

February 18, 2026

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Dear Sir/Madam,

Sub: Transcript of earnings conference call

In accordance with Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call conducted on February 13, 2026, at 11:00 AM (IST).

We request you to kindly take the above on record.

Thanking You,

For **Unimech Aerospace and Manufacturing Limited**

Ramakrishna Kamojhala
Whole-time Director
DIN No.-07004517





“Unimech Aerospace and Manufacturing Limited Q3
FY 2026 Earnings Conference Call”

February 13, 2026



MANAGEMENT: **MR. ANIL KUMAR PUTTAN – CHAIRMAN AND
MANAGING DIRECTOR
MR. RAJANIKANTH BALARAMAN – WHOLE TIME
DIRECTOR
MR. RAMAKRISHNA KAMOJHALA – WHOLE TIME
DIRECTOR AND CHIEF FINANCIAL OFFICER
MR. MANI PUTTAN – WHOLE TIME DIRECTOR
MR. PREETHAM S.V. – WHOLE TIME DIRECTOR
MR. AAKASH JAISWAL – ASSISTANT GENERAL
MANAGER, INVESTOR RELATIONS**

MODERATOR: **MR. PRASHEEL GANDHI – ANAND RATHI SHARES AND
STOCK BROKERS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 and FY 2026 Earnings Conference Call of Unimech Aerospace and Manufacturing Limited.

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 this conference call, please signal an operator by pressing “*”, then “0” on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prasheel Gandhi from Anand Rathi Shares and Stock Brokers Limited. Thank you and over to you, sir.

Prasheel Gandhi: Thanks, Steve. Good morning, everyone. Welcome you all to Q3 FY 2026 earnings conference call for Unimech Aerospace Limited.

We have with us Mr. Anil Kumar Puttan – Chairman and Managing Director, Mr. Rajanikanth Balaraman – Whole Time Director, Mr. Ramakrishna Kamojhala – Whole Time Director and CFO, Mr. Mani Puttan – Whole Time Director – Mr. Preetham S.V. – Whole Time Director and Mr. Aakash Jaiswal – AGM – Investor Relations.

I would now like to hand over the call to Mr. Anil for his opening comments. Over to you, sir.

Anil Kumar Puttan: Good morning, everyone. And welcome to Unimech Aerospace and Manufacturing Limited’s Q3 FY 2026 Earnings Call. Thank you for joining us today.

Let me begin by brief addressing the quarter gone by:

For Q3 FY 2026, revenues stood at Rs. 34 crores, lower than our historical run rate, and profitability was slightly above break-even. This was largely on account of temporary slowdown in the order pickup in our aero tooling segment, driven by exceptionally high U.S. tariff during the quarter and seasonal effects in December.

However, I am pleased to share that the external environment sentiment has meaningfully improved since the positive macro development with tariff reduction, which happened earlier this month, with tariffs reducing to 18% from 50% effectively immediately. Importantly, India is now among the most favorably tariffed manufacturing nations for the year within South and Southeast Asia. This development significantly improves customer economics, encourages rebuilding of inventory at customer warehouses, restores confidence in order flows. We believe this marks a clear turning point and we expect order normalization and better traction from here on.

As we have consistently highlighted, the softness witnessed in the structure of the business was never structural. The elevated tariffs which had temporarily pushed customers to move from inventory-led procurement to essential drop-shipment-only ordering and deferring non-urgent tools. These constraints are easing and discussions with customers indicate a more constructive ordering environment ahead. Most importantly, I would want to highlight we will continue to remain deeply embedded within the customer ecosystem, supported by strong technical credentials, high switching costs, and long qualification cycles. These fundamentals continue to provide long-term revenue visibility and stability for us in the business.

Our efforts to place strategic mitigates over the last several months is also strongly progressing. We have accelerated multiple initiatives to structurally de-risk the business and position Unimech strongly for the next growth phase.

The free trade warehousing zone:

As indicated during the previous earnings call, we continue to advance the FTWZ establishment. The facility setup is largely complete and we are currently awaiting certain regulatory approvals. We are pursuing these actively and expect to conclude the approval process subject to regulatory timelines during this quarter. Once the FTWZ is operational, this will allow our customers to build and maintain duty-free inventories of aero engine and airframe tools, ensure regular and predictable order flows, reduce lead times and logistics friction.

For Unimech's perspective, this will support our aero tooling revenues from any future tariff volatility, even as we benefit from recently reduced tariff regime and makes us an even more critical strategic partner.

Strengthening order book, while de-risking the business:

We have also made solid progress in order intake. In the aero tooling business, we have ground support equipment orders worth of Rs. 35 crores. Nuclear business, we have won a couple of orders amounting to about Rs. 68 crores. As of February 12, 2026, the order book stands at Rs. 210 crores, which is a record quarter intake, double from our past order bookings. This gives us a good visibility as execution accelerates.

