AIMTRON ELECTRONICS LIMITED

H1 FY25

POST EARNINGS CONFERENCE CALL

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Management Team

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Presentation

Vinay Pandit: Ladies and gentlemen, I welcome you all to the H1 FY'25 Post Earnings Conference Call of Aimtron Electronics Limited. Today on the call from the management team we have with us Mr. Mukesh Vasani, Chairman, Promoter; Mr. Nirmal Vasani, Senior Technology Director and Promoter; Mr. Sneh Shah, Director of Sales; and Ms. Nikita Shah, Chief Financial Officer.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risk and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to run us through the investor presentation detailing us about the business and performance highlights for the half year that went by, the growth plans and visions for the coming year, post which we will open the floor for Q&A. Over to you, sir.

Mukesh Vasani: Good morning, everybody. This is Mukesh Vasani. I'm the Chairman and Non-Executive Director of Aimtron Electronics Limited. We really appreciate your time. I hope everybody's hearing me well, because today, we are in Germany. We have a Electronica EMS and SEMICON Expo just like we had in Delhi, India. It's a huge crowd and it's international. So today's call will be a little shorter. Thank you so much for your time.

We did look at our presentation, so I'm going to flip through very quickly, and we can spend more time in our question-and-answer. So I'm just going to go through and skip through couple pages. I think for new joining today, we are in a very wide variety of industries, starting from industrial gaming, IoT, medical, AI, power, and so many areas we work. And we have a niche market as we spoke last time.

We are two Promoters. I think you know both of us, Mukesh and Nirmal. This is our growth pattern, and we did discuss last time, so I'm not going to go too much in time today in essence of your interest in questions-and-answer. So on business profile, I think we already talked a little bit manufacturing facilities. Huge expansion is going on as per our plan. Texas facility, we already registered everything and is getting shaping up.

We are here in Germany also. There might be something coming out in future. We have one person already hired here. So manufacturing

facility wise, you already seen this. Capabilities, I'm going to skip this time. We do complete solution end-to-end from PCB design all the way through box build. So you can see in a cable assembly also, we put a cable line. We already have some interest in our sheet metal. So we do like plastic injection moulding sheet models with one of the preferred partner right now.

Magnetics, we do complete box build, system integrations, plastics, everything we do including logistics. So and this product portfolio also, we did discuss last time. So I'm going to skip this one. It's more you understand that now EMS is a very hot topic in India and government schemes and everything. So there is everybody knows mostly everything, so I'm not going to go too much in detail. But if you have any questions, you can ask those questions in a question-and-answer.

Product catalogue also, we spoke last time, so I'm going to skip. I think partnership, you already seen we have a DigiKey Microchip and Texas Instrument. We've been working with them in R&D side that is something is interested for us for future. We did discuss about competitive strength, because most of the businesses has India and they go expand globally.

Our benefit is here. We have a foundation in USA and we are expanding globally. So that is the difference here. So and rest of things, you can see American quality, American way of working. Even though India is a made in India, make in India kind of concept separate entity, but still the roots coming out from there. So we see that difference to maintain our quality and maintain our profitability.

SWOT theory, way forward. I think the strategy for growth, maybe let me just bring Sneh Shah over here for a couple of minutes. Sneh you want to some more light on the globe moving forward, which you are…

Sneh Shah: Sure. Thanks, Mukesh, for the brief. Good morning, everyone. So to, what we have committed like 40%, 50% CAGR, I think first half year also we can reflect that numbers, and that can be seen. And second half also, we are committed to in line with that numbers.

In terms of, sectors, IoT played a major contribution, and down the line it is going to be there. And to what we committed in terms of defence, we had one international drone player, which Nirmal will brief you up. And we do have one PO coming up from one of the Navratna PSU as well. So that's a breakthrough that we had it in first two quarters.

Down the line, definitely, that is going to increase. AI, one of the important sector we have been talking about. Development has already started in that segment. We are on the verge of meeting, like making plastics and all. And probably we'll be closing that order soon in coming quarters.

Also, in terms of defence, we are eyeing at India as well as other global players. We did get a chance to visit Tata Airbus project as well, because couple of our U.S. entities are directly indirectly working with the global defence players. So that's also we are seeing to it how we can have it under Aimtron Electronics or Aimtron India entity that we are channel trying to channelize something on that front as well.

So down the line to what latest technologies are AI, IoT. IoT this year is going to be the major contributor. And, down the line, we have couple of more sectors that we are going to add on.

