



“TechEra Engineering (India) Limited's H1-FY'26  
Earnings Conference Call”

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**MANAGEMENT:** **MR. NIMESH DESAI - MANAGING DIRECTOR AND  
PROMOTER, TECHERA ENGINEERING (INDIA) LIMITED  
MR. MEET N. DESAI - WHOLE-TIME DIRECTOR,  
TECHERA ENGINEERING (INDIA) LIMITED  
MR. HARIDAS BHABAD - INDEPENDENT DIRECTOR,  
TECHERA ENGINEERING (INDIA) LIMITED  
MS. PRATIKSHA KUMBHARE - COMPANY SECRETARY,  
TECHERA ENGINEERING (INDIA) LIMITED**

**MODERATOR:** **MR. PUNIT THAKKAR - SAMVAAD PARTNERS  
INVESTOR RELATIONS AND PUBLIC RELATIONS  
AGENCY**

**Moderator:** Ladies and gentlemen, good day and welcome to TechEra Engineering (India) Limited's H1-FY'26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Punit Thakkar from Samvaad Partners Investor Relations and Public Relations Agency. Thank you and over to you, sir.

**Punit Thakkar:** Good evening, everyone. I am Punit Thakkar from Samvaad.

Now I would like to introduce our esteemed members of Company's Leadership who are present with us today. Mr. Nimesh Desai –MD and Promoter; we have Mr. Meet Nimesh Desai – the Whole-Time Director; Mr. Haridas Bhabad – our Independent Director. And we also have with us Ms. Pratiksha – the Company Secretary.

Now I would like to pass on the call to Mr. Nimesh sir. Over to you, Nimesh, sir.

**Nimesh Desai:** Hello, everybody. Good evening and Namaste once again. Hope everybody is doing well and great feeling. So, I am pleased to share an update on TechEra Engineering performance and strategic achievement, the first half of Financial Year '26.

This half-year marks a crucial period for execution where we consciously leverage the significant capacity expansion made during the previous fiscal year. I again reiterate our commitment to the long-term growth trajectory in the Indian aviation ecosystem. We continue to guide for minimum growth of 30% to 40% for this year and remaining optimistic that we are positioned well for the next financial year as well with a decent proportion of work in the hand and many opportunities waiting.

Our priority moving forward is leveraging our specialized technical capability what we have right now to capture high-value contracts in defense aviation sector and in automation as well, which is related to the general industry. And now we are trying to enter into the defense and aviation in automation as well.

We are determined to deliver excellence, achieve positive growth better than the previous year. Thank you very much. So, now the Company is pleased to report that our performance during H1 FY'26 has shown strategic improvement over H1 FY'25. These improved performances directly attribute to the three key areas of focus basically is higher execution efficiency across our operational portfolio. Second is achieving the better margins and experiencing the increased traction from government and PSU orders. We are closely working with one of our biggest PSU in India.

Groundwork laid during Financial Year '25 characterized by high capital investment in the plant and machinery was specially designed to cater the high growth defense and aerospace industry. While these investments lead to higher financial cost in the short term, the subsequent performance validates our strategy. We expect it to result sustained revenue growth and profitability in the future on the consolidated basis. Key operational and strategic milestones during the H1 we successfully delivered on the promise related to our infrastructure scaling, advanced capacity utilizations, the key milestone was the commissioning and subsequent utilization of the largest 5-axis machine in this kind of industries. The largest machines is 6 meter x 3 meter 1.5 meter continuous 5-axis.

Secondly, the major milestone is we are working very closely with our PSU in their plant with the insourcing, providing our technical capacity and capability to them for the building of one of the biggest aircrafts right now which is in discussion everywhere. Around 50 to 60 people working in their plant right now and manufacturing the assembly for the aircraft and the helicopter as well. So, this is a big milestone. I think we have done this to see the future that sometimes some way we can do such kind of assemblies in our plant either in Pune or in Bangalore or in Nashik wherever we feel and wherever the customer wants to do it there outside, whenever they want to do it outside their plant. We are ready to focus on maximizing the utilization of this new installed advanced infrastructure as well right now.

Secondly, we have successfully started entering into the flying part manufacturing being production on our new machinery as a plant in the first half. This strategic shift is vital as it allows us to secure the potential long-term 5 years or 10 years contract which is the normally the way of working in the commercial and defense aircraft. More in commercial side, defense is maybe 2, 3, 4 years but in commercial side it is the contract related to 5 years-10 years as well sometime. Delivery of this parts is already been started. Our component is already been verified by the customer and it is fitted in the first aircraft which is delivered to the Indian Air Force. So, it is the biggest milestone.

Proudly say that I was, I have been invited for the first assembly line and for helicopter and third assembly line for the Tejas aircraft when our Honorable Raksha Minister Rajnath Singh was there. I have been invited for that. We had a long conversation with the top level management of our biggest PSU. So, you have been already seen that couple of week back or I think last week, we already enter into the space and satellite sector where we supplying some toolings to the one of the big company called Skyroot. Announcement already been done a week ago. So, this is the new entry now. Now, we are open for the space and satellite equipment to be manufactured for ISRO and DRDO also. So, we are looking for working very closely with this kind of PSU as well.

So, over to moderator for the question-and-answer from my side. Thank you very much everybody.