International expansion:

Saudi Arabia – As part of our global footprint strategy, we have entered a strategic alliance in form of joint venture with the Yusuf Bin Ahmed Kanoo Group, one of the oldest and most respected diversified family owned business conglomerates in the Middle East. With a strong legacy spanning over 135 years, they operate across multiple sectors, including shipping and logistics, travel and leisure, industrial and energy solutions, machinery, chemicals, oil and gas services, power and water, and real estate.



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This will be subsidiary for Unimech as we have established controlling rights in the JV. I believe you would have taken a note of our exchange announcement last month. Happy to indicate we are progressing steadily on the JV to be positioned in Dammam, Saudi Arabia, with an initial focus on oil and gas components, followed by gradual expansion into utilities, energy and aerospace. This initiative aligns strongly with Saudi Vision 2030 localization mandates, rising regional demand for precision manufacturing. We believe this platform can unlock meaningful growth over the next three to five years while expanding Unimech's addressable market beyond India.

Speaking about business performance:

Aero tooling Q3 was impacted as we could not ship many orders due to elevated tariffs and year-end holiday slowdown. Our inventory build-up remained strong at the end of quarter three, which positions us well for monetization and improved revenues in this quarter. With tariffs now favorable and FTWZ progressing, we expect a gradual and sustained improvement in order flows as evidenced in the February so far. We have received orders worth Rs 1.2 million just in the first week of February from our customers.

Precision components and assemblies:

Our focus continues to build our offerings serving a variety of industries in this precision segment. Not only limited to aerospace, we continue to progress steadily in this segment. And as typical for this segment, given the long qualification cycles, we will need some patient effort to develop this vertical. However, encouraging indications include increased FAA requests. Post-completion of FAAs in the previous quarters, we have received additional FAA requests for 24 new parts.

Higher FAA conversions for semiconductors OEMs:

We have already received production orders, though small currently, will be meaningful in the next two years. For the production order received, we have 52 weeks visibility also. Additionally, in FY 2027, we will see a lot many qualifications activities happening, rising RFQ complexity, advancing long-term agreements, discussions with Tier-1s and OEMs.

In the nuclear segment, we have already secured Rs. 68 crores worth of orders with some more order awards expected towards this fiscal year-end. Our bidding activity continues across various nuclear and other programs offered by NPCIL, NTPCL, and NFC. Optimistically, with the new Shanti Bill being introduced, private sector participation will improve sustainability. Our presence in this segment will see healthy growth in the years to come.

Business approach for the next quarter:

Despite the headwinds encountered during the most of FY 2026, and considering the recent geopolitical developments announced earlier this month, we continue to work towards exceeding last financial year's revenue, addressing logistics and shipment complexities, and subject to FWZ operationalization. Our operational readiness remains strong. As of end of February, Rs. 30 crores worth of goods already manufactured and ready for shipment. This includes the FG inventory. Another Rs. 60 to Rs. 70 crores under production, including some engine stands orders, giving stable prospects for this quarter.

Before I hand over to Ram, I would reiterate, our long-term vision remains intact, despite facing periods of near-term volatility, with our strategic direction unchanged to build Unimax into a globally competitive, high-precision manufacturing platform across aerospace and defense, energy, industrial and emerging technologies. We are even more constructively optimistic supported by tariff normalization, FTWZ operationalization, precision segment steadiness, healthy nuclear order inflows, new customer qualifications translating into meaningful revenues.

With that, I will now hand over to Ram to walk you through the financial performance. Thank you.

Ramakrishna Kamojhala: Thank you, Anil. Good morning everyone. This is Ramakrishna – CFO, Whole time Director.

Let me take you through our financial performance for Q3 FY 2026 and share our perspective on the outlook. Before talking about the numbers, I want to briefly touch upon the recent external developments and how they position us going forward.

Tariff pressures, which have been a significant drag through most of this year, have now eased with the recent reduction in cross-country tariff rates. We expect this shift to meaningfully improve the operating environment and restore the momentum we had anticipated at the start of the year. We also foresee a gradual release of deferred demand and pickup in order execution as customers start building inventories. This aligns with the structural multi-year expansions of all global aerospace industries.

Additionally, ongoing U.S.-India, EU-India trade discussions are evolving favorably. And we see these bilateral arrangements strengthening long-term market access for Indian aerospace suppliers. Overall, these changes reinforce our confidence in a stronger operating trajectory ahead.

Coming to financial performance, revenue wise:

Q3 FY 2026 revenue stood at Rs. 34 crores compared with Rs. 61 crores in Q2, taking YTD revenue to Rs. 159 crores. The sequential decline primarily reflects, as Anil mentioned, deferred customer offtake, inventory rationalization as key customers, seasonal execution delays. Our

aero tooling segment contributed 77% of the revenue over the nine months period and remaining being precision component segment.

