Aimtron Electronics

Operator: Ladies and gentlemen, on behalf of Captify Consulting Investor Relations team, I welcome you all to the H1 FY27 post-earnings conference call of Aimtron Electronics Limited. Today on the call from the management team, we have with us Mr. Mukesh Vasani, Chairman; Mr. Snehesh Shah, Whole-time Director; and Ms. Nikita Shah, Chief Financial Officer. As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risks and uncertainties. Also, a reminder that this call is being recorded. I would now request the management to brief us about the business and performance highlights for the period ended September 2026, the growth plans for the coming years, after which we will open the floor for Q&A. Over to the management team.

Mukesh Vasani – Chairman: Good afternoon, everyone. On behalf of the board of directors and the entire Aimtron team, I warmly welcome all our shareholders, investors, analysts, and everyone joining today's H1 FY27 earnings conference call. First of all, thank you for your continued trust, confidence, and interest in Aimtron's journey. Today is your day, and your questions and feedback are very important for us, so I will keep my opening remarks as brief as possible to allow more time for our discussion.

As many of you know, our journey started with a vision of building a strong electronics manufacturing company and a purpose-driven organization. At our recent AGM, we shared our theme: steady, strategic, and scaling. I believe our H1 performance reflects the progress we are making towards this vision. The first half of FY27 has been an important period for the group, both in terms of financial performance and the strategic progress we have made.

As you know, our consolidated revenue grew approximately 83% year-over-year, while profit after tax increased approximately 71%. I am not going too much in depth about the numbers because Nikita will take that part later. What is particularly encouraging is that this growth is being supported by progress across multiple businesses, customers, new programs, and so on. Over the last few years, our objective has been to transform Aimtron from a conventional electronics manufacturing company into a technology-led electronic system design and manufacturing player, capable of delivering increasingly complex and high-value, high-complexity box-build solutions to global customers across the board.

We are now beginning to see these efforts translate into meaningful business opportunities. You may have questions about the current industry outlook and supply chain environment. Yes, it is very sensitive nowadays. Global customers are increasingly looking for reliable manufacturing partners like Aimtron who can offer quality, engineering capabilities, supply chain resilience, and consistent execution. We believe Aimtron is well-positioned to participate in this opportunity. At the same time, the industry continues to face challenges arising from geopolitical uncertainties and supply chain constraints. The availability of certain electronic components, extended procurement lead times, and cost pressures require careful planning.

We are addressing these challenges through advanced procurement planning, closer coordination with customers, constant communication with suppliers on both sides, and maintaining strategic inventory wherever necessary, either in the US or in India. Our priority is to maintain timely customer delivery while improving overall working capital efficiency.

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You may have other questions about our new fundraising and strategic expansion plan. An important development has been the recent shareholder approval for our proposed preferential fund raise of approximately 205 crore. We are pleased with the proposed participation of reputed institutional investors, including Indus Capital, 360 ONE, Alchemy, and many more. We view this as an important milestone in Aimtron's journey. The proposed capital will provide greater financial flexibility to strengthen our capabilities, pursue expansions, and support our growing business. Our strategy remains focused on moving further and further up in complexity, in box-build manufacturing, engineering-led solutions, RDM, ODM capabilities, OEM capabilities, system integration, and very high-value, high-complexity, complete box-build programs.

We also see significant opportunities to leverage the complementary strengths of our Indian talent and US operational efficiency. Mexico may be a future opportunity and is also part of our global vision. As part of our strategic expansion, we are also evaluating suitable acquisition opportunities right now in southern India, perhaps in Bangalore or that area, and perhaps in North America, possibly in Mexico. That is where part of the fund will be used. Our objective is to strengthen our global manufacturing presence, expand our capabilities and new technology, and bring complementary businesses into the Aimtron family. We will continue to evaluate these opportunities carefully, with a focus on business fit, financial discipline, and long-term value creation.

Our ambition is to build a substantially larger Aimtron over the coming years. Equally important is building a stronger Aimtron with deeper capabilities, diversified customer relationships, improving capital efficiency, and sustainable profitability. As I said in our EGM, raising capital is an important step, but the real achievement will be how wisely we utilize this capital and create long-term value for our shareholders.

Before I hand over, I would once again like to thank all our investors and analysts. Today is also the auspicious occasion of Dhanteras, and we are entering the Diwali celebrations. As per our tradition, I personally believe that true worship of the Almighty is through honest, hard work, responsible wealth creation, and sharing our success with society. On this auspicious day, I wish all our shareholders, investors, employees, customers, and their families a very happy Diwali. With that, I will now hand over to Nikita Shah to take you through the financial performance. Thank you, and happy Diwali. So be it.

Nikita Shah – CFO: Thank you, sir. Good afternoon, everyone. I will briefly take you through our performance during H1 FY27 and some of the important operational developments across the group.

