



Date: 18 August 2025

To,

BSE Limited,
20th Floor, P.J. Towers,
Dalal Street,
Mumbai - 400001.
BSE Scrip Code: 544294

National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051
NSE Scrip Symbol: ROSSTECH

Subject: Transcript of the earnings call held on 14 August 2025.

Dear Sir/Madam,

Pursuant to Regulation 30 and 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the earnings call that was organized to deliberate on the business performance and financial highlights for the quarter ended 30 June 2025.

Request you to kindly take the above information on records.

Thank you,

For Rossell Techsys Limited

Krishnappayya Desai
Company Secretary & Compliance officer

Encl:



“Rosell Techsys Limited
Q1 FY '26 Earnings Conference Call”
August 14, 2025



MANAGEMENT: **MR. RISHAB GUPTA – MANAGING DIRECTOR –
ROSSELL TECHSYS LIMITED**
**MS. ZEENA PHILIP – CHIEF OPERATING OFFICER –
ROSSELL TECHSYS LIMITED**
**MR. JAYANTH V. – CHIEF FINANCIAL OFFICER –
ROSSELL TECHSYS LIMITED**

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

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY26 Earnings Conference Call of Rosell Techsys, hosted by Anand Rathi Share and Stock Brokers Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

Please note that this conference has been recorded. I now hand the conference over to Mr. Manish Valecha from Anand Rathi Stock Brokers Limited. Thank you and over to you, sir.

Manish Valecha: Thank you. Good morning, ladies and gentlemen, and thank you all for joining this 1Q FY26 earnings conference call of Rosell Techsys Limited. We have with us from the management team today Mr. Rishab Gupta, Managing Director, Ms. Zeena Philip, Chief Operating Officer, Mr. Jayanth V, Chief Financial Officer. I will now hand over the call to Mr. Rishab for his opening remarks, post which we can take the questions from the participants. Thank you and over to you, Mr. Rishab.

Rishab Gupta: Thank you. Good morning, everyone, and thank you for joining us today. I'm Rishab Mohan Gupta, Managing Director of Rosell Techsys Limited. It is a pleasure to share an overview of Rosell Techsys Limited, a company that continues to chart a strong and strategic growth trajectory in the global aerospace and defense ecosystem. Headquartered in Bengaluru and listed on the Bombay and National Stock Exchange, Rosell Techsys is a trusted provider of mission-critical, high-reliability solutions across defense, aerospace, space, energy, semiconductor, and the industrial sectors.

Across front lines in delivering end-to-end design, custom engineering, manufacturing, and integration of complex electrical and electronic systems for air, land, and sea platforms. Our competencies span across electrical wiring and interconnect systems, enabling precision and reliability in demanding environments, electrical panel assemblies tailored for power distribution and control, electronic systems.

And system integration built to exact specifications, automatic test solutions ensuring performance and functional integrity, aftermarket services supporting life cycle management and system readiness, and custom engineering integrating electrical, mechanical, and software capabilities.

We operate from a LEED Gold-certified 225,000-square-foot facility in Bengaluru, functioning as an export-oriented unit. Our global footprint is further strengthened by a wholly owned subsidiary in Arizona, USA, enabling closer engagement with international customers. We are the strategic supplier to leading aerospace and defense companies.

Rosell Techsys, has earned over 20 industry awards for quality, innovation, and operation excellence. Our operations are backed by a robust compliance framework including certifications in ES-9100, ISO-14001, ISO-45001, ISO-27001, and ISO-31000, reflecting a commitment to quality, safety, security, and risk management. As we look ahead, Rosell

Techsys, remains focused on scaling capabilities, investing in automation, and deepening customer relationships.

We are confident that our strategic direction, technical depth, and operation excellence will continue to deliver sustainable value to all our stakeholders. I'm pleased to share that quarter one of financial year 2026 has been a strong start to the year. Our total income has grown significantly from INR45.60 crores in quarter one of 2025 to INR88.29 crores in quarter one of 2026, marking a near doubling in top-line performance.

Profitability has also seen a remarkable turnaround. Our profit before tax improved from a negative INR5.98 crores to a positive INR4.01 crores. Our profit after tax has also risen from negative INR4.47 crores to a positive of INR2.98 crores. This performance reflects the momentum we've been able to build across all of the research goals and the strength of our education.

Looking ahead, we anticipate a substantial growth in our financial performance for the full year. The scale of confirmed orders both from existing and new customers gives us visibility into a significant multi-fold increase in our revenue and potential multi-fold increase in our profitability and a substantial uplift in operating margins compared to the previous year.

Our order book remains robust and we have visibility well into the coming years. On the financial front, we acknowledge that material and finance costs have seen an uptick. However, this is a strategic decision.

Considering the size and urgency of the order, we have cautiously invested in materials. Our borrowings are primarily working capital loans taken specifically to support this growth. We are monitoring these costs very closely and expect them to normalize over a short period of time.

We are also undertaking a capacity expansion of 15,000 square feet within our existing premises at an estimated cost of INR1.5 crores, which is expected to be operational by the third quarter of this financial year. This expansion is directly aligned with the scale of orders we received. Our customer base has also grown significantly from just two customers in 2022 to over 30 customers today with 26 active engagements.

This is a testament to our growing reputation and delivery capabilities. These initiatives are supported by the strong foundation we built through several key milestones reflecting our commitment to excellence and long-term value creation. As of today, we have achieved several key business milestones, including successful completion of the de-merger and de-listing of Rosell Techsys Limited in December 2024.

We won two supplier of the year awards from one of the largest global OEMs. We received over 30 awards and recognitions across various categories. We've also onboarded top global aerospace and defense OEMs further validating our technical and delivery capabilities. On the people front, our headcount has increased from 680 to 960, reflecting our commitment to building a strong, future-ready team.

We are also evaluating a fund-raise initiative in the near term to fuel our growth. This will be approached with clearance and a long-term view in mind. Our EPS has also shown a commendable uptick, and we expect this trend to continue.