With regards to margins:

Despite a soft quarter, gross margins remained strong at 71% for Q3 and 68% YTD level, underscoring the resilience of our cost structure. Subcontracting costs were elevated this quarter at 7.3%, but this is largely a function of lower revenue absorption. Importantly, YTD subcontracting costs improved to 6.8%, reflecting sustained internal efficiency gain. EBITDA margins came in at 4.6% for Q3 and 25% for nine months period. We expect the margins to improve meaningfully by year-end as revenue normalizes.

Breaking down cost dynamics further, employee costs were maintained at Rs. 12 crores versus Rs. 13 crores last quarter, supported by tighter workforce planning and controlled hiring. Other expenses remained stable at Rs. 10 crores, reflecting continued cost decline. Depreciation rose to Rs. 6.9 crores versus Rs. 6.3 crores in Q2 due to capitalization of four new machines and additional rate of use charges from the expanded facilities. Finance costs increased marginally to Rs. 1.6 crores on account of higher working capital usage during this quarter.

Net profits stood at Rs. 2.4 crores for the quarter and Rs. 37 crores at YTD level, impacted by lower revenue absorption on a largely fixed cost basis. I want to emphasize that we consciously maintained operational readiness and full capacity rather than cutting costs in anticipation of normalization, something that is now beginning to reflect in the macro environment.

With regards to working capital:

As indicated earlier, working capital consumption continues to rise in line with our manufacturing model and customer schedules. The usage of working capital bank limit increased to Rs. 70 crores compared with Rs. 60 crores in Q2 as we continue to production despite slower order pick-ups. Looking ahead, we expect working capital requirement to stabilize in the 150-160 days range, which is appropriate for the scale and nature of our business.

Coming to assets and capacity utilization:

Capacity utilization for the quarter was around 60% with annualized machines availability exceeding 7 lakh hours. Our ongoing capacity additions are strategic and future oriented, enabling us to transition towards higher value assemblies and more complex component manufacturing. FAI's progress remains encouraging and utilization is expected to improve steadily as demand picks up and precision component business started progressing meaningfully. Fixed turnover for Q3 stood at 1.4 times, reflecting lower utilization in this quarter.

Coming to new joint venture in Saudi Arabia:



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As Anil mentioned, during the quarter, we formally established Kanoo-Unimech JV, a capital-displaced platform designed to scale in a high-demand energy ecosystem. A couple of key highlights of this JV is, Unimech is going to have 51% stake in this JV. An investment of \$30 billion will be deployed by two JV partners in phases across three years to match demand and utilization. The investment is predominantly asset-backed with advanced CNC capacity and certified processes, enabling strong asset productivity and operating leverage.

We are targeting \$30 million revenue by year five, supported by 35% EBITDA margin and 20% PAT margin, consistent with the high-precision nature of the business. The venture is expected to achieve operational readiness by year three. From a capital efficiency standpoint, this JV enhances medium-term ROCE potential and diversifies our geographical and sectoral exposure.

Coming to outlook:

With tariff now addressed and demand gradually improving, Q4 FY 2026 is expected to show recovery, with deeper order pickup expected towards the end of the quarter. The order intake has already picked up and our order position as of now is Rs. 210 crores, highest ever in Unimech history. This helps in building higher revenue for this Q4 2026. The operationalization of FTW facility will materially enhance deliveries and improve revenue realization.

Regarding revenue, we are expecting decent business in the coming quarter, as Anil mentioned, and targeting to surpass the revenue of last year's Rs. 240 crores. Overall, year-end margins levels are expected to touch at EBITDA 25% and PAT 25% level. While near-term recovery remains gradual, our medium-term outlook is significantly strengthened. We expect FY 2027 to make a return to structurally higher growth and improved financial performance.

To conclude:

Temporary volatility does not alter long-term fundamentals or the scalability of Unimech's business model. So, with that, I will hand over to Rajani for the strategic greenfield and inorganic growth updates. Thank you.

Rajanikanth Balaraman: Thank you, Ram. Good morning, everyone.

Let me briefly update you on our strategic initiatives and inorganic growth progress:

Our inorganic strategy continues to be disciplined and capability led. We are evaluating a strong pipeline of precision manufacturing and advanced engineering opportunities across India, the Middle East, Europe, and the United States. Our filters remain consistent; technology strength, operating synergies, margin quality, cultural fit, and clear long-term value creation. The focus remains on strategic fit and scalability rather than only size.

A key development this quarter is the formation of our strategic joint venture in Saudi Arabia with Yusuf Bin Ahmed Kanoo to build an advanced precision machining and remanufacturing platform in Dammam. This gives us a locally anchored manufacturing base in a priority market aligned with localization and industrial development programs. The platform is being built in a phased manner and is designed to scale with customer qualifications and demand. Beyond near-term revenues, this JV is strategically important as a regional energy sector manufacturing hub and a foundation for future expansion.

