

**Operator:** Good evening to all the participants on the call, and thank you for joining in. We welcome you to the Q4 and full year FY26 earnings conference call of Aequs Limited. Before we proceed, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown uncertainties and other factors. These statements should be viewed together with our business risks which may lead to actual results and performance differing materially from what is expressed or implied. To take us through the results and answer your questions today, we have the management of Aequs Limited represented by Mr. Arvind Melligeri, Executive Chairman and CEO; Mr. Rajiv Kaul, Co-founder and Managing Director; Mr. Dinesh Iyer, Chief Financial Officer; and Mr. Harish Bang, Vice President Finance. We will start the call with a brief overview of the previous quarter and the full year and then conduct the question and answer session. With that said, I now hand the conference over to Mr. Arvind Melligeri. Thank you and over to you, sir.

**Management:** Thank you. Good evening everyone and thank you for joining. FY26 has been a truly landmark year for Aequs, defined by a strong execution, meaningful business expansion and our IPO, a transformational milestone that marked a new chapter in our journey as a company. Today, we stand as a globally scaled precision manufacturer driven by the combined strength of our aerospace and consumer verticals. FY26 has firmly validated our platform strategy, showcasing our ability to execute tenaciously and capture the growth opportunity across our portfolio.

Our focus on execution is clearly reflected in the financials, with our full year consolidated revenue growing by 33% to 12,304 million. EBITDA grew 43% to 1,545 million with margins expanding to 13%. We capped off the year with the strongest quarter in Aequs history, with 3,671 million in revenue and 47% year-on-year growth. Crucially, the performance was unified. Both our aerospace and consumer segments delivered strong growth across the board. While our financial performance reflected our current momentum, our strategic focus remains firmly on the future. This year we made significant strides in laying foundations for our next phase of growth with substantial new investments spanning both our aerospace and consumer segments, firmly anchoring our long-term manufacturing ambitions in India.

In February 2026, we signed an MOU with the government of Tamil Nadu to invest 1,900 crores over 10 years for new vertically integrated aerospace manufacturing ecosystem within a new aerospace and defense park at Hosur across 250 acres in the SIPCOT Shoolagiri Industrial Park. This will be India's first fully vertically integrated aero-engine and landing gear components manufacturing ecosystem. In March 2026, we signed a second MOU with the government of Karnataka committing investments of 2,856 crores over 5 years across our existing clusters in Belagavi and Hubballi. This covers expansion of our aerospace precision engineering operations in Belagavi and significant capacity enhancement for our consumer segment at our Hubballi manufacturing cluster. Collectively, these investments accelerate our broader objective of making Aequs and India a premier destination for global aerospace and consumer precision manufacturing.

To help execute on our large-scale ambition, we are actively deepening our leadership bench. We are pleased to have Ravi Kumar Vasudani join us as Head of Engineering for consumer segment, effective Q1 FY27. Ravi brings over 16 years of experience at Apple Inc., where he led global tooling and manufacturing design operations across multiple product lines. Scaling precision components manufacturing for global consumer electronics OEMs requires a unique combination of engineering

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depth and operational discipline, and we continue to enhance both.

In our journey to continued expansion of our capabilities, we established an Advanced Materials R&D ecosystem at IIT Dharwad campus. The facility will focus on cutting-edge material characterization, failure analysis, and manufacturing process simulation. This partnership reflects Aequs' long-term commitment to strengthen India's advanced manufacturing ecosystem through sustained investments in research, innovation, and skill development. The collaboration will enhance IIT Dharwad's applied research capabilities and industry engagement apart from enabling Aequs to deliver cutting-edge products to its customers.

Now I turn to financial outlook. As we enter FY27, our financial priorities are clear. First, continue to grow aerospace revenues profitably. We have an order book, the capacity, and the customer relationships to deliver 25–30% revenue growth with the EBITDA margins maintained at 20% at the segment level. Second, drive consumer utilization, unlocking the operating leverage embedded in our existing asset base. Third, move our consumer EBITDA to break even by Q4 FY27, which will be a major inflection point for our consolidated profitability. At a consolidated level, we are expecting approximately 45–50% top-line revenue growth. More importantly, this growth is highly efficient. We project doubling our operational EBITDA, proving the immense operating leverage embedded in our current business model.