In line with our commitment to shareholder value, we are pleased to announce a 10% dividend. In summary, we are building a resilient, agile, and forward-looking organization. The fundamentals are strong, the vision is clear, and the execution is well underway.

I would like to thank you all again for your continued trust and support, and I'd like to open the floor up to some questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. We take the first question from the line of Mukul Darda from Mukul Darda & Associates. Please proceed.

Mukul Darda: So, hi, Rishab and team. Congratulations on a good quarter. My question is divided into two parts. Firstly, what range of PAT margins do you foresee as sustainable in the future, considering the impact of tariffs and other factors? Can I go ahead with the second question, or can we get this answered first?

Rishab Gupta: Yes, could you please repeat the first question, we're lost in the middle. You were talking something about PAT margins. Could you just repeat that please?

Mukul Darda: What is the range of PAT margins the management sees as foreseeable in the future, considering the impact of tariffs and other factors?

Rishab Gupta: So, I can answer that question now. So, from a company perspective, we're looking at an EBITDA anywhere in the range of 18% to 22% and a PAT between 8% to 12%.

Mukul Darda: Alright, got it. And secondly, during a recent media interaction, Rosell Techsys Management mentioned plans for forward integration into systems, backward integration into components, as well as expansion into electrical MRO. So, just wanted some more insights on this. What is the anticipated capital expenditure, the timeline for completion, the revenue this will bring to the company? Such kind of questions here.

Rishab Gupta: So, see, that is the idea of looking at a fund raise in the short term. The idea is to raise some funds for further expansion and increase the work capabilities. Today, we do approximately, we have a technical capability to do anywhere between 5% to 7% of an aircraft. And the idea is to move that up to 12% to 15% in the short term. So, those are the plans for the company.

Mukul Darda: Okay, what is the quantum of fund?

Rishab Gupta: See, that's hard to determine right now, but we're looking at organic and inorganic growth. So, we're also looking at different acquisitions. So, it completely depends on the company we find and the geography we find the company in.

Mukul Darda: Okay. So, any ballpark figure for the revenue this company can generate three to five years down the line?

Rishab Gupta: Well, we have great growth plans. We're very aggressive in our future plans of growth. We're looking at a very significant growth this year. And I'm sure the growth that we see this year is something that will continue over the next three to five years. So, it's just a matter of time. You can see the increase in our revenue from the first quarter of last year to this year. And that momentum should continue not only for this year, but the years moving forward as well.

Mukul Darda: Excellent, sir. Thank you and all the best.

Moderator: Thank you. We take the next question from the line of Niraj from White Pine Investment Management. Please proceed.

Niraj: Thank you, Rishab. Can you just... I know this, I think, is a meeting call. So, can you give us some understanding about what are the core areas which you think is a strength right now? Not assuming acquisitions and acquiring in future. And what are the core platforms that you, like, in the past, you had the Boeing platform approved a lot. And you were one of the rewarded and awarded suppliers. So, can you give some color on those sides?

So, just wanted to understand what capabilities will make you grow? Because in the past, you have given a statement that you would target INR1,000 crores of revenue as well in a slightly longer period of time. So, can you just take us through the process of how you see this happening? And how the core capability of yours will make you grow?

Rishab Gupta: So, the growth that we're seeing today in the company is primarily from our core competencies that we have today, which is electrical wiring and interconnect systems, and electrical panels. We're seeing significant growth in these areas and that will continue. So, the growth that we've seen this year and will continue to be seen in the short and the long term will come from our existing competencies.

Like I did mention, we want to move up the value chain, increase our competencies so we can deliver more components on an aircraft. And we're looking at increasing our technical capability from 5% to 7% to 12% to 15% in the near term, which will significantly also increase our revenue because we can provide more components.

When it comes to platforms, a lot of it is very confidential. So, I can't mention the platforms that we're on. But happy to say that we are part of most aerospace platforms that come out of the U.S. Houston, Texas has its components in most of the platforms that have been built in the U.S. So, that's a very good sign for the company.

I'm not able to get into the details and mention obviously the platforms due to confidentiality reasons. I hope I answered your question. I did lose you in the middle, but I hope I did answer your question.

Moderator: It seems like the participant is out of the queue. Can we proceed with the next participant?

Rishab Gupta: Sure.

- Moderator:** So, we take the next question from the line of Darshil Pandya from Finterest Capital. Please proceed.
- Darshil Pandya:** So, my question would be on the range of margins that we saw. Technically, I heard you saying that Q3 and Q4 are good. But what led to the margin decrease for this quarter specifically? I understand that in the Y-o-Y, we have been doing very good. But then, quarter on quarter, what was something that we missed out?
- Rishab Gupta:** So, we've always been a forward-looking organization. We've always invested for the future. You did mention that Q1 is always lower than the rest of the year, which is a fact. To meet the demand and the order book that we have today, we need to increase our operations significantly, whether it's the number of people, whether it's even having more space in our client facilities. We undergo a significant amount of training for any people who join us. And it also depends on the product mix of the components we're supplying.
- So, definitely, the first quarter is always much slower. But that should increase significantly in our second, third, and fourth quarter this year. So, as a full-year performance, we're looking at a significant top-line increase and bottom-line increase. And this should balance out the deduction you're seeing in this quarter with even out in the next three quarters moving forward.
- Darshil Pandya:** Got your point. Sir, if you can share, what would be our order book as on date? Can you share it?
- Rishab Gupta:** Yes, our strategic agreement is approximately INR2,500 crores. And our confirmed POs on hand is over INR700 crores as of today.
- Darshil Pandya:** The total order book is INR2,500 crores, you're saying?
- Rishab Gupta:** The strategic agreement that the company has today is INR2,500 crores and confirmed POs. So, primarily, what happens in the space and defense domain is most contracts are long-term in nature. And through the strategic agreements, POs are placed six to 12 months prior to delivery.
- Darshil Pandya:** Got your point. And, sir, just missed on, you were looking for EBITDA of 18% to 20%. PAT margin, what did you say?
- Rishab Gupta:** PAT margin would be in the range of 8% to 12%. I would say EBITDA margins would be in the range of 18% to 22%. In the short term that will increase moving forward.
- Darshil Pandya:** Got it. Got it. And sir, when you say, you are expecting a significant uptake, how do we understand this? What is the kind of growth that we are anticipating?
- Rishab Gupta:** Sorry, could you repeat that question? I lost you in the middle. Could you repeat that, please?
- Darshil Pandya:** I meant that, when you say, you are expecting a significant growth, in value terms, how do we consider that significant? 20%, 25%?

