TechEra Engineering (India) Limited
Maiden Conference Call
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Management:

Mr. Nimesh Rameshchandra Desai: Managing Director, Founder & Promoter
Mr. Meet Nimesh Desai: Founder & Promoter
Mr. Haridas Bhabad: Independent Director
Ms. Pratiksha Kumbhare: Company Secretary & Compliance Officer

Call Facilitator:

Advisors and Investor Relations agency

Punit Thakkar: Good afternoon dear investors. I am Punit Thakkar from Samvaad Partners and I welcome you to the conference call of TechEra Engineering.

We have the management of TechEra Engineering with us and I welcome all the investors. We have Mr. Nimesh Desai MD, founder and promoter of TechEra Engineering.

Nimesh Desai: Namaste sir.

Punit Thakkar: So Nimesh sir's passion for engineering and his dedication towards his goal today is that he's a first-generation entrepreneur and a technical master in the industry of mechanical engineering and manufacturing. He specializes in building organizations and developing future leaders and we'll speak more about it in some time. Meet Desai is the founder and promoter of TechEra Engineering. At the age of 26, Meet Sir started TechEra Engineering and in just five years of span, Techera is now a major aerospace defence and tooling company. We have Mr. Haridas sir, independent director of Techera Engineering, a seasoned professional and having diverse background spanning engineering, finance, entrepreneurship and… leadership roles. And we have the company secretary of TechEra Engineering, Pratiksha Madam. I'll hand over now to Nimesh sir

Nimesh Desai: Myself Nimish Desai, chairman and managing director of TechEra Engineering India Limited. We founded on 3rd of October 2018 and now it's almost a 5 years old company. We got listed on 3rd of October 2024 recently. So now we have a total of 185 team members on board in the factory and more than 30 people are right from the beginning. So 20% staff is already from the first day when the company formed within a couple of months.

Our product right now is in two different segments. One is defence and aerospace and another is automations. So in defence and aerospace we are already working in three different segments like design and manufacturing of tooling systems to build the aircraft.

Second is ground support equipment and third is MRO which is called as a maintenance repair and overhauling. And in the coming months, we have already entered into the flying part manufacturing and we started with one of the largest Indian PSU organizations. In automation we do any kind of automation in any industries currently

We are supplying to one of our largest appliance manufacturing organisations.

So we supplied them with standalone machines and an entire assembly line for the washing machines also. So we have a capability from electric electronic designing, and building an entire assembly line for that. And our ultimate goal in automation is to bring some kind of automation in defence and aerospace as well in the long term because yes I can understand there a quantity is the concern but there are still two aspects that are there where we can have automation in defence and aerospace as well. So one is consistency requirement and second is quality requirement. So if human interaction is there then there is a chance of a deviation in the consistency which can be avoided by using the automation. We are studying the different processes of assembling the aircraft and we can suggest to our customers if they allow us that here we can implement in this particular zone this particular assembly, we can implement the automation so that you can have a better quality and better product.

So this is the automation right now and we are also in precision manufacturing where critical components also can be manufactured where one of our Delhi Based customers which are in steel manufacturing in there we are the second in the world and first in the Asia where we have a capability to produce 2.5 m of vacuum pumps shaft can be heated and assembled into some of the shafts. So these are the products we have.

As far as notable projects we did in the past and currently going on is one of the largest projects is the vertical fins manufacturing assembly line for the Tata Advanced system limited in Hyderabad where they are supplying vertical spin assembly you can say vertical stabilizers to Boeing 737.

We built the entire assembly line for them except one machine which is automated.

The second notable project is wing skin layup tools for the HAL where we made layup tools to manufacture the wings for our LCA aircraft. This is the largest tool in India right now which we manufactured. Earlier they used to be brought in from Align Aerospace Italy, where last equipment was brought in 1983. So after 1983 we were the only company that supplied these eight numbers of equipment to one of the largest PSU. for a 64 assembly Lot of equipment we supplied to them.

We specialize in layup tools, which are required to manufacture composite items for various aircraft, whether commercial or defence.

Basically in layman's understanding language if I can say right now we have a capability to build the skeleton of the aircraft you can say it is called as Etanol where engine and avionics only can be brought from the outside rest entire can be built in our company if we have a space and we have some funds available in the market with us. So we can build the entire small aircraft within the company as well, not engine and avionics left aside, the rest of that we can do it.

