We already have orders.
- Anil Puttan Kumar:** I think I updated it in the last quarter. We already have orders for throughout -- for about 10 numbers. And then once we prove it, I think it will go into production mode.
- Sagar Dhawan:** Understood, understood. And last question from my side is on the precision side. So we've added seven new customers last year, FY '25 and precision side, three more were added in this quarter itself. Could you just update us about the status of the first article inspection? How many of the customers inspections have concluded and by when could we start receiving orders from some of these customers at the inspections get over?
- Anil Puttan Kumar:** I wouldn't be able to exactly quantify the fair package actually. At least about 50 plus articles we have submitted, we are kind of waiting for the decisions and also the recurring orders. Some of them are short-term in nature and some of them are long-term in nature.
- So usually these companies would take time to kind of come back. And anything which comes under defense, there is going to be a quick turnaround. Anything which comes in aerospace definitely takes a longer time to see the automation, bigger automation.
- Sagar Dhawan:** Understood. Thanks a lot.
- Moderator:** The next question comes from the line of Balasubramanian from Arihant Capital.
- Balasubramanian:** Good morning, sir. Sir, on the margin side, like right now we are guiding 30%-32% kind of range, but long-term perspective, we are targeting nuclear side also. For example, precision and nuclear segments are likely lower margin than aero tooling. How will the shift 60-40 mix because we are targeting 60% tooling and 40% precision nucleus. So how this mix will impact the margins over the next few years? This is my first question.

Ramakrishna Kamojhal: Yes, understood. As of now the indication is 30%-32% of EBITDA. While next -- going forward when nuclear portion picks up, obviously compared to aero tooling, nuclear is slightly EBITDA wise lower. But the shortfall of EBITDA will be contributed by the reduction in employee cost.

As of now employee cost operating expenses that you see, which is more than 20% employee cost and more than 13%-14% operating expenses. That is going to be slightly comes down which will net to net we are able to maintain this kind of range.

Management: You want to add?

Anil Puttan Kumar: To add to Ram's point, when it comes to tooling, your utilization will be slightly lesser compared to the precision products. From a pricing point of view, definitely it will have lesser gross margin, relatively lesser gross margin. But tooling you would have efficiency, overall equipment efficiency, though utilization we say about 80%-85% sometimes.

The actual efficiency of the machines would be much lesser because of the nature of the project, very high mix and low volume. When it comes to precision component, the utilization will be much higher. There is a potential opportunity for us to increase our utilization and thereby efficiency also because of the higher spindle operating times. Okay? So definitely we should be able to kind of compensate some of the margins through our efficiency drives.

Balasubramanian: Okay, sir. Sir, on the jet engine program side, DET-500 micro gas turbines almost achieved 20,000 rpm bench test. What is the timeline for certification and revenue contribution in this side? And how does this MOU with C-Zech turbine specialist de-risk the TT200 engine? If you get some clarity on that side.

Rajanikanth Balaraman: So the DET500, this is the initial verification validation phase that is going on. The next phase that is basically happening is designing the changes incorporated based on the verification validation. Once that happens, there is going to be retest and stuff. We look at the certification of DET500 moving to about end of 2026, early 2027, which is as per the plan.

And on the DET200, there are already two units that have been sold. The teams are actually trying to get AS9100 certification by September-October and hopefully get the CEMILAC's certification by end of the year.

Balasubramanian: Okay, sir. Sir, actually 90% of revenue comes from export size only. You mentioned around 70% of orders are delivered outside the US. I just want to understand which are the countries we are delivering. Is there any long-term plan to focus on domestic side also? Like, what kind of mix we can expect over the next 4-5 years?

Anil Puttan Kumar: As you rightly mentioned, 70% is non-US kind of end usage of the product customers. So, other countries that we serve are Germany, France, Singapore, some part is the UK as well and Canada. So these are the countries that we supply. And coming to domestic expansion, okay, so we are working aggressively on kind of increasing the domestic revenue. Definitely, we are not going to say we will capture everything what is available but definitely what is possible for us to kind of execute. We have to balance the curve.

So what we are planning to do is we have targeted nuclear segment initially and some defense projects actually. We would kind of learn and adapt and make sure that we increase our utilization for these -- our utilization of our machine -- equipment on these product lines. Also, make sure that we attain the right level of quality and acceptance criteria for our customers. Then only we will expand to other segments. So, we are going one at a time, probably two at a time, defense and nuclear as of now.

