**Operator:** Good day and welcome to Raymond Ltd. Q2 and H1 FY27 earnings conference call hosted by Anand Rathi. 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Manish. Thank you, and over to you, sir.

**Manish – Anand Rathi:** Thank you. On behalf of Anand Rathi, I would like to welcome all the participants to the Q2 and H1 FY27 conference call of Raymond Ltd. Today, we have with us from the senior management of Raymond: Mr. Rakesh Tiwary – Group CFO, Mr. Gautam Maini – MD at JKM GAL and VC JKMPTL, Mr. Sanjeev Sharma – Joint MD and CEO JKMPTL, Mr. Navin Sharma – CFO – Engineering Business, and Mr. Sunil Bawa – Group Head – Investor Relations. Without taking further time, I would now like to hand over the call to Mr. Gautam Maini. Over to you, Mr. Maini.

**Gautam Maini – MD at JKM GAL and VC JKMPTL:** Thank you, Manish. Good evening, everyone. Thank you for joining us today for our Q2 and H1 FY27 earnings call. I trust you have had the opportunity to review our financial results and investor presentation.

To set the context, the broader macroeconomic environment through the second quarter demonstrated solid domestic resilience. Strong manufacturing activity, healthy GST collections, and active pre-festive channel restocking helped anchor domestic demand. At the same time, the increase in input costs in several areas continues to pose challenges. Key commodity and raw material prices, including tool costs, have remained firm at elevated levels, alongside persistent freight and logistics volatility driven by global geopolitical tensions. Disciplined capex execution and flexible supply chains have kept our core operational trajectory steady and on track.

Turning to our automotive and industrial components business, the sector saw healthy operational deliveries through the second quarter. In the domestic market, demand was supported by steady pre-festive channel restocking across passenger vehicles and premium two-wheelers. On the export front, the momentum shifted from post-destocking replenishment into steady, multiyear production schedules. As global Tier 1 OEMs and tier suppliers continue to de-risk cross-border supply chains and consolidate their vendor base, India remains a primary beneficiary. We are seeing this reflected in strong customer inquiries and order wins for complex precision-machined parts and drivetrain subassemblies.

Turning to aerospace, the global industry continues to see steady production acceleration, with major commercial airframers ramping up monthly build rates against historical order backlogs. As supply chain bottlenecks in specialty alloy availability gradually stabilize, we are experiencing firm production pull across all flagship platforms. Tier 1 integrators have shifted from holding buffer inventory to steady, just-in-time dispatches. This has translated into healthy dispatch volumes across our aero engine modules, actuation systems, and critical structural components. More importantly, shipset value per aircraft continues to expand as our customers entrust us with larger, integrated subassemblies rather than standalone machined parts. With rigorous AS9100 and Nadcap qualifications, high single-source part approvals, and substantial switching costs, our aerospace vertical enjoys strong structural moats. This locks in long life-cycle program visibility and

Report is AI-generated and may contain inaccuracies.

healthy margins as we move into the second half of the fiscal year.

Moving to our consolidated financial performance, Raymond Ltd. delivered a resilient performance during the second quarter, driven by steady execution across our core precision engineering and aerospace platforms. For Q2 FY27, total income stood at INR 683 crores, registering a growth of 21% year-on-year. EBITDA reached 103 crores with an EBITDA margin of 15.1%. On a cumulative basis for the first half of FY27, total income was 1,311 crores, registering a growth of 17% year-on-year, and EBITDA stood at INR 203 crores, with an EBITDA margin of 15.5%. This performance reflects our deliberate transition from standard component manufacturing into high-complexity subsystems and critical precision assemblies. By deepening our technical capabilities and expanding qualified capacities, we are enhancing customer stickiness and securing long-term revenue visibility.

In line with our strategy to diversify revenue streams, we officially operationalized our automotive aftermarket business during the quarter. By leveraging our established OEM-grade manufacturing capabilities and tooling infrastructure, this initiative positions us to capture attractive aftermarket margins across critical components such as white-label products. Overall, we remain well-positioned to maintain this growth trajectory as we expand into new product applications and broaden our geographical footprint.

Now turning to our individual business segments, starting with Aerospace under JK Maini Global Aerospace Limited: The aerospace and defense vertical delivered another quarter of standout performance. Revenue for Q2 FY27 stood at INR 133 crores, up 72% year-on-year, while EBITDA reached INR 29 crores, delivering an EBITDA margin of 21%. For the six-month period, revenue was INR 262 crores, reflecting a 56% growth, with an EBITDA margin of 21.1%. Growth during the quarter was underpinned by the commercial ramp-up of our newly commissioned capacities, enabling higher dispatch volumes across flagship OEM and Tier 1 engine platforms. Operational indicators remain exceptionally healthy, highlighted by active RFQ inflows and expanding program allocations.

Moving next to Precision Technology and Auto Components under JK Maini Precision Technology Limited: The segment delivered robust revenue growth of 15% year-on-year in Q2 FY27, reaching INR 471 crores compared to INR 409 crores in Q2 FY26. EBITDA for the quarter stood at INR 61 crores, translating into a healthy EBITDA margin of 13%, supported by steady volume ramp-up and targeted cost optimization initiatives. On a cumulative six-month basis, performance was strong across both the top line and profitability. H1 FY27 revenue reached INR 915 crores, up 13% year-on-year, while EBITDA grew by 24% to INR 122 crores. This drove a 110-basis-point expansion in EBITDA margin to 13.4%, up from 12.3% in H1 FY26, driven by higher capacity utilization, an enriched product mix, and enhanced operating leverage. Growth during the quarter was anchored by steady domestic traction and sustained export deliveries against long-term OEM schedules. We continue to remain a net-debt-free business.