Then in ground support equipments we are the largest supplier for the Rafael aircraft where we supply them ammunition loading trolleys, then wing removing equipments to the Dedienne Aerospace which is in France. This is export and they are the license holder for the Dassault for the Rafael so that's why we have to supply them only and then they will supply to the Dassault. In other areas of ground support equipment, we are supplying our Indian largest airlines as a scaffolding for the maintenance of the big aircrafts. So we have a sole design holder right now where we can combine the wide body aircraft and narrow body aircraft together.

Earlier any aircraft coming into the hangar, every single aircraft requires the entire scaffolding around them so that they can do the maintenance. So now we design the scaffolding in such a way that one area can accommodate three aircraft in one go, like Boeing 787, Boeing 777 and A3.

This is the widebody aircraft that if you want to travel to the US for more than 8 hours it is called a wide body aircraft. So any aircraft can come into the hangar with only one scaffolding they required to build the end to repair and do maintenance taking care of that particular and another one is narrow body when A320 and Boeing 737 these two aircraft we combined.

So we have this kind of design capability also and we are the only one right now who has this design capability and even manufacturing also.

Right now we are doing it the things is going on in our organization we have already supplied some of them on Mumbai airport

In MRO is maintenance like I told you already and overhauling is an area where the engine requires to be overhaul after a certain start. So it is a protocol in the aircraft industry whether it is defence or it is commercial aircraft certain starts they have to open the engine and overhaul whether it is working condition or not they have to open it. It's a protocol. So to open this kind of aircraft they need different kinds of tools to dismantle the engines.

For example, if we see the T1000 and TXW aircraft engines of Rolls-Royce, so that these two engines can be dismantled into 33 modules. So we have the entire 33 pieces of equipment. It's a big equipment like 5m like this because the engine is around 8 ton to 9-ton weight capacity. So we have the capability to manufacture this kind of equipment. We already have supplied such equipment to Delta Ops in Atlanta, USA. So then we also supplied to one of the Singapore based customers.

We also have a setup within the company itself where we have a design capability of automation systems. We study the RFQ. We study the requirements of the customers. We convey our solutions to them. Whatever the requirement either it is a manual line or it is a semi-automatic line or it is an automatic line . Whatever it is depends on the budget and quantity to be produced within a day or within a month whatever the numbers they will give us according to that.

On achievement and recognition part, we already have a AS910 certified company that's the reason we are able to manufacture the direct flying parts also we will be starting this part manufacturing in next year in April onwards we already got an order for that machine is already in line some machines are coming up.

We got a best startup first year once they started the company. In 2020 we got the Best Startup company of the year 2020 by SME Chamber of India.

In 2022 we got a GS Parky award from MCCIA, one of the largest organisations in Maharashtra. Then Meet Desai, another director he recognized as a young leader on world skill day in July 2018. one another company in which we invested which is in Pune only we are holding a 26% in that company has IDEXT winning product they are supplying to Navy. we already have a back the order for five years now we have a consecutive five years we have award in our orders in our hand so that company is also doing well with adding in this company we add our capability to do the maintenance and overhauling in terms of electronic equipment also. I'm not going to disclose right now but we are heading towards a very good order from one of the largest Indian airlines companies for the repair of some electronic equipment which will be taken care of in our subsidiary company. The order we'll be getting by TechEra and it will be transferred to that company or we will set up a plant here in this company as well. Both options are open. So this is what we are right now. One more thing we supplied around 300 plus tools to C295 aircraft which is right now manufacturing going on in the Baroda TASL plant.

This is the largest aircraft in India. We supplied a central fuselage which is around 28 m long. So we supplied them with the largest fuselage assembly toolings to Tata Advanced Systems Ltd.

This tool is the largest in India till today because the aircraft is the largest manufacturing in India today. As far as the sector development is concerned, there are lot of new projects coming up in India we have a 260 Sukhoi aircraft already in Air Force which will be coming up in repair in MRO right from the one craft first aircraft supplied 10 years back and now each and every aircraft it is coming and for the repairing and overhauling.

In our largest PSU, we have a great opportunity there. It's two number 260 numbers. So it carries on till another four five years for the repairing world. Then the same Sukhoi, government ordered another 12 units of Sukhoi manufacturing. We are working closely with this company. Probably we'll get the order next year for assembling some of the parts which will be taken care of in their unit.

Then MRO yes there are a lot of MRO things coming up in India. Earlier everything was in abroad but right now Safran has already started their plant in Hyderabad. Air India is also coming up in Bangalore. So there is a lot of other information we have which will increase our capability and chances of huge numbers we'll be achieving in the coming two or three years.