FY27 is about translating our expanded capacity into significant financial returns. I will let Rajiv walk you through the segment level mechanics of how our aerospace and consumer divisions have performed and will deliver these numbers. Before I hand over, I want to take a moment to acknowledge Dinesh Iyer, our Chief Financial Officer, who has informed us of his decision to step down at the end of June 2026 for personal reasons. Dinesh has been instrumental and an exceptional partner to this organization, and we are grateful for his contribution and wish him the very best. We are in search of our CFO replacement and will communicate as soon as she or he is appointed. Meanwhile, Harish Bang, whom most of you know, will be in charge and your single point of contact. With that, over to Rajiv Kaul, Co-founder and Managing Director of Aequs.

**Management:** Thank you, Arvind. And good evening to all of you. It is a pleasure to speak with you again as we close out what has been a very significant year for Aequs operationally. Our manufacturing footprint spans 2.22 million square feet across three integrated clusters in India: Belagavi, Hubballi and Koppal, supported by facilities in Cholet, France and Paris, Texas in the United States. Our installed annual capacity has grown to 4.70 million machining and molding hours on an annualized basis. We scaled our manufacturing operations steadily throughout the year to support new and existing programs, closing FY26 with a robust footprint of 434 CNC machines and 179 molding machines. This represents a disciplined expansion of our manufacturing muscle. We evaluate capacity requirements continuously and keep adding based on our requirements.

Turning to our aerospace segment, our operational momentum translated into exceptional financial delivery. The vertical delivered revenue of 3,040 million in Q4 and closed the full year at 10,464 million, representing a robust 27% growth year-on-year. Beyond the revenue growth, what is significant is our portfolio expansion. We added 433 new parts in Q4 alone, taking our total aerospace portfolio to 5,654 SKUs, with a 26% increase in the portfolio since last year. This represents the breadth and complexity of our engagement with global OEMs. Each of these SKUs

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represents a rigorous qualification cycle, a secured long-term contract, and a deep-rooted relationship with our customers, acting as a high entry barrier to others.

As a result, our order book in aerospace stood at a robust 889 million dollars. We are also actively moving up the value chain into landing gear and engine components, where our integrated forging, machining and surface treatment capabilities deliver significant competitive advantage. These are higher complexity, higher value parts that command better margins and deeper customer relationships.

Moving to our consumer segment, the business is scaling steadily, which is reflected in its growing contribution to our overall top line. In Q4, consumer accounted for 17% of our total revenue, up from just 5% a year ago. For the full year, its contribution grew from 11% in FY25 to 15% in FY26. This growth aligns with our planned transition from pilot production to commercial ramp-up. Based on the increasing requirements from our customer, we are expanding capacity. This will feed directly into our operational targets for FY27. Our primary focus this year will be driving capacity utilization from 23% today to a target of 40–50% by the year-end.

Regarding our consumer business, as you may be aware, Hasbro has informed us that it has revised its manufacturing and sourcing strategy and told us they will stop raising fresh POs to us. While this decision was unexpected, it will not impact the overall growth of the business. We continue serving other equally large and strategic customers. Looking at the broader consolidated picture, the heavy depreciation load from these strategic consumer investments will keep our overall PAT negative for much of the year. However, as our consumer volumes ramp up and our aerospace segment continues its strong performance, we fully expect to see consolidated PAT hit break-even by H1 FY28. With that, I will now hand over the call to Dinesh Iyer, our CFO, for a detailed review of our financials.

**Management:** Thank you, Rajiv. Good evening, everyone. I will take you through the key financial highlights for Q4 and the full year FY26. Q4 delivered 3,671 million in revenue, our highest quarterly revenue ever. This reflects continued ramp-up in aerospace programs and accelerating production in consumer segment. EBITDA was 321 million at 9% margin. The margin compression from Q3 reflects the timing of consumer electronics capacity coming fully online. In Q4, we saw the full run rate of depreciation on consumer capex alongside the full operating costs while the plant is still operating at low utilization. This is the expected profile during the manufacturing ramp-up phase. Reported PAT for Q4 was a loss of 541 million. This includes higher depreciation from consumer capex and increased tax provisions on the profit from aerospace segment.