Turning to our strategic manufacturing expansion across Andhra Pradesh, our greenfield facility in Andhra Pradesh is tracking strictly to plan, designed to significantly expand our national production footprint and technical capabilities. Construction and setup milestones remain well on schedule to achieve output by Q3 FY28. Backed by an upgraded leadership and governance structure, this state-of-the-art infrastructure will serve as a cornerstone for scaling volume [cut off]

Report is AI-generated and may contain inaccuracies.

**Management:** ...across complex aerospace and precision engineering programs. We have set up an additional brownfield facility as an interim capacity augmentation initiative, which is also serving as a training ground for both the aerospace and precision technology segments. This decision to accelerate brownfield capacity in Andhra reflects the company's focus on responding swiftly to customer demand while maintaining capital and execution discipline. Thank you once again for your continued interest in Raymond. We are now happy to take your questions.

**Operator:** Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use a handset while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Anyone who wishes to ask a question may press star and one on their touchtone telephone. The first question is from the line of Dheeraj from InCred Equity. Please go ahead.

**Dheeraj – InCred Equity:** Congratulations on the great set of results. I just had a couple of questions regarding a couple of things together. We had seen that in the current facility that we had in Bangalore, the maximum revenue potential that we could achieve in the aerospace segment was, I think, around 600 to 650 crores. I think we had plans for debottlenecking and similar initiatives to increase that potential. We have now indicated that from Q3 onwards, we will have a brownfield capacity in Andhra that will help in ramping up revenue from here on. So, can you let me know whether there has been any upgrade in the facilities, and what will be the revenue potential of the new brownfield capacity?

**Management:** Thank you very much. Yes, you are right. In the past, we did give an indication of 600 to 650 crores, but since then, we have actually added several more machines and other equipment necessary to drive turnover to a higher level. We are currently looking at a figure closer to 700, and we are still working hard to see if that can go to 750. Our ultimate goal would be to try and get it to 750, but we will probably end up somewhere between 700 and 750. So, this gives us a little more time until Andhra comes up, allowing the growth to continue.

**Dheeraj – InCred Equity:** Okay. This is for the current facility in Bangalore. Is there any information about the brownfield capacity that we are adding?

**Management:** The brownfield capacity that we are initially adding is mainly on the automotive side because we have many orders there as well. We are also adding machines there to help with training for both automotive and aerospace, because the brownfield facility is located 2 to 3 kilometers from our final greenfield facility. This will help us understand the region and the area and give us enough experience before we actually venture into a massive greenfield expansion, as you are all aware. That is the whole idea of the brownfield facility.

**Dheeraj – InCred Equity:** Sure, okay. Can you give the bifurcation of the Precision Technology and Auto Components segment, such as the mix of the three segments—auto components, files and pliers, and precision components—and the growth rates for the quarter?

Report is AI-generated and may contain inaccuracies.

**Management:** Sir, your question is not clear. If you can rephrase it and tell us exactly what you are asking for.

**Dheeraj – InCred Equity:** In the Precision Technology and Auto Components segment, there are three different segments, right? There is a files and pliers division, an auto component division, and a precision component division. Would you have a breakup across those three segments, such as the growth rate among them?

**Management:** Basically, I would look at the segments as two broad segments, just to put it in perspective. One is the B2B segment, and one is the B2C segment.

The B2B segment is the combined OE business that we are doing through the traditional Nashik plant that we had, from Ring Plus Aqua, which had all the products of ring gears, flex plates, and bearings, combined with all the plants in Bangalore of the erstwhile Maini Precision. That has a one-stop-shop capability to make parts across all the other segments, including hybrid, electric, clean powertrain, power tools, and so on. That is the B2B segment, because it is all OEM business.

The B2C segment comprises two parts. One is the erstwhile T&H business. This was the tools and hardware business, which was part of JK Files, if you remember, with JK Files as the brand leader there. In addition to that, we have now added automotive aftermarket, which is also part of the B2C segment. That was recently launched this quarter and is gaining some good ground, so we will see some expansion there as well.

**Dheeraj – InCred Equity:** Okay, sir. Can you give the numbers for these two segments and the growth rates, if possible?

**Management:** For the quarter, B2B did roughly 350 and B2C did roughly 120.

**Management:** In?

**Management:** In Precision Technology.

**Dheeraj – InCred Equity:** Okay, and what about the growth rate, if we can see the previous year's number?

**Management:** Roughly, that is the growth rate that you see there. On a year-on-year basis, it is approximately 15% growth.

**Dheeraj – InCred Equity:** Yes. For B2B specifically and then B2C?

**Management:** B2B was a little higher. B2B was roughly 17-18%, and B2C was in the early teens.

**Dheeraj – InCred Equity:** Okay, sure, sir. Just a couple of last questions. As you said, we have seen that most export companies are facing cost pressures due to inflation, and freight charges have also increased significantly. More than 60-70% of our products are exported, and in aerospace, almost more than 80% are exported. Are you entering into any partnerships with your customers to share these costs and prevent them from affecting margins significantly?

Report is AI-generated and may contain inaccuracies.

**Management:** First of all, we have a complete pass-through on raw materials. As far as our contracts are concerned, they are pass-through contracts, so there will just be a lag, but that lag is only the time it takes to implement these contracts. In a sense, raw material is a pass-through.

However, freight has to be negotiated in some cases. We had a significant increase in fuel costs, which we are also negotiating with customers now. It depends on your customer contract. Each contract contains certain items that you can go back to them on, while in some contracts you cannot go back to them.