- Moderator:** Thank you very much sir. Ladies and gentlemen, we will now begin with the question-and-answer session. We will take the first question from the line of Ashish Soni from Family Office. Please go ahead.
- Ashish Soni:** Sir, you want to sub-assembly order for almost 5 crores. Do you think you can move up the value chain and get a higher value order sometime in the next 6 months to 12 months?
- Nimesh Desai:** Just can you repeat what kind of order you are talking about?
- Ashish Soni:** Sub-assembly orders you have got, right? 5 crore you got, I think 2-3 months back and now recently also. So, do you think you can move up and get higher value orders in next 6 to 12 months?
- Nimesh Desai:** Yes, because this kind of order has never been so fast being converted because currently we are just providing our technical expertise and services to such big PSU in their plant. Now, the main game behind is we now know the effort, we know the effort how to get it done assembly. So, there is a possibility that this kind of assemblies can be given outside their plant whenever the times will come and I think the time will come soon and definitely we will do it now and the advantage is at that time we have to do the manufacturing of the component also. Right now the component and tooling and everything provided by them, we just providing them a service to do the assembly but in the next stage what we are moving is we have to make a component as well and then assembly of the component and it will make one more component and that will be supplied to them. It will not work out in a year because it is a very long cycle. So, maybe it takes another 18 months or 24 months.
- Ashish Soni:** Okay, and good to hear about space sector entry. So, what is your future roadmap and what all the areas you want to capture in that space sector you highlighted in your opening remarks?
- Nimesh Desai:** Basically, we have worked with a company called Skyroot right now and they are in the satellite space. The owner of that Company, promoters of that company is already from ISRO and from the ISRO all three guys are. So, currently we are focusing on the tooling area and then later on slowly, slowly we will be moving towards the part manufacturing. So, as and when we know in aerospace sector the way we have done, the same way we want to start entering into that sector as well.
- Ashish Soni:** And I think I was reading news articles about the PSU that they are the first aircraft that actually there are software glitches. So, do you see, anticipate some payment issues and challenges for you because you face that in H1 also where you have to dilute your stake in your subsidiary, right? So, what are your thoughts on that?
- Nimesh Desai:** So, you are talking about cargoes, we have diluted that?
- Ashish Soni:** Yes. So, what I am reading in the news is PSU is still there are software glitches. So, whatever Indian Air Force is expecting that is not maybe it is some delay. So, do you anticipate any

payment issues and you will have some working capital issues also going forward because you have faced that in H1?

**Nimesh Desai:** I am working with HAL very, very closely from almost more than 36 months. I never found any single rupees delay because of PSU, never. I am very much clear about this statement because I know they are very much prompt on the payments, very sharp on their payments. They never do anything reasoning or something what private companies sometimes do. So, no problem about that.

**Ashish Soni:** But what was the reason of delay in H1 then? I thought it is related to this only. You had some working capital challenges. So, what was the issue behind that in H1?

**Nimesh Desai:** That is because the big project is going on right now. Advances is the challenge. The automation what we are doing from Safran, for Godrej the automation we are doing for some other company, for the HAL big project is going on. So, the challenge is they are not giving the any advances. So, to run the company around Rs. 40 crore is the order in hand. So, now we have to at least minimum as per the GP, we have to invest around 40% to 50% in that. So, it is a very minor challenges we are facing. So, that is the reason, nothing something which is critical. But PSU has never been delayed in the payment.

**Moderator:** Thank you so much, sir. The next question is from the line of Amar Maurya from Lucky Investments. Please go ahead.

**Amar Maurya:** Hi, sir. Congratulations for good set of numbers primarily on the gross margin front. Sir, typically what we have seen is your first half is around 30% of the overall yearly number. So, this is typically the next half. I mean, this quarter is also like that only? This is like 30% and 70% will be the second half?

**Nimesh Desai:** Much better than this, because always the ramp-up is taking place in maybe January-February-March, because we are the capital good manufacturing company. So, in automation, normally the capital is being purchased from December onwards. But I don't see any reason that we will achieve the target whatever we have planned.

**Amar Maurya:** Okay. And typically, your employee cost is like the first half is around Rs. 6 crores-Rs. 7 crores. So, any further acceleration in the employee cost you see at the overall level?

**Nimesh Desai:** No. Now it will be stabilized for another 12 months to 18 months. And that is the reason now, drastically, you can see the next half. Next H2, you will see around, we will reach to around instead of 30%-25% of the labor cost, we will come back to the 20 and our target is around 15%. See, because this industry is very new and we have to infuse the money into the people who is available right now and the people who there but they don't have a skill. So, we have to put some money into that training and all these things. That is very, very important right now. But you will see the drastic downfall in the labor payment. So, profitability will increase because of that reason.