Mukesh Vasani: Thank you, Sneh. Nirmal, you want to add right now or you can add later. If you add little bit on drone side.

Nirmal Vasani: Yeah. So there are some very unique opportunities. There is one in particular that I recently had the opportunity of meeting in the Southern United States in one of our defence and aerospace hubs that the U.S. has, and they are looking for a large scale provider with very high volumes and the business. The likelihood of it, Aimtron has a pretty high degree of confidence in, because the geopolitical situation in reference to the election results that just happened, the President-elect is going to be highly in favour of these types of projects.

So, Aimtron is expecting that not only will it be this customer, but also, we should see a significant growth in not just drone and aviation, but also in power, and in oil and gas and those types of technologies as well. So, there's a lot of opportunities that we're seeing in the Southern American market that we should be contributing to this significant growth for Aimtron Electronics.

Mukesh Vasani: Thank you, Nirmal. I think we can start with this. Sneh, you're going to share a couple of line on this one, and then maybe Nikita can take the rest.

Sneh Shah: Sure. So to what one SMT line we had talked about in RHP, that's already been received at the facility. Trial productions are underway, and probably this month or it will be up and running with its full production efficiency 100%, down the line. And to what we committed

in terms of diversions of routings of customers from U.S., so we created a subsidiary of Aimtron Electronics directly at Texas.

And immediately not, but down the line you will see that a couple of quarters down the line, you will see that we will be having a lot of customer base coming from Texas facility. And to what Nirmal briefed, we are eyeing at our drone sector as a one of the major contributor. We are expecting somewhere around couple of million dollars' worth of business, which will be executable around next two years of time frame. And to what IoT revenue we stated about first two quarters. It jumped almost double fold in terms of percentage which was 7, which has increased to 18 more than 100% growth just in IoT. And again, next two quarters also, next financial years, there is going to be major contributor.

To increase the operational efficiency, we had changed couple of store activities where like material needs to be stored, where LEAN, 5S, Kaizen we already are following that. But to improvise on that front, how we increase the efficiency. So we change the structure of store, and we created a compact like system. I think, we will be having one, like factory visit tour as well where everybody can view that. We'll be planning something on that front. And under making India initiative to what we are eyeing at, Registration with all the PSUs is completed. Couple of companies have already audited. We would not declare the name as of now. They already approved us, and we already received one order from one of the Navratna PSUs.

CDSCO that's for medical domain, just like we have 13 485 for Medtech. So under make in India, made in India, we need to have CDSCO as well. So unit in Vadodara, it's a CDSCO approved where like we are making one cancer detecting device, again, for one of the local international players itself. And down the line, we have initiated working on AS9100, which will help us to enter more significantly into aerospace and defence sector. So probably when we'll have a next call, by that time AS9100 certification will be up and complete.

Mukesh Vasani: Thank you, Sneh. Now your excitement, I would like to invite our CFO to share the result.

Nikita Shah: Good morning, everyone. It gives me an immense pleasure to display the financial indicators for H1 '25. Aimtron Electronics is now a zero debt company as on 30th September 2024. The revenue for the half yearly stood at 576.9 million with a rise of 33.90 percentage year-on-year.

The EBITDA stood at 147 million with a rise of 30.70 year-on-year, and the net profit stood at 111.8 million with a rise of 57.40 percentage year-on-year. The net profit margin is 19.40 percentage adding 289 bps year-on-year. The revenue breakdown…

Mukesh Vasani: Yeah. Let me just go there to next page. I think, yeah, you can continue. But before that, I think there's one huge, and this main news is also Our order book is getting increased in this little slowdown period, lot of CM their order book getting down, but our order book is compared to last year is 1350 million. So it's getting increased also. It shows good sign for us. Continue, Nikitaji. Yeah. Continue.

Nikita Shah: Yes. The revenue breakdown, we have a major generated industry wise from industrial sector, which is 56.3 percentage. Geography wise, the major we have from India itself, which is 51 percentage. And segment wise, we have the revenue from the major PCBA that is 77.7 percentage.

Mukesh Vasani: We have more interest in a question-and-answer. So let's go very quick.

Nikita Shah: Yes. So as on 30th September, 2024 we have the closing order book of 13.50 million. And moving to the profit and loss section now. The EBITDA stood margin that is in a 25.5 percentage, and the net profit margin was 19.40 percentage. The earning per share was 5.48.