Overall, as you can see, despite all the cost pressures, the margin has increased significantly, because, if you remember, last year, especially in the precision technology business, we had a 13-crore one-time

**Management:** [off-mic discussion] {? gain from the sale of land ?}

**Management:** ...from the sale of land, right? So, when you look at it, EBITDA has actually gone up significantly compared to that, and that is because of strong operating leverage and significant efforts on cost reduction and efficiencies, despite the headwinds that we were facing. Overall, the team has done a good job in controlling those costs. Going forward, we will also recover some of these costs through customer price increases.

**Management:** What is also helping us in the interim is that, if you look at our revenue growth, while there are cost pressures, we are also getting operating leverage as our revenue continues to grow. That is also compensating, to some extent, for our increased costs.

**Dheeraj - InCred Equity:** Okay, sure, sir. As we saw that the...

**Operator:** Sorry to interrupt, sir. Should you have a follow-up question, please rejoin the queue.

**Dheeraj - InCred Equity:** Sure, sir. I will join. Thank you so much, sir.

**Management:** Thank you.

**Operator:** Thank you. The next question is from the line of Sahil Karyia from White Pine Investment Management Private Limited. Please go ahead.

**Sahil Karyia - White Pine Investment Management Private Limited:** Thank you for the opportunity. Sir, could you give us some insight into the automotive aftermarket that you mentioned? What revenue are you expecting for the entire FY27 and FY28, and what could the margins from that business be?

**Management:** Rather than giving you numbers, let me give you some flavor. We entered the market in August, so it is still early. We entered with a strong list of several part numbers—almost 800 different part numbers, I think. There will be a period for the market to absorb what we are bringing to the table.

The fact is that we are engaged in the manufacturing of highly critical components, and that gives us a huge edge because we are a manufacturer. We are also leveraging our current supply chain as well as white-label products. I would say that all efforts are being made to achieve a good growth

Report is AI-generated and may contain inaccuracies.

rate, obviously from a smaller base.

The aftermarket brings better margins than the OE business in many cases. Therefore, I think we will be in a better position to comment in the next quarter as we see these markets develop. The initial feedback is that we have gained good traction, and people are taking us seriously as a serious player. Hopefully, this gains more traction and helps our B2C business gain more ground.

**Sahil Karyia – White Pine Investment Management Private Limited:** Okay, that sounds good. The next question is on the LEAP engine program. The per-shipset value of Raymond's products is somewhere around $35,000, right? Could you give us that number—what it was for the current quarter and how we expect the number to grow in the future, for FY27 and then FY28?

**Management:** Are you referring to the LEAP engine?

**Sahil Karyia – White Pine Investment Management Private Limited:** Yes, sir.

**Management:** You have to look at it this way. As I said last time, in many parts we have a 35% market share, while in other parts we have a 65% market share. This is a continuously evolving process in which our market shares have increased in some areas, and LEAP volumes have also increased as more and more aircraft are being built, as you are aware from the market.

There is definitely growth if you look at the total value. However, if you look at content, the content changes only to the extent of the market share, whereas total growth is a combination of market share and market growth.

**Sahil Karyia – White Pine Investment Management Private Limited:** Just a follow-up on that. Of the total products that we supply to the LEAP engine, what is the proportion of products in the 65% market share and the 35% market share?

**Management:** I would say that the 65% market share is approximately 40-45%, and the 35% market share would account for the remainder, with a small portion where it is neither 65% nor 35%.

**Sahil Karyia – White Pine Investment Management Private Limited:** Okay, okay. Thank you so much, sir.

**Operator:** Thank you. The next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

**Balasubramanian – Arihant Capital:** Good evening, sir. Thank you so much for the opportunity. Sir, my first question is especially on the defense side. We have won a build-to-spec order. I want to understand whether, especially on the defense side, we are willing to pursue Indian defense offset or TOT programs, apart from the commercial aerospace side.

**Management:** You are referring to the order in our business that we cannot name, but yes, we have received an order under which we are going to make parts at the component level and at the subassembly level for defense.

The same approach will apply depending on where the products fit. If they fit into JK Maini Precision Technology, we will do it there. If they fit into JK Maini Global Aerospace, then we will do

Report is AI-generated and may contain inaccuracies.

it there. More likely, aerospace and aero parts will be done in JKMGL, and other kinds of defense parts will be done in JKMPL.

Again, this is at the component and subassembly level; these are not product-level activities. Therefore, it is very much part of our strategy to grow and diversify in this area as well.

**Balasubramanian – Arihant Capital:** Okay, sir. My second question is that I missed your earlier comment about 700–750 crores. Is that related to aerospace and defense revenue? Is that the target?

**Management:** That was for aerospace.

**Management:** That was specifically for aerospace and related to the current facility that we had, because the question was how much we could take it up to. We said that we would reach somewhere between 700 and 750 crores in the current facility, by which time Andhra Pradesh would be ready for us to continue our growth. That was specifically for aerospace.

**Balasubramanian – Arihant Capital:** Okay, sir. I am asking this question because in Q2, we grew nearly 72%, to almost the 139–140-crore range. If we did 140

**Balasubramanian – Arihant Capital:** 160 crores in the next two quarters as well, the growth rate would be more than 45–48% in this financial year. Is that the right way to assume that in FY28 and FY29 also, we may expect at least 40% growth, or does it depend on something else? Yes, sir.

**Management:** This year has been a good year so far, and obviously we will continue to try to maintain that. However, our commitment to the market will be in the high mid-20s. We are not going to commit to you that we will achieve 40%. But I think if we achieve high mid-20s, it should be a good indication for you.