Coming to Dheya Technologies, where we increased our stake last quarter to 30% from 16%. Progress continues to be encouraging, progressing towards early commercialization and scalability. Some key technical milestones that I want to call out include high-speed micro gas turbine demonstrations, achieving bench test for 65,000 rotations per minute for DET-500, and continued advancement in hydrogen and propulsion programs, garnering interest from NMRL, gaining high functionality and durability for hydrogen anode blower. This positions us well towards certification and production.

The hydrogen anode blower and micro turbine platforms are seeing growing customer and defense sector interest. With qualification and testing underway and initial orders in place, these solutions are positioned as indigenous alternatives to imported systems. Our exclusive manufacturing arrangement with Dheya's micro gas turbines and subsystem positions us well to participate as these programs move into certified production.

Overall, our inorganic agenda is advancing across strategic JVs, technology investments, and selective acquisition opportunities. We remain focused on disciplined execution and will keep the market updated as these initiatives translate into tangible milestones.

Operator, we can now open the floor for questions. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Keyurkumar with Niveshaya. Please go ahead.

Keyurkumar Vadaliya: Good morning. So, thank you for the opportunity. My question is related to the order book. Right now we have mentioned that Rs. 210 crores of total order book. So, excluding the nuclear one, can you tell us the split of Rs. 142 crores order?

Anil Kumar Puttan: Yes, Keyur. Rightly understood. So, Rs. 210 crores order book includes the nuclear order.

Keyurkumar Vadaliya: Can you tell the split of Rs. 142 crores remaining order book?

Anil Kumar Puttan: So, primarily it includes the aero tooling business, a small portion will be precision.

Keyurkumar Vadaliya: Okay. And around the Q1 we had mentioned that we are already in the semiconductor space, so like at what stage right now we are? And how many quarters we expect those kinds of results in our financials also?

Rajanikanth Balaraman: So, Keyur, this is Rajanikanth speaking. So, as part of the semiconductor business, we are in the process of getting qualified on FAI and we do see 52 weeks of order visibility with a firm order of about three months. And what we are doing is that we are adding more and more FAIs. As we speak, we are also qualifying additional FAIs and we have conversations with our customer to do more. So, from a quantum perspective for the qualified ones that is already qualified ones, we are looking at about \$0.5 million in the next year. But we are looking at adding more. I mean, the way you should see this is that, this basically gets us an entry into high volume manufacturing for a semiconductor market, and that basically opens the door for this market.

Keyurkumar Vadaliya: Okay. And sir like right now I have seen in our inventory presentations, we have both like precision and the aero tooling. So, like in future, are we focusing on the precision part majorly or the aero tooling like MRO side only?

Rajanikanth Balaraman: Good question. We are focusing on both. We continue to basically look at both aero tooling as well as a precision segment. As you see, there has been a lot of investment done on precision segment that we are also focusing on, including nuclear. So, we will be focusing on all this and trying to capture more of it.

Keyurkumar Vadaliya: Okay. And last question from my side. In Q1 or Q2, you mentioned that after securing the nuclear order in FY 2026, we would not be bidding for the further orders. So, that same position applies right now or we will be bidding for the next upcoming also?

Anil Kumar Puttan: Keyur, so the bid will continue to happen. What we had tried to indicate is, after a substantial order intake, we will consider to take a pause for a moment to continue because those orders we will also have to fulfill through delivery. Once we have continued the scale-up and the production order goes through, we will continue to keep building. There is a good opportunity pipeline in the nuclear space that we are addressing and eyeing for and we will continue to have that order bidding process throughout.

Ramakrishna Kamojhala: So, in summary, Keyur, we will continue to look at bidding because I do not believe that we have come to a point where we can't digest. We are hungry for more.

Keyurkumar Vadaliya: Okay. Thank you and all the best for the future.

Anil Kumar Puttan: Thank you.

Moderator: The next question comes from the line of Gautam with Leo Capital. Please go ahead.

Gautam: Good morning. Thank you for taking my question. My first question is on, which are the other Indian manufacturers that we would be competing with? And how large would they be in terms of revenue and product range relative to us?

Anil Kumar Puttan: Which segment are you talking about?

Gautam: For both, aero tooling and application segment.

Anil Kumar Puttan: From an aero tooling standpoint, we do not believe there are much competitors in India. This is something that we have told from the beginning. We will continue to work and compete with the Western companies. On precision, there are several manufacturers in the fray. We will continue to work with them. We have even worked on talking to them and looking at a potential collaboration opportunity. On the nuclear side, there are a handful of people that are some publicly listed, some not. And those we will continue to basically work with.

Gautam: So, is there any names that you could give for these three segments that you mentioned?

Anil Kumar Puttan: For the tooling, like I said, nobody in India.

Ramakrishna Kamojhala: I will just add on to this. For tooling, there might be smaller players, but not that we can encounter. In the nuclear space, though, as Mr. Rajani mentioned, we do see some players. If I should say, MTAR can be one of those, being the listed player. And then there are certain players in the unlisted space also. And precision segment, you see, it's a wide industry. So, there are various components that we will be addressing and manufacturing. So, it can be a wide space to compete with.