Balasubramanian: Any mix we can expect, sir? 90% or what percentage level we can able to reduce on the export side?

Anil Puttan Kumar: I think probably it will not change too much for next 1, 1.5-years. But I would say 2 years down the line, you would start seeing some increase in domestic business. So, you might see about 75-25 or something like that.

Balasubramanian: Got it, sir. Thank you.

Moderator: The next question comes from the line of Kamlesh from Lotus Asset Managers.

Kamlesh Bagmar: Yes, thanks for the opportunity. One question on my side, like, say, last quarter, we had guided that we will be growing roughly around 40%-odd for this year. So -- and given the fact that we had 6% growth in Q1, how are we placed now? Because we are -- because in order to achieve our growth, we may need to grow at roughly around 50%-odd. So where are we seeing our growth trajectory for this year? And how are we placed or what is our expectation on the order inflows for the Q2 and Q3 as we had highlighted in the presentation as well?

Ramakrishna Kamojhala: Great. So, I think in the last call, we have guided the growth of 35%-40% growth, the revenue plan and what we have given. Considering the fact that at that time also, we have factored the impact of tariff slowdown. We anyway factored the slowness in Q1 and Q2 and post that Q3 and Q4 will pick up. All those things we have factored in our budget and thereby the guidance we have given. And we remain sticking to that and we are confident that H2 will definitely pick up and H1, though its slowness is there.

Coming to the revenue contributor, from where the revenue comes and how this will be achieved. So again, aero tooling is again a large contributor, which is a slight disturbance in tariff, but Q3 and Q4 are strong expectations anyway. In terms of licensing business, it is anyway strong. And considering our existing licenses and a few other customers, the opportunity, the growth anyway, 35% of tooling growth anyway will drive.

And the other percentage of growth is coming from the other segment, the nuclear and precision component. While nuclear side, order book only will be there, but revenue would be very, very kind of less because order materialization, we have not factored in this financial year. A small amount of the drive mechanism orders would be executed with a couple of other products.

But the Q1, Q2 and even last year, the new customer onboarding process, which we have indicated. The onboarding process of precision component side, both aero and some defense is going very strong in order book. Some of the LTAs will be signed very soon, as Anil mentioned, in Q2 will be signed. So, the revenue from this sector in some portion Q3 and large portion Q4

is going to come up. So, yes, considering all these things, the guidance of 35% to 40% is achievable from these three segments.

Kamlesh Bagmar: And secondly, sir, on the tariff side, like say, we have huge exposure to the US market, so say around 90-odd percent revenue comes from there. So, how we have settled with our clients on the tariff part, how much we have, like say, compensated for that or how much the buyer has took on their head?

Ramakrishna Kamojhal: Yes, I understood your question. So, as of now, to be frank, we don't know how customer will behave. The only thing, you know, entire global countries and all exporters have the same worry. But honestly, we don't see any change in the demand, but maybe supply chain modality, as Anil mentioned, drop shipment will pick up, all those kind of things will happen. And in terms of margin compression, easily, I mean, some portion would be there.

But how much the customer will ask us to contribute is something we will be able to give you more in Q2, kind of post-Q2 we'll be able to tell. But as of now, it's too early to see. But yes, some compression definitely would be there, in case tariff is going to be maybe more than 15% or 20%. I don't know. I'm just kind of indicating things.

Kamlesh Bagmar: And on the component side, like precision components, like what orders over next, like say 1 or 2 years, we are seeing, because our medium term guidance is that we, our precision components would rise to 30-odd percent of total revenue. So how are we seeing next couple of quarters or a year in terms of order book and in terms of mix of revenue?

Management: Kamlesh ji, though we have mentioned, yes, 30% is the target for the future. The fact that we are onboarding enough number of aerospace and defense clients, largely, which will be working towards the precision segment. So that will eventually play out. This is a phase which we'll have to prove. It usually takes around 8 to 10 months to prove out to a customer. Once that clarity is available, we'll be able to give you a better sense how and what sort of a contribution the other segment will feature.

On the overall, we can guide for, yes, 30% is the aspiration that we are carrying. We will definitely be able to achieve with the type of opportunities that we are seeing in the market. Especially the inquiries are coming in strong. It's only that we have to prove out to the customers. Once this has happened, we'll be able to deliver to the number.

Kamlesh Bagmar: Okay, great. Thanks a lot.