**Balasubramanian – Arihant Capital:** Okay, sir. My last question is especially on the shipping side. Some players have mentioned that shipments have been deferred because of clearance issues or Middle East shipping disruptions. I want to understand how we have been hedged, given that our products are mainly exported and our raw materials are imported. In terms of the supply side, how are we protected?

**Management:** You have to plan with a little safety stock. That puts some pressure on your working capital, but in the end, it is a better solution than having to air-freight goods at a premium. One has to plan, keep global disruptions in mind, and plan around them. That is how we operate, to ensure minimum disruption at our end.

So far, we have been able not only to maintain growth but also to have minimum disruption. Yes, it comes at a cost, and that is what we discussed earlier: we have offset a lot of those costs through operating leverage as well.

**Balasubramanian – Arihant Capital:** Understood, sir. Thank you.

**Management:** Thank you.

Report is AI-generated and may contain inaccuracies.

**Operator:** Thank you. The next question is from the line of Keval Shah from Sanctum Wealth PMS. Please go ahead.

**Keval Shah – Sanctum Wealth PMS:** Hello. First, congratulations on the good set of numbers. Sir, coming to the aerospace part of the business, what were the order wins that we received during this quarter, and what does the order book look like?

Secondly, for the aerostructures part of the business, what could be the scaled-up margin from this business? I understand that margins can be lower for aerostructures, but what kind of margins are we looking at, and from which quarter will it start contributing to revenue for us?

**Management:** I am not going to give you direct numbers, but let me tell you that, as I said last time, we are making almost a new product every day, or you can say five in a week. Obviously, all these products keep ramping up, and therefore the order position increases to that extent. That is how we are able to maintain growth.

We are also seeing that whenever customers place orders with us, as soon as we deliver them, they seem to place larger orders with us. This could be due to one of two reasons: our competitors, or whoever has the balance of the market share, may not be able to deliver, so those customers come back to us.

We also believe that the number of aircraft delivered by Boeing and Airbus during the second half will be much higher than in the first half. There is a general market increase, and there are also supply chain issues. Suppliers like us that are ready with capacity, able to grow, and focused on execution will be able to capture some of these orders.

They do not really show up as orders immediately, but they eventually become orders, and I think that is what is reflected in the growth. Therefore, we have more orders than we had last quarter. If we can fulfill them and more, we will continue to receive more orders. That is the direction in which we have to look at this business.

**Keval Shah – Sanctum Wealth PMS:** Thank you, sir. On the aerostructures side, from which quarter can we expect revenue contribution to begin, and what could be the scale of this business in the foreseeable future, at least until FY28?

**Management:** We have always been doing aerostructures alongside our other businesses. If you look at our percentages, they are only a small part of the business. We will evaluate every business based on what it is worth.

As I have mentioned in the past, we will continuously work to determine what combination of businesses is ideal for us and what ROCE is ideal for us. We will target long-term ROCE of between 20% and 25%, and somewhere in between we will have to see how it works out.

When you invest significantly in very high-precision engines, you end up with higher EBITDA but lower ROCE. Therefore, we always have to look at it from a mix point of view. The idea is to grow every day, scale every day, and manage long-term ROCE within a good range.

Report is AI-generated and may contain inaccuracies.

It will always be a choice for us. As I mentioned last time, we have a massive pipeline and significant opportunities from which we can choose, and we will continuously choose businesses based on financial prudence and a combination that will allow us to execute.

**Keval Shah – Sanctum Wealth PMS:** Okay, sir. For the new Andhra plant, which should be coming up in the next 4–5 quarters, we would have most of our work together under one roof. What incremental benefits would we get from that? Are there any quantifiable benefits, such as margins improving by a few percentage points or working capital reducing because everything would be under one roof? Could you throw some more light on the benefits coming from that plant?

**Management:** There will be pros and cons. In any new plant, it would take some time to settle down. We would need time to obtain customer approvals, and that is why we are trying to do these things in parallel.

On the other hand, because we will be far more vertically integrated, you are absolutely right that we hope not only that our working capital will come down somewhat, but, more importantly, that we will be able to take on larger packages and larger businesses and move up the value chain. That will bring significant business opportunities to us in the right direction.

I think it is a large strategic move that we are trying to execute, and it will have these pros and cons. We will have to be patient in the beginning, and then it will start to give us good returns.

**Keval Shah – Sanctum Wealth PMS:** Okay, sir. For the auto business, which are the top European OEMs that we supply to? Also, Chinese auto OEMs are gaining market share in Europe. Could this be a potential risk for us in the future? How do you view that situation, sir?

**Management:** Sanjeev, do you want to take this answer?

**Sanjeev:** [pause] It is a risk for the business because the numbers are going up and customer RFQs are increasing. I feel that we will have enough opportunity and room to grow in Europe, the US, and across the globe.

**Keval Shah – Sanctum Wealth PMS:** Okay, fine. Thank you so much. I will get back in the queue.

**Operator:** Thank you. The next question is from the line of Ajinkya Jadhav from CRISP Portfolio PMS. Please go ahead.

**Ajinkya Jadhav – CRISP Portfolio PMS:** Congratulations to Gautam sir and the team for the good set of numbers. My question is regarding the earlier participant's question. You said that we can generate 700 crores of aerospace revenue from the existing Bangalore facility. My question is how much revenue we can generate from the brownfield interim facility that we have established in Andhra.

**Management:** I do not want to create confusion, so perhaps Sanjeev can answer that. The brownfield facility in Andhra will be focused more on the precision technology side, whereas the 700 crores we are discussing is for the aerospace side.

Report is AI-generated and may contain inaccuracies.

For aerospace in the brownfield facility, we will have several machines that will be used for training people in both the precision technology and aerospace businesses. If you are interested in understanding how precision technology will grow in the brownfield facility, Sanjeev can give you the background.