Financial performance during H1 FY27: our consolidated revenue from operations stood at {? 224.71 CR ?} compared with {? 122.58 CR ?} in the corresponding period last year, representing growth of approximately 83%. Our reported EBITDA increased approximately 80% to {? 54.30 CR ?} compared with {? 30.11 CR ?} last year, with an EBITDA margin of approximately {? 24.17% ?}. Profit after tax increased approximately 71% to {? 34.91 CR ?} compared with {? 20.36 CR ?} last year. [inaudible] Our balance sheet remains strong, with healthy cash balances, and we continue to maintain a conservative capital structure.

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Operational developments during the first half of the year: we have seen strong traction across our focus sectors, including automotive, industrial, and medical. We are particularly pleased with the progress we have made in our US and India operations, which continue to deliver strong performance. Our efforts to broaden our customer base and deepen our relationships with existing customers are yielding results. We have added several new customers across our key markets and are seeing increasing demand for our box-build and system integration services.

As Mukesh mentioned, we are excited about the opportunities ahead and are committed to building a world-class electronic system design and manufacturing company. Thank you for your time, and we now open the floor for Q&A.

Operator: Thank you. We will now begin the question-and-answer session.

Ankita: 17.19 CR, compared with 20.29 CR in H1 FY26. Our consolidated unexecuted order book stood at approximately 733 CR as of September 30, 2026. We are pleased with the growth delivered during the first half, particularly because it reflects execution across multiple programs and an expanding customer base. Aimtron India: coming specifically to our Indian operations, revenue increased approximately 69% year-on-year to 161.56 crore compared with 95.60 crore in H1 FY26. I congratulate all the members of the Aimtron group for achieving such wonderful results during H1 FY27. Now I would like to invite Sneh Shah to share his vision again for the strategic and further plans.

Sneh Shah: Thanks, Ankita. Thanks, Mukesh. [pause] Good evening, everyone. I think we are pleased with the growth delivered during the first half, particularly because it reflects our strong execution across the broad customer base that we have, along with the different programs, with more focus on increasingly complex manufacturing programs. We are also progressing on several other developments apart from that, such as prototyping and customer qualification programs, like the RDSO program we did last time. Now, apart from railway programs, we are already supplying to a lot of other PSUs and so on.

An important characteristic of our industry is that onboarding a global customer is often a lengthy process. Programs typically progress through engineering discussions, prototyping, validation, qualifications, and then initial production before reaching meaningful commercial scale. The customer relationships and development programs we are building today are therefore important not only for current revenue but also for the growth opportunities we are targeting over the next 2-3 years and for the 1,000 crore journey that we are targeting ahead. Speaking specifically about strengthening our US business, we are particularly encouraged by the developments during the first half that we brought under AIC. When we acquired AIC, our objective was to establish a stronger US manufacturing presence while creating opportunities to improve operating performance and expand our customer relationships across the globe.

We are beginning to see encouraging progress now. During the second half, in Q2 FY27, AIC recorded its highest-ever quarterly order booking of around 12 million compared with its average quarterly order booking of less than or around 4 million dollars. The business also added 5 new customers during this particular quarter. Importantly, AIC today has approximately 18.8 million of unexecuted open order book, which is almost a 161% increase year-on-year. This development represents a meaningful improvement in business momentum and reinforces our confidence in the

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opportunities ahead. We are also focused on improving AIC's profitability through better operating efficiencies, procurement initiatives that we have already started by consolidating the global manufacturing setup, an improved customer mix, and commercial negotiations.

Our mid-term objective is to progressively bring AIC's margin closer to that of Aimtron India. At the same time, we are engaged in discussions with several large customers in the US regarding additional programs that may be executed in AIC itself. We believe AIC has the potential to become a significantly larger business and increasingly an important growth engine for the group. More importantly, the combination of our Indian and US capabilities provides an important opportunity to offer our customers a more comprehensive manufacturing platform.

Coming to what I would say is our most important area, addressing working capital: we recognize that working capital and cash flow are extremely important. As Aimtron, we are growing rapidly, and working capital requirements have also increased. We recognize that strong revenue growth must ultimately translate into better operating cash flows and higher returns on capital. This has therefore become an important area of management focus, and we are undertaking several initiatives to improve receivable collections, optimize inventory levels, and strengthen our procurement planning. As the group has scaled, our purchasing volumes and supplier relationships have also strengthened. This provides us with an opportunity to negotiate better payment terms and improve our working capital cycle. At the same time, we are working closely with customers to improve collection timelines and ensure that inventory procurement remains aligned with program requirements.

Given the ongoing global component shortages, as Mukesh also stated, we will continue to maintain strategic inventory wherever necessary to protect customer deliveries. However, we intend to balance this requirement with tighter inventory planning and improved cash conversion. We therefore expect this initiative to contribute to a meaningful improvement in working capital efficiency during the second half of the year as well. Our objective is not merely to deliver high revenue and profitability, but to ensure that a greater portion of our earnings progressively translates into operating cash flow as well. As Aimtron becomes larger, working capital discipline, cash generation, and return on capital will remain permanent management priorities.

Looking ahead, we remain very positive about the opportunities across the group. Our India business continues to scale strongly. AIC is witnessing record order activity and expanding customer relationships. As stated, we already have an open order book of around 733 crore, and many new programs are progressing across both geographies. This gives us confidence that Aimtron's growth is increasingly supported by multiple businesses, customers, and programs rather than by any single opportunity. Once again, we believe this provides a strong foundation for the next phase of our journey. Thank you once again for your continued support and confidence. With that, we would be happy to take your questions.