- Rishab Gupta:** Look, I mean, no, no. We are looking at a much higher growth than that, for sure. Like, if you see the growth that we have seen from quarter one of last year to quarter one of this financial year, that is the momentum that should continue. So that...
- Darshil Pandya:** All right.
- Rishab Gupta:** That is the kind of growth that we are looking at moving forward. Yes.
- Darshil Pandya:** All right. Got your point. Thank you so much, and thank you for putting up this con call for the very first time, and we hope this continues, sir. Thank you so much.
- Rishab Gupta:** Okay. Thank you. Yes. Absolutely. Thank you.
- Moderator:** Thank you. Before we proceed with the next question, a reminder to the participants, in order to ask a question, you may press star and one on your touchtone telephone. The next question is from the line of Niraj from White Pine Investment Management. Please proceed.
- Niraj:** Yes. I got blocked. I don't know how. But, Rishab, continuing with the question on the capability, obviously, that can be discussed, right? Because those might not be confidential as far as your capability is concerned. Like, why should a customer come to use whatever I was trying to ask? Like, is it, see, you have proved yourself in Boeing, but do you see yourself, other customers opening up from other platforms and other companies? And what value can you capture out of that? And, yes, so this is the first question, and then I'll come back.
- Rishab Gupta:** Absolutely. I mean, to answer your question, today we have over 30 customers. You said we've been able to build a reputation with Boeing, but we've been able to build a reputation for aerospace and defense in general. We're a very reliable company when it comes to our products that we deliver.
- We have a very good reputation in the aerospace and defense industry. And that's why I have to say today we have over 30 customers. We're dealing with the best of the best in different geographies of the world today and our reputation speaks for itself. And there are companies approaching us to do work for them.
- Boeing was the start to create that image of the company and we've been able to consistently deliver high-quality components at the right price and on time. And that's what resonated with the other companies. They like yourself for the quality of components that we're able to deliver. And that's why today I'm happy to say we have over 30 customers and we're going to be seeing exponential growth with all the new customers that we've onboarded in the last three years, similar to the likes of Boeing moving forward.
- Niraj:** Okay. Another question is on the EMIS business. Generally, what is that as a proportion for cost and aircraft, generally -- on general side?
- Rishab Gupta:** Sorry, I lost you. Could you please repeat that? Sorry, I lost you. Could you please repeat that?
- Niraj:** Electric wiring system. What is generally that...

Rishab Gupta: Yes.

Niraj: As a cost of aircraft? Generally, wanted to know that.

Rishab Gupta: The electrical wire harnessing would be approximately 2% to 3% of the cost of an aircraft.

Niraj: Okay. So – okay, so, one is the EWIS business. What are the other businesses that you see scaling up for yourself when you talk of moving from 5%, 6% to 12%, 15%?

Rishab Gupta: See, that again is a bit confidential in nature, but we're certainly looking at moving up the value chain. We're looking at system integration for electromechanical subsystems. We're looking at actuators. We're looking at solenoids. We're looking at expanding our aftermarket capabilities. So that's the vision that will take us from our current capability of 5%, 7% to 12%, 15% moving forward.

Niraj: And this is mostly overseas?

Rishab Gupta: Sorry?

Niraj: Is it mostly overseas or mostly Indian orders that just come in?

Rishab Gupta: Our customers happened today are mostly overseas customers...

Niraj: Yes.

Rishab Gupta: Mostly overseas customers, but we're dealing with Indian customers also now significantly. We've got some Indian customers and we're definitely planning to expand our work in India as well to deal with different customers in India.

Niraj: Okay. And other thing on the strategic agreement that you said, these are very long-term contracts. So generally, what is the profile of revenues that you can, like, as a trajectory, how do you see that evolving in for you? Like our INR2,500 crores agreement, how do you see that evolution happening in revenues for you over the years?

Rishab Gupta: In the strategic agreements, we have on average two years to three years in nature. Some are extended to five years, but the average strategic agreement that we sign in the company I would say is approximately three years. So that's when we should be fulfilling all our contractual obligations. We do have a strategic agreement that goes on to 2022, but that's a rare case. On average, I would say, three years to five years.

Niraj: So is it a guaranteed revenue flow to you or is it conditional on those strategic agreements?

Rishab Gupta: See, that depends also on the foreign unions, because our foreign -- the customers are also anticipating orders from different international countries. So it flows...

Niraj: Correct.