GE Aerospace is also coming to India where we are also manufacturing the engine toolings supplying to the Tata Advanced system limited where they have a GE component manufacturing plant in Hyderabad. There are a lot of foreign based companies, Boeing is coming for the assembly line of Boeing 737 Max in India in Bangalore. Airbus is coming with the assembly line for the A320 in Bangalore. So a lot of things are happening as far as defence and aviation is concerned in India. 125 airports are coming to India in the next five to seven years. So the Indian government is doing very well in terms of defence and defence sector and aerospace sector is concerned.

Q & A section:

Akshay Kaila: Why are our EBITDA margins volatile? YoY it is increasing, that is the good thing but why QoQ variability?

Harish Bhabad: Particularly about EBITDA, margins are volatile it's a project based company is not a product based company like automobile company where one product is there and continuously that production is going on it's not like that actually you are getting some orders for design then prototype then approval and then it comes to sales invoice so normally April to September it is a backend work is going on always so expenses are there and the conversion happens in second half hour and this is 3 years our trend is there. We are trying for that consistency adding some flying parts manufacturing also. Nimesh will explain about that but the reason is only that in the second half definitely these figures will change. Thank you.

Anonymous: What is guidance in terms of Revenue and margin?

Nimesh Desai: So in normal terms we are regularly improving around 25 to 30% every year and margins will be going to be in between 15 to 22% in this year and next year also.

Darshit Shah: What kind of capex are we looking to do?

Harish Bhabad: For this capex already we have raised funds through IPO and we have ordered one big machine, 5axis machine, from Taiwan and it will be at our factory mostly in March. So there is no need for a capex requirement immediately for at least one year.

Ravtej Singh: Can you please share similarities and differences between your Co and Unimech? Can you also talk about your growth profile vs Unimech from fy22-25?

Nimesh Desai: See Unimech is a Company from many many years and we started six years back. Unimech their growth is around for the last three or four years from same way that we are moving, this year we also increased around 30 to 40% of last year's turnover and as far as product is concerned, we and they are all the same.

They have one US company connected with them right now so in the next two years our growth will remain almost equal to the growth of Unimech. We make maybe a little bit less because they have an advantage now some of the things may be shifted to the other companies but definitely maybe plus minus 20% but will definitely grow the way Unimech has grown.

Dhiraj Kaswan: Any comments over the historical volatility in terms of Working Capital cycle?

Harish Bhabad: Particularly working capital cycle is more because of this project based industry only if we see the industry trend or normal standard industry it's a three month but in our case it's a six month average working capital requirement six month average.

Nuthan Balakrishna . Two questions. a). As the TAM is huge How did you plan to increase capex as the stake holding is less and b) What are the flying components kindly through some light?

Meet Desai: On the flying components. So basically it is the sector of business we are also into in aerospace and defence. There are two kinds. One Tooling is the equipment which is on the ground on the floor which is used to manufacture any given part of a Flying component an aircraft is made up of thousands lacks of different kind of components made up of aluminium, titanium, steel, XY Z and there is manufacturing which can be done of these directly parts also which is a part based thing which is a year based thing like based on the requirement or the particular aircraft for which we want to make and we are very much competent to manufacture these flying parts or detail parts as the industry says them and our existing setup and our existing capex investment has been in this direction to make sure that we are in the right position to take advantage of the increasing volumes in this industry in the entire country. Right now a lot of people from outside the country are investing in India and tying up with tier one OEMs in India and we are the suppliers to these companies and our customer customer base is right now full of such commercial and defence government and private entities.

So yes our capex and the business we want to do going forward is both in line right now and in the next upcoming years you'll be increasing volumes in terms of detail part manufacturing alongside tooling from Techera side. Thank you.

Nimesh Desai: So as I mentioned earlier that we are in the designing and manufacturing of Assembling of the structural components and by assembling the entire structural components, there will be a one component created which is called as a nose or which is called as a wing which is called a fuse large vertical horizontal stabilizer.

So each and every part of this part's wing has thousands of components and those component is coming under the structural part. So whenever our fixtures are delivered to the customer end they have to take a trial on those fixtures. As a manufacturer and designer of this particular part we are designing not only in manufacturing. But in both cases we have to stand there in the plant and we need to see how they are assembling and what are the problems they are facing so that we can correct it there or we can modify it in the next coming up projects.