Gautam: All right. Okay, thank you. And my second question is on, are we the suppliers for Indian defense programs to aerospace industry? And how large is this business for us? And in that, who do we compete with?

Ramakrishna Kamojhala: Gautam, that's our aspiration to be into. But as of now, we are not present, but we are continuing to explore all these opportunities.

Rajanikanth Balaraman: So, Gautam, while the Indian defense is an entry point that we are basically looking at, and there are few that we are actually working on, there are some Israeli defense firms that we work with as well. Currently, our defense offering is a small one, but we see there are multiple opportunities. We are looking at tenders and stuff, and we are slowly increasing position.

Gautam: Understood. Thank you so much.

Moderator: Thank you. The next question comes from the line of Aniket Madhwani with Steptrade Capital. Please go ahead.

Aniket Madhwani: Yes. Hi, sir. So, I just want the clarification on the outstanding book. So, am I right, have you mentioned the Rs. 210 crores of the book is the outstanding?

Anil Kumar Puttan: Yes.

Aniket Madhwani: Okay. So, as per your last guidance, you will be crossing around Rs. 300 odd crores in FY 2026. So, are you in line with the guidance? Or is there any deviation in previous guidance?

Anil Kumar Puttan: Okay. I will just give you, that was an aspirational number that we have targeted. It's always good to have aspirations, and we will continue to work towards it. This quarter, what you have seen is one of the best quarters in terms of order intake also, and where we are standing right now is the Rs. 210 crores order book. We were talking about nuclear orders also to be incoming, and this is what we have started to receive. So, it's a good, meaningful traction that has been built over the period what we were talking about and we have come to a good scale. Having said that, the target is to grow our order book to a substantially higher level, but we will see and keep the market informed as and when our order book grows and whatever order intakes comes in.

Rajanikanth Balaraman: So, Aniket, I think your question was more of, how are we going to hit the forecast of Rs. 300 crores. Is that your question?

Aniket Madhwani: Yes.

Rajanikanth Balaraman: Okay. So, what we will need to remember is that the context that we basically called out this forecast was a very different context compared to the context that we were living in this whole year, especially with the U.S. tariff. Now, while that has been lifted and we feel a lot more positive, we have another 45 days to go. And we do not think that kind of a number is something that we will be able to do it. However, as Anil basically told you, we are looking at about Rs. 90 crores to Rs. 100 crores this quarter.

Aniket Madhwani: And what was the major reason? I mean, I can see here, previously you have mentioned that you are expecting around Rs. 100 crores to Rs. 1,000 crores in Q3 and Q4. So, till date, you have only received around Rs. 200 crores odd order. So, what challenges the company is facing to get the orders?

Anil Kumar Puttan: Aniket, so there was an indication on how the bidding process has happened and to what contract that we had bid for. So, while we indicated previously that we had bid for close around Rs. 800 crores worth of orders in the nuclear space, that was an indication that we have given. And we were optimistic on the fact that we will be able to qualify at least 20% to 30% of that order bid. But as you are aware, the bidding process is in our hands, but the order qualification of intake is not that we can call out always. And hence, in that line, we have received some orders continuing to the fact that what we were trying to get into this space with. That is number one.

Subsequently, as what Mr. Rajanikanth also mentioned, given this year has been challenging in terms of tariffs. So, anything on the tooling side was challenging for quite part of the year, which has now been resolved. And as we have been talking about the first 12 days of February itself has reflected in a good order inflow. With that thing in place, we are still seeing a Rs. 200 crores order book, which is a decently placed order book as of now. And we will continue to build. We have some more time for this year to end. We will continue to add up orders as and when we receive.

And to be precise and summarize this, there has been no further challenges that we think we will be witnessing. Tooling business will continue to see a strong traction. In the NPCL or the nuclear business, we will have to keep a patient view and we will see and keep you informed as and when the orders come through.

Aniket Madhwani: All right. Sir, lastly, can I just bifurcate the business? I mean, I just want the bifurcation of the tooling business and other segments. So, in terms of top line, I mean, how much have you received from your tooling business? And going forward, how much it will be increasing?

Anil Kumar Puttan: Okay. Just to give a bifurcation on both the businesses. For this nine months period, 77% was being contributed by the tooling and this other part was coming from the precision component, which includes nuclear as well. In terms of order book bifurcation, as you see, Rs. 210 crores stands off as of today, out of which Rs. 68 crores is coming from nuclear. I should say Rs. 130 crores, Rs. 135 odd crores from the tooling business and balance whatever is left is coming from the precision business.

Aniket Madhwani: Okay. Got it. And you will be maintaining your margins going forward, right, after the clarification on nuclear?