If you want to know whether the aerospace facility will move to the brownfield facility, it will not. Only training will be done at the brownfield facility, and we will continue to grow the business in the current facility until we move to Andhra. Obtaining customer approvals and completing those processes cannot be done on a temporary basis; they have to be done on a permanent basis.

**Ajinkya Jadhav – CRISP Portfolio PMS:** To grow from 600 to 700 crores in the existing Bangalore facility, are we adding machines to achieve that increase in revenue, or are we increasing efficiency? What changes have we made in the facility?

**Management:** It is a combination of everything. We are continuously adding machines, continuously creating more space, changing layouts, putting in mezzanine floors where required, reducing cycle times, and improving the OEE of the plants. It is a complete combination of several small things that come together and ultimately add up.

**Ajinkya Jadhav – CRISP Portfolio PMS:** Understood. My second question is regarding your comment that we are aiming to add one part a day. In H1, how many parts have we added, and how much cost was incurred for this development?

**Management:** Would you like to take that?

**Sanjeev:** Roughly 4% is the amount that goes into development. If you look at our revenue and calculate our margins or EBITDA margins without the R&D cost, we could easily add approximately 4%. However, as Mr. Maini said, we continue to develop one part every day, so we have decided to write it off in the P&L. Hence, when you look at the numbers, the amount comes to approximately 4%, with a little variation each quarter.

**Ajinkya Jadhav – CRISP Portfolio PMS:** Understood. My last question is regarding the inorganic acquisition that we have discussed in the past. Is there any progress in that direction?

**Management:** As we said last time, we are in a continuous process, and we will continue the process until we find the right opportunity. Once we find the right one, you will all come to know about it. The efforts will always continue, and it is our intention to pursue such opportunities.

**Ajinkya Jadhav – CRISP Portfolio PMS:** Understood, sir. Thank you for answering my questions, and all the best for the upcoming quarters.

**Management:** Thank you so much.

**Operator:** Thank you. The next question is from the line of Vighnesh Iyer from Sequent Investments. Please go ahead.

**Vighnesh Iyer – Sequent Investments:** Hello. Congratulations on the good set of numbers. My question is basically on our Andhra expansion. What is the normal timeline for customer approval of

Report is AI-generated and may contain inaccuracies.

the product? What is the general timeline after the commercial operations of the facility begin?

**Management:** Are you referring to automotive, aerospace, or both in general?

**Vighnesh Iyer – Sequent Investments:** Aerospace, basically, but I would also like to know the general approval timeline.

**Management:** I will give you some information on aerospace, and I would like Sanjeev to give you more accurate information on precision technology.

In aerospace, normally, customer approval could take anywhere between 3 and 6 months. We have a complete plan in advance for how we are going to do this so that we close the gap as much as possible.

There will be a set of parts that we already make for these customers, which we will transition to the other site to make the process faster because we already know how to make them. We will focus only on plant approval and not on part approval. That would speed up our transition process.

We have a complete transition team working customer by customer on how we will address each customer and what ramp-up will take place in Andhra on a priority basis. All those plans are being developed to ensure that we do not lose any opportunity while growing, shifting, or expanding in Andhra.

**Management:** Sanjeev, would you like to cover the automotive side?

**Sanjeev:** In automotive, it will take approximately 3 to 8–9 months, depending on the validation required for the part. In our brownfield facility, we have already initiated this activity, and it will be replicated in the greenfield facility. We should start production in the brownfield facility this year itself, and the greenfield facility should start next year.

**Vighnesh Iyer – Sequent Investments:** Could you share, for this phase or block of the greenfield facility that is going to start in the current year, the total amount spent on that specific block or phase?

**Management:** Are you asking what has been spent so far, or what we are going to spend by the time we launch? I did not understand your question properly.

**Vighnesh Iyer – Sequent Investments:** Sorry. The phase that is going to start commercial production in December, or at the end of the current year, what amount have we already spent on that phase or block that is going to commence production?

**Management:** We will start the greenfield facility next year in December. Are you referring to the brownfield facility that we are starting?

**Management:** The greenfield facility, the major mega factory in Andhra, will start in December 2027 next year.

**Vighnesh Iyer – Sequent Investments:** Right. That is the facility I am referring to.

Report is AI-generated and may contain inaccuracies.

**Sanjeev:** By the time the factory starts, the investment will be approximately 400 crores. Our total commitment remains 1,000 crores between aerospace and automotive, spread over a period of 5 years. By the time the factory starts, we will have spent close to 400 crores. Depending on how the RFQs for the factory develop, it can increase or decrease, but that is the ballpark figure we estimate at this point.

**Vighnesh Iyer – Sequent Investments:** Understood. That is the number I needed. Thank you.

**Operator:** Thank you. The next question is from the [cut off]

**Operator:** Line of Sanjeev from Antique. Please go ahead.

**Sanjeev – Antique:** Hi. Congratulations on {? good set of numbers ?} [crosstalk]

**Management:** Sanjeev, sorry, we cannot hear you.

**Sanjeev – Antique:** Hello?

**Management:** We are not able to hear you.

**Sanjeev – Antique:** [inaudible] on phone?

**Management:** Very faint.

**Sanjeev – Antique:** Wait, just a second. I am switching to a headset. Is it better now?

**Management:** Yes.

**Sanjeev – Antique:** Okay. My question was regarding capital allocation. We have a very good bank balance right now, and we are also raising funds. At the same time, we have some debt at the gross level. How do you plan to spend the overall capital raised over the next 2-3 years, and what will the debt look like by the end of FY29?