We know what kind of structural components requirements are there. The quality needs of the customers because of the fixtures we are already manufacturing. We are very used to that component by looking through the eyes, seeing the finish of the component, and understanding the fixed fitment of the component with the aircraft.

So it will be very easy and not that easy is not the correct word but it will be convenient for us to go into the structural component manufacturing first and in the second segment we'll go to the super alloy manufacturing like engine part manufacturing and some other alloy manufacturing components. So that's the reason why we are entering into the part manufacturing. Once we are ready to make the part also there will be a huge opportunity and huge chance that customers will give us to make fixtures.

And that is what is our ultimate game changing part, assembling the particular equipment and delivering it to the customer. Thank you.

Remi Sharma: In a pre IPO call, management mentioned 30-40% growth YOY. However, in H1 we have had a loss, Is the guidance of 30-40 % growth still intact. Thanks and best wishes.

Harish Bhabad: I will answer this question. it will be in the same line as management declared before. Our efficiency and infrastructure is there to come closer for this figure. Definitely you will see this in this year's yearly result.

Nimesh Desai: Because we are right now in February. So we know what we have done till the last four months in this second half.

Nikhil Choudhar: When you will expect your trade receivable will decrease? can you please suggest timeframe?

Harish Bhabad: Our trade receivable is already in line with the industry. Now one of our projects was delayed due to some technical challenges in automation and it would be delivered after some time and now it's under control. Our trade receivables are very less now

Avarjit from Columbus Capital: The Wing Parts manufacturing unit will start production in April 2025 or April 2026? You mentioned that the machine is already in place, and production will start in April next year. Will it really take more than a year from now?

Nimesh Desai: So from the first June 2025 will start producing the part on that particular coming up machine. So there is no question to be delivered in 2026. June will start and delivery will be starting from 1st of July 2025 probably.

Anonymous: One of our listed peers Unimech aerospace has grown from 36 cr in FY22 to 200 cr in FY24. What are they doing differently than us?

Harish Bhabad: We are also studying that maybe they have had a lot of funds to grow immediately and have just raised the fund to grow now. So after two years we can compare Unimech of today and take at that time we'll be closer to Unimech.

And secondly, Unimech is an older company than us. We are just a 6 year old company. They have been there for almost more than 10 years. So I think we are in line with the growth. If you see the turnover of us, last year was 38 cr. They have in 2020 had 36 cr. So probably we are in line with them right now.

Anonymous: Revenue and growth guidance for next 3 years. On a PAT level, can we expect the co to remain profitable or losses can be expected going forward as well?

Nimesh Desai: I will answer the second question first. There will be no losses in the company in the coming year also and in this year also and as far as my graph is concerned I'm in the manufacturing industry as an entrepreneur. Since 1998 I have signed more than 26 balance sheets.

I think the only covid balance sheet looks negative. I don't see any other balance sheets I have signed which have got a negative PAT.

So I'm very much confident and sure that the PAT will be in this year as well and will remain unless this company is on this soil for sure :)

And just can you repeat the first question sir?

Punit Thakkar: Yeah. So the other question was for the revenue and growth guidance.

Nimesh Desai: As far as the figure is concerned we can't display it right now…

But this year it will be more than around 30% for sure as Harish has mentioned and next 3 four years will remain the same , sorry to say but I cannot disclose as you asked the question. I already replied to that.

Darshit Smita Shah: What kind of peak revenues can we make from the current facility?

Nimesh Desai: So whatever the turnover we'll achieve this year we can go more than 2.3 times of that turnover with the same plan but we have some strategy already in place.

We are working on it how the revenue can be more than almost three - four times by adding some new suppliers into this sector or by training them or by developing these industries for

our company also for this state also and for this nation also, because it's a very new industry, the skill level is very challenging the people who are below our partners they are still not able to understand the requirements of these industries.

So we are training them and we are coming up with some new strategies by adding the critical suppliers to our bag. So that we have a plan of super 30 where we will be adding 30 suppliers in our bag in the next coming three years. We are already working on 10 numbers for this year.

So this is another strategy we are looking for as I mentioned that we already added our cargo electricals in our holding a minority shares 26% but they are very close to us. So we are coming into some new electrical and electronics areas as well with the aviation industries. So there is certain planning going on and it will be worked out definitely and we are very much sure about that.

Yash Vijayshri: Is there any visibility for orders from the Vande Bharat project? What is the visibility/ pipeline for C295 orders?