Anil Kumar Puttan: On the gross margin levels, yes, we are confident to maintain. This year, you might see a dip on the EBITDA margins and the PAT. But going forward, next financial year onwards, you will see a healthy growth.

Rajanikanth Balaraman: It is a function of the capacity utilization. And as you know, there is a lot more capacity that we basically deployed. And from a utilization standpoint, we are at around 50%. And as we increase capacity utilization, you will see the margin actually becoming better.

Aniket Madhwani: And when should we expect that to be stable in the coming year?

Anil Kumar Puttan: Yes, in the next year.

Aniket Madhwani: Got it. Thank you.

Moderator: Thank you. The next question comes from the line of Balasubramanian with Arihant Capital. Please go ahead.

Balasubramanian: Good morning, sir. Thank you so much for the opportunity. Sir, earlier we mentioned free trade warehouse owned operations are expected from Q4 FY 2026. I think U.S. has reduced the tariff from 50% to 18%. So I am trying to understand what is the tax or inverted duty chain benefit here compared to earlier around the logistics model. Earlier, we used to send Europe or Asia and then transfer the goods to U.S. destinations. If you could elaborate more on free trade zone side. That's my first question

Ramakrishna Kamojhala: Okay, Mr. Balasubramanian. So free trade warehouse, as we mentioned, definitely, even post tariff also, this is a good strategy that will support companies like us who are dealing with the U.S. The strategy is like this. This free trade warehouse is going to be the logistics hub for my customers who want to move a significant portion of their U.S. inventory, which is going to be consumed out of U.S., going to be kept in India. And from India, this is going to be shipped to various countries. However, the consumption that is going to happen in the U.S. has to be shipped from India to the U.S. only, which will definitely attract the kind of tariff. Of course, not 50%, now it is 18%.

So, from the customer point of view, this logistic alignment will save them, one, even though it is a lower tariff at 18%, which they can save. Second thing, duration wise, timeline wise they can reduce the timeline. Third one, there could be potential logistics freight car saving also would be there. So, my top customers got convinced and then they are kind of inclined to have this strategy in place. So, free trade warehouse buildup has started. It is well-progressed now, almost at our job completion. We are awaiting for approval from the ministry, as well as the local government. So that is a kind of challenge as of now, but remaining all things are under control.

Rajanikanth Balaraman: I want to add on to what Ram said. This, in addition to the tooling business, we are seeing customers from the precision business also appreciating this free trade warehouse that we have, and that could potentially house all the FGs as we go. So we think that this is a very sound investment.

Balasubramanian: Okay, sir. Sir my last question, we did a CapEx of nearly Rs. 46 crores in nine months, and the JV part, especially in Saudi JV, we had a commitment of \$14.7 million. So this funding is expected through internal accruals, or we are planning to take any data or any other arrangements? And secondly, in U.S., we are targeting some JV, especially in aerospace and defense. And if you could share what is the update on U.S. JV side. Thank you.

Ramakrishna Kamojhala: Coming to the Saudi investment JV. So, while overall investment is good with \$30 million, 51% contribution comes from us. So, we have a cash reserve of a good amount is there, which is earmarked for investment in greenfield, as well as M&A, we are going to utilize from this fund.

I do not think at this stage, we need any kind of borrowings to fund this project. So we have internal money is sufficient.

Coming to other joint ventures what you mentioned. So we are, okay, as a strategy, definitely we wanted to have a set up beyond India, as Saudi we started, and maybe probably in the U.S. or some other country, definitely will happen. And discussions and the plans are already there. And now at the appropriate time we will definitely will announce to the market.

Balasubramanian: Okay, sir. Thank you.

Moderator: Thank you. The next question comes from line of Taher Hyderabadwala with Gorbizfund. Please go ahead.

Taher Hyderabadwala: Hello, sir. Thank you for the opportunity, sir. Sir, I have two, three questions. First, sir, I wanted to understand what is the role of our subsidiary, Innomech, because we are operating in the same segment and business model is also same. So, what they are doing that their scale is much larger than us, and they are growing much faster than us, if you can throw some light on that?

Ramakrishna Kamojhala: So, long ago when we applied for special economic zone approval land allotment, so we have clearly bifurcated export business from the mix of domestic and export. We carved out the export business and formed a new entity to shoot for the SEZ requirement. And that's the reason a new entity was formed. And even as of now our strategy is to remain focused on export business into this zone and domestic into the other entity. And this will continue forever.

Rajanikanth Balaraman: Okay. The reason you are seeing the difference in the numbers is because we are a 95% export business. And you will see that much of this revenue actually flows into Innomech, which is a subsidiary.

Taher Hyderabadwala: Okay. Second question, sir, if you can explain on the nuclear segment, like what do we do in the nuclear segment? And we have said that in Quarter 2 we have bidded around Rs. 800 crores for the nuclear projects, nuclear segment. So, if you can give us a bidding rate or anything on that front.