- Amar Maurya:** And typically this operating profitability, which is like, other operating expenditure other than employee cost, which is like 27% to 25%, this number is likely to remain like that, right?
- Nimesh Desai:** In that, very specifically if you have a study, then I can explain. But I think it is remain that. See, labor is going to be reduced drastically, probably some depreciation cost, but that doesn't impact the...
- Amar Maurya:** Depreciation, I am saying below, excluding depreciation, interest and other income, what is there in other operating expenditure? What is the typical number, general expenditure, top level salaries, these all will be there, right? So, it is largely fixed in nature, right?
- Nimesh Desai:** We will maintain. But major change will take place in salary of the wages and high level people that will be going to reduce against the turnover.
- Amar Maurya:** Yes. So, sir, in that context, given that the number which you are targeting about 35%-40% growth, so typically the second half EBITDA margin should be like dramatically high than in that context because your other fixed costs going to remain same. So, is it like you will do a 50% or 55% kind of an EBITDA margin?
- Nimesh Desai:** No, it may go up around 2%-3% in second half in H2. Maybe right now it is around 18% to 20%. It can go up to 22% or 23%.
- Amar Maurya:** How, sir? Because historically whenever you cross 30 crore plus... Because see, sir, it is simple, right? Sir, growth margin is going to remain 65%-70% growth margin. Your implied cost for next second half will be Rs. 7 crores-Rs. 8 crores. Other operating expenditure, let's say Rs. 12 crores-Rs. 13 crores. Then typically your EBITDA margin should be a very high number, right?
- Nimesh Desai:** No, it will remain 20%-22% Coming years, it will be gradually increased.
- Amar Maurya:** Okay.
- Nimesh Desai:** It will be gradually increased for sure.
- Amar Maurya:** But then gross margin you are likely to maintain at 71%-72%? This year gross margin, first half gross margin is around 71%-72%. This you will be able to maintain given the current profile of the product?
- Nimesh Desai:** I am not getting you, sir, from where you are getting. But I think there is no change. Everything will remain same. Only the employee cost definitely will come down in terms of if you compare with the revenue.
- Amar Maurya:** I got it.

- Moderator:** Thank you so much. We will take the next question from the line of Paras Chheda from Purpleone Vertex Ventures LLP. Please go ahead.
- Paras Chheda:** Yes, sir. Congratulations for the strong set of results and thank you for this opportunity. Sir, just three queries from my end. One is, what is our current order book and the associated timeline for that? Is there or what kind of bid pipeline do we have for the price set of orders? And with the current capacity that we have in place now, my understanding is that we can probably do about Rs. 150 crores of turnover. So, is that understanding correct?
- Nimesh Desai:** Your understanding is little bit up on higher side, but Rs. 120 crores will reach with the current capacity for sure. And our current order book value is around Rs. 40 crores is already in our hand. So, from December onwards, I think my team from 1<sup>st</sup> of December, my team will start working for the next year order. One more order is there already in our hand, but unfortunately, it is getting hold for our geopolitical situation, but we are optimistic and let us see. If that gets converted, then I think for another five years, we will already have a 15 crore order book for till 2030.
- Paras Chheda:** And this is for parts manufacturing, is it?
- Nimesh Desai:** Yes, flying parts manufacturing. But unfortunately, it was set back for us, but anyway, it's a business, it happens.
- Meet Desai:** So, to add to what Nimesh sir said, the order books are always split between multiple sectors, which include the orders from enforcing, from flying parts, from tooling. And they vary from a timeline of maybe two months for some orders, maybe six for some, and maybe some of them like for flying part manufacturing, the orders are across 2 years-3 years-4 years. So, depending on the customer and the type of part we are building. And second thing, what I also wanted to add is from next year onwards, from April onwards, basically, the funnel, which you asked about, the RFQ funnel basically what we call it usually, that funnel is also similar manner, it is not only for tooling or not only for automation, but it is split across multiple sectors. And that is a very strong funnel because of the kind of exposure which Indian market is getting towards a lot of deal signing with across multiple countries to make the aircraft and the products in India. So, it is difficult for us to anticipate at any given point of time on what the conversion from which sector would be what, but we always have a pretty good strong funnel, which will always enable us to give us 30% to 35% of year-on-year growth, for sure. And again, this is industry about patience, if we are there and if we are getting those kind of year-on-year 30%-35% growth, then at any given point of time, we can expect something to materialize at a higher level also. So, that is what we are, we are placing ourselves well in every sector right now. And yes, with the help of the investors, we built a strong facility, which is allowing us to do that. Thank you.
- Paras Chheda:** Thank you. And just last query from my end. Now, assuming the EBITDA margin, I mean, the margins will gradually improve, right? And turnover will also significantly jump, most likely by end of next year, we will be inching towards close of this peak revenue capacity, if not already

hit at least close to that. So, is there a plan for further capacity expansion and therefore fundraising in place?

**Nimesh Desai:** Actually, it depends on what kind of order. So, the benefit for us is, we are in the two sectors, we are the two segments right now, like one is defense and aerospace and another is automation. So, if the defense and aerospace goods coming in or order coming in, then definitely there will be a challenge of increasing the capability, but still we are comfortable, even though in sector around Rs. 100 crores-Rs. 120 crore. But if the order comes related to the automation, then there will be a significant jump, even though the capital investment remains same. So, it depends on the future, another 6 or 8 months that how the order conversion is happening right now. Either it is coming from automation general, automation defense aerospace or it is coming from defense and aerospace sector, especially which involves the machining.

**Paras Chheda:** Right. But do we want to plan slightly ahead for the defense bit of the business, since we may get into parts manufacturing, etc., at some point in time?

**Nimesh Desai:** We know already what is happening right now and we are confident. For example, let us say the SJ-100, which is discussion is going on with our HAL and Russia. It takes another two years to ramp up. So, it is not happening right now. HAL is already blocked with their current capacity. They don't have anything to move on. I know NAL and ADA, they are working on the AMCA side. So, the overall capacity is being blocked for even Indian industry also, it looks like. Now, what they have to do to ramp up, that future will tell us. So, according to that, we are ready for that right now.