Nimesh Desai: We got one order from Godrej, where they are manufacturing the biggest and longest fixtures. So I think whatever the order we have right now, it will be three times more than next year. It looks like whatever the projections they have given to us it will definitely going to increase but it depends on if the aerospace is going to be the huge coming up then we'll see how this Vande Bharat project can be taken care by this company maybe we'll add some new suppliers and we'll divert it to them.

We are working on it but the C-295 aircraft has already been completed almost as far as tooling is concerned. Yes, I am hearing from Airbus and that they will be stopping the manufacturing outside India where they are right now doing it and they will be bringing that aircraft which they want to supply to other countries also because the current capacity and capability that Tata has built is only for the Indian air force.

If Airbus and Tata have come up with a stop the other lines in Spain or in France or somewhere else , then they will add a new line in India and the discussion is going on. That's what I understand.

So if it happens then the entire order is going to be repeated because they need a separate assembly line for that because they don't have any capacity right now to give more than what we have India has given around 40 numbers.

Nuthan Balakrishna : Can you give the exact figure for the revenue this financial year?

Harish: As I said earlier in a percentage it will be 30 to 40% growth.

Anonymous: You spoke about manufacturing aerospace parts for the defence industry by next year. Do you have the licenses and approval for the same?? How much time these defence approvals usually take to come and since when have you initiated the approval process?

Nimesh Desai: We are already certified. The approval process is done. We have already got the order for we order is in our hand and we are just waiting for the new machines to come in and some of the components we'll be starting in next month's incoming special facility as well

so we are already approved whatever the process we need we have AS-91 certified organizations we are already certified for the commercial aircraft as well

R Swaminathan: Whats the revenue mix between aero/defence and automation. Is there any margin difference and what will be mix going fwd.

Nimesh Desai: Its a learning for us. First year was very good in 03rd Oct,2018. If you see the first year turnover is around 13 cr. But 2020 the covid comes in and 2 years was very bad for us. Yes it is 12 months but the impact of this covid was for 2 years. So we learned from that and then we decided that we need to have some other sector where we can take care of it if certain uncertainties come in.

And secondly, my earlier organization where I worked with as a chair as a managing director and a shareholder of that company as well. We were in automation. So we know a lot of things about automation. We have a lot of people even personally I know and Meet also know another director.

So we are very strong in that sector as well and that is the reason we are just keeping going on with both the sectors but we are separating both the teams because the culture and the needs of these industries are completely different.

So we are not mixing it with each other. Our automation team is different. Our defence aerospace team is entirely different. The training is, the guidance which we are giving them is completely different and there is a chance of big numbers to get increased because one assembly line will run for 6 or 7 months or maybe 1 year also. Then the order value is around more than 10 - 13 cr. And the major intention is as I mentioned we want to enter into the automation of aerospace also. Then we already are in discussion with some companies where we can add value to them by giving them automation systems.

Dhiraj Kaswan: Could you tell us how does Techera secures orders from its clients?

Nimesh Desai: There are very less aerospace aircraft manufacturing companies in India right now and as we are in the designing and manufacturing of toolings they know us very well. So basically we are well known in this sector. So some of the companies are already known but we have a marketing team. Five people are running here and there to add some customers. We already got one customer added last year. It's a foreign based customer where we get the order of order value of around 5 cr without visiting them in India. They never visited India. We got an order on paper. We supplied the equipment to them and we delivered the equipment.

Even in foreign, around 8 to 12 people went there and finished the installation commissioning and came back from that country.

So it's good to see that our company is growing, in terms of name. So a lot of customers are repetitive.

Nikhil Choudhar: How much order book company has right now and what is a projection for FY26?

Nimesh Desai: It's around 22 to 25 Cr already in hand right now.

Kaustubh: What is the split in revenue between Government projects (B2G) and Private projects?

Nimesh Desai: Roughly this year from government organisations it is 30% - 40%, private is around 60%. But next year the scenario will maybe change. It is flipping I think because even the private sector is also increasing fast and yes PSU is also working very hard. Our HAL organization is coming up in a very huge expansion.

Harish Bhabad: (clarification on earlier question on working capital) Regarding working capital I said before I just want to clarify the six-month cycle is not for every project. There are some projects which can be completed in 1 to 3 months' time also. There are some projects that need some more time but it is not like that average 6 month Some projects require more time. Some projects can be finished in a shorter time also. Just want to clarify on working capital.

Akshay Kaila: How is the competitive intensity in our types of the business and how much margins improvement we can see in the next 3-4 years as operational leverage kicks in?