- Rishab Gupta:** Down depending on their orders as well. But this is a ballpark, and I mean, it depends on program-to-program, platform-to-platform.
- Niraj:** So there are both upsides, as well as downsides possible in these numbers?
- Rishab Gupta:** Yes. There are. But on average, if you look at strategic agreements, they would be fulfilled on an average, because the estimates taken are pretty realistic when you're signing a strategic agreement. It's not the high end or the low end. It's kind of an average that we take of...
- Niraj:** Got it. Got it.
- Rishab Gupta:** What we're expecting to deliver in emergency. Yes.
- Niraj:** And the POs that you're talking about, INR1,200 crores, they have a potential of also converting to the order book?
- Rishab Gupta:** Sorry? Sorry?
- Niraj:** The INR1,200 crores that you mentioned?
- Rishab Gupta:** I never mentioned INR1,200 crores. I mentioned POs of INR700 crores. I never mentioned. The figure INR700...
- Niraj:** Okay. Okay. Sorry. My mistake.
- Rishab Gupta:** Confirmed POs which have to be executed because that's a confirmed purchase order.
- Niraj:** Okay. Got it. Got it. Okay. And yes, I'll come back to that queue. Thank you.
- Rishab Gupta:** Thank you.
- Moderator:** Thank you. We take the next question from the line of Karan Sanwal from Niveshaay. Please proceed.
- Karan Sanwal:** Yes. Thanks for the opportunity and congratulations on a good set of numbers. Wanted to get an idea about our split of revenue between our segments, maybe across EWIS panel assemblies and also a geographical split of the revenues if you could give those bifurcations and also how do we see these proportions to move in the next two years, three years? Yes.
- Rishab Gupta:** Okay. So on the electrical wires and harness side, I would say, approximately 70% of our revenue comes from the electrical wiring and interconnect systems, and the balance 30% would be on our different technical capabilities. When it comes to geography, I would say, 80% comes from the US as of today and 20% comes from different geographies like Europe and Israel, and stuff like that. Moving forward, please note that the US is the largest defense spender in the world and they spend more than the next 10 countries combined.
- So definitely US will always be the major revenue provider for ourselves, but the definite idea is to increase the revenue with our customers in Europe and in India as well. So that ratio will

change over time. It's difficult for me to say how much it will change moving forward, but that's the current ratio that we have as of today.

Karan Sanwal: Understood. And also when we talk about our exposure to countries in the US which has a good amount of defense exposure. So wanted to understand how these geopolitical situations like tariff affects the global supply chain as well as our businesses. If you could speak more about it?

Rishab Gupta: So on the tariff side it's still a bit early to comment, but talking to the different customers that we deal with. The positive thing in defense is that our customers do get exemptions. So there's a big chance that our customers do get exemptions and the positive is that all these customers definitely want to keep selling their equipment to India and buying equipment from India.

India is one of the largest defense spenders in the world and a lot of these companies want to grab as much of the power as they can. So from that standpoint I don't see things changing moving forward and the positive is that a lot of these companies do get exemptions as well.

Karan Sanwal: Understood. So there were various news articles mentioning our wireless contract for the T7A Red Hawk aircraft. So I wanted to understand have the deliveries for those orders started or how is the situation currently?

Rishab Gupta: Yes, the deliveries have started for the T7. It is a bit slower than anticipated, but that will pick up in the next 18 to 24 months. That strategic agreement that we have is to be at 2022. So that is looking positive moving forward.

Moderator: Hello Mr. Karan you are on mute. All right. As there was no response from Karan's line we'll move to the next participant. We take the next question from the line of Nalini Kant from Finvest Capital. Please proceed.

Nalini Kant: Just touching base on the tariff once again. So how much impact do you see if our products doesn't get any exemptions from the tariffs? Do you see any problems with the supply chain and what about raw materials which we import? Are those tariff exempted as well?

Rishab Gupta: So as of today we haven't seen any impact on tariffs. I did mention that in the defense side a lot of the customers that we deal with get different exemptions. So we haven't seen any impact when it comes to tariffs. But moving forward the mindset hasn't changed of the different customers we work with. They still want to buy components from India and they want to send their equipment to India. So I don't see any impact on that yet. And it is actually very, very early to say where we're going to go with this.

Nalini Kant: All right, sir. And so recently we have heard that very large companies are setting up big MRO facilities in India. So how do you see the competition and the opportunity coming up in the next couple of years? Do you see we have enough space for all the players to compete or it will get crowded? What's your sense?

Rishab Gupta: No, I think, I mean, if you look at aerospace and defense globally, I think there's huge opportunity not only for yourself, but for other customers as well. The aerospace and defense

spend for most countries is going up significantly. In India is very well positioned to capture a lot of that business.

So and Rosell hasn't even scratched the surface yet. Like I'm saying, from four customers we have over 30 customers today. And with a lot of the customers we're just starting and there's huge, huge potential with all these different customers. So I think Rosell will be grabbing a lot of the pie moving forward for the increase in global aerospace and defense.

Nalini Kant: All right, sir. Thank you.

Moderator: Thank you. We take the next question from the line of Vinayak Kariwal from Xponent Tribe. Please proceed.

Vinayak Kariwal: I had my question on the lines of what is the breakup if you could give us. So I was tracking your company. You were almost doing 99% of your revenues from Boeing till 2023, I guess. But it significantly changed in the last year, which was 70%. And maybe in one of the articles you said it is 40% currently.

So could you give us a breakup of segment -- a segmental breakup like in the aerospace, defense, space and semiconductor? And then in those, if you could give us a breakup of OEMs in the aerospace segment specifically and how much how much of -- if you could answer this question?

Rishab Gupta: So, yes, I mean, you did mention about Boeing. So Boeing this year will contribute approximately 40% of our revenue. If you look at it from semiconductor space, I would say would contribute approximately 10% to 12% of our revenue this year. When you look at it from the space side, I would say it's going to be again approximately 8% to 10% this year on the space side.

So we have been able to definitely diversify our portfolio, not only focusing on defense, but in different industries like space and energy and industry as well. So that's kind of what the breakup we're looking at for this time. And this should keep increasing moving forward as well. Like I'm saying, none of these customers are new, but have significant potential of going moving forward, which will be the case.

Vinayak Kariwal: Sure, sir. And sir what would be the defense share currently apart from these two?

Rishab Gupta: On the defense side, I would say we would be doing approximately 70% this year, 60%, 65%. I would say 60% basically. So I'm just trying to do a quick math in my head. But on the defense side, we're looking at 60% to 65%.

Vinayak Kariwal: So the whole Boeing partnership we have is on the defense side and we do nothing on the civil aerospace side, if I'm not wrong?