Moderator: Thank you. The next question comes from the line of Sonia Lakwani from ValueQuest. Please go ahead.

Sonia Lalwani: Good afternoon, everyone. So I just wanted to check what sort of customer profiles have we onboarded recently when you talk about the defense and the robotics medical segment? What would be the scale of operation for these customers and the geography of these customers?

Management: So, Sonia, on the defense, aerospace and defense, what we indicated last time also, we have good inquiries onboarded a couple of customers there. It's all international customers, nothing on the



domestic side that we have onboarded. With Paris Airshow being one of the leading events in which we have also got some good leads, we are working on that. On the other part, robotics, though it's a very small one, it's a domestic. It's a U.S.-based client that we are serving. So majority is all international clients that we are targeting at the moment.

Sonia Lalwani: Understood. And in terms of the SKUs that we have been adding, so last quarter we added 350, I mean the qualification SKUs, but 350 and this time also we have added around 380 SKUs. So what sort of revenue can we expect from these numbers? Is it really, I mean, is it already budgeted in your long-term guidance of INR1000 crores or we can expect something additional coming up with the more SKUs getting qualified?

Management: It's already been guided in the long-term guidance.

Sonia Lalwani: Understood. And in terms of the aero tooling, given we have a good market share on the LEAP engine side, are we doing anything on the rolls royce and pratt & whitney engines?

Anil Puttan Kumar: We are increasing our pie with our existing customers because we have touched base and we are working with most of the customers who work on the spread engine tooling. I think since we started with LEAP, especially when we started in 2016-'17, the big pie of our business was into LEAP and CFM. So our customers were having preference to use us for the LEAP programs.

But late 2021, they started using us for Pratt and definitely the SKU qualifications for Pratt also is increasing nowadays. And also the customer trust on our quality and ability to deliver to the requirement is definitely increasing. And I don't think we are going to do any roadshow specifically to other customers on the Pratt & Whitney. But we are doing a lot of the workshops with customers to understand their pain points on the delivery as well as quality to make sure we improve our services and increase the pie.

Sonia Lalwani: Understood. Thank you. The next question was on the employee cost. When do we see the cost stabilizing? I mean, given, have we hired the employees that we had budgeted for the current capacities or do you expect more number of employees to be onboarded going forward?

Ramakrishna Kamojhala: The employee hiring is going to be largely completed in Q2 end. So this scale up, the large number of hiring is towards the capacity that we have added. And the next 2 years, the revenue growth plan towards that the employee hiring is completed. Of course, as you know, aerospace industry is like once employee hiring is completed, the onboarding like training takes a lot of time and getting efficiency takes more time.

So this is well planned and as part of our growth plan, early hiring happens. Yes, by year end, you might see 20% to 22% of the employee cost over revenue. But eventually it could be around, my fair guess is around 14% to 16% of revenue employee cost should be there on the revenue side.

Sonia Lalwani: Understood. Thank you Ram for this. Just one last question from my end. For Q1 FY '25, what would be the aero tooling versus precision breakup?

Ramakrishna Kamojhala: For which one...?



Sonia Lalwani: Q1 FY '25. So this year Q1 FY '26, you mentioned it is 82% and 18% between aero and precision. So what would be the same number on a comparative basis for Q1 FY '25?

Management: I don't have this number of hand. Let me come back to you.

Sonia Lalwani: Sure. Thank you, Akash.

Moderator: The next question comes from the line of Akshay from AK Investment.

Akshay: Hello, sir. My first question is what are the peak revenue capabilities in both of our segments, aero tooling and precision components from our current assets?

Management: I can't hear you. Could you be louder and repeat that?

Akshay: Yes. So, sir, my question was what are the peak revenue capabilities in both of our segment, aero tooling and precision components as we have heavily invested in our assets for the last 1 to 2 years. So from current assets, what are the peak revenue capabilities annually?

Anil Puttan Kumar: The capabilities typically in both aero tooling and precision component is on machining side only. So precision machining, the precision welding and structural fabrication, both small and large. And assembly and integration testing capability. Okay.

These are kind of the capabilities. But from a revenue point of view, we are kind of aiming to kind of grow somewhere about INR660 crores with the kind of [inaudible 0:52:05].

Akshay: Sorry, how much?