**Paras Chheda:** Fair enough, sir. Okay, I will just come back in the queue.

**Moderator:** Thank you. The next question is on the line of Akshay Badjate from Merisis Advisors. Please go ahead.

**Akshay Badjate:** Thanks for taking my question, sir. So, just 2-3 questions. Number one, could you explain the transaction in KalbhorZ because we had recently done an investment in them earlier this year and then there was some kind of a divestment that happened. So, what exactly happened behind that? If you could explain that, please? That's my first question.

**Nimesh Desai:** So, basically, 24 months back when we invested in that company, so I'm a technocrat person. So, I was knowing about the product what they are building up, little bit of technically involved in that initially to understand the product. And I can see that it was seen at that time that the things will happen in that company if we buy the substrate and we support them. But as and when the day progressed and as I told you, I'm the technocrat, the speed with what they should have to take, it was not happening like that. And I don't want to go into the detail because they are also the promoters, they are also working very hard on that direction. But the understanding and the resources what I'm having within the defense ministry, I know what is happening there. I'm in detail about this. So, the decision strategically we have taken and that is good for the Company and that is good for the shareholder as well.

- Akshay Badjate:** Understood.
- Nimesh Desai:** We never sold it at a lower price, we have sold it with a comfortable price, which we at least profitable.
- Akshay Badjate:** Understood. So, just sort of going a little bit detailed into that. So, you obviously acquired the stake for a particular critical technology, right? which would have helped us in our business, I'm assuming, right? So, are we looking at any such future opportunities as well, where we are looking for technology tie-ups, which could help us to sort of move up the value chain or open up the TAM even further?
- Nimesh Desai:** So, we are continuously, I'm flying everywhere in the India and world also. So, we are continuously looking up. If something we feel which is quickly being converted, maybe as fast as we believe, because if it is a slow moving industry, then again, there will be a money pumping and all things will come and the future we don't know. So, better right now in the industries what we are, it looks huge potential, even though we are stationary in this industry. Yes, but nothing, something we are not looking for it. If it looks like in a coming future, I think definitely we go for it. I'm giving you just an example that somebody wants to go for the drone. We also tried to, we also thought at that moment. But nowadays, it looks like there is so many people and so many companies in the drone. It is not good to run where everybody is running to. Let us be where, where we are right now. But something industries which we believe and we are already trying in these industries is nobody is there right now. It's a big coming up, like same like defense and aerospace only. We already started working in that area.
- Akshay Badjate:** Understood. So, that's something which I wanted to understand when we are talking of supplying tooling or certain parts for let's say the Tejas program or any other program for that matter, the C-295, right?. What I want to try and understand is, what is the TAM that we are working with based on certain projects that we are looking at? And what is the competitive intensity within those sub segments that we want to go to?
- Nimesh Desai:** Can you just repeat, you want to understand which aircraft you are working?
- Akshay Badjate:** The total addressable market. So, the projects that you're working on, what is the total addressable market associated with our skillset that we are addressing? And what is the competitive intensity within that? So, for example, let's assume that Tejas is a Rs. 60,000 crore project, right? We are obviously not going to supply to all of that, right? Within that, we would probably be supplying a part or something worth Rs. 200 crores or Rs. 300 crores. Within that, we would be competing with let's say 2 or 3 people, right? So, that's something which we wanted to understand, at least from the key projects that we are looking to scale up.
- Nimesh Desai:** Right now, we are very closely looking for Mk1, Mk2, which is very strongly. Second is HTT-40. Third is HANSA aircraft, which is coming up with the private companies, already taken the ToT. We are working with them. We are in discussion with them to make an MOU so that we can supply them an entire tooling slot for that HANSA aircraft, which is already been ToT being

done and some private companies getting the ToT from our PSU. So, they will be making that aircraft outside. We are in discussion with them. So, then SJ-100, yes, whenever it will come. For Mk1, Mk2, we are fully right now working with very strongly and yes, C-290, it is going on. Second project is coming up with Rafale for the Tata Advanced System, where I think a couple of days back, I was in Tata Advanced System and they said that another two months, the RFP will be going to start floating. So, next year, we will be definitely coming up with the Rafale. Then Sukhoi here. 50 Sukhoi has already been ordered to the HAL. They are fully blocked in that. So, they have started offloading in a couple of weeks. So, very closely working. We hope that we get some assembly order also from the Sukhoi. So, these are the projects coming up for the next couple of months.

**Akshay Badjate:** And typically, the components that we supply to within these projects, how much would it be as a percentage of the overall project cost? 1% or 2% what will be it?

**Nimesh Desai:** Flying part or specific?

**Akshay Badjate:** Whatever parts that we are addressing or we are supplying to them, whether it's tooling, for example.

**Nimesh Desai:** Okay. So, currently, we are working in defense and aerospace sector. It is 84% as far as this revenue is concerned, which we declared. But I think it will be reduced by 60% in automation will be going to increase. And in that 60%-65%, I think flying party right now is not a major content. Next year, it will be increased because we will be entering into the other sector also next year. So, we want to divide our product range so that whenever something is happening in that, negative happening in that area, in other area also we will be strong.