Rishab Gupta: We're doing some on the civil, not much, but majority is on the defense side.

Vinayak Kariwal: Okay. And sir any scope for us to go on the civil side with Boeing and why haven't we been able to go on the civil side, could you delve on that part?

Management: No, definitely. We definitely have plans to work on the commercial side as well, not only with Boeing, but with other companies like Airbus and so on and so forth. These things take time. I'm pretty confident that if Boeing or Airbus decide to manufacture in India, we would be definitely one of their top suppliers and a preferred partner for that. So I just believe it's a matter of time.

Obviously, the aerospace and defense industry has also gone through ups and downs over the last 5 years post the pandemic, but it's starting to normalize soon and very hopeful that sooner than later, we'll sell, we'll be part of the commercial side as well.

Vinayak Kariwal: Sure, sir. And, sir, I also wanted to understand what exactly are we doing here in the space and semiconductor side, if you could explain that part.

Management: Again, it's on the similar competencies of electrical wire harnesses. So we're doing harnesses for different systems that go up to space and for the semiconductors, for the machines as well, but they're all to do with harnesses.

Vinayak Kariwal: Okay, okay, sure, sir.

Management: Sure.

Vinayak Kariwal: I would -- sir, I would also like to ask if you could tell us this T-7 Red Hawk has been facing some production issues and, like, we were optimistic in the last 2 years. So if you could reflect how much revenue impact we are having because of that. And if you could also delve on what is pushing the growth we are currently having.

So we were not, like we were having our revenues very constant since last 4 years, if I could see. Boeing almost stopped growing after 2020. So what is currently pushing the growth? Is it new OEMs which we have tied up with? Is it new programs? Like, how are we seeing the 100% growth that we are seeing in this quarter? And like, what has changed?

Management: Our customer base and our order books. Our customer base has increased significantly from four customers back in 2020. Today, we have over 20 customers and 26 active customers that we're dealing with today. So our customer base has increased significantly. And like I said, we're not only focusing on defense and aerospace now.

We have different domains like industrial, energy, semiconductors, which is increasing our revenue significantly moving forward. So we've been able to expand our domain and our geography because our customers have gone up significantly. So that's where the growth significantly is coming from as of today.

Vinayak Kariwal: Sure, sure. And one last question I wanted to understand on the value addition part that we do. So currently, we might be importing most of our raw materials. And we were talking about backward integration into components in one of the media articles. So could you give us an overview? What is the current value addition that we do and how much? And what is the backward integration?

And also the inorganic plants, if I am not wrong, you mentioned in one of the media articles. So could you delve on the value addition and the backward integration and then on the inorganic part?

Management:

Yes, sure. So on the electrical wiring and interconnect systems, approximately 50% to 60% of what we do is the material cost that we procure from different suppliers around the world. What we have done successfully in the past and will continue to do so is develop alternates in India, which we have done successfully, especially for electrical timing assemblies.

To give you an example, all the mechanical components for the electrical timings that we used to build used to come from the incumbent suppliers in the US. I'm happy to say that Rosell has been able to localize all those parts. And we now buy all those components from India. So that's something we focus on a lot and which we continue to focus on so we can increase our material content locally and buy a lot more from India moving forward.

When it comes to backward integration, it's something we've looked at and this is part of it, where we're looking at localizing a lot of supplies in India and doing a lot more work in India. But I think moving forward, the idea is to look at forward integration and moving up the value chain. Like I mentioned, moving from 5% to 7% technical capability, the idea is to get to 12% to 15%. And that will happen through forward integration and not backward integration. So that's where the company's vision is as of today.

Vinayak Kariwal:

And for inorganic opportunity, if you could talk about that.

Rishab Gupta:

Yes, like I'm saying, so the way we would get to 5% will take our technical capabilities from 5% to 7%, 12% to 15%, is look at inorganic growth as well. By looking at acquisitions and for the areas we're looking at, which is system integration or actuators and solenoids moving forward. So we're very open to see different companies who have that capability, which we can take over and get that skill in-house, which will speed up growth significantly than doing it ad-initio in-house. Definitely we're looking at organic and inorganic growth moving forward.

Vinayak Kariwal:

Right. So what would be the size of these opportunities you're looking at? The amount which you would like to pay?

Management:

Again, I won't be able to comment on that. That is a bit confidential. But the idea is to go for the right companies who provide us that vision and growth that the companies are looking for. So it's difficult for me to put a value on that today.

Vinayak Kariwal:

Sure. Thank you so much, sir. That helps a lot. Thank you,

Moderator:

Thank you. We take the next question from the line of Prateek Chaudhary from Saamarthya Capital. Please proceed.

Prateek Chaudhary:

So, Ron, you mentioned that a couple of new customers that have been closed. Sorry? Yes, hi.

Sorry, could you repeat that? Yes. You mentioned that a couple of new customers that have been added in the last 2, 3 years might see exponential growth for us over the next few years.

So in terms of the product mix that we currently do versus what we may do in the future with these new customers, is there a marked difference? Because I was -- this question stems from how we will move from a 14%-15% EBITDA margin range to a 22%. Is it only because of the scale of business increasing and us having operating leverage? Or are we, with these newer customers, we are getting into products or platforms with much higher gross or product margins themselves?

Management: It's a bit of both. We are definitely on new products and platforms, which is increasing that, but also, it's the scale of operations. There's always a base. The higher you can go, the better the bottom line. And that's what we're going to foresee and envisage moving forward.

We've always invested for the future. The idea was to build a company that can do much larger revenues. And that's what we invested in when we started the company back in 2011. And now we're going to see the benefits of that this year and moving forward. So definitely scale is a big thing. And also, it's the product mix and the different customers that we're working with in the different domains, especially on the semiconductor side or the space side or the energy side as well, where the margins are much better. Prateek Chaudhary from Saamarthya Capital

Prateek Chaudhary: Okay. And the 18%-22% range that you said is more of a something that we can potentially achieve in the very near term for this year?