Management: What I would suggest is from the revenue part, though we have given a guidance of a 40% growth for this fiscal, we will continue to stick to that. You would have seen a number of utilization levels are still slow. It's a gradual process in the aerospace and defense sector. And gradually this machine utilization or resource utilization will continue to improve and the revenue will pick up.

On a quarter-to-quarter basis, though it becomes difficult to guide. But on an overall basis, yes, we can say with the growth that is available in the industry and with India as a budding market, anywhere between 35% to 40% of growth can be expected. And hence, we have accordingly built a guidance also.

Akshay: Okay, sir. Okay. And my second question is, previously in the last call, you had mentioned that all the OEMs are already facing the supply chain issues in their component supplies. But in this current call, you have mentioned that you will face some margin pressure due to tariffs and all. So can you put some light on that?

Management: See, tariffs is something still being uncertain. We are deciding and negotiating with our customers. That dialogue will continue to happen unless something crystallizes. So to give an indicative thing, we are also figuring out how to play this part. But generally with the OEMs facing the supply chain issue, what I can indicate, the demand is there. And if the demand is

there, it will eventually come for us. And in terms of revenue building, it will happen not immediately, but over the period of years, it will generally happen.

Moderator: The next question comes from the line of Deepak Poddar from Sapphire Capital.

Deepak Poddar: Yes, thank you very much for this opportunity, sir. So just first up, on the nuclear reactors, I mean, you mentioned 10 plus tenders are coming up, right? So what's the timeline of that? I mean, is it by September you are expecting those tenders to come up?

Ramakrishna Kamojhala: No, no. The tender -- floating of tenders already started on the modernization, which is EMCCR side, I said, no? So some tenders already closed and expected results by end of August, no? And some tenders opened up. And the process continued for 5 nuclear reactors, and it is going to be for across various subsystems, going to continue until December, I guess. So -- but Yes, it is short-term to medium kind of opportunity. For the one what we mentioned is going to close in August, the recent one what we participated.

Anil Puttan Kumar: So coming back to -- one second. The original question was, these 10 new reactors, what's the timeline of the launching? See, Nuclear Power Corporation of India have already launched a lot of the subsystems, which takes a longer lead time, okay? So like the EMCCR and some of the site-related the kind of equipment.

Okay, so we are expecting other subsystems tenders also because they go by a phased manner. But we are sure that it is going to be in a near future, not definitely number of years from now. It's going to be in months.

Deepak Poddar: I got it, that I understood. And what will be the total budget size as of now for the tenders which has, I mean, which has gone closed?

Anil Puttan Kumar: So I think, I'm not sure on the orders that they have floated or the tenders that have been floated on the main or probably the basic subsystems. But coming to -- I can mention that what we have submitted, okay, is probably about INR400 crores, INR500 crores kind of work for only EMCCR we have submitted. And also for -- the -- one of the participation through Tier 1 manufacturer in India. So that's also kind of amounting to about INR400 crores, INR500 crores. Overall, about INR800 plus crores we have participated in the last one month to two months.

Deepak Poddar: INR800 crores in last one month to two months. And what can one expect as a conversion ratio?

Anil Puttan Kumar: I can't comment now. We are...

Deepak Poddar: I mean a tentative historical number would also help. I mean, what sort of...

Anil Puttan Kumar: This is the kind of the new segment where we have owned definitely some of the bits, good bits, the decent bits that we have participated against the giants in the industry. Definitely we will have with our cost base, definitely we should be able to grab good opportunity out of what we have submitted. So, but if you have to -- if you want me to quantify, definitely I can't comment now.