Operator: Thank you for the detailed remarks. All those who wish to ask a question may use the option to raise their hand. We will take the first question from the line of Mr. Priyanshu Jain. Mr. Priyanshu, you can unmute and go ahead, please.

Priyanshu Jain: Hi, Mukesh. I hope I am audible.

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Mukesh: Yes.

Priyanshu Jain: Hi, sir. I hope you are doing well. Your voice sounds a little low, so I thought I would ask whether everything was okay.

Mukesh: Today, actually, I am out of the country in Mexico. That is why.

Priyanshu Jain: Okay. First of all, happy Diwali, and congratulations on a great set of results. As always, execution has been solid. I have a few questions today. Firstly, on the revenue mix side, this quarter we have seen some increase in our end-to-end solutions order book. As our margins are a bit higher, can you throw some light on what kind of orders these are and what the trajectory going forward could be? Are we targeting around 10% or 15% of the end-to-end solutions segment going forward?

Mukesh: I think Aimtron's philosophy is correct. Our culture is a margin-first culture. Yes, we definitely want to scale, as you can see in the presentation as well. Our goal is scaling, but scaling comes third. We make sure the foundation is right, make sure the foundation is strategic, and then we would like to keep scaling the business. So, answering your question, our programs, our customers, and our technology would always focus on north of 10% margin business and PAT business.

Priyanshu Jain: And, sir, what kind of orders are these? Can you throw some light on that as well?

Mukesh: We are taking various technologies. We are not limited to one segment or one market. We are focusing wherever there are life-threatening devices, whether in defense and aerospace or med-tech. We also look at new programs with high reliability. As I said last time, Caterpillar needs machines for 20 years, including big cranes and big generators. Those are the companies we are focusing on. We are focusing on international MNCs. In India also, we are focusing on global MNCs, including companies from the Netherlands, the UK, and Europe. That is our focus, and that is why our business is strong and solid from a margin perspective.

Priyanshu Jain: Great, sir. My second question will be on the capex side. We do not require capex for at least 2 years, but looking at the growth and the tailwinds in our industry, are we planning anything? We have recently completed the fundraise as well, so of that, approximately how much will go towards working capital? Are there any capex plans going forward that you would like to share now?

Management: Sure, sure. Definitely. To keep it brief, this is the current {? 204 crore ?}, {? 205 crore ?} approximately that we raised. I think about 30 crore is in capex—no, not capex, but in working capital, to answer your first question. We will manage the working capital because, you know, the initial cost in the EMS business requires working capital initially, but then we can keep rotating it. Is that correct? So there will not be much concern about working capital. Regarding capex, the current fundraise will go towards 2 acquisitions. As we said previously, we do not need any more capex up to 1,000 crore, other than minor wear and tear.

Priyanshu Jain: Okay, sir. That is all from my side. I have a few more questions, but I will join the queue again. Thank you. All the best for the future.

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Operator: Thank you, Priyanshu. Is my voice better now?

Management: Yes, sir.

Operator: Thank you, Priyanshu. We will take the next question from the line of Rohan L. I would request all participants to limit their questions to 2 per participant only. Thank you.

Rohan L.: Hello. Am I audible?

Management: Yes, sir.

Rohan L.: Congratulations to the management on a very good set of numbers. It is reflecting not only in the profit and loss but also in working capital and cash flow. My question is specifically with respect to AIC. The margin is about {? 38%, 39% ?}. I want to understand what is driving such high margins for that specific company.

Management: Regarding AIC, there was a little interruption in the question, but I believe your question is regarding the high margin, such as the gross margin in AIC. Is that your question? To answer that question, there are a couple of things we did. The new way of working, with Indian talent providing backend support from India, gives us a little more margin. Consolidated purchasing power also gave us additional margin. We also realigned operational efficiency, relaid out the stock room, and added a few machines. Those are the things that mainly added to the gross margin. We are also seeing that this is normal in the US business once you have good control. Before we entered AIC, they had paper-based processes with no digital trail across the business. Now we have a digital Amnet platform there. It saves a lot of time when communicating with customers, the internal team, and suppliers. Those are the things we are implementing there. That is the reason we see this improvement. When we considered this business, we saw that these possibilities existed, and that is the reason we took it into our basket. Thank you.

Rohan L.: Thank you. My second question is with respect to other expenses. There has been a marginal spike in other expenses. What is the reason? Where is this coming from, and why is it so?

Management: For AIC in particular, I will answer first, and then Sneha or Nikita can address the other expenses. When you acquire a new company, many hidden things come out. There are expenses related to some of the setup, the MRP and ERP transition, and certain expenses that we cannot categorize, including cleaning and putting some things in place. Those are the expenses I am referring to. Sneha can add a little more on this.