Ramakrishna Kamojhala: Right. So, in nuclear, we have been into nuclear business last three to three and a half years. So, we manufacture electromechanical subsystems for nuclear reactors. Largely, we are qualified for around 10 various subsystems we are qualified. So, we have been participating in various tenders since last eight months. Most of the things, we won Rs. 68 cores, as we mentioned, and some more are yet to open. And wherever we are not successful, mainly of course government L1 and L2 concepts are there, which is not in our control.

So, however, Unimech has always the philosophy and margins, certain threshold margins below we cannot quote. So, wherever, whichever the projects are kind of high margin yield or decent

margin yield, such projects only we will quote. Or wherever we quote we wanted to make decent profits. So, even if we are not able to win, that's okay. But the TCC is like good margin is always our DNA.

Taher Hydrabadwala: We have a total land bank of around 2,40,000 square feet area across four units. So, if you can throw some light, where do we see capacity expansion going forward? Or this plant will be sufficient for how much revenue generation? And when we see the capacity to lead around 70% - 80%?

Ramakrishna Kamojhala: Sorry, your question we could not hear it clearly.

Taher Hydrabadwala: Sorry. I have a question on the manufacturing plant capacity side. Like, what is our revenue capacity to this current plant, which we have around 2,40,000 square feet area? And when do we see capacity utilization between 70% - 80% kind of?

Anil Kumar Puttan: See, the right way to look at is not the facility size, but how much of the asset turnover that we can generate. So, while we understand that there has been lower utilization of the existing machinery setup, as on date, if you see the fixed asset investment, it is close to over Rs. 210 crores. And the current asset turns is 1.4 times. This is because of a primary reason that this year's performance has not been to what we had expected because of tariffs. Going ahead, we had taken a target to increase this asset turns to over three times. Now, when we move that, and further investment is also anticipated, you can understand close to around Rs. 40 crores, Rs. 50 crores investment will also be added up to the existing gross block. And with that, the target will be to have a 3 times asset turns.

Taher Hydrabadwala: Okay, sir. One last question --

Moderator: Mr. Taher, I am sorry to interrupt. I would request you to please come back in the queue for further questions. Thank you. The next question comes from the line of Nishad Desai with RRR Investments. Please go ahead.

Nishad Desai: Hi, sir. Good morning. So, I have two questions. My first question is that, we produce more than around 4,500 plus SKUs. So, what impact could these many SKUs have in terms of our scalability?

Anil Kumar Puttan: So, we basically built systems in place, which is in a digital nature that from a scalability we are not really concerned. We have actually increased capacity, we have built digital systems. We want to scale. We do not think the number of SKUs will affect scalability in any kind of negative way. In fact, it's going to be positive. That way my utilization gets better and we are looking at increasing this SKU number.

Nishad Desai: Okay. Got it, sir. Sir, secondly we are actively diversifying into energy sector, even semiconductor as well. So, what exactly is the thought process behind it? Because the aerospace opportunity in front of us is extremely massive. So, this diversification, like how is it a better idea rather than trying to migrate upwards of the value chain in terms of the aerospace sector itself?

Anil Kumar Puttan: So, Nishad, we have been through COVID. We have been through tariff regime. And one thing that has taught us is that while we will basically push the throttle in the current industry, it has also taught us that diversification is the right strategy, whether it is industry, geography. So, it is basically that thought process. And if you really look at it from a capability lens, all these industries are all fungible. And we are only going after the ones where we have the capability and we think that there is actually growth. I mean, you are seeing that there is a huge AI push where semiconductor is basically the shovel for the gold rush.

And similar, you are seeing that in energy as well, right? So, we do not want to miss out. Having said that, it does not mean that we are diluting our focus on aerospace. The aerospace focus continues. And we are actually working with both Tier-1s, OEMs, and should hear something good down the quarters.

Nishad Desai: Got it, sir. Thank you so much. All the very best.

Anil Kumar Puttan: Thank you.

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

Darshit Shah: Sir, my question pertains to space. I mean, currently almost around 70% plus of revenues comes from tooling and predominantly from export side. And we hear a lot of tailwind happening in the domestic aerospace sector. I mean, there are a lot of new programs coming up, new aircrafts going to be manufactured here. Also, after the FTAs, a lot of sourcing is going to be increased from the domestic market. And since you said there are hardly any domestic players present in India, so how do you view this opportunity for a domestic segment?

Ramakrishna Kamojhala: So, your question is related to Unimech focusing on the domestic side, each sector-wise. For sector aero tooling, the older business of Unimech. So, aero tooling, the larger opportunity is out of India only. While the off-late, India opportunity started in terms of the MRO sector started. So, such opportunities definitely are tapping our door and we are participating in that. And going forward, when Indian MRO sector grows, definitely, this is going to be a positive news for Unimech. That's the first thing.