**Management:** To answer your first question, the liquidity is at the holdco level, whereas the debt is in the operating company. Regarding the share warrants and how we are going to use the proceeds, as we have clearly specified, the amount will be used for a specific purpose from the perspective of inorganic growth. This is a war chest that we have created, and since we are looking at various opportunities, when the right opportunity comes, the amount will be deployed accordingly.

**Sanjeev – Antique:** Okay. If you could also share the company's vision regarding the recent name change?

**Management:** Regarding the name change, since Raymond Ltd., as you are aware, after the demerger, mainly has these two businesses—engineering, aerospace, and auto components—we felt that the name should be changed from a Raymond perspective so that it signifies these businesses. For the general public, Raymond otherwise remains associated with suiting from a name perspective. We wanted that clarity to come through, and that was the idea and the reason for doing this name change.

Report is AI-generated and may contain inaccuracies.

**Sanjeev – Antique:** We have also added defense. On the defense side, have we been able to outline the overall plans, and where do you want to take the company in that segment?

**Management:** Defense was always part of the plan because, at the component level, it was going to be done together anyway. There is clarity that these two companies will handle the component and subsystem levels. The rest of the plans are being worked out strategically, and the clear intention is that defense will always be part of these two companies. It was always part of the plan, and it will continue to be part of the plan. This simply brings more clarity.

**Sanjeev – Antique:** Lastly, typically, our aerospace business margins in the fourth quarter have been much better than in the first three quarters. Do you think that trend will continue in the fourth quarter?

**Management:** Generally, the fourth quarter has higher sales, so operating leverage increases to that extent, and therefore it appears to follow the same pattern. However, in the end, if we continue to maintain growth and efficiencies and use operating leverage, the trend should continue.

In some cases, such as now, we grew 72%, but to grow 72%, we had to spend much more on R&D. Therefore, the percentage margin was slightly lower because we wrote off much more than we would normally write off. There is a bit of a double-edged sword here: when you grow very quickly, writing off R&D can have a small impact.

In the long term, however, the growth trajectory and efficiencies will catch up. It is a question of timing, how much R&D work you did in that quarter, how much scaling you undertook, how much improvement you achieved, and how much operating leverage you achieved. It is always a combination of factors.

In general, when you increase turnover, you would obviously expect the margin to improve, but beyond a point, you also have to write off the related costs.

**Sanjeev – Antique:** Okay, sir. Thank you for answering my questions, and all the best.

**Management:** Thank you so much.

**Operator:** Thank you. The next question is from the line of Sagar Shetty from Wealthyvia. Please go ahead.

**Sagar Shetty – Wealthyvia:** {? Am I audible ?} [inaudible] My first question was about whether, if we grow at the current pace, the aerospace business would reach 750 crores by mid-FY28. That would be before the Andhra facility contributes. Is the assumption correct that aerospace growth should moderate slightly to the high 20s or 30%, so that we do not fully utilize the 750 crores, and once the Andhra plant is active, we will have to utilize it? Is that understanding correct?

**Management:** I think you have mixed up your numbers slightly. Even if we grow at the high 20s, we would still not reach that level by the end of FY28. You may need to review your numbers and not assume that we will continue to grow at the same rate. Growth will moderate to the mid-20s. Mid-20s is what we are committing to. We would still have enough capacity at the current facility before Andhra comes in.

Report is AI-generated and may contain inaccuracies.

**Sagar Shetty – Wealthyvia:** Okay, that is fine. In the previous conference call, you mentioned that asset turns for the aerospace and auto businesses were approximately 2 and 2.5, respectively. We are investing approximately 1,000 crores, dividing 1,000 crores among the four businesses. That implies a peak revenue for each revenue segment. Is that range correct, and how many years do you expect this to take after commissioning?

**Management:** Typically, you do not scale immediately. First, you get the sample approved, then you start with a smaller market share, then you do a good job, and then you increase the market share. It is a process.

Depending on the mix of machines that you use and the level of vertical integration, there are too many variables. It is not like setting up a line where you immediately know how much you will produce. This is discrete manufacturing. It is low-volume, high-mix manufacturing. Combinations change, and market conditions change.

Therefore, you have to be prepared with an execution plan that is extremely flexible, allowing you to manage the ups and downs of your customers while also managing your growth. It is very simple to state and try to equate it, but it is not that simple when you work toward it.

**Sagar Shetty – Wealthyvia:** Understood. One more question: On slide 22, you say that nozzle guide vane capacity is doubling from 8,000 to 16,000 units a year. I believe this was missing in the previous presentations. Could you help us with the guidance, timelines, and revenue potential of this?

**Management:** The machines have all arrived. It will now take approximately 45 days for the machines to run and then to ramp up gradually. I would expect this quarter to be a settling-down period, and the revenue would then start to reflect from the last quarter.

**Sagar Shetty – Wealthyvia:** Okay. Was this tied to LEAP 1A? What is your content share in LEAP 1B?

**Management:** No, this is for both 1A and 1B. We do both.

**Sagar Shetty – Wealthyvia:** It is for both? Okay.

**Management:** It is for both. Completely.

**Sagar Shetty – Wealthyvia:** Completely. That is all from my side, sir. Thank you so much.

**Management:** Thank you so much.

**Operator:** Thank you. A reminder to all participants: anyone who wishes to ask a question may press star and one on their touchtone telephone.

The next question is from the line of Prince Goenka from Narnolia. Please go ahead.

**Prince Goenka – Narnolia:** Thank you for taking my question. What challenges are we currently facing in the tools and hardware business, and what is the growth outlook for the upcoming periods?

Report is AI-generated and may contain inaccuracies.