**Akshay Badjate:** Thank you.

**Moderator:** Thank you. The next question is from the line of Darshit Shah from Nirvana Capital. Please go ahead.

**Darshit Shah:** Hi, sir. Thanks for the opportunity. Nimesh bhai, you mentioned about the future projects recently highlighted like Mk-1, Mk-2, HTT-40, HANSA aircraft and all. Can you also throw some light, you briefly earlier mentioned about working with Godrej, Safran and others. So, what are the current projects we are kind of working, if you can briefly highlight?

**Nimesh Desai:** We are working with Godrej in automation because Godrej itself is a 17 company. Basically, Godrej & Boyce they have 17 divisions like security division, forklift division, appliances division, aerospace division. So, if you work with Godrej in all the divisions, you have already 5 or 10 customers in your bank. So, right now we are working with Godrej in automation. Then we are working with Safran also in the automation, which is one project is going on, will be delivered, I think in another 15 days to the Singapore Safran, it's an export order. And we are looking for another this kind of order, definitely from the other companies, because this will be the benchmark for us, whatever the testing equipment we are doing it. We are already in

discussion with the company who has given us the order, and they are very much optimistic that you will get another order, such kind of testing equipment order, which is very rarely been produced in India.

**Darshit Shah:** Okay, got it. And, sir, a few months back, maybe when we met, there was also, we talked about Airbus, which was kind of, I mean, they were looking at our facility and there was some process going on. Can you share a little bit more, sir, where we are in that stage of getting qualified?

**Nimesh Desai:** Sir, we need some more time to qualify with them, because we believe that we should not go to talk with anyone unless and until we believe that we are ready. So, I think we still need some time to enter into the, because if you want to go to the Airbus, you should be very solid and you should be very close to the quality what they want. So, I think we still need some time to go work with the Airbus and nothing wrong in it. Let us take our time because we have sufficient orders. And whenever they will be entering into our bag, I think the complete scenario will be different, because with current machining capacity we have, they are already looked like a fully blocked, they do not entertain. For example, if they want to give us a flying part, then they always see the substitute machines where your flying part is going on right now. If you do not have a substitute machine, then they will say that this machine is still going to break down, what we do. So, we need another substitute machine. Like we need some development also to be done in chemical equipment, chemical processes side. We are working on it. I think in a one, in another 12 months' of time, we will be coming up shortly with this so that we will be ready for the Airbus and Boeing both.

**Darshit Shah:** Got it.

**Nimesh Desai:** And we are not at all in hurry to go fast with them.

**Darshit Shah:** Correct. Got it. And sir, with the RFP funnel, what you spoke about in a lot of projects which you are already eyeing at, how confident are we that next year we might be reaching peak capacity because that is what we as a shareholder would want to know.

**Nimesh Desai:** Sir, we are a huge funnel is now in our bag.

**Darshit Shah:** Correct.

**Nimesh Desai:** Which is majorly ordering defense and aerospace sector in automation, where the, it's a niche project. All of or couple of 2 or 3 projects is Make in India. First time will be happening in India. So, this is the huge coming up in automation where we are right now. We are also entering into the AI, we are also entering into the camera-based automation systems. You will see in coming 3-4 months that we will be declaring the awesome orders we will receive on the system as well.

**Darshit Shah:** So, we are hopeful that next year we...

**Nimesh Desai:** Definitely.

- Darshit Shah:** Understood. Got your point, sir. Thank you so much, sir.
- Moderator:** Thank you. The next question is from the line of Rudraksh Raheja from Ithought PMS. Please go ahead.
- Rudraksh Raheja:** Thanks for the opportunity, sir. My question is, we were looking to, earlier this was a very project-based business as you have highlighted multiple times, and we want to get into a more sticky kind of a business where we can get repeat orders and etc. So, how are we doing on that front?
- Nimesh Desai:** The project-based may repeat order is a very less chances. Yes, fortunately, recently, we will be entering into the re-manufacturing of some of the equipment for the C-295, but it is very, very, very less chances. So, but we will continue with the project-based company and we are entering into the flying part, that is the reason. If you see our revenue is jumping up in last 2-3 months every time. So, I want to come out with this kind of scenario. I want some stable every month so that we can keep going on. So, that's the reason we are entering into the flying parts. Yes, project-based, we are an expert in this. So, we will never going to stop it. Definitely, we'll be doing it. Repeat order in the project-based company is like, yes, in HAL, let us see the third line. The second line, we delivered some of the equipment. In the third also, we delivered some of the equipment. In the fourth also, we delivered some of them. It is happening sometimes when the number of quantity required more by the OEMs, like AH-64, three assembly lines, HAL, four stages line. So, that way, if they decide, then definitely, we'll get it. But I'm not seeing any repetitive use order in terms of, but project-based, yes, number of projects will be coming up and going, like SJ-100 is coming, AMCA is coming, H-125 is going on, H-130 is going on. **38:46** \_\_\_ is collaborating with Mahindra and coming up with some aircraft for our Indian Air Force industry. So, the lot of project is coming around, 10 to 15 years I don't see any challenges in this kind of projects.
- Rudraksh Raheja:** Got it, sir. So, my next question is, like you have mentioned that we'll wait for some time before engaging with players like Airbus. Will we be getting a NADCAP certification first and then approach players like these?
- Nimesh Desai:** For sure. You look very sharp guy. Definitely, we have to go for it. And NADCAP is a very, very critical process. You have to go through some understanding, you have to go through study, you have to go keep your people training for that. So, is, that is the reason why we need some time to go with Airbus.
- Rudraksh Raheja:** Understood, sir. Understood. One small bookkeeping question. Sir, we have added a new machinery, plant equipment has expanded, but there is a depreciation has actually decreased in this half. So, I was not able to comprehend that.
- Nimesh Desai:** Decrease? I don't see, sir. Can you repeat the question, sir?
- Rudraksh Raheja:** Sir, I think we have doubled our machinery in this half.