Second thing with regard to precision components segment for domestic business. While most of the OEM business is coming from overseas, the component side, system side, the defense

opportunity still is something untapped we have not seen the opportunity. This is something we started focusing on that. And if we find a proper entry into defense domestic, this is definitely going to add a lot, give us bigger opportunity.

And other, nuclear side and energy side, energy side our focus is mainly into nuclear, especially nuclear energy, especially only into domestic side. And overseas presence is yet to start. And other energy opportunities, which is oil and gas side is, as of now Saudi focus is there. Indian side, we haven't found any opportunity. So, there is a mix of kind of domestic and exports and domestic. Domestic factions, we started seeing it at this stage. And the time passes, like we might find a better opportunity in this domestic as well as apart from the overseas side. So, definitely, if it comes, it's going to be good news for us.

Darshit Shah:

Sure. And actually, if you can, you said there is more opportunity in the export side, especially of the legacy business, that is aerospace tooling. So, sir, can you tell us what the kind of market opportunity, both domestically and in exports for this segment, I mean, the market size for us to tap into?

And secondly, given that we are more, I mean, over the period we will be more focused towards defense domestic business as well as MRO business being picked up in India, and also would the revenue mix kind of change from what we are currently at around 75% export to domestic? If you can help with both these questions.

Ramakrishna Kamojhala:

Good questions. So, the aero tooling market opportunities what kind of \$2 billion, \$2.5 billion kind of markets, which is growing significantly over the year as aero industry is picking up at the global level adding more field and engineering programs. While that side of the segment is having a kind of decent growth and which is a niche sector, especially tooling, and Unimech's dedicated focus will continue.

But in addition to that, as we have entered into precision component segment, which is a higher market size, which is more than \$800 billion kind of market size. So, it is kind of segment which we have recently entered and having bigger opportunity. So, that's how I think slowly kind of new vertically added and entering the higher market segment side. With regards to energy side, I think energy is also equally bigger opportunity. So, kind of more than \$500 bi, \$600 billion kind of opportunity. So, equally, it gives a good prospects for us when we enter there.

Darshit Shah:

Yes, sir. And on the revenue mix, over next three to four years?

Ramakrishna Kamojhala:

So, yes, sorry. So, with regard to revenue mix, eventually the good part is we are not sticking to one segment and we are slightly adding more segment, more vertical, and also slightly diversification is also happening. The revenue mix has to change and for a good cause. And over the three years, the 77% aero tooling will become 65% and 35% will become precision component in the next three years, or maybe 60:40 also can happen.

- Darshit Shah:** Okay. And the export domestic, would that also change, sir?
- Ramakrishna Kamojhala:** Yes. As of now 95% export, slowly domestic also will get added and we are kind of guessing 80:20 ratio in the three years' time.
- Darshit Shah:** Sure, sir. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, this will be our last question, it's from the line of Ayush Bhatnagar, an individual investor. Please go ahead.
- Ayush Bhatnagar:** Hello. Thank you so much for giving me this opportunity. Sir, my question is in regards to the ratio in which we are doing exports. So, like, what do we expect in future in terms of the percentage of exports going to U.S. and to EU nations?
- Anil Kumar Puttan:** See, we started our business being an export-oriented unit and that will continue to be a predominant part. As mentioned by Mr. Ram in his previous statement, going forward next year, you might see 80% to still be as export business for us and the balance 20% will be from the domestic.
- Ayush Bhatnagar:** Okay. And in regards to that, how much percentage are we expecting from U.S. exports and from other countries?
- Anil Kumar Puttan:** See, the target is to reduce the geographical exposure. We are predominant with U.S. currently, but going forward, you will see a substantial reduction. It cannot be very firmly confirmed what will be the number. So, as and when the business grows, you will see a reduction in the U.S. market exposure.
- Rajanikanth Balaraman:** I think the guideline is to ensure that there is actually a balance and harmony. While having said that, if there's actually more business from U.S., we are not going to say no to.
- Ayush Bhatnagar:** Okay. Got it. Thank you. And all the best for the future.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for their closing comments.
- Anil Kumar Puttan:** Thank you. Thank you, everyone, for your questions and your continued time and engagement with us. To summarize, while this quarter reflected the impact of temporary external headwinds, the situation has already begun to improve meaningfully with the recent tariff reduction and better customer sentiment. Our order book remains strong. Our strategic mitigants, such as the FTWZ, are nearing operational readiness. And our diversification across precision components, nuclear, and international markets is progressing steadily.



*Unimech Aerospace and Manufacturing Limited
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What remains unchanged is our core strength with deep customer integration, high technical capability, and long qualification driven relationships, which continue to give us confidence in the durability of the business model. We remain focused on discipline, execution in the coming quarter, converting our ready inventory and order pipeline into revenues, and building a stronger and more resilient Unimech for the long term.

Thank you once again for your continued trust and support. We look forward to updating you again in the next quarter. Thank you.

Moderator:

Thank you. On behalf of Anand Rathi Share and Stockbrokers Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.