Rishab Gupta: Absolutely. That's what we're looking at, yes. In the short term.

Prateek Chaudhary: And there are prospects that these EBITDA margins can go much higher thereafter in ensuing years?

Rishab Gupta: I mean, that is the idea of moving up the value chain for sure. That's why we're looking at increasing our technical capabilities which will give us a much better EBITDA margin and a much better path and DVD moving forward. So that's definitely the idea that we're looking at MRO and services and different capabilities moving forward to better profitability moving forward.

Prateek Chaudhary: And how would Boeing, as a percentage of your turnover, which you said would be 40% this year, how is that expected to change over the next 2 years?

Rishab Gupta: I mean, it completely depends on how the growth is with our other customers as well. Boeing is a leading OEM in the world. We are a majority of our platforms and we'll continue doing so. The idea is we've built a very good relationship with Boeing, the trust of our partners and obviously, we want to continue doing the business.

So moving forward, it's difficult for me to say what the ratio will be. But like I'm saying, our customer base has increased significantly. So we're expecting a lot more revenue not only from Boeing but from other customers moving forward as well.

Prateek Chaudhary: But is it likely to trend downwards? Is that what an assumption we can make? The 40%? Because other customers might grow...

- Rishab Gupta:** As an overall to the revenue of the company?
- Prateek Chaudhary:** Yes.
- Rishab Gupta:** Yes, you could say that because you're seeing significant growth coming from other customers moving forward, yes.
- Prateek Chaudhary:** And so last question on the...
- Rishab Gupta:** Boeing will continue growing that doesn't mean Boeing is not going to grow. I see a growth with our new customers a lot more moving forward, yes.
- Prateek Chaudhary:** Great, great. And so last question on the -- again, on the tariff piece. Because it's such an evolving situation. If, God forbid, if things were to worsen and for whatever reason if your customers in the US geography or elsewhere are not able to get those exemptions and those products actually fall under tariffs then in such a situation do you have an understanding with your customers that it will be -- the additional costs will be completely passed on or what sort of an understanding or dialogue are you having with them? In a worst case scenario?
- Rishab Gupta:** That's what's going to happen. So if we don't get the exemptions and there are tariffs then obviously the cost will be passed down. So that is basic understanding in the industry which is kind of the norm in the industry. So that will definitely continue. And they'll have to bear that cost.
- But like I said India is one of the largest defense companies in the world and all these companies want to sell their aircraft and helicopters and their equipment to India and I think that's a fundamental that won't change. So India for them has always been a very good market and will continue being a good market moving forward. So I don't see that vision changing from these different foreign OEMs.
- Prateek Chaudhary:** And you expect these to be completely passed on and not shared?
- Rishab Gupta:** Again like I'm saying it's a bit early to comment. It changes every day. So it's a matter of time. We'll have to see what happens. But as of today the feedback I'm getting is that the foreign OEMs do get exemptions. And yes. So that's the base that we're working on as of today. We haven't seen any impact coming to ourselves from these tariff.
- Prateek Chaudhary:** Great. Thanks a lot, sir. And all the best. Thank you.
- Rishab Gupta:** Thank you.
- Moderator:** Thank you. We take the next question from the line of Tushar Vasuja from Scoop Investment. Please proceed.
- Tushar Vasuja:** Yes. Thank you for the opportunity. Most of my questions and answers have come in length. So we have INR700 crores of confirmed PO orders. So what will be the execution period for that?
- Rishab Gupta:** I would say around 2 years, 2.5 years.

- Tushar Vasuja:** Okay. And of the INR700 crores how much will flow in FY '26?
- Rishab Gupta:** That's a difficult question for me to answer. Like we get POs every month and we're executing every month as well. In the first quarter we received confirmed POs for approximately INR125 crores. So that will keep growing and keep happening. I'm not sure. Zeena, could you answer that if you could step in? Do you know how much of the INR700 crores is going to be executed this year?
- Zeena Philip:** Yes. So I would say it's approximately closer to INR150 K, Rishab, I would say. Sorry -- I'm making a mistake. So out of INR700 crores I think probably we have INR150 crores which is executable in this financial year.
- Rishab Gupta:** For the rest of the year?
- Zeena Philip:** Yes. And then it goes for another 18 to 20 after that. After the current financial year.
- Rishab Gupta:** Thank you. So approximately INR150 crores out of the INR700 crores will be executed this year. But like I did mention we got POs of INR125 crores in the first quarter.
- Tushar Vasuja:** Okay, sir. I know you talked about this but I missed it. So what are your thoughts on the Indian MRO opportunity? Are you making any dedicated efforts to capture that side of the market?
- Rishab Gupta:** Absolutely. Marketing efforts are going on. We are in dialogue with different companies for MRO activities in India and that will continue moving forward.
- Tushar Vasuja:** Okay, sir. What sort of revenue are you targeting from MRO?
- Rishab Gupta:** Look, again, that's difficult for me to say like that. What revenue we can expect is something that we are pursuing. It's something that we are keen on expanding our capabilities to. So we are in dialogue. These things take time. But be rest assured in aerospace and defense once a company is in, no time. So that's the dialogue that's happening now. Not only with different Indian companies but with our foreign global colleagues as well. All of us can participate in MRO and moving forward.
- Tushar Vasuja:** Okay, sir. Thank you.
- Rishab Gupta:** Thank you.
- Moderator:** Thank you. We take the next question from the line of Ayush Mittal from Mittal Analytics. Please proceed.
- Ayush Mittal:** Hi. Good morning, Rishab and team. First of all, congratulations on a good performance in terms of the telework. Having been a long time standing in this, it's great to see that we are finally doing very well on the execution. We've had the order book. There's a great growth that's coming in now.

One thing that I'm wanting to understand is first of all, Rishab, the voice has not been very clear. Your voice has been very low and it is not very clear. So I've been missing out on some of the answers. So it might be a bit repetitive.