Our underlying operational trajectory continues to improve. For the full year, consolidated revenue grew 33% to 12,304 million. EBITDA grew 43% to 1,545 million with margins at 13%, a 100 basis point improvement from 12% in FY25. Full year PAT was a loss of 1,133 million. The negative PAT margin reduced from negative 11% in FY25 to negative 9% in FY26, a 200 basis point improvement. Including our proportionate share of the joint ventures, consolidated full year revenue was 13,466 million, up 34% year-on-year, with EBITDA of 1,830 million, reflecting a growth of 42% year-on-year at a margin of 14%. For Q4, revenue was 3,984 million with 45% growth year-on-year, with EBITDA of 417 million at a margin of 10%.

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Coming to detailed segment performance, the aerospace segment delivered a very strong performance with full year revenue of 10,464 million, up 27% year-on-year, and EBITDA was 2,813 million, up 76% year-on-year. For Q4, aerospace segment revenue was 3,040 million, growing 29% year-on-year, and EBITDA was 1,010 million, reflecting a growth of over 100%. Aerospace segment ROCE for FY26 was 20%, up from 14% in FY25, which is in line with our expectation and demonstrates our ability to scale efficiently.

The consumer segment contributed full year revenue of 1,840 million, up 84% year-on-year. The consumer segment EBITDA loss was 783 million for the full year, a 173% increase year-on-year, which reflects our planned investment to build capacity at scale. In Q4, the revenue was 631 million with EBITDA loss of 473 million. Q4 was the first quarter where all manufacturing costs hit simultaneously with new capacity that was recently commissioned. The consumer electronics team is moving through the learning curve of a new production environment. This is standard in the manufacturing ramp-up phase. As utilization improves from 23% to our 40-50% target for FY27, the depreciation and fixed costs will be absorbed across higher volumes and margins will improve.

Turning to the balance sheet, total assets stood at 26,905 million as of March 31, 2026, compared to 18,598 million a year ago. This increase reflects the significant capital invested in consumer electronics capacity during the year, increased working capital in line with revenue growth, and retained IPO proceeds. Our net debt-to-equity ratio was 0.23 as of March 31, 2026, an improvement from 0.99x at the end of FY25, which shows that we are well capitalized for the next phase of growth. Fixed asset turnover moderated to 1.18x in FY26 from 1.84x in FY25. This is expected as we have added significant consumer electronics assets that are not yet generating proportional revenues. As utilization improves through FY27, this ratio will recover meaningfully. Net working capital days increased to 151 days in FY26 from 132 days in FY25, which was primarily driven by growth in revenues. Cash and cash equivalents stood at 3,015 million as at March 31, 2026, compared to 609 million at the end of FY25.

Finally, on a personal note, I announced earlier this year that I will be stepping down as CFO at Aequs at the end of June 2026. It has been a great pleasure to serve Aequs through the IPO and in this wonderful journey of becoming a listed company. The business is in an excellent position, well capitalized, growing strongly, and with a management team that is deeply committed to delivering on our promises to shareholders. Thank you. With that, over to the moderator to open the floor for questions.

**Operator:** Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and then one on their touchtone phone. Our first question comes from the line of Nikhil Jain with IIFL Capital. Please go ahead.

**Nikhil Jain - IIFL Capital:** My question is regarding capex, specifically segmental capex. What is the planned capex for FY27 and FY28 in both segments separately? And for the second question, after the discontinuation with Hasbro on the toys business, what roadmap for ramp-up is expected with Mattel?

**Management:** In the aerospace segment, we have planned approximately 160 crores, and in our consumer segment, we have planned approximately 500 crores for the full year FY27.

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**Management:** Regarding the second question, this is Rajiv here. Yes, we have signed a long-term agreement with Mattel and both sides are fully committed to scaling volumes. We also expect Mattel volumes to absorb the capacity impact from Hasbro. More broadly, we continue to engage with large strategic customers across the consumer segment and remain confident that overall growth for the business will not be materially impacted.

**Nikhil Jain - IIFL Capital:** Okay. And sir, any PLI income booked for FY26?

**Management:** No. FY27 will be our first year where we will be eligible for the PLI.

**Nikhil Jain - IIFL Capital:** Okay. And broadly, regarding your guidance across revenue and margins in FY27?

**Management:** In aerospace, as Arvind mentioned earlier, we are expecting growth of 25-30% and maintaining EBITDA at roughly the 20% level. In consumer, we see revenue growth of about 125-150% and Q4 is the quarter in which we will hit EBITDA break-even.