Sneha: Sure. It is basically a combination of several things, as Mukesh stated. It is about bringing the system up to the mark according to customer expectations. Maintenance was required to bring the facility up to the mark and ensure that quality products are delivered. Based on the kind of technology and clients we focus on, we ensured that the facilities were up to the required standard. Infrastructure was the top priority. Probably, down the line, this expense will go down as we move forward.

Operator: Thank you, Rohan. We will take the next question from the line of Achut P. Mr. Achut, you can unmute and go ahead, please.

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Achut P.: Hello, sir. Firstly, I want to congratulate you on a great set of numbers. My first question is on the US entity. As the US entity's order book is growing exponentially, I want to understand whether the US entity's order book is being manufactured in the US only or whether some of it is being manufactured in India.

Management: Most of the orders right now are being built in the US. Some of the orders came back from China to the US. That is why the US business has seen a spike. Those are the 2 reasons. Eventually, once we have a relationship with the customer and they have a new low-cost program, whether in Mexico or India, such as customers like Caterpillar and Schneider, they have programs in Mexico and India as well. We will take those programs to India or Mexico later, but not at this point. Right now, we are building in the US only. As you know, we have 4 SMT lines there.

Achut P.: Okay. What is the difference in margin between the US and India entities?

Management: It varies from product to product and case to case. There is a lot of variety. If the work is more labor-intensive, India is better. With more automation, the US is better. However, it ranges from 10% to almost 30%.

Achut P.: If we look at it, revenue growth is very good, but margins declined from 25% in September 2025 to 22% in September 2026. As revenue grows, are we maintaining similar margins going forward? What is the reason for this decline? Can we expect some operating leverage going forward?

Management: Let me have Sneha answer this because she is the revenue person.

Sneha: It will be a combination of 2 factors. If you look at the first half of last year, wages were not part of COGS, which were added later in the second half of the year. That was the first factor. Second, at the consolidated level, that is the prime reason overall margins have shortened. Down the line, as we see scope for improvement in AIC, where we expect the margin to reach the Aimtron level by next year, we see marginal improvement coming at both levels.

Operator: Thank you, Achut. We will take the next question from the line of Gaurav Bansali. Mr. Gaurav, we are not able to hear you. We will take the next question from the line of Dewang K. Mr. Dewang, you can unmute and go ahead, please.

Dewang K.: Yes, sir. I want to ask about the optical transceiver segment. Have we dropped the plan, or are we still looking into this segment or exploring an international strategic partnership in this segment?

Sneha: Regarding SFP, or small fiber optics, we are already working on it. It is a high-tech activity, so it is not something that will happen overnight. However, in the second half of the year, we expect some orders to be closed in terms of execution. That is what we are working towards.

Dewang K.: Okay, sir. Thank you.

Operator: Thank you, Dewang. We will take the next question from the line of Vinit. Vinit, you can unmute and go ahead, please.

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Vinit: Hi, Mukesh. Hi, Sneha. A very good evening. I have been reading many articles lately in which both of you have been very vocal about your positive views on the semiconductor industry. In fact, ISM 2.0 is also live in India, and we have recently raised funds. I wanted to know what our plans are, because I have been hearing the company speak about its views on the semiconductor industry. What are our tangible plans in that area?

Management: [pause] Aimtron's journey is focused first on achieving our 1,000 crore vision. That is the first milestone we would like to accomplish, and then we will focus on semiconductors. Semiconductor is a capital-driven industry, is that correct? That is what we are focusing on. Sneh, you can add more of a local Indian perspective regarding ISM 2.0.

Sneha Iyer – CFO: Sure. The policies are lucrative, no doubt about that. However, our prime focus is still EMS, or rather ESDM, with a focus on more complicated box-builds down the line. As an example, we are currently doing smaller-size box-builds. With this greenfield project coming up as Aimtron Mechatronics, we can move towards larger and more complicated box-builds, such as MRI systems. That is only an example. The prime focus for now is that. As we reach the 1,000 crore level and go beyond that, we also have some plans on the execution side regarding how we take this up to the 2,500 crore journey. Considering that, we will see how we can further increase our high-end penetration. For now, as part of forward and backward integration, we are already moving into plastics, sheet metal, and wire harnesses.

Vinit: Understood, sir. With respect to our margins, you already mentioned to the previous participant that marginal improvement is expected because improvement in AIC might happen sometime next year, or by next year. However, looking at the other scenario, Mukesh mentioned in the opening commentary about component shortages and increased prices. How do we look at inventory costs going up for us? In H1, most of our execution was probably from the inventory already built, correct? We had a good amount of inventory at the end of March.

Management: To answer your question, we are in contract manufacturing, which means we have a transparent agreement with the customer. Any price increase, dollar variation, or geopolitical situation is compensated for by the customer. Therefore, I do not see any problem with the margin. I only see a problem with delivery and total revenue output. That is what we are communicating about very proactively with our customers and suppliers and offering them another solution. For example, if one part, such as micron chips, is very costly, we provide an alternative solution through substitute parts. Our engineering team is constantly working to support their issues and programs so that they are not delayed. Margins will not be affected. Normally, in this kind of situation, margins can even increase because we receive a purchase price variance. That means we can receive even more price variance. Margins will not be affected. Revenue will definitely be affected for anyone who is not working proactively with customers and suppliers. Those people will suffer, but Aimtron is totally different, is that correct? We are in Aimtron 2.0, so we are more proactive in our communication with customers, suppliers, and our own team.