Now moving to the balance sheet. As said earlier, there is no long-term borrowings as on 30th September, and short term borrowings has also reduced to 17 million now. Assets have grown, and even the inventories we have 14.46 million, so we have a good assets ratio in our books.

Mukesh Vasani: All right. I think Vinayji, we can jump on to the question-and-answer.

Question-and-Answer Session

Moderator: Sir you can stop the presentation. We'll move to the Q&A. All those who wish to ask a question may use the option of raise hand. In case you're not able to raise hand, you can put your question in the chat box.

Sir in the chat box we have the first question from Rohit Ahuja who is asking if you can share a bit more information about the defence development that you mentioned on Slide number 28, with respect to engaging with clients on potential deals were $10 million.

Mukesh Vasani: Yeah. Let's have Sneh jump onto this, because…

Sneh Shah: Sure. So, basically, the customer is based out of U.S., and we already have started development of plastics and a couple of other parts like linear actuators and all. And development is already initiated and we are expecting closure in coming quarters. As of now, it will be prototype first. Once prototype is done, pilot batch, and then from pilot batch, it will go to mass production. So that $10 million worth of split will be over the like next two years. That is what we're expecting as of now.

Plastics, as we already have initiated, we are expecting that closure probably before end of this financial year where we'll be closing on mass production office.

Mukesh Vasani: Thank you.

Moderator: The second question in the chat is from Praveen Sahai. Order book of 1.5x FY '24 is a significant improvement. Can you give details from which sector, industrial, geographic location these orders are received and more from existing customers? Also, can you, so we've already spoken about the deals. So he just wants to understand a bit of a breakup about the order?

Sneh Shah: Sure. So if you see in the presentation itself you have mentioned, so industry sector, IoT sector is something that is contributing, and it's a combination of both existing as well as new customers. And probably shifting towards, PCBA, from PCBA, we are shifting more towards box build. So that is something that is increasing our top as well as bottom line.

Moderator: Sure. Anybody else who wishes to ask a question may use the option of raise hand. There's another question for Mr. Suman Kumar. How much revenue can be expected with the current capacity and the work in progress in terms of capacity expansion?

Mukesh Vasani: Very, very interesting questions. And I think for one line, ₹100 crore is a thumb rule for EMS industries if you have box build. So we have enough five lines. You can do the mathematic. But Sneh, you can elaborate a little bit more.

Moderator: Could you give a ballpark, sir? What revenue can we achieve from this capacity?

Sneh Shah: So if we run on three shift and the current capacity or in terms of CapEx, that we already have invested, we can easily go up to ₹450 Cr to ₹500 Cr worth of range.

Moderator: Okay. We take the next question from Mr. G.D. Tewari. Mr. Tewari, you can go ahead.

G. D. Tewari: Yeah, good morning. Yeah. I'm interested to know something about technical aspects of environmental and durability test used for defence equipment. As I understand, Aimtron has completed the first vendor registration in aerospace. So my link question is, whether the company is ready with all the climatic and durability test, evaluation exactly for air force and defence industry? So that I would like to know if it is possible to tell.

Sneh Shah: Certainly. So, that's by default. Like, rugged testing is something that is required when you go with any aerospace and defence kind of project. So we do have affiliation, with couple of third-parties. I'm just giving you an layman language example. Say ERDA, that's one of the government body in Gujarat, who does research, laboratory testing and all. Just an example, say, UL or, you want a CE or something kind of IP or something, IP 67 or something. So all that rugged testing and all that, yes, we do it.

So we do have a design team, like hardware, firmware, mechanical, who help us out along with the test manufacturing team, and engineering team where we can get things done on that basis.

G. D. Tewari: Okay. Thank you very much. And one related question. So you are not planning to have your own facility in near future? You will be always dependent on that, higher capacity?

Mukesh Vasani: So I think there is two answer for this question. One is, to develop full test lab is a huge setup. So we are a UL approved shop now. We just recently got UL approval. Examination, documentation is done and we are waiting for the certification. And that's why we didn't blast today in this message.

But we, Aimtron Electronics India facilities, UL approved. We do see marking every day. But some of the tests we can do in house, but we need to accredit by ourselves. So that's why, we had to go through different agencies.

G. D. Tewari: Yeah. Thank you very much. One more related question. All the export you are doing to the U.S. or European market. So those, equivalents are also tested in our Indian capacity or they themselves are doing the testing?