- Nimesh Desai:** Sir, because it is started working now.
- Rudraksh Raheja:** Okay, it came very late in the quarter, that's what you are saying.
- Nimesh Desai:** You will definitely see the major changes in say, H2.
- Rudraksh Raheja:** Got it, sir. Thank you. Sir, a request from my side, I've been trying for a long time to get in touch with you guys. So, I hope you heed to my request.
- Nimesh Desai:** Yes, sure.
- Moderator:** Thank you. We'll take the next question from the line of Ankur Aggarwal from Motozak LLP. Please go ahead.
- Ankur Aggarwal:** Hi, sir. Sir, it is very interesting, what you are saying. Sir, not from a business perspective, I wanted to know from your point of view, like, what is the vision for TechEra that you have? Like in 3-years or 4-years where we see the company, what is the opportunity pool, what are the possibilities?
- Nimesh Desai:** I can answer this question. I cannot answer in figures. But I can share my dream. Before I exit from here I will fly an aeroplane from here. I am talking about from this world. Exit means from this world I'm talking about.
- Ankur Aggarwal:** Got it. Our dreams are like that. We want to be in that league.
- Nimesh Desai:** Sir, if money is everything. So, till now, capability, understanding, assemblies... If you look at Tata, they never, no OEM makes its own engine. No OEM, even though Airbus is not, no OEM makes its own avionics. It only makes data. So, today, we are capable of making it, ware already working with HAL. It is an optimistic statement, what I'm saying. So, I think we can see something can fly from our end as well.
- Ankur Aggarwal:** Nice. Thank you so much, sir. That's very inspiring. That's all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Ajinkya Jhadav from KRIIS Portfolio PMS. Please go ahead.
- Ajinkya Jhadav:** Thanks for the opportunity. I just wanted to know what kind of flying parts we will go in the initial phase like once it starts in a bigger scale and how we will get the technology for that? Will it be a ToT from a player like HAL or how we will get the tech?
- Nimesh Desai:** Hi, Ajinkya. I got your questions. We are currently working on the structural kind of component and then in the second phase, probably, I'm not sure, still I'm thinking, still we are working on that area, whether we should go for the engine part because it requires a huge investment. So, let us stabilize in this flying part of structural component and second phase, we will go for the

structural component in titanium and after that, we will try to go for special alloys and all. So, this is the way of the trajectory we want to move in.

**Ajinkya Jhadav:** And the technology for that, like my second part?

**Nimesh Desai:** We are already capable to understand the technicality of the components, what requirement for them. So, for the flying part manufacturing, it doesn't require any specific technology. We know already about it. Yes, for the chemical processes, which we want to establish as the earlier NADCAP and all these things that we need, but we are in discussion with experts in our area. So, they will be coming and setting up the plan for us. So, there is nothing challenging about right now. Yes, technology requires when we, if I want to fulfill my dream, if I want to fly an aircraft, then technology will be required, then we will talk about it.

**Ajinkya Jhadav:** Got it. That's encouraging. Thank you.

**Nimesh Desai:** Thank you.

**Moderator:** Thank you. The next question is from the line of Nachiket Kale from Proprietary Fund. Please go ahead.

**Nachiket Kale:** Hi. Good evening, sir. Thank you for the opportunity. Most of my queries have actually been answered in your insightful answers. I just have one small follow-up. You had talked about a Skyroot business in your opening remarks. So, just can you expand further on that and how big of an opportunity this space or like satellite launch business can open up for us?

**Nimesh Desai:** So, the Skyroot is the company, they are coming up with the first private satellite in India. Recently, I think they have launched in coming 4-5 months. So, it's a huge coming up. If it happens fully, I can foresee that so many other companies also will be doing it. And a lot of others will be getting from the small, small, I'm not talking about US or Russia or somebody, but there are a lot of other countries, they will be giving us the order for the satellite for their countries. So, that is a huge opportunity. If anybody, I don't know I'm right or wrong, but I can see this opportunity. Even if Bangladesh also gives order for making 10 satellites, there is nothing wrong in it.

**Nachiket Kale:** In India also there are lot of startups active in this space. So, do we have an exclusive tie-up with this one or we are open to tie-up with other ones also?

**Nimesh Desai:** No, we are open to tie-up right now. We are not having any exclusive, but yes, we are working with the Skyroot for that particular project and for the tooling of that particular PS, whatever the satellite they will be launching. So, in coming years, I think coming months, we will come to know how strongly we will be moving with them.