Vinit: Understood. So we are already prepared for the execution we are planning over the coming months. We have already procured the inventory.

Management: [pause] We have a lot of inventory. We either procured the inventory, locked in the inventory, or have a purchase order, so the price cannot be changed.

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Vinit: Understood, sir. And regarding the—

Operator: Vinit, I would request you to please join the queue again, as there are a lot of {? people ?}. Thank you. We will take the next question from the line of Deepak Puda. Deepak, you can unmute and go ahead, please.

Deepak Puda: Am I audible, sir?

Management: Yes, Deepak.

Deepak Puda: Thank you very much, sir, for this opportunity, and many congratulations on a good set of numbers. First, I would like to clarify something. This 1,000 crore vision that you mentioned for Aimtron, by when are we targeting it?

Management: Sneha, do you want to take this?

Sneha Iyer – CFO: Sorry, could you reframe the question? Your voice was not clear.

Deepak Puda: This 1,000 crore vision—what is the timeline for that?

Sneha Iyer – CFO: If we go organically, probably the next 2 years from here, considering 40%-50% CAGR growth as an assurance from our side. That is what we are working towards, and we have been consistently performing on that front. If we continue to do that over the next 2 years, then within 2 years we will be able to achieve those numbers.

Deepak Puda: That is FY27?

Sneha Iyer – CFO: Yes.

Deepak Puda: Okay. My first question is on gross margins. With this vision of moving into more complexity, ODM capability, or manufacturing capability, is there scope for improvement in gross margin, which is currently hovering at around 30%-31%? Do we have any aspiration there over the next 2-3 years, given that we are moving up the value chain? How can we improve our gross margin?

Sneha Iyer – CFO: We would definitely be focusing on that. However, as we stated before, the ultimate goal would be to achieve approximately 15% PAT. Regarding the gross margins we have today, we would first like to sustain them. There could be a difference of 1% or 2% here and there, at most. However, sustainability is something we are confident we will be able to achieve.

Deepak Puda: Understood. My second question is on RFQ. Given that we have an RFQ pipeline of approximately 1,800 crores, what conversion rate have we seen in the past?

Sneha Iyer – CFO: On a lighter note, last time we had approximately a 900 crore pipeline. As of today, we are closing somewhere around 700-something in open order book. You can make a reverse calculation and work it out. However, it differs across both geographies, the US and India. Both geographies have their own ratios for winning opportunities, and these differ from time to time and quarter to quarter. We typically focus on how we can close more. The prime targets will be the customer, the technology, and Aimtron-level margins.

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Deepak Puda: A 50%-60% conversion rate? Just to clarify, is 50%-60% the right range?

Sneha Iyer – CFO: That is too high to assume, but you can consider 40%-60% as a broader overall range.

Deepak Puda: Perfect. That is very helpful. I would like to wish you all the best. Thank you.

Management: Thank you.

Operator: Thank you, Deepak. We will take the next question from Tahir Hyderabadwala. Tahir, you can unmute and go ahead, please.

Tahir Hyderabadwala: Hi, sir. Can you hear me?

Management: Yes, Tahir.

Tahir Hyderabadwala: Thank you for the opportunity, and congratulations on the good set of numbers. You have really delivered a great set of numbers. I have 2-3 questions. First, regarding AIC: I see that the AIC order book increased from 7.2 million dollars to 18.8 million dollars. What is the executable timeline for that order book? Also, what was AIC's standalone revenue in H1, and what were its EBITDA and PAT margins for H1?

Management: Sneha, do you want to take this? Revenue is your subject. [laughs]

Sneha Iyer – CFO: We will take the second question first. In the first half, specifically for AIC, we achieved approximately 6-6.5 million dollars in execution. Regarding EBITDA, specifically for AIC, it was an early double-digit story of approximately 11%. From there, we have brought it to approximately 16%, excluding other income. That is the EBITDA level we are bringing it to. Could you reframe your first question?

Tahir Hyderabadwala: The executable timeline?

Sneha Iyer – CFO: It is typically a 12-month timeframe, or 12-15 months if there is a delay of 3 months here and there. We are targeting a timeframe of 12-15 months.

Tahir Hyderabadwala: My second question is about new entry areas for our customer segments. I see that 30%-35% of the order book, or approximately 30% of the order book, is coming from IoT, robotics, and drones. How are we positioning ourselves there? Who are the customers, and what is the TAM in that area? Could you throw some light on that?

Sneha Iyer – CFO: The overall market is more than a trillion dollars, which is expected by 2030. The overall TAM is therefore very large, and we are not focusing on only one sector. We generally try to ensure that we do not exceed more than— [trails off]

Management: 25% in any one particular sector. That is the focus, because if any sector faces turmoil, we should not be impacted by it. We therefore try to maintain a 25% portfolio allocation overall across the specific areas in which we contribute.