Nimesh Desai: I think margin will remain constant, maybe increase 2-3% more. It will go around 25% as well once we start the part manufacturing also and what it competitively leverages it.

Meet Desai: I just want to add to the previous question. So beyond the point once revenue increases the running cost or the plant size or number of people does not increase double every time the revenue increases. which means beyond the point the company margin will automatically go and improve as we progress on the revenue because like I mentioned we are not going to add lot of capex in the next 6 months or one year right now and same with the manpower we have trained people now who are working with us for quite some time and that is the number of people and team size which we need to increase our revenue to a certain extent so that is going to help the margin in a very positive manner going forward.

Nalini Kant: What are the industry dynamics for the next five years? What kind of growth are we going to see in MRO and aircraft manufacturing business in India? And third part is what kind of initiatives we're working on to tap the exports market?

Meet Desai: India is increasing its civil aviation industry by adding around 100 airports in the next 7 to 10 years and already lot of airline giants in India have procured around 900 to 1000 aircrafts from the foreign, European American OEMs which means that all these aircrafts will be bought by these airlines for our civil market.

So every time an aircraft is grounded on these airports it's maintenance its repair it's all the work is going to happen in India itself and that is what we anticipate already because it is not cost effective for any airline company to fly an aircraft to a different location just to repair and maintain it and bring it back for the use. So that is the huge potential we see and having

120 airports needs a lot of equipment which TechEra is already manufacturing. So that is something that is a plus for the company also. And on the other hand we see a lot of foreign direct investment coming in and tying up with tier one companies to make parts of aircraft or assemble an aircraft in the country. C295 being one of the open examples right now. Similarly, this thing is going C295 is just the start and we can see more of such joint ventures happening in the country which will flood the ecosystem with a lot of business around in this industry. Thank you.

Basically we have a very good history of supplying outside the country in the same domain the similar kind of products and recently we have added a known partner who is helping us market the company's product portfolio into the European and American markets. So that is the initiative we are taking. We already have some of our key customers who are having very good professional relations with us and we are currently working with them.

So the idea is to increase business with that existing customer outside the country and with the help of the marketing partner which we have hired add to similar of such customers from the European and the American market

And one of the examples is TechEra right now participating in the upcoming AeroIndia 2025 which is happening in the second week of Feb. So there also we are looking to meet a lot of OEMs, lot of people and explain our product portfolio and showcase our competency because over the years we have built good technical knowhow which is the first key criteria in the aerospace and defence sector and our certifications also already in place , which means that we can directly start working with them once we have a good connection and that is where the key focus and management focus is right now.

Nimesh Desai: So I welcome all TechEra investors to come to the stall in Bengaluru. It's your stall. You can come anytime. We will explain to you much better what our products are and how it will work into the aircraft as well.

I want to add, around to be very precise 1,250 aircrafts, Indian companies have ordered to Boeing and Airbus. If they want to make these aircraft only for us there both the companies run for 2 years without doing any other country's order.

So you can say that how the span of the building the aircraft they are taking time. So that is the reason I think the Indian industries is doing great in coming five years and MRO is growing so fast . As far as Air India in Bangalore and Safran in Hyderabad is concerned and other countries also coming to India other big MRO supporting organizations, which is very big in USA, they also will be deciding to start their plant in India as well.

Some of them are already in Bangalore from last one year.

Amrit Jhangiani: Can you please provide insights into TechEra's export performance for the current fiscal year? What strategies are being implemented to enhance export growth, and how do you see the global demand shaping up for your products/services?

Nimesh Desai: I think currently this year our exports are around 10 to 15%. And next year it will increase around 30% with the new machinery.

We are bringing the GenAI concept to our organizations. We are working on it with one of our Indian organizations. So within two years this organization will be entirely on the GenAI concepts where everything, all the things happening right now in the company we are keeping into the record and with that help of that record after one year the system itself we'll say what actions we have to take whenever any difficult situation arises. And there are other areas also where our GenAI team is working.

So within a one and a half year I think will be the completely entire GenAI organizations. this is one of another is we have hired one largest marketing company who will be giving us the dashboard in coming 3 months where our product can be delivered in abroad for increasing our export orders. Who are our competitors where they are supplying to this particular current customers and upcoming customers as well.

So this dashboard will be with us for one year and they will also tell us that with this current product what will be our turnover in the coming 3 years if what captures different markets in Europe and US and eastern countries as well. So these are the two big strategies we are working on. As far as the growth of export and turnover is concerned, we'll come to know within another two or three months exactly what we will be doing for the next 3 years. And with the GenAI, I think the organization is going to be on a very different level.