**Management:** Sanjeev?

**Sanjeev:** We are targeting the launch of several new products, and we have already launched approximately 50% of them in the last 3 months. We are expecting average growth in the double digits.

**Prince Goenka – Narnolia:** Understood. That is all from my side, sir.

**Operator:** Thank you. Anyone who wishes to ask a question may press star and one on their touchtone telephone.

The next question is from the line of Pritam from Wealthyvia. Please go ahead.

**Pritam – Wealthyvia:** Congratulations on the good set of numbers. I want to understand more about the order book and RFQs. Can you quantify the contractually binding purchase orders for the next 24 and 36 months? Also, under these long-term agreements, how are we protected against the possibility of OEM program delays or build-rate reductions? Are there any risk-protection mechanisms in the contracts?

**Management:** {? So, coming up ?} Typically, in aerospace, are you referring to aerospace or automotive?

**Pritam – Wealthyvia:** Aerospace.

**Management:** Typically, in aerospace, your order position, as I said earlier, keeps increasing. The backlog also keeps increasing. If you study the two OEMs and the aircraft deliveries they made in the first 6 months and what they are going to do in the next 6 months, you will see a significant difference.

A lot more planes are delivered in the second half of the year, and these aircraft are basically waiting for engines to be delivered. Therefore, we do expect volumes to increase.

The order position is not a very simple thing to state because schedules can change daily or weekly, but in general, you have the market share. For instance, if your market share is 35%, but the market itself grows and the number of aircraft produced by all the OEMs increases, then your orders increase. It is a factor of more than one thing.

The trend is in the right direction. Not only is market share increasing, but the number of parts in the market is also increasing. That is the most important thing to take into consideration. Your order position changes almost every day.

**Pritam – Wealthyvia:** Understood. Regarding win rates for new complex structures compared with older precision engine components, how is your pipeline currently shaping up? Is it more focused on the commercial aviation sector, defense, space vehicles, or something else?

**Management:** We have a mixed trend. We are seeing an increasing mix of aerostructures, engines, defense, localization, Make in India, and other areas. We are making our choices based on the best financial implications for the company.

Report is AI-generated and may contain inaccuracies.

The important thing is that, because we have large RFQs, we are able to choose what we want to do and ensure that our numbers are moving in the right direction. That is what we have achieved so far. If you have seen the last 3-4 quarters, we have consistently made improvements and moved in the right direction. We have combined growth with improvement in the bottom line.

**Pritam – Wealthyvia:** Right. Regarding the Andhra facility, what would typically be the lead time from first article inspection to PPAP approvals, and how are you budgeting the cash burn during that period? What provisions have you made for that?

**Management:** I do not know if you heard me a little while ago, but I explained that we have significant project management activity taking place between our customers and ourselves to compress the time required to approve the new facility.

Typically, we would move existing parts that we have already made into the new facility first, so that the focus is entirely on approving the facility rather than the part. This will help us reduce the time required for normal approvals.

We are going to do this simultaneously with 5 or 6 customers that we believe will be the first drivers of growth in Andhra Pradesh. It is being managed very strategically. We are already in touch with the customers, almost a year in advance, and we are working closely with them to ensure that this happens.

It is also in their interest that growth continues, and they would in fact like to have a more strategic arrangement with us. We are seeing a very positive inclination from customers to work with us on approving the new facility.

**Pritam – Wealthyvia:** Great. Is there any realization ballpark figure for that plant at which you would break even, or anything of that nature?

**Management:** This business is modular. We bring in machines immediately before, or a couple of months before, dispatches are expected. We can obtain customer approval for 10 machines, then bring in another 10, and continue in that manner.

It is not a situation where we establish a large facility and then take months to reach break-even. There will be certain preoperative expenses, but they will not change our profitability trajectory. There is no issue of significant cash burn or waiting for a large break-even point.

**Pritam – Wealthyvia:** Understood. Thank you, and all the best.

**Gautam:** ...our facility came up a couple of times, and we have reiterated time and again that this is technically on the outskirts of Bangalore. I just want to reiterate that it is only a 90-minute drive from Bangalore airport.

**Pritam – Wealthyvia:** Yes, sure. Okay, thank you, sir.

**Operator:** Thank you. The next question is from the line of Rahul Rao from Athletico Analytics Services LLP. Please go ahead.

Report is AI-generated and may contain inaccuracies.

**Rahul Rao – Athletico Analytics Services LLP:** Good afternoon, everybody on the call. We work with materials such as Inconel and titanium. I believe most of these materials are imported. Have you seen an increasing trend of Indian players becoming qualified for these materials?

**Gautam:** I think that is a very good question. The trend has started, although it will take some more time. Certain approvals have already been received by Indian suppliers.

We are working very closely with most of the suppliers. Fortunately for us, we have leverage to discuss with these suppliers because they have dealt with us on the automotive side, where we have high volumes. Just as, when we started aerospace 22 years ago, we developed the ecosystem with automotive suppliers that moved into aerospace, I think the same thing is happening with raw materials.

There are large mills that have improved their capabilities, and all of them now want to enter aerospace. Therefore, this provides a great opportunity. The grades are not restricted to just Inconel and titanium. There are also high-nickel alloys, stainless steel, and other materials that form part of hard machining.

This will be a 2-3-year process for some suppliers, while some have already started. The upside is that, as Indian suppliers start to provide raw materials at competitive prices and we gain access to them, two things will happen.

First, our working capital will improve, which is a very significant factor in aerospace because working capital requirements are very large. Second, prices will become more competitive.

Overall, we will see India becoming much more competitive as a country in the aerospace business, and we will also see working capital being utilized much better across the industry. I think it is a significant positive, and we will see it unfold over the next 2-3 years.