One thing is that if we see our business has been very, very working capital intensive. And whenever the margins are on the lower side, the return ratio and everything is impacted and it looks poor. However, we have in past many often delivered close to 20% margins also and many often we have gone back to very low margins.

So can you talk more about this as to what leads to such kind of variation in margin one? And second, have we been able to do something to improve our inventory and working capital management?

Rishab Gupta: So our inventory and working capital has definitely gone up.

Moderator: Rishab, your voice is actually very low and this is feedback from other few participants also.

Rishab Gupta: Is it better now? Am I audible now? Ayush is it's better?

Ayush Mittal: Actually, it's similar.

Rishab Gupta: I'm not sure. I'm sorry. I'm as close to the phone as I can be, but I will try to answer your question as clearly as I can. You are right. Our inventory and working capital has gone up, but it's gone up very strategically to take a strategic decision for that. Like I'm saying, our revenue this year is going to grow significantly and it's going to keep growing and we will see our levels of working capital and inventory coming back to normalcy by the end of this year and a significant improvement moving forward in the next 18 months to 24 months.

It's a conscious decision the management has taken to have this kind of inventory and working capital in the company today to de-risk a lot of our programs so we can execute and deliver to our customers. At the end of this year we should see a significant improvement in those ratios and moving forward the idea definitely is to be a three or four term inventory company that we will have a three to four month inventory going forward over the next 24 months. So I do see that improvement coming significantly and we will see significant improvement in these ratios by the end of this year.

Ayush Mittal: Second, what about the margin part the volatility in the past?

Rishab Gupta: I am sorry.

Ayush Mittal: On the margin part operating margin if we see it has been very volatile and how are we expecting it going forward?

Rishab Gupta: Going forward we should expect an 18% to 22% EBITDA margin moving forward and that we will achieved starting this year and that should continue moving forward. It has been volatile in the past. Please note that aerospace and defense industry has gone through a lot of ups and downs post pandemic. And obviously if we deal with different OEMs that would impact us as well.

But now things have changed, it come back to normalcy and we should see much better margins moving forward starting this financial year.

Ayush Mittal: Great. Third, if we see our business is something which is very employee intensive and which reflects in the numbers of people we mentioned. Are we doing something on this front also as we are going forward into other areas and things some more automation can be done or this can be reduced?

Rishab Gupta: Absolutely. So we are looking at automation and robotics and moving forward. We have already got machines, semiautomatic machines for new customers which will help us getting much more leaner and more productive. So that is definitely the idea. So we are focusing more on that. Yes, it is people intensive and it will continue to do so because we have a high product mix, low volume and high product mix as on today, but for the high volumes there is definite plans of automation which the company has already started investing in and moving forward we are going to keep investing in that.

Ayush Mittal: Got it. Last question from my side is that I observed we have been like what you have highlighted which is the great thing is that from just two customers we have grown to more than 30 customers now and we have entered so many new areas. Can you please talk about these new areas like [inaudible 0:52:06] mentioning of semiconductors. So what are we doing here, which kind of customers are we working for, how different is it from our existing kind of business?

Rishab Gupta: Unfortunately [inaudible 0:52:21] Ayush, but we do not work for space. So for different satellite there is enough space. We do a lot of wire harnesses for that for the semiconductor space we are doing again a lot of harnesses for the machines that make semiconductors. It is a definite expansion in our capabilities. It is similar to what we do today on the wire harness side, but it depends on the product mix again. Obviously, the product is different, but the skill level needed is pretty similar whether it is for energy, industrial, space or defense sector.

Ayush Mittal: Okay. Thank you and wish you the best. Thank you.

Moderator: Thank you. We take the next question from the line of Shikhar Mundra from Vivog Commercial Limited. Please proceed. Sorry to interrupt Mr. Shikhar, your voice is breaking. Sir, could you please fix that?

Shikhar Mundra: So when you say working capital days will return to normalcy, what kind of inventory days are we targeting and also in inventory can you give me a break up between the three components, which is exactly within the finished goods, raw material or work in progress so which thing is exactly keeping the inventory days higher?

Rishab Gupta: For that Zeena could you please step in please for that question for what are the definite plans and so on and so forth. What was the first part of your question sorry I missed that. You mentioned something what was the first part of the question?

Shikhar Mundra: When you say inventory days will return to normalcy, what do you mean by normalcy like what kind of inventory days are we targeting?

- Rishab Gupta:** The end goal for the company is a four-term inventory, that means a three-month inventory. We have a three-month inventory in the company moving forward. To get there obviously will take time, but the end goal is three months.
- Shikhar Mundra:** Right now between the three components of inventories, which is the one which is keeping it higher? If you could give me a break up between the three components?
- Rishab Gupta:** On the wire harness side it would be the most inventory that we have because that is where we are getting most of the revenue from, but Zeena if you would like to add something on that, please do step in?
- Zeena Philip:** Yes, you are right, Rishab. So the inventory which is the highest inventory which you are holding is for electrical wiring harness and that is predominantly because of the defense contract which are long-term. So to secure the pricing, we have that and the firm contracts or the firm purchase orders, probably we have a better leverage, but for long-term contracts is where we are forced to hold the inventory.
- Shikhar Mundra:** But how will this change with scale because our contracts will always be long-term in nature, so how will this change with scale?
- Zeena Philip:** So how it is going to leverage. So Rishab mentioned about increasing the type of customers and the number of customers. So not all of them are with long-term contracts. Many of them have a different procurement plan based on forecast which gives us more flexibility in terms of planning our procurement. And the procurement strategy can be very different for those customers, which will enable us to have the inventory management much more feasible to increase the terms.
- Shikhar Mundra:** All right.
- Rishab Gupta:** So just to add what Zeena said, yes, just, so on the defense side the contracts are long-term in nature but when it comes to the procurement are short-term around POs. So you get a PO, you execute it and it follows up with the POs.
- Shikhar Mundra:** Okay. Okay. So mostly a change in product mix will lead to a shorter turn -- a shorter inventory cycle, because?
- Rishab Gupta:** Also -- and our procurement strategy is changing moving forward to better our inventory and moving forward. So we also changed the way we are procuring material. We did this strategically, like I'm saying. We've expanded our customers, so four customers to 30 customers. A lot of the material was bought last year, but a lot of it is going to get consumed this year and in the short-term. So the level -- inventory level will come down significantly moving forward.
- Shikhar Mundra:** All right. Got it. And my second question is for other products which we supply, what would be our wallet share and what is the competitive landscape, and what is our exactly strategic advantage for our competitors in the products we are operating?
- Rishab Gupta:** So we compete globally from companies in America to Europe to India. Our advantage is obviously the processes that we follow to build the product and the quality that comes out of