Anonymous : What is the situation on supply chain side, with respect to availability of Engine and related parts from global suppliers?

Meet Desai: So I think this is not directly relevant to … what we are doing as of now. The engine supply chain is not affecting our line of work as of now because like I said we are doing a lot of tooling and how the global supply of engines.

I think the question is related to one of the engines which was supposed to come from the US to India got delayed and that's what is relevant but again yes that is not related to what we are doing right now. It is not affecting the line of business.

Nalini Kant: The first part is, what kind of work are we doing in precision engineering?

Meet Desai: So we are into core precision manufacturing activities right. So for example if an aircraft wing has to be manufactured or an aircraft landing part or any of the aircraft components when it is manufactured they need handling , drilling and machining equipment on the ground to precisely locate that component. So that when any particular geometry is transferred to that part the accuracy is maintained. Now only if the tooling or what we manufacture only if that accuracy is at par then only the accuracy will get reflected on the aircraft part. So that is the kind of precision machining or manufacturing from metals that is happening at TechEra. And again to inspect all of these we have worldclass automatic big machines which are inspecting what we are machining.

We are measuring around 1 micron in our premises and we are also achieving that kind of machining accuracies and that kind of technical core competencies required to be in this industry and sustain and that is the precision engineering work which we are doing and I think

if we physically have a look at one of our components or products during the expo right now, we'll be able to exactly show and make the team understand on how engineering is done at Techera.

Nalini Kant: The second part is what are the sectors we are looking for potential opportunities in precision engineering?

Meet Desai: So I think what I would like to say is that our core focus has always been to utilize our competency in aerospace and defence manufacturing because there is lot of opportunity in there right now but we've always had close eyes on some of the other sectors which are relevant to precision engineering and manufacturing and that is where we are keeping a close eye how somehow if somewhere there is an opportunity we can quickly tap it and use the same set of skills which we have for that particular market. So yes on the diversifying front, focus is always aerospace defence and automation in aerospace. But yes from a strategic point of view for the next three years we are keeping a close eye on the market in the engineering market.

Nalini Kant All right, the last part is what are the products in the pipeline for this precision engineering?

Meet Desai: The product cycle circle is always more or less similar. Ground support equipment which is to support readiness of an aircraft on the ground at the airports or at the hangers. MRO is maintaining a repair overhaul.

So every hanger they need multiple sets of tools. So this is all a volume game and to sustain so much volume is already a lot of business. Another one is aircraft assembly tools, which is building a set of assembly lines for the aircraft - from one station to another.

Those are the tools which we are already making for various civil and defence aircrafts and if there is an assembly line for the aircraft. So there is an assembly line for only the wing of an aircraft. So one making of one aircraft itself in India is generating multiple chains of business So like I said the product line remains what it has always been, ground support equipment, MRO, aircraft assembly tools, layup tools and detail flying part manufacturing and automation complementing the aerospace and defence side of it.

Kaustubh: What is the current percentage utilization of the factory?

Meet Desai: So we have two plants as of now. in the same premises. One plant is occupied with the manufacturing setup completely. Second part is now 25-30% with the new capex which from the IPO fund it is reserved for that , the remaining is for assembly work but it is sufficient for time being and if needed there are a lot of opportunities to add a new plant or new facility and when required that is something which we do based on what kind of projects we are going to execute in the two-quarters of where we are. So right now one plant has got a decent amount of space to accommodate if there is a new opportunity around the plant two basically.

Nimesh Desai: Capacity utilization we are already more than 85% is in control so if you say productivity it is more than 85% right now but the second plant is a little bit empty because the machine is coming as Meet mentioned.

Anonymous question: What is the role of Maharashtra Defence Fund in our operations?

Nimesh Desai: Before this IPO they invested in our organizations and with their support we came up very strongly. So in 2021, they invested in our company and with great interventions, in great value given by IDBI and by Maharashtra defence to this company and now they again invested in IPO as well. So our company has always been grateful for supporting us , IDBI and Maharashtra defence and aerospace funds.

Anonymous question. One more. Is it possible to share names of top three customers?

Nimesh Desai: can't disclose our customer name but in simple terms I can say all are the largest organizations in the making of the aircraft right now.

Anonymous: You have set up a Shop in Bangalore recently any updates on it , any orders?

Nimesh Desai: We are looking to set it up. Yes, because Bangalore is the base for aerospace from the beginning. So that is the reason it somehow looks mandatory that something is there so that we can help and we can add value to our customer.