Mukesh Vasani: So what we do, we don't do, we do not do a full IP or end user equipment. So we do not have that our responsibility. We do a part of that equipment. Let's say MRI machine, they make a company. So we make just a control box for them. So that's why we don't need a complete full agency approval for that.

G. D. Tewari: Thank you you very much

Mukesh Vasani: Thank you.

Moderator: We'll take the next question from Nikhil Chandak. Nikhil, you can go ahead.

Nikhil Chandak: Yeah. Hi. So two questions, actually. So one is in the last meeting, I remembered you'd explained about there also being a promoter entity or a group entity in the U.S. So what I wanted to understand is that out of your total order book of ₹130 odd crores, how much order book is from your U.S. entity, which I understand is not part of the listed entity, but how much order inflow legally or from an order wise comes from the U.S. entity?

And second, I understand there is a longer term plan of gradually shifting the business from the U.S. entity directly to the Indian entities. How far are we in that journey? So these are

Mukesh Vasani: Thank you, Nikhilji. Namashkar. Yes, you remember last questions and last answer also. So I don't have to explain too much. You can see our result. Also, this time, we are even 51% just a local. And we are bringing more and more local business. That's the number one. Number two, we are bringing lot of out of Aimtron business over here.

And that is the reason, part of your second question is, Sneh already mentioned that we open an entity. This contract, it's sometimes two years, sometimes it's three years. It's not easy to move. Just say, guys, give me order now. If India other, I'm going to go somewhere else. That's not going to happen. Is that correct? So and also in America, that gives us credibility. So we cannot say that, hey we are Indian company now and you give me order in India. But we created a company in

Texas, and that company, we are looking a small M&A under the Texas company.

And so that's a more and more business we are moving towards that company. So this drone business is going to come definitely in the Texas Aimtron Electronics LLC. So that is we are creating right now. So all the blanket orders takes see we have only six month we finished. This is the first six months we finished, and we haven't finished six months yet, though. After listing, we finished six months in 6th June. So it takes one year to two years to just move all the contract to new company or a new entity.

Other than that, intercompany, we are trying to minimise and our goal is to get at least 10%. That's our goal. End goal is 10%. But you won't see this much also business in this, Nikhilji, if you look at in detail. We don't have intercompany business. We try to -- started explaining the customer, hey why we were going to go two different entities. Just go directly in Aimtron Electronics.

Nikhil Chandak: So to be sure, 10% is the orders which the U.S. entities given to the Indian entity right now? Is that the right way to understand?

Mukesh Vasani: Approximately.

Nikhil Chandak: Yeah. And what would be the roughly size of the U.S. entity? Say, which theoretically eventually can move to India, what would be the size?

Mukesh Vasani: Maybe we can take another call, but a little bit in general. In general, we are about ₹900 crore worth of total in because we have six, seven different companies. So but definitely, that's our end goal. Is that correct? That's where we have more work. Is that correct? India and Indian customers, Indian entity, Make in India. There's a lot of benefit in India. So that is end goal. But right now, it's too early to say that.

Nikhil Chandak: Understand.

Mukesh Vasani: Really appreciate it. Thank you, Nikhil.

Nikhil Chandak: Okay, sure. Thank you so much.

Moderator: Thanks, Nikhil. We'll take the next question from Anik Mitra. Anik, you can go ahead.

Mukesh Vasani: We have a couple of minutes, Okay?

Moderator: Yes, Anik Mitra, you can go ahead, please.

Anik Mitra: Am I audible? Thanks for taking my questions. Taking the cue from the previous participants question. Like, I just wanted to understand what is the future of the unlisted U.S. entity? Means, are you going to take over this particular entity going forward, or what will be the future of that particular entity?

Mukesh Vasani: So our main goal is to grow Aimtron Electronics India. That is the business and that is the business, because we all are investors. Correct? I'm also indirectly an investor. Is that correct? So we all are -- see the big value in India. So that is our end goal. And for that end goal, we are finding out all the options from all the experts. So, as I said earlier also, what the easiest option is create a company in Texas.

There is a tax free state, and that's where we funnel to business over there. Whatever customer because right now to acquire under Aimtron Electronics to intercompany also, we don't have enough funds. And it's too early to dilute something or do something and get other bigger company under small company. So main goal, as Sneh said, let's get this revenue to ₹500 crore. We have a lot of capacity over here. We establish a world class facility. When you come to Vadodara, you will love it and let's do this first.