**Operator:** Thank you. The next question comes from the line of Priyankar Biswas from JM Financial. Please go ahead.

**Priyankar Biswas - JM Financial:** Thanks for the opportunity. Sir, can you just elaborate on the impacts from the West Asia crisis during March and the last week of February? For example, we may have seen impacts due to the closure of aerospace routes and significantly increased air freights. Would that be a right assessment? And if that happened, what sort of margin impacts would we have seen? I am trying to understand what our fundamental margins would have been without these one-off events.

**Management:** In this last quarter, we have not seen a significant impact from a margin perspective. Our material prices recorded are under long-term agreements. It is more of supply constraints we saw, and logistics costs have gone up a bit, but that is not material in our view for the business. We have long-term agreements that take care of material. On the logistics side, the only impact we have seen is the expansion of working capital. We are bringing inventory almost 4 to 6 weeks ahead of time so that we do not have any problem in delivering on our customer commitments, predominantly in aerospace. On the consumer side, for plastics especially, material prices have shot up, but because we have back-to-back agreements with customers, that has been a pass-through. Performance-wise there has not been an impact; the ability to stock material well ahead of requirement has been one of the drivers for our inventory and the increase in working capital days this quarter.

**Priyankar Biswas - JM Financial:** So would it be safe to say that the large build-up of working capital in Q4 is predominantly in aerospace due to excess inventory carried because of the current crisis?

**Management:** Yes. And we are taking precautions to do this for probably another two quarters until we see stabilization. Generally, we are seeing sea logistics lead times increase by 5 to 6 weeks. Air has gone up by 6 to 8 days.

**Priyankar Biswas – JM Financial:** So when we have normalization eventually, we should see the working capital build-up moderate?

**Management:** Working capital has been impacted. We saw the numbers go from 132 days to 151 days.

**Priyankar Biswas – JM Financial:** Just for clarity, you provided the export and domestic break-up, but I understand most domestic sales are deemed exports or USD denominated. What percentage of overall sales are USD linked, given the currency depreciation?

**Management:** Including deemed exports, it would be about 93–94% overall in US dollars.

**Operator:** Thank you. The next question comes from the line of Suraj Maalu from Catamaran. Please go ahead.

**Suraj Maalu – Catamaran:** What is the current gross block in consumer electronics?

**Management:** At an overall consumer level, we have a gross block of approximately 830 crores.

**Suraj Maalu – Catamaran:** And you are adding 500 crores to that?

**Management:** That is correct.

**Suraj Maalu – Catamaran:** At peak utilization, can we expect a 2x asset turn in consumer electronics?

**Management:** It should be closer to the 1.5 level for the overall consumer side.

**Suraj Maalu – Catamaran:** In FY26, aerospace delivered an EBITDA margin of 27%, but you are guiding for 20% next year. Can you help me understand the reconciliation?

**Management:** The 27% is the segment EBITDA which includes other income and excludes unallocated corporate costs. We continue to drive for a 20% operating EBITDA margin excluding those two elements.

**Operator:** Thank you. The next question comes from the line of Bhavika Singhvi from Niveshaay. Please go ahead.

**Bhavika Singhvi – Niveshaay:** On the aerospace side, we have been delivering good margins for the last two quarters and added approximately 1,000 parts. Is this because of high-margin products reaching this level, and can we expect margins to improve as new products are added going forward?

**Management:** This is the normal course of business for the complexity of work we do. We expect these margins to remain as we grow and execute a higher number of parts. As we increase vertical integration into aero-engine components, we do expect some margin expansion. However, aerostructures, which make up the majority of our parts today, are delivering largely in line with our current performance. A 20% operating EBITDA level remains our focus area.

**Bhavika Singhvi – Niveshaay:** On the consumer side, we have already done significant capex and plan more for FY27, though utilization is only 23%. Why are we pursuing additional capex when we are underutilized? Are additional products being added? Also, could you clarify exactly what we are making on the consumer electronics side and what volumes we are currently producing versus future potential?