**Nachiket Kale:** How big is this going to be?

- Nimesh Desai:** The industry is very large and as a person I am very small. So, I think opportunity is huge. Don't went to that level to analyze the industry.
- Nachiket Kale:** Okay. No worries, sir. Thank you so much for your time and thanks for the opportunity.
- Moderator:** Thank you. The next question is from the line of Nabendu from RI. Please go ahead.
- Nabendu:** Hello, Nimesh sir. Thank you for giving the opportunity. My question is regarding the investment on KalbhorZ. I believe they were into the coaxial motors, which were also they were doing something with the Indian Navy. So, is it that we have done divestment, is it that we lost interest in this sector because like our Prime Minister Narendra Modi sir, he is putting so much interest in the maritime sector. So, is there, we are still interested in this sector or we are not looking at the sector right now?
- Nimesh Desai:** It is not like that, sir. We are not looking at the sector. Every sector has got the potential and just you have to see that potential where exactly it is. So, as far as specifically in cargoes is concerned, I already mentioned earlier that 24 months back when we invested, we see the different kind of speeds in their product. But in any product, there is a life cycle. Like they say, if you don't catch the speed, then someone else catches the speed. So, we are seeing a downfall in that angle. And that is the reason that we just want to stick with our and we have taken back.
- Nabendu:** And sir, what is the, I just wanted to understand, you have hired Lucius Koshy for TechEra USA Inc. You have incorporated a subsidiary. So, what exactly is the role of TechEra in US establishing that hiring a full-time employee? Is it for the MRO side of the business or it will also be for the flying parts? Can you tell us the direction where exactly you are going with this?
- Nimesh Desai:** The US business is very big. Even in terms of MRO, you will be getting something, it's a huge. So, yes, we are discussing in different, different area. He is discussing with Pratt & Whitney. He is in discussion with Delta Ops. So, he is the guy who knows, we have studied a lot about him. First, one of our Director meets there, meet, went there, he discussed with him. Then our independent Director already visited there for the discussion with him and we see that there is a potential. So, other order comes from USA, nothing bigger than that. So, that is the reason we started discussing and we now incorporate with him. Let us see how the things come in. Otherwise, things are going on here very well. If something clicks well and fine, it is on a partner, it is on a deliverable basis. It's not a salaried basis. So, nothing wrong in it.
- Nabendu:** Understood.
- Nimesh Desai:** We discuss about the order picked up by him. So, no liabilities.
- Nabendu:** Understood. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Vishal Kumar, an individual investor. Please go ahead.

**Vishal Kumar:** Good evening. Sir, I just wanted to understand the bifurcation of different segments for the revenue of H1. Like you have mentioned about part manufacturing, assembly tooling and ground support equipment. So, can you give the bifurcation, sir, which segment contributed how much?

**Nimesh Desai:** I will give roughly. Majorly I can say the number one is still design and manufacturing of tooling system majorly. Second is MRO and third is ground support equipment and currently the fourth is flying part manufacturing. So, as and when the year progress, I think the flying part manufacturing slowly, slowly coming up. And then it will take a part around second or third place in another two years. But still, I think till 2 years design and manufacturing of tooling will always lead it and MRO.

**Vishal Kumar:** All right, sir. Sir, you said you are providing only servicing to HAL. I mean, we are not providing the assembly lines. So, sir, I wanted to understand, why HAL is not choosing us for assembly system also? Because that will be easy for them, if we are assembling and giving service. So, why they are choosing some different, I mean, companies for assembly line or how they are manufacturing themselves? Just some understanding, sir.

**Nimesh Desai:** That is their strategical decision. I will give you an example to answer your question. If you have a company and you are developing a vendor, what will be your strategy? Will you give them orders to make it or you will move slowly with them?

**Vishal Kumar:** Exactly.

**Nimesh Desai:** That is the only my answer is. And I have a long discussion with them, top management. I know what they are doing. They know what potential we have and they are in discussion with on the top level. But they want to understand exactly how we are doing it and to what level we go, they want to understand that. So, that is the reason. So, earlier we are giving the capability. We are also learning from them. You know we have a company in Nashik already.

**Vishal Kumar:** Right.

**Nimesh Desai:** Must be some reason. If we have to supply people we can do it here itself, what is the need to open in Nashik.

**Meet Desai:** Sir, I want to add to that. It is not that today HAL are not choosing TechEra. Rather, they are not tendering this opportunity right now. They are themselves engaged in doing it. They have the internal capacity now. When their internal capacity gets full with other programs, then automatically all this will be given to someone who are making their mark. We are already doing it because we are providing service, so they know the first person to go will be TechEra.

**Vishal Kumar:** Lastly, sir, can you lighten on the order bid pipeline, how much is our order bid pipeline for private and for government?