And then we start adding one another to the group also. But at least at the end, before I retired, maybe five, seven, 10 years, I would like to bring everything under Aimtron Electronics India umbrella. I hope I answered your question, Anik.

Anik Mitra: Yeah. Yeah. Great.

Mukesh Vasani: Thank you, Anikji.

Anik Mitra: One more, regarding your new SMT line. Have you installed that particular line in Vadodara or in Bengaluru?

Mukesh Vasani: Yes, we've been waiting for this blasting news to the EMS company. But, yes. We did Naryal Puja on Dussehra

Anik Mitra: Okay. So is it in I didn't get it. It means is it in Vadodara?

Sneh Shah: It's in Vadodara.

Anik Mitra: Okay. That was from my side. Thank you so much.

Mukesh Vasani: Appreciate it. You all need to come out and visit our facility, I think you will see the difference.

Anik Mitra: Yeah. I'll be very happy to be a part of that.

Moderator: We've got quite a few questions on the chat. Before that, we'll take the question from Prateek Chaudhary. Prateek, you can go ahead.

Prateek Chaudhary: There was this news on one of the articles, which said that you may be looking to purchase some land in Bengaluru Aerospace region. Some sort of an SEZ over there. Are we going ahead with that?

Mukesh Vasani: So we are looking both options. Is that correct? So we are a small company. We are not, like big giant people. One day here and they move other day. We are looking to see where is the infrastructure going to be built up. We are also thinking about where we have a semi-con hub or EMS hub or something. So that's why we're looking some option in Gujarat also. And in couple of big contracts, we are also working on this. So just let's stay tuned. Give us maybe six more month. Within six months, we accomplish good. Our team did wonderful job. Hopefully in a couple more months, you will see something.

Prateek Chaudhary: Okay. And, in our presentation, you've spoken about backward integration and expansion. And there, you were mentioning about possible further expansion in the SMT capacity as well. So this expansion, are you talking about the current line which is being put up, which is under trial production or something more than this also?

Mukesh Vasani: Sneh, you want to take this question?

Sneh Shah: Sure. So as of now, currently to what we stated, it's specific to SMT that we have, put it up. So, and, yes long-term, as we already have stated, we may look forward for forward as well as backward integration. So that's a long-term visibility that we are working on it. But as of now, we can state it that, what we stated was specific to SMT lines, to what we have as of now, which is a recent install.

Prateek Chaudhary: Yeah. Just final question on, in again from the presentation in your market expansion strategy. If you could touch upon, what you have written under the industrial sector and the automobile sector. Like, under the industrial, written about exploiting opportunities in India's

electronic space supported by PLI schemes and global investments and something on the automobile side as well. Since we already spoke about drone and defence, if you can touch upon these areas, industrial and automobile, what are our plans here?

Sneh Shah: Sure. So automobile, like we are already serving into that sector. This time, we got a breakthrough for one of the Tier 1 companies. I would not name it, but Tier 1 companies we got a breakthrough, and we have started working on their battery management systems, and specific to EV sector. And industrial, we have like, if I bifurcate that, we have like myriad of segments under industrial as well. So just an example, say Industry 4.0 or something related to their maintenance equipments or oil and gas related something equipments on that front.

So there are several like things that are affiliated with industrial sector as well.

Prateek Chaudhary: This automotive company that you were speaking about, is this an Indian company or global…?

Sneh Shah: Indian company, but with global roads.

Prateek Chaudhary: Okay. And what we will be sort of doing the whole box build and assembly of BMS for them?

Sneh Shah: PCBA as of now.

Mukesh Vasani: We'll start with PCBA and then box build will be the end goal.

Sneh Shah: Future. Yeah.

Mukesh Vasani: I think that's a good thing about Aimtron. You will not see a bigger picture and come smaller. We were small and go big. That's our goal. It will take some times, but we don't want to overcommit it so.

Prateek Chaudhary: Great, sir. Thank you. I'll get back in the queue. Thank you so much.

Mukesh Vasani: We'll appreciate Prateekji and Vinayji.

Moderator: So we have time till 12:00, right? We have one hour with us.

Mukesh Vasani: We have to actually head to the expo also and we have another calls.

Moderator: So, I'll quickly take the questions from the chat. There's a question from Mr. Darshit Shah. Our operating margins are high at 24%, 25% compared to other players. What are the specific reasons for that?