**Rahul Rao – Athletico Analytics Services LLP:** You said you work with most players in India. Would they include Kalyani, PTC, Sunflag? Are you comfortable naming any others?

**Gautam:** I have a few more, but I do not think I should name them like this. There are a couple of others as well that we are working with. Indian companies are stepping up, and we will see good results from all of them.

For us, it is great because it adds value to our business model, brings down our costs, and makes us more competitive. It is excellent for us to have Indian suppliers become qualified.

**Rahul Rao – Athletico Analytics Services LLP:** That is great. All the best, and thank you.

**Gautam:** Thank you so much.

**Operator:** Thank you. The next question is from the line of Chirag Jain from Spark Capital. Please go ahead.

**Chirag Jain – Spark Capital:** Hi, sir. First of all, congratulations on the good set of numbers. I have one repetitive question regarding the order book. Can you quantify the order book position as of Q2 FY27?

Report is AI-generated and may contain inaccuracies.

**Gautam:** We have already declared an order book earlier. It is incrementally higher than before. As I said, it grows for us on a daily basis. It depends on the schedule at that point in time and on whether additional parts have gained market share.

In general, you do not keep calculating it. The trend is in the right direction because that is how you are seeing the growth. I do not think the order book is an issue.

As I have always mentioned, even if the orders are large, what is important is whether you can execute. In our industry, the companies that can execute, do a good job on quality and quantity, and deliver OTIF, which means on-time delivery in full, will be successful. The orders are very large, including the backlogs.

**Chirag Jain – Spark Capital:** We agree with that. As an analyst, it helps us gauge whether the company has good visibility going forward. The order book every quarter helps us understand the company better. One more question [crosstalk]

**Gautam:** To give you visibility and help you move beyond this concern regarding the order book, you have to understand that the large OEMs have order backlogs in excess of 12 years. When you have market share and long-term contracts, they normally continue until the end of the product life cycle.

Nobody calculates that because not everyone signs an end-of-life contract with you upfront. Therefore, if we look at the order book—for instance, if we started 10 years ago with, let us say, the LEAP program and had a 5-year contract, we have already delivered for 10 years and will probably deliver for another 15 years—it becomes a misnomer.

What is important is to understand that you are on the platforms, those platforms have long lives, you have a good market share on those platforms, and the market is growing because it has a huge backlog. That is how, as an analyst, you should look at the aerospace industry. That is my $0.02 to you.

**Chirag Jain – Spark Capital:** Definitely, sir. One more thing: We have deferred our {? heat treat and ?} commissioning by one quarter. Is there anything specific or critical behind that?

**Gautam:** We have not deferred anything by one quarter. We were always going to do it in Q3 FY27, so nothing has been postponed.

**Chirag Jain – Spark Capital:** I think the presentation from last quarter mentioned Q4 FY27, perhaps referring to calendar year 2026.

**Gautam:** It may have been a confusion between the financial year and the calendar year. It was always December 2026.

**Chirag Jain – Spark Capital:** Okay. Third, yes.

**Gautam:** To clarify, it was always the third quarter of the financial year.

**Chirag Jain – Spark Capital:** Understood.

Report is AI-generated and may contain inaccuracies.

**Gautam:** Okay?

**Chirag Jain – Spark Capital:** Okay, perfect, sir.

**Gautam:** Thank you.

**Chirag Jain – Spark Capital:** Thank you so much.

**Operator:** Thank you. The next question is from the line of Anoop from Equity Intelligence India Private Limited. Please go ahead.

**Gautam:** [pause] I cannot hear. I am sorry, but if someone is speaking, we cannot hear.

**Operator:** Mr. Anoop, you are not audible.

**Management:** I think we should go to the next one.

**Gautam:** Nazneen, can we go to the next one?

**Operator:** Sure. The next question is from the line of Keval Shah from Sanctum Wealth PMS. Please go ahead.

**Keval Shah – Sanctum Wealth PMS:** Thank you once again for the opportunity. In terms of new additional opportunities from new segments, are we looking at medical components? Is there any near-term business opportunity from this segment? Last quarter, we received certifications for these medical components.

Do our products also have potential business opportunities in areas such as gas turbines, where they can be used? Could you throw some more light on the incremental segments, whether there are opportunities and whether we are looking at them? Thank you.

**Gautam:** This constitutes what you call edges and adjacencies, and it is very much part of our master plan. Obviously, we are not declaring numbers now because we are in the nascent stages.

As you said, in medical components, we are still producing samples for certain European customers to ensure that our backend is very secure. In a business like this, quality, the team, and the projects all have to be properly managed. We may come out with some plans 6 months from now. Until then, we would like to perfect what we want to say or do.

You are absolutely right that there are opportunities in gas turbines. This also sits as an adjacency and at the edge of what we do. All the areas that sit at the edges and adjacencies are being explored in every possible manner.

The most important thing is to put them into our funnel and determine which businesses we should pursue as a matter of choice: where the margins are better, where ROCE is better, and whether it is beneficial to have that mix of customers. There are certainly many such opportunities being explored as we speak.

**Keval Shah – Sanctum Wealth PMS:** Okay. Thank you so much.

Report is AI-generated and may contain inaccuracies.

**Operator:** Thank you. As that was the last question, I now hand the conference over to Mr. Gautam for closing comments.

**Gautam:** Thank you very much. We really appreciate everybody recognizing that it was a good quarter, and thank you so much for your support. We look forward to the next quarter. Happy Diwali to everybody, as I think we will meet after Diwali. Enjoy the festive season.

**Operator:** Thank you, sir. On behalf of Anand Rathi, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

---

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.