- Nimesh Desai:** Right now we don't differentiate between government and private. Whatever RFQ comes in we are just quoting and whenever we get L1 we will be working on that, by maintaining our substantial profitability.
- Vishal Kumar:** How much is the order bid pipeline now? Except for Rs. 40 crores you mentioned, how much more we have bid for?
- Nimesh Desai:** It is already Rs. 120 crore-Rs. 130 crores. You are talking about defense or commercial or private and PSU?
- Vishal Kumar:** Private and PSU, sir?
- Nimesh Desai:** In that automation is also there. So, some segments are automation, some are defense, some are public sector. So, if we talk about public sector, PSU, then around 50%-60% will be there. Rest 40% will be automation and commercial private sector.
- Vishal Kumar:** Just wanted to know the historical win rate for this L1 orders?
- Nimesh Desai:** After RFQ submission our percentage become more than 90%. So, in this it will 40%-50%, but deliverable will be more than a year.
- Moderator:** Thank you. The next question is from the line of Ashish Soni from Family Office. Please go ahead.
- Ashish Soni:** Sir, you said in H2, our employee expenses will come down. So, on what basis I'm not able to understand exactly what's happening. And other question is on the working capital. You said you had challenges. Are you sufficiently capitalized in terms of working capital limits for your next year growth also?
- Nimesh Desai:** Now it is sufficient. No challenge. If some big orders come will see to it. Otherwise the current orders which are expected and which we are seeing, for that we are comfortable right now. Can you repeat your first question, sir?
- Ashish Soni:** Employ cost reduction, you said that percentage of your revenue will come down. So, is it because of automation or it's just because of operating leverage?
- Nimesh Desai:** Percentage of reduction it means it is in percentage. So, if it is 25% for 30 crores, then for 75 crore it will 12%. Because we don't increase the headcount, I will work only in this capacity. Now we have trained our people. The people are already being engaged in some different kind of work. Now they know. So, the skill level is also higher. So, the efficiency will be more. So, we don't require more manpower. We already 200 plus right now. So, with that we will reach anyhow 70 crores to 100 crores.
- Ashish Soni:** Okay. Thanks and all the best.

- Moderator:** Thank you. The next question is from the line of Paras Chheda from Purpleone Vertex Ventures LLP. Please go ahead.
- Paras Chheda:** Thank you, sir, for the opportunity again. Sir, I wanted to understand, the PSU orders, when we close to reach our capacity next year, or around that, my understanding is that our vision, let it put in clear, we may not achieve, but some 500 crores, 20:30 angle was there, so beyond you speak revenue of 120 crores for current capacity, sir. What are the growth drivers to take it beyond 120 crores probably revenue capacity?
- Nimesh Desai:** Sir, we are working on supplier development. One area where we are working very strongly with close to our suppliers, we have a project called Super 30. So, we are on the way to developing the 30 supplier, who will be working for us and as well as for the nation, so that they come up. The knowledge and capability we will transfer to them, we will teach them some, so they also will grow up and we also will grow up.
- Paras Chheda:** Sir, the question is on revenue. On revenue and demand perspective?
- Nimesh Desai:** Means?
- Paras Chheda:** The order flow for next growth drivers, beyond 120 crores, which areas will contribute more to take it beyond 120?
- Nimesh Desai:** Sir, we are already working in another sector, It will start after 2 years. That will be in some percentage. Maybe it is a minor but it will be. But in '28 it will be the major which will be changed. So, we are tapping one sector now itself. So, some revenue will come from there. The aircraft components is going to go for 10 years. It is not going to be like that, secondly. And third point is by then we will get involved with Airbus and Boeing very closely, because they know already us. We just need to work to go till their level. They know all this. So, we tell the please wait, we will get the work done early itself, if you want to get married we will have the bride ready, then you come to us. So, that way we are working. So, we don't see anything, any reason why we cannot achieve the figure whatever you say.
- Paras Chheda:** So, basically the major chunk will come from aircraft parts manufacturing, beyond that 120 Cr. is what I understand other than the other sector that you mentioned, that you are leveling up.
- Nimesh Desai:** I will not say any sector cannot do, because design and manufacturing, tooling sector is also coming up huge. Recently we have done tooling for space. We have just started. So, that sector will also become strong, tooling will also not be reduced, it will also increase. Flying part will give you the monthly revenue. And that is the reason we want to be there. And if you are manufacturing component by using the tooling which we are making, so of course tooling is more critical area. So, if we have worked in more critical area, then flying part is a little bit of easier than the tooling manufacturing. Only the documentation, the system, the continuous cycle time delivery, continuous use machinery, capital requirement in this, we have to get to that zone, but definitely flying part will be there, but majorly it will be in a divided segment, no segment

will dominate. Automation work in huge, so if automation comes then you think how big it is going to be. Today Companies like PARI they are doing a Rs. 2,500 crores turnover. They started in 1992. So, everything is in their own advantage to be there. So, we don't consider any sector to be lesser than other. We work faithfully in all sectors. Whatever orders come, we will work. But we will be divided in all areas.

**Paras Chheda:** Would it be fair to assume that our blended EBITDA margin, that will be above 22% plus minus over the next couple of years?

**Nimesh Desai:** It will grow.

**Paras Chheda:** But at least floorwise it will be in 22 range, plus minus?

**Nimesh Desai:** 22-25, around the period of almost 3-4 years it will go above 20 also.

**Paras Chheda:** Thank you, sir.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Meet Desai and Mr. Nimesh Desai for closing comments. Thank you and over to you, sir.

**Nimesh Desai:** Thank you very much all. Kindly accept my gratitude for investing in the Company. We will definitely make sure that we will not let you down. The question will keep on coming, because somebody asked me some question and from there your mind is elaborating and you are coming up with more questions. But we are open for that. No problem. Next time we will be connecting again and we are happy to serve you and thank you very much. Meet, over to you.

**Meet Desai:** Thank you, everybody, for your time and thank you very much for all the patience and trusting us with the investment. Please be rest assured we are in good space in the industry and we are doing everything we can to take the Company to the next stage. Thank you very much.

**Moderator:** Thank you, members of the management. On behalf of TechEra Engineering (India) Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.