**Management:** Customers want us to have a meaningful share of their requirements, and collectively we are committed to scaling operations and absorbing more work in India. This additional capital is driven by clear customer demand and the opportunity to capture a meaningful share of customer manufacturing requirements in India. The current asset base is still in the ramp-up phase. Utilization is at 23%, but it will go up. We continue to expand to ensure we are a significant supplier to these customers in the country. If we do not scale, the customers will look for alternates. There is a timeline we must follow, and we are committed to seeing utilization increase, which is why we guided for EBITDA break-even in Q4.

**Bhavika Singhvi – Niveshaay:** What margins can we expect at optimum utilization from the consumer side?

**Management:** For consumer, we have guided for similar margins as aerospace; an overall 20% EBITDA is our long-term goal.

**Bhavika Singhvi – Niveshaay:** Why was there a sudden increase in Q4 other expenses?

**Management:** As mentioned earlier, Q4 was the first quarter where all costs pertaining to consumer capacity hit since we commissioned the plant and started commercial production. The increase is reflected across all expenses in Q4.

**Bhavika Singhvi – Niveshaay:** What ROCE can be expected from the consumer segment at optimum utilization with the additional capex?

**Management:** On a steady-state basis, we expect similar ROCEs to our aerospace segment.

**Operator:** Thank you. The next question comes from the line of Praveen Kumar from Equitas Capital Advisors. Please go ahead.

**Praveen Kumar – Equitas Capital Advisors:** On the consumer electronics segment, in the earlier call, you referred to the client asking you to expand capacity, but now you are talking about increasing utilization and achieving EBITDA break-even. Does this imply that over the next few quarters, your focus will be more on ramping up rather than demanding more from the customer in terms of new product lines?

**Management:** The focus is always to maximize our utilization. At the same time, as Harish mentioned, we are investing about 500 crores of new capital into the consumer business this year. So it is a combination. We are not changing our objective; we want to maximize utilization of whatever assets we have.

**Praveen Kumar – Equitas Capital Advisors:** If you are putting 500 crores more capex on top of what you've done, even at half of your peak 1.5x asset turn, that should give closer to 350 crores. Is that

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the kind of top line we should expect from consumer electronics in the next year?

**Management:** We are guided toward reaching 50% utilization by year-end. Our goal is to grow the consumer business by 125% this year, predominantly driven by consumer electronics.

**Operator:** Thank you. Your next question comes from the line of Ashish Poddar with Motilal Oswal. Please go ahead.

**Ashish Poddar – Motilal Oswal:** Regarding aerospace revenue growth potential, looking at an order book which is roughly 8 to 9 times last year's revenue and the addition of engine components and other verticals, what kind of growth CAGR can we expect over the next 5 to 10 years? Can we see a 25% CAGR for the next 10 years?

**Management:** We have given guidance based on customer demand and our order book. Not many aerospace companies of our size are growing at this rate organically. It is a complex business to grow, requiring the addition of hundreds of components every month and machines to support them. We feel this growth rate is achievable because we have visibility. Regarding engine components, that will not impact this fiscal year much. That is a long-term play; we will start seeing that in the revenue starting FY28. For this year, the guidance is concerned with aerostructures and core business growth in the Belagavi aerospace cluster. We see a multi-year opportunity to grow the business at this rate.

**Ashish Poddar – Motilal Oswal:** And with the similar rate of EBITDA margin you are guiding?

**Management:** Yes, that has been our guidance always.

**Operator:** Thank you. Your next question comes from the line of Nikhil Chaudhary with Toro Asset Managers LLP. Please go ahead.

**Nikhil Chaudhary – Toro Asset Managers LLP:** You have been guiding that consumer margins will head toward aerospace margins. If we look at Chinese precedents for these products, margin compression often happens over an 8–10 year cycle. Will we see a similar trajectory? Second, in the DRHP, you flagged a dependency on critical equipment from China. We have heard that China has been restricting equipment. Are you facing issues getting that equipment, and have you found non-Chinese alternate vendors?

**Management:** On the consumer electronics side, we are in the components manufacturing business, and we feel confident in our value addition. We should be able to sustain our EBITDA margins in the long run once we reach maturity. We don't see the compression as a concern because we perform a huge amount of value add in-house; it is not simply an assembly business.

Regarding Chinese geopolitical issues and equipment, we have faced challenges in the past and they continue to evolve. We work with customers to find alternate geographic locations, including India, but it takes time to develop and qualify suppliers. These capabilities were built over decades in China and don't happen overnight here. We are going through that process with the customer.