Rosell. So that's where the advantage lies. People trust our quality, trust the reputation of Rosell. And that's we've been able to scale from four customers to 30 customers. And most of the customers we deal with today are part of the Fortune 500 companies in the world. So it's the processes that we follow, the mindset of the organization and the forward-looking mindset that we have that's enabling us to deliver the products at the right price at the right time.

Shikhar Mundra: And what would be our wallet share for electric wire harnessing for Boeing? What would our wallet share, like, how much are we supplying to them for the total volume they might be procuring?

Rishab Gupta: Again, it depends on program-to-program. The majority of all the platforms that come out of Boeing Defense. So it depends. It ranges anywhere from 20% to 90%.

Shikhar Mundra: Okay. Got it. Got it. Thank you. Thank you and all the best.

Rishab Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Ayush Agarwal from MAPL Value Investing Fund. Please proceed.

Ayush Agarwal: Yes. Hi, Rishab. Hi, Zeena. Thanks for the opportunity. I hope I'm audible.

Rishab Gupta: Yes.

Ayush Agarwal: Hello. Great. So I wanted to understand more.

Rishab Gupta: Yes. You are audible.

Ayush Agarwal: Yes. I wanted to understand more on the space and the semiconductor business. If you can highlight, what kind of capabilities from wire harness are we extending to the space and semiconductor business. What exactly, like, because as wire harness as a product, we understand how it's used in an aerospace sector, but from a space and semiconductor segment, if you can help us understand the opportunity size, the kind of customers that we are working with, because on the defense side, we are aware of the customer base that we have. The opportunity in space and semiconductor and the application and how our extend -- capabilities extend to these two sectors?

Rishab Gupta: Again, I can't be very specific. I can't name the customers we're working upon. But when it comes to the space side, I didn't mention we're doing wire harnesses for satellites. And then the semiconductor side, we're doing wire harnesses for the machines that need the semiconductors. So it's a pretty similar kind of activity, whether it's for the defense or wire harnesses are required on all multiple platforms and programs, from land to sea to air. And that's what Rosell has expanded into and will keep pursuing and going moving forward.

Ayush Agarwal: And on the opportunity...

Rishab Gupta: The expertise -- the technical expertise is pretty similar.

- Ayush Agarwal:** Yes. Okay. And on the opportunity side, how large can both these businesses be in two years to three years?
- Rishab Gupta:** Very large. I mean, and that's what we've set up the company for. Like I said, we're a very forward-looking organization. We've been able to expand in different domains and we just started. So there's a tremendous amount of growth that we can see in these different sectors moving forward and we'll start seeing that this financially as well.
- Ayush Agarwal:** Great. Another question is on the MRO side. So MRO, like other participants also have asked that, it's a significant opportunity in India, like a lot of companies in India are getting big orders on the MRO side. Given we have always had a presence in MRO, not in a significant way, but we've always had a presence. What opportunity do you see in MRO, especially, like, for Boeing-related programs in India or other places, like, their commercial aircraft or somewhere else, given the relationship that we have in the aerospace sector? If you can highlight that and how aggressively are we targeting? Yes.
- Rishab Gupta:** Sure. I mean, I see a significant growth, not only for MRO, but for aerospace and defense in general. The landscape of aerospace and defense has changed significantly. I think a lot more money is being spent by different companies to secure their borders and increase the defense spending moving forward. And that's a huge potential and a huge opportunity.
- So companies like Rosell to expand not only their portfolio base, but also expand their revenue base moving forward. So that's something that Rosell is targeting in a major way, not only for MRO, but for different domains that we work in as well. So I believe there's a huge potential and growth opportunity starting this year for Rosell Techsys and we are very well positioned to capture a lot of our business moving forward.
- Ayush Agarwal:** Understood. My final question is on the F-16 program. F-16 has been a significant contributor in F-16 space. If you can highlight if this can be a continued program for us in the future or was this like a one-time opportunity or how do you see this business?
- Rishab Gupta:** No. It's something that will continue moving forward. We'll see a significant revenue from the F-16 this year as well, and for the next few years, most definitely, yes. It's something that Rosell is very well entrenched into that program.
- Ayush Agarwal:** So you work with not directly with Lockheed subcontractor, which is in a similar line of business with us. So is there an opportunity that opens up the work for other programs also?
- Rishab Gupta:** Yes. Most definitely, and we are working with Lockheed Martin directly now as well. So that will definitely continue, and we see -- and we expect significant growth coming from Lockheed Martin as well moving forward, directly and through our partners in the US.
- Ayush Agarwal:** Great. That's it from my side. Thanks for the opportunity. Yes.
- Rishab Gupta:** Thank you. Thank you.

Moderator: Thank you. Due to time constraints, we take that as the last question and would now like to hand the conference over to the management for closing comments.

Rishab Gupta: Just would like to thank everyone for joining the call. We're very excited and very well positioned this year. As a company, we're going to -- we're expecting significant growth on our top line and bottom line, and that should continue in the short-, medium- and long-term. So thank you all for your support, and yes, looking forward to very exciting times ahead. Thank you very much.

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