Akshay Kila: As we have the order book of only around 22-25 cr. Are we confident to grow consistently at the rate of 30-40% YoY?

Nimesh Desai: Yes, definitely because now we are entering into the part manufacturing. So I believe that in the coming years we will have a contract with different aircraft manufacturing organizations in India and abroad as well. That will be for a long-term five-year , ten years contract for this company. But the current product that we are manufacturing is that kind of cycle.

So that is the logical thing, this is the order value that we have booked right now but we are very much confident that it will be increasing next year by adding the part manufacturing segment in our pocket.

Nuthan Balakrishna: Belated birthday wishes Mr. Meet Desai. Wishing team Techera Engineering the very best, may you continue flying High and enhance shareholder value. Thank you!

Anonymous: What can be the sustainable PAT margins going forward?

Harish Bhabad: Actually PAT would be inline with previous financials.

Punit Thakkar: All what can be the sustainable PAT margins going forward?

Harish Bhabad: We cannot say directly in the figures but as I said there will not be any decline for previous year. It will be improved every year.

Rohan Gupta: What is the status of orders with Air India?

Nimesh Desai: Just wondering, Who told you about the Air India order 😊 😊 I don't know. It's already in process right now. We are delivering it.

Dhiraj Kaswan: Thank you so much for detailed replies. All the very best for the future. Great clarity by the management.

Krimesh Gala: why did we have loss in h1? what will be our long terms margins? when will be the new machine come in new plant ? what will be our capacity once the machine comes ? what kind of revenue can we do with our total capacity ?

Nimesh Desai: Some of the machines have already arrived and are under commissioning and one machine which is the largest one in India right now which will be coming in March and will get commissioned and start from 1st of June. So again it will come to the figure to be displayed. I think it will double the capacity right now.

Akshay Kaila: What are the risks to our business if you want to quantify? can we compare our business with Azad Engineering?

Nimesh Desai: Currently I can see only the things like COVID and anything significant change in government scenario little bit because whatever the decision taken that is going to remain as it is any government comes in but in long term if you can say there may be a chance that the strategy they may change to invest in some other sector maybe they will decline in investment in defence but till then I think we will be established ourself for the export orders also so I don't see any reason unless and until COVID kind of things comes into picture

On comparisons with Azad Engineering, I think it's too early right now… because we are too small in front of them. But segment wise, yes you can compare because we are coming up with the part manufacturing but as far revenue and all the infrastructure is concerned. It's too early to compare.

Rohan Gupta: That is a significant increase in prior years that is not there. So, it's 24.78 cr to be precise?

Harish Bhabad: Right now we do not have our CA online so we cannot answer this question now, but our IR would get back to you over email.

Rohan Gupta: Sure, Sure, sir. Not a problem.

Rohan Gupta: Thank you so much.

Punit Thakkar: We will get it to you. And in the transcription also I'll be sharing a link where you can contact us for any specific questions for Techera management.

Rohan Gupta: Okay, sure.

Rohan Gupta: Okay, thank you so

Punit Thakkar: Any concluding comments from the management?

Nimesh Desai: Yes. I will

Harish Bhabad: From my side I can just say to maintain consistency in sales throughout the year management is hard working for product mix like short-term projects, some long-term

projects, some automation, some other mix. So we are working for that consistency. Be assured of that.

Nimesh Desai: From my side I think first of all thank you very much to all of you, who put a trust on us and I request all of you to keep going on with us because this will going to be a very very different organization in coming years and being as a first generation entrepreneur we are very much grounded people's we understand because I worked for some organizations for 10 years already in my career earlier so I know the pain of everybody my team and everyone's so my request to all of you don't get hesitate to invest in our company that is your company you can come up with

Any questions anytime we are available for you. Thank you very much.

Meet Desai: Yes, thank you very much everybody on joining the call. We hope that we've answered all the queries and we are positioned in a very good manner to end the current financial year on a positive and a better note and secondly even for the next financial year. We have decent proportions of work in our hand at our Lot of opportunities waiting for us. So yes, we are looking forward to collaborating with each and every one of you and getting to where the potential of the company actually is. Thank you very much.

Punit Thakkar: All right, that concludes the call for TechEra Engineering. Thank you everyone for joining and for any questions in the transcription there will be a link to contact us. Thank you all. Have a good day. Investors can contact us on techera@samvaad-partners.com

Nimesh Desai: Thank you. Namaste. Have a good day.