**Operator:** Thank you. Your next question comes from the line of Priyansh Meri with NGP Family Office. Please go ahead.

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**Priyansh Meri – NGP Family Office:** Could you provide the split of revenue between consumer electronics, plastics, and durables?

**Management:** We track at the consumer segment level, and the numbers provided are for the overall consumer level. Consumer durables is a joint venture which does not get consolidated in the segment results because it is a 50-50 JV.

**Priyansh Meri – NGP Family Office:** Regarding plastics and the toys business specifically, do we own the IP for these products or do we have partnerships where we share design?

**Management:** We are in contract manufacturing, so we manufacture for brands and do not own the product IP. We may have developed internal process IPs for how we do things, but those are internal.

**Priyansh Meri – NGP Family Office:** What sort of dependency does the consumer division have on the aerospace part? And in 5 or 10 years, are you looking to spin off the consumer portfolio? Having two separate lines of business often leads to a holding company discount that prevents re-rating toward aerospace peers.

**Management:** We are building a precision manufacturing platform. The verticals relate to specific product capabilities, but we share commonalities. For example, we use CNC machines in both consumer electronics and aerospace. Injection molding also applies to both sides. This is not a case for a holding company discount; we are building a common capability platform to scale in the right way.

**Priyansh Meri – NGP Family Office:** Is the same molding machine used for aerospace interiors and for toys?

**Management:** CNC machines are used for metals, which applies to aerospace and consumer electronics. For toys, which are plastic, we use molding machines. These are very different machines. The commonality is the nature of the work—precision manufacturing. Each product line is different, but they sit on the same precision platform.

**Operator:** Thank you. Your next follow-up question comes from the line of Nikhil Jain with IIFL Capital. Please go ahead.

**Nikhil Jain – IIFL Capital:** Regarding raw materials, could you quantify the lead time for sourcing metals like titanium and superalloys, and how far in advance you hold inventory? Second, is there a difference in the procurement cycle for aero-engines versus aero-structures? Finally, are you seeing disruption or taking a different approach to inventory due to the West Asia crisis?

**Management:** Titanium, superalloys, and some steels currently have some of the longest lead times in the industry. Certain tough steels have lead times as high as 65 to 75 weeks. Titanium is typically a 52-week lead time. We can buy on the spot market, but the cost is prohibitive, so it is all about planning. Procurement is driven by customer demand. The current geopolitical disruptions in West Asia do impact us. We proactively cover more of our needs now—perhaps 125% of our requirements for a quarter compared to roughly 70% in the past. It costs us in working capital, but it protects customer deliveries.

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Regarding the difference between engine and structure raw materials, we deal with almost every material today and most of the time the material is enabled by the customer in terms of where to buy. It is just a different process.

**Operator:** Thank you. Your next question comes from the line of Disha with Sapphire Capital. Please go ahead.

**Disha – Sapphire Capital:** Given the Q4 depreciation impact and further capex planned for FY27, what is the expected run rate for depreciation and interest for FY27?

**Management:** In Q4, depreciation was approximately 45 or 46 crores. That will be the run rate, plus additions for the capacity enhancement we are doing in both segments. For interest, we expect a reduction compared to the previous year.

**Disha – Sapphire Capital:** You mentioned steady-state margins for consumer can reach 18–20%. What is the timeline for that and the target for FY28?

**Management:** It is driven by utilization. We expect to reach 40–50% this year. When we get to roughly 75% utilization, we will see margins at those levels.

**Operator:** Thank you. The next question comes from the line of Deep Shah from Neovon Capital. Please go ahead.

**Deep Shah – Neovon Capital:** Regarding the consumer electronics supply chain, Chinese manufacturers have excelled at quality control over a long period. Could you share your rejection rates or yields and how you plan to improve them in FY27? Second, how will you fund the estimated 1,500 crores of capex over the next three years?

**Management:** For FY27, we will leverage borrowings and some internal accruals to fund the planned capex. Regarding yields, we cannot comment on specific metrics as they are customer confidential. The consumer electronics operations are progressing through a normal learning curve of the production environment. Our focus is on improving utilization, process maturity, and operating efficiency as volume scales.

**Operator:** Thank you. The next question comes from the line of Praveen Kumar with Equitas Capital Advisors. Please go ahead.