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Tahir Hyderabadwala: Okay, sir. One last question on the UPS side: we disclosed our $12 million order some months ago. What is the current run rate there? How much revenue has been recognized, and has there been any incremental order book on the UPS front?

Management: Currently, there were 6 versions that we were supposed to design. Out of the 6, 2 versions are ready, and prototyping, field testing, and everything has been completed for those 2 versions. Deliveries have started for them. The other 4 versions are under development and are expected to be ready in Q3 and Q4. There will be 2 variants in Q3 and 2 variants in Q4. The company from which we received the order is expecting 30% revenue growth on global revenue of 14 billion–15 billion dollars. We are therefore definitely expecting strong growth from it. They are already increasing their requirement, for example, from 10,000 units to 14,000–15,000 units a year. That is how they are increasing it. Once we go more full-fledged in the second half of the year, we will have more clarity on that once all 6 variants are ready.

Tahir Hyderabadwala: Okay, sir. One last question on the working—

Operator: I would request you to please join the queue again.

Tahir Hyderabadwala: Okay, okay.

Operator: Thank you. We will take the next question from the line of Darshit Shah. Darshit, you can unmute and go ahead, please.

Darshit Shah: Hi, good evening. My question was related to the new greenfield facility coming up in Baroda. We were supposed to start 2 SMT lines. Could you throw some light on when that might happen? In the context of this new facility and the couple of additional expansions we are considering, what are we looking at when we say that we want to undertake strategic expansion somewhere in North America, Mexico, and India? Are we looking to acquire something from a technology perspective or from a clientele perspective? Could you provide more detail to help us understand? This new facility in Baroda is already going to have 5 SMT lines, and beyond that we are considering a couple of more acquisitions. What kind of opportunities and growth are we aggressively pursuing through all these initiatives?

Management: [pause] On the strategy side, I can answer, and Sneha can take the first part. On the strategic side, to reach the 1,000 crore journey— [off-mic discussion] There is a background voice. Can you hear me well?

Darshit Shah: Yes, it is audible now.

Management: On the strategic side, we are always looking for good opportunities like AIC, which can give us a return on investment very quickly. Look at AIC's conversion: we are getting 70 crore of revenue from 180 crore of order book, and within 1 year we are getting at least 140 crore, 150 crore, or 160 crore of revenue execution. Those are the opportunities we are always looking for. That is what we are looking for in southern India, in Bangalore, Coimbatore, or Chennai. We are considering a couple of options.

One is vertical integration. It is connected to Aimtron Electronics; for example, they make harnesses and complex backplanes for the government, defense, and aerospace sectors. That is one

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opportunity we are considering. We are also looking at opportunities on the technology side. There is one company in a similar business line but with new technology and new clientele, such as Honeywell. They cannot complete their project, so those are the areas we are looking at in India.

In the US and North America, including Mexico, we are seeing that the geopolitical situation is never going to settle down. In a geopolitical situation, every country has its own priorities, and every company wants to build in its own way. We feel that a Mexico operation will be a good connection between India and the US. That is the reason we are considering Mexico. That is how we are proceeding across borders. That is where we are right now. Sneha, on the first part, you can provide some details about the current greenfield project, its revenue, and the pipeline.

Sneha: Regarding the greenfield project, construction is already ongoing. In the investor presentation, we have already shared a couple of photographs of how the building will look. We are planning 3 verticals there: plastic, sheet metal, and wire harnesses. 2 SMT lines have already been ordered, and they are expected to be received next calendar year, approximately around March, or Q4. We have already started sales activity. As of September 30, we already had an RFQ of around 163 CR to start with. Down the line, we are also looking at how we can increase that further. Q1 next year is what we are targeting, when the primary infrastructure should be ready and the other work will be progressing.

Darshit Shah: That is good to hear. Lastly, you said you have a bidding pipeline of close to 1,800 crore. Is this more government or more private? Where are we focusing more, specifically in India and the US business?

Management: As Sneha also said, we do not want any sector to account for more than 25%. If something happens to that sector, for example, if we have a government contract of 1,000 crore and the government changes, something could happen. We are therefore very particular about this. The order book is not limited to one sector, one technology, or one area. We can tell you that it is more focused on high-tech, life-threatening devices, whether med-tech, defense, or aerospace. We are continuing to progress in these areas.

Darshit Shah: All the best and good luck for the future.

Operator: Thank you, Darshit. We will take the next question from the line of Varun Sheth. Varun, you can unmute and go ahead, please.

Varun Sheth: Thank you for the opportunity, and congratulations on a good set of numbers. My first question is on the unexecuted order book and the 1,800 crore pipeline combined. My understanding is that the ratio between India and overseas is now more towards overseas. Even as per the order book, India is 38%. In your opening remarks, you said there is vulnerability to geopolitical risk and supply chain issues, whereas earlier the India portion was approximately 70%-75%. Could you throw some light on how this will not have much impact on execution, margins, and so on going forward, even if the ratio is more skewed towards overseas?

Management: [pause] Varun, Sneha can answer this better because she is the revenue person. From a strategic perspective, we are proactive. Yes, we see the risk of geopolitical vulnerability, but we are very active. That is the correction you need to hear. Regarding the current order book, you do

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not have to worry about anything. We cannot forecast the future exactly. That is the future. Sneha, do you want to add a little more to this question?