- Deepak Poddar:** Fair enough. Fair enough. I understood. And sir, just one last thing. I mean, in terms of your margins, we already currently are at about 31.5% in the first quarter itself. I mean, there was some compression in gross margin as well. And the tariff impact is yet to come. So, you do -- we do expect some compression on account of tariff as well. So, we might expect further decline in your EBITDA margin from currently 31%. And we are -- but we are still maintaining 32% kind of a margin. So and...
- Anil Puttan Kumar:** I will see.
- Deepak Poddar:** Yes.
- Anil Puttan Kumar:** Okay. You can complete. Yes. Sorry.
- Deepak Poddar:** Yes. Yes. Please. Yes. Yes. That's what I was trying to understand. I mean, what's the thought process there?
- Anil Puttan Kumar:** It is margin is the function of many aspects, right, in the business. One is the kind of utilization. The utilization is a major the factor today. Okay, because we are doing a lot of fair approvals for the new customers and new projects. Definitely the utilization will be higher in the fair approvals stage, and as we increase, definitely the margin will increase.
- But at the same time, okay, this tariff, when we increase our -- better our utilization, when the margin increases, but this tariff might take a place. So we have kind of factored some of these aspects already in our -- the budget and that's where we have -- and we have guided this 32% based on that. But if the tariff effect is very significant, then probably the margin compression will happen. That's the kind of indication that Ram has given. But as of now, I would say, we are staying calm there with the fact that, okay, we have to better our utilization and efficiency.
- Deepak Poddar:** I got it. So some positive impact from here and negative impact from there. So somewhere...
- Anil Puttan Kumar:** yes.
- Deepak Poddar:** This is what we expect the equilibrium can be for the company.
- Anil Puttan Kumar:** Yes.
- Deepak Poddar:** Got it.
- Anil Puttan Kumar:** Yes. That's it.
- Deepak Poddar:** Okay. Understood. Fair enough. I mean, that would be it from my side and I wish you all the very best.
- Moderator:** The next question comes from the line of Vinit Agarwal from Aditya Birla Money.
- Vinit Agarwal:** So, just a couple of questions. Sir, would it be possible for you to talk about on the timelines and capex for the US and European warehouse facility? And how much benefit or synergies you are expecting?



- Rajanikanth Balaraman:** Yes. Sorry, could you repeat the question?
- Vinit Agarwal:** So, I was just asking, would it be possible for you to talk about on the timelines or the capex for the US and Europe warehouse facility? And how much benefits or synergies we can expect?
- Anil Puttan Kumar:** See, from a timeline point of view, we are exploring.
- Rajanikanth Balaraman:** I think about warehouse. I am not sure about it.
- Anil Puttan Kumar:** We are not setting up a warehouse. I don't know whether, I have to correct you there.
- Vinit Agarwal:** Actually, it was mentioned in the PPT. So...
- Anil Puttan Kumar:** Yes. We are looking at exploring M&A opportunities, as well as some collaborations with JV. Let's say with US JV, no sorry, US entities. It's not definitely just a warehouse. Okay. So, one is, when it comes to M&A, okay, we are looking at some -- certain targets, certain segments where we can acquire and also have the offshoring kind of ability to increase the synergy.
- And better the margins of the overall business and the business that we are kind of targeting to acquire also. So, still we are pursuing. We are working on a couple of fleets. And I think from a timeline point of view, our wish is to come close within this year. But I do not know how kind of the challenges come in, especially during the due diligence processes. So, that is one.
- On coming to setting up organically, so we are kind of not exploring too much on setting up organically. I know it takes a lot of time to kind of see the benefit and probably a lot of time and bandwidth from the management to kind of set up the greenfield there. So we are looking at an inorganic opportunity only M&A or JV opportunity. So you will hear from us in coming quarters about the progress.
- Vinit Agarwal:** Okay. Good. And secondly, how do you plan to deploy the balance cash for the rest of the year?
- Ramakrishna Kamojhala:** So I think you are referring to the IPO money, the balance cash, right?
- Vinit Agarwal:** Yes. Yes. Yes.
- Ramakrishna Kamojhala:** So...
- Vinit Agarwal:** Yes. Yes.
- Ramakrishna Kamojhala:** So, as of now, INR120 crores of undeployed money is there in an IPO fund. So in this some portion in the -- around 50% is going to be utilized by March, which is towards kind of loan repayment or borrowing repayments. So that is one thing, one of this year kind of thing. But beginning of April next year, working capital, around INR30 crores of working capital will be fixed we planned. I can say, like, out of INR120 crores, INR30 crores will be next year deployment and INR90 crores is going to be used in this financial year.
- Moderator:** Ladies and gentlemen, due to time constraints, we will take this as the last question for today. I would now like to hand the conference over to the management for closing comments.



Anil Puttan Kumar:

Thank you for your patience listening. I hope we have been able to answer most of your questions. For any further questions, you may reach out to our IR desk. Summarizing today's discussion, Unimech Q1 performance reflects not just resilience, but readiness -- readiness to scale, capture and progress.

We are strategically aligned to serve industries we are present in and expand to adjacent industries. This will fuel our growth towards a sustainable future. Our disciplined execution and efficiency, and forward-looking investments in the business will continue to create value for all the stakeholders. We remain optimistic in our ability to deliver our FY '26 commitments. Thank you.

Moderator:

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