**Praveen Kumar – Equitas Capital Advisors:** In the aerospace segment, you have surface treatment capabilities that domestic competitors may lack. How does this help you win more SKUs and deliver integrated parts over the next few years?

**Management:** This is an integral part of our business. We support our own requirements and the rest of the market in India through our joint venture with Magellan Aerospace (API), which performs in line with our overall aerospace business. This helps us deliver new parts at a rate nobody else in the region can match. Delivering 100 to 150 new parts per month is a definite moat for us, built over 15 years of investment.

**Praveen Kumar – Equitas Capital Advisors:** Are customers giving you more orders that reflect this faster turnaround and integrated capability?

**Management:** Yes, our order book is growing faster than in the past, and we are adding more parts on a quarterly basis. That reflects our performance and the customer's confidence in our ability to absorb and deliver.

**Operator:** Thank you. The next question comes from the line of Bhavye Ahuja with Asymmetric Asset Managers LLP. Please go ahead.

**Bhavye Ahuja – Asymmetric Asset Managers LLP:** The consumer revenue share has grown from 5% to 17%, but the segment is still EBITDA loss-making. With Hasbro exiting and the expansion with Mattel, how confident is management in reaching the breakeven point mentioned today?

**Management:** Q4 was the first quarter where all manufacturing costs hit the consumer electronics business because full capacity was commissioned at the end of Q3. It is standard in any ramp phase for depreciation and all operational costs to hit once commercial production begins. As utilization improves from 23% to the 40–50% range, the absorption of fixed costs will be significant, and margins will recover sharply. This is why we guided for EBITDA break-even in Q4 FY27.

**Operator:** Thank you. The next question comes from the line of Naveen Vijay with NS Capital. Please go ahead.

**Naveen Vijay – NS Capital:** You mentioned the gross block in consumer is 830 crores and you are adding 500 crores, totaling 1,330 crores. With a 1.5x asset turn, that suggests a turnover of 2,000 crores. When do you envisage hitting that number?

**Management:** We will probably see that closer to 2029.

**Operator:** Thank you. Your next follow-up question comes from Bhavika Singhvi with Niveshaay. Please go ahead.

**Bhavika Singhvi – Niveshaay:** How are your entities in France and the US contributing to the aerospace segment? I understand those capacities are underutilized; are they expected to ramp up?

**Management:** The US facility predominantly works for the US ITAR and defense space. In France, we work on engine and landing gear components. We are not adding capacity there; our focus for new capacity is only in India. Those sites support us with specific capabilities and handle programs with lower volumes. Regarding utilization, in those Western regions, it is driven by people hours rather than machine hours. We normally run those operations on a single-shift basis, which makes machine utilization look lower in reported numbers even when people are fully utilized.

**Bhavika Singhvi – Niveshaay:** Does being a vertically integrated facility provide a benefit on margins for aerostructures, or are you making the same margins as other players?

**Management:** We believe we have the right level of margins for this business. If we increase margins too much, our win rate globally might come down. It is a commercial call where we are

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achieving the right level of ROCEs and growth. By building an ecosystem, we give a solution to the customer. It's about ability to win business; in Belagavi, we offer a zone where parts do not have to travel, which helps with ESG requirements. This right to win and increasing our share of the customer's wallet is what is important.

**Operator:** Thank you. Your next question comes from the line of Pranjal Agrawal from Molecule Ventures. Please go ahead.

**Pranjal Agrawal – Molecule Ventures:** Is the 2,800 crore investment in Karnataka cumulative or new capex over five years?

**Management:** That is investment over the next five years across our Belagavi and Hubballi clusters. This year involves roughly 530 crores in consumer and 160 crores in aerospace. You will see a similar pattern of investment over the five years.

**Pranjal Agrawal – Molecule Ventures:** How are you planning to fund the 660 crores of capex this year for the rest of those plans?

**Management:** We will be leveraging debt to fund this capex along with internal accruals.

**Operator:** Ladies and gentlemen, that was our last question for today. I now hand the conference over to the management for closing comments.

**Management:** Thank you, everyone. We appreciate your time today. Please feel free to reach out to our team for any further questions. Thank you.

**Operator:** Thank you. On behalf of Aequs Limited, that concludes this conference. Thank you everyone for joining us and you may now disconnect the line.