We are safe in saying that the current order book is safe and the current customer base is safe. We are also not in products that would be directly impacted. We are not making products such as toys. We are making equipment that may not be impacted directly; any impact may come after 2 or 3 years. Caterpillar is not going to be impacted, and Danaher is not going to be impacted by a geopolitical situation over 1 year because they also have long-term commitments to their own customers. Companies such as Honeywell are not going to be directly impacted by a geopolitical situation overall. However, cosmetic and other areas could definitely be impacted. We are not in those areas.

Sneha: To add to what Mukesh stated, confirmed orders are from different geographies and are not specific to one geography. They are from Europe, Singapore, the US, and other parts of the world as well. We have to do business, so because of geopolitical—

Management: Issues, we cannot refuse orders. That kind of diversification is what we focus on. The current open order book is 700-something crore, and the pipeline is 1,800 crore, again split into 3 parts: one for Aimtron Electronics and one for AIC, along with the other component. Anything specific to AIC is for the US market and is built in the US. That may not impact the overall geographical position, even if the situation changes or faces turmoil. That is the reason we are going into Mexico or considering North America. The US business has money and power. To protect that business, if something happens, such as a geopolitical event, we are ready for it.

Varun Sheth: Sure, sir. My next question is on the margins front. You have spoken about this earlier, but today you explained that margins will be only marginally impacted or might even increase because we have a pass-through clause and are ultimately a contract manufacturer. As a contract manufacturer, when I compare us with other companies at scale, our margins are very good. Could you explain why they are in the 14%-16% range and whether these margins will sustain over the next 2-4 years when we reach {? 2,000 crore ?} or {? 2,500 crore ?} turnover, which you are targeting?

Management: This is an ongoing question, and it is very difficult to answer. If you want to try a dish, you have to eat it and taste it. Otherwise, you cannot understand the taste. I am just giving an example. You have to be in that business, and then you can understand. This is a one-trillion-dollar market. The valuable part is at the center. However, only those who reach that center can avoid being affected. I cannot explain more about this margin question. You either have to trust us or enter this business and experience it.

Management: Also, regarding margins, they will be sustainable. However, it would not be right to compare every company. Even among listed companies, all players have different business dynamics, clients, employee costs, other expenses, and gross margins. They are totally different. Therefore, comparing companies with one another may not be possible here.

Varun Sheth: Thank you very much, and best of luck.

Management: Varun, I apologize for my blunt answer. I am just trying to explain the same situation, and we are proving that it is correct and will keep proving it. That is the only hope we have. As long

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as there is no major geopolitical change or major catastrophe, we will definitely maintain the margin. That is what I can assure you.

Varun Sheth: No, sir, it is very good. The only point was that, for example, we also turned around AIC quite quickly. What I heard is that we have EBITDA margins of 16%.

Management: That is my expertise. I have spent 35 years in this business. I did not just sell my business; I understand and feel my business. Many people simply sell a business, and many people focus only on public relations. We understand our business. My business has never had less than 12% PAT in any single year. In AIC's history, we had a problem only once because of COVID, not because of geopolitics. You can look at the 14-, 15-, or 16-year history. That is what I am trying to say.

Varun Sheth: Yes, sir. If I can ask a follow-up, and if you can answer it—I am not sure whether you want to or not—what is the scale of your US business today, which is unlisted and which you are likely to bring under the Indian entity, and what are the margins there?

Management: We are also very transparent. We told the new investor team a lot about this. We are starting to merge the businesses. We are waiting for the main board entry. Right now, we do not have enough paid-up capital to merge everything together. We are still trying to merge one small company, Aimtron Technologies Private Limited, in India this year, even before entering the main board. Once we enter the main board, with your support and the investors' support, we will definitely merge everything together. I assure you that no company, group company, or any other entity has less than single-digit margins. Even a private limited company can have higher margins.

Varun Sheth: So, sir, do you mean the margins there are also in a similar range of 14%-16% PAT margins?

Management: Yes. It is a culture.

Varun Sheth: Excellent, sir. Thank you very much.

Operator: Thank you, Varun. We will take the next question from the line of Utkarsh Somaiya. Mr. Utkarsh, you can unmute and go ahead, please.

Utkarsh Somaiya: Sorry, I was on mute. I had a question. You guided for 40%-50% organic revenue growth, if I am not wrong. Is that correct?

Management: Yes.

Utkarsh Somaiya: I guess you will comfortably reach over 1,000 crore, perhaps even 1,100 crores, by FY29. Since you have already raised money for 2 acquisitions, can you discuss the scale of the acquisitions so that we can understand how large the company could be in terms of revenue over the next 2 years?

Management: We are looking for companies similar to AIC. We have 3 companies in mind. We have already lined up 2 companies, and they are at the second stage. As Sneha also said, you are 100% correct that in FY29 or FY30 we can achieve an organic 1,000 crore journey. However, if we

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complete those 2 acquisitions early enough, before the end of this fiscal year, we can reach 1,000 crore next year as well. It is too early to discuss the revenue, margin, and cost, but they will be similar to AIC. We do not want to make an excessively large acquisition by putting all the money into one company, because something could happen. We also understand very clearly that 80% of acquisitions fail, and only 20% are successful. We do not want to enter that 80% category.

Utkarsh Somaiya: Understood. Regarding the organic business, as you almost double from today's level by FY29, I assume there will be some operating leverage, perhaps 1% per year. However, when you acquire companies, there will be some operating deleverage. How do we balance the two?

Management: Regarding operating leverage, take the Vadodara factory as an example. We have already incurred the capex, and we are planning to scale it up. That has already started. The new greenfield project will provide additional capacity as well as capability. AIC also has some additional capacity and capability available. This operating leverage has probably already started, and it will help us grow the top line and leverage the bottom line as well.

Utkarsh Somaiya: If we assume that we do not complete any acquisitions and reach approximately 1,000–1,100 crore, can we achieve approximately 24% EBITDA margin at that scale?

Management: More or less, yes. That is the correct goal: a 20%–25% goal. That is the margin-first culture we have. I do not see any problem with that.

Utkarsh Somaiya: You are already at 21.8% in the first half.

Management: You have answered the question yourself. That is correct. There is no need to answer this question, but yes, our goal is to stay at 15% plus or minus 2% on the PAT side and 20, you know, 8, 20 plus or minus 4% on the EBITDA side. We have already announced that a couple of times. We will manage and maintain that. If something does not fit within that group, we will communicate it in the next conference call.

Utkarsh Somaiya: Perfect. Good luck, and thank you.

Operator: Thank you, Utkarsh. We will take the next question from the line of Rajesh Singla. Rajesh, you can unmute and go ahead, please.

Rajesh Singla: Hi, good evening, and thank you for taking my questions. First of all, congratulations on a great set of numbers, especially the cash flow, which has shown a significant improvement. Thank you to the management for this performance. I have a couple of questions. First, regarding capex, how much organic capex are we planning for this year and next year? If you can answer that, I will ask my second question.

Management: Specifically, regarding the fundraise we completed last time of 97 CR, 60 crore has been allocated to capex for Aimtron Mechatronics.

Rajesh Singla: What kind of organic capex are you planning to add in FY28? I believe that by the end of FY28 your new greenfield facility will probably be mostly utilized. Is there any new organic capex that you are planning for FY28?

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Management: Yes, we are planning it. We have already planned 7 crore of capex in AMPL, which is already completed, and 13 crore in land, which we have already completed. That is already ongoing in relation to the greenfield project we are developing.

Rajesh Singla: Great. My second question is about the bullish case for FY29. You are saying that FY28 can be a 1,000 crore revenue year if we close both of these acquisitions. Assuming 30%–40%, or perhaps 40%–50%, growth in FY29, and that we move to the main board in June 2028, would it be possible to reach approximately 2,000 crore of revenue in FY29 by merging the US operation? Assuming everything goes well, organic capex is completed, the US merger is planned by the time we move to the main board, and perhaps one more acquisition is completed in FY28, can FY29 look like approximately 2,000 crore of revenue on a pro forma basis, assuming all mergers are completed by then?

Management: Very good question. [pause] It is also very difficult to answer. There are many variables in this question. Our vision, as I also said last time, is like a flashlight. I can see 200 feet and clearly describe those 200 feet. I can see beyond 200 feet, but it is not that visible. Currently, 1,000 crore in FY28 is possible. With 2 acquisitions, it is almost there, so we will do that for sure. If we merge everything together, we can reach 2,000 crore in FY30, and we can even reach 2,500 crore because our competitors are growing rapidly. We can do it as well; it is not impossible. We are dependent on SEBI's main board approval. When we merge everything, there will also be FEMA considerations because all the US entities will be merged. There will be some issues, but in the next conference call or the next meeting, and definitely at the next AGM, we will provide more details. We are not keeping anything behind the curtain. We will make it completely transparent and share the information with you as it develops. However, you can note down 1,000 crore, and we will share the rest with you in every conference call, AGM, or other meeting.

Rajesh Singla: Thank you very much, sir. Thank you, and best of luck to you.

Operator: Thank you, Rajesh. Due to time constraints and at management's request, we will take this as the last question for the day. I would request the management to give any closing comments before we end this call.

Management: [pause] I think there were very good questions from everybody, and I am really thankful to all investors and shareholders for supporting Aimtron. Our next vision is Aimtron 2.0. Aimtron 2.0 will follow the 1,000 crore journey, as Rajesh and several other participants asked. That is our journey. We will have many new features, many new developments, and a lot of new excitement will come. I hope for the best. During the Diwali period, let us have new thoughts and a new mindset, cleanse everything old, and bring in new thoughts. Let us make a new resolution to achieve the 2,500 crore journey. Thank you, everybody. I really appreciate your time, and I look forward to seeing you soon.

Operator: Thank you, sir. Thank you to the management team for giving us their time. Thank you also to all the participants for joining us on the call. This brings us to the end of today's conference call. You may all disconnect now. Thank you.

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