Mukesh Vasani: I think we did discuss this also last time. Our model is a little bit pick and choose model. We look at the customers. We look at those customers. They are looking a long-term strategy. We look at those customers they take at least one year to just get us onboard. That means their quality system, their longevity of the product, let's say 20 years, 10 years, 15 years those are the customers we have.

Even the same customer I gave an example. We have a customer, let's say Boeing, but we don't build a mechanical or some kind of screws and nuts or bolts, but we build a heart and like it goes in a missile controller. So that kind of board we build, in the states not here yet, but we're going to go on this. So those kind of customer base we have, and that is the reason we have a high margin so.

And also and last time I gave an example, so Mercedes console and Mercedes are correct. You look at good customer. Is that correct? You also look at all the investor community also look at good company. Is that correct? Same we are looking good company to get good business so we can pass into the good through the roots. So thank you.

Moderator: There's a question from Praveen Sahay. What are the contribution of reverse logistics repair and revenue? Is there anything like that?

Mukesh Vasani: We don't have that much. We don't do repair for other peoples. We do repair anything our customer requires, because of their change in design or something. So we don't have that much. We focus on the forward business. I don't think anything to add to continue.

Moderator: Yeah. There's a question from Guneet Singh. When does company expect to achieve full capacity utilisation? That is nearly ₹400 crore revenue. And what kind of working capital will be required for the same?

Mukesh Vasani: Working capital is we have a very good cash situation right now. I don't think so. We don't have money going to be as long you maintain the EBITDA, money going to be part ploughing, is that correct? So that's what it is. If I lose minus 1% EBITDA, then I have to get more working capital. So I don't see that much requirement right now, because our overnight not going to be ₹400 crore. So right now, let's see, we go 50% CAGR to 60% CAGR. So by the time, we need only additional 15%,

20% additional capacity need to infuse. Rest of money can plough back in a remain.

Moderator: Follow-up question from Guneet Singh is, are all PCBAs manufactured in the U.S.?

Mukesh Vasani: PCBA manufactured in U.S., I did not follow the question, but we do full box building. Is that correct? And U.S. company is separate and India company is separate. So maybe you can elaborate the question or we can take it next time.

Moderator: I think he's trying to ask is the company only into assembly or also in the manufacturing of PCB?

Mukesh Vasani: All are same infrastructure. In U.S. or in India, we do complete box build. We do not make the PC board though. Raw PC board, we do not make. We make PC board assembly, and we do design, and we do full box build.

Moderator: There's a question from Mr. Shridhar Jadhav. He's raised hand. He would like to ask a question. Shridhar, you can go ahead.

Shridhar Jadhav: Ya Sir am I audible? So, thank you for the opportunity and congratulation and good set of numbers. So just a couple of housekeeping questions. CapEx was supposed to be ₹19 odd crores, from IPO proceeds, and then cash balances are huge. When do we expect to incur complete CapEx?

Mukesh Vasani: Sneh, you want to take this?

Sneh Shah: Sure. So, certainly, couple of quarters down the line, that will be completed. As of now, couple of things are in progress, but we've might not be able to disclose everything. So considering that if you see just one example, that we completed was the installation of one SMT line. So that CapEx part has already been taken care of. So down the line six months, we'll have more like deep roots into that.

Shridhar Jadhav: So any tentative timeline you would want us to guide for full deployment of CapEx?

Sneh Shah: Probably next six months.

Shridhar Jadhav: Okay. So my next question is, what is the time for this complete order book execution of ₹135 odd crores?

Mukesh Vasani: I think let me just add to here, Sneh. I know I'm going to give you a little vague answer, so that's why. See, when you see our last book also, when you got 650 depleted, we had newer 650 more. So this 130 going to be stake always there. It's going to increase the baseline always, you know what I'm saying? Let's say 1350 million right now we have. Next con call, we will have 2,000 million. You know what I'm saying? Because how this EMS business works, you get order and you get keep adding more and more new blanket.

So but in general, any orders is going to be only one year contract maximum. So within a let's see for this 135 crore, it will be done in within a one year. But then another 200 crore will be booked in next year or maybe more.

Shridhar Jadhav: Okay. Understood, sir. So, basically, the maximum time taken to complete the order would be less than 12 months?

Mukesh Vasani: That is the industry standard. Most of the people except the defence. Even defence also, they have a seven years contract or five years contract, but they give you one year's visibility open order.

Shridhar Jadhav: And sir, my last question would be on, so we have almost 40%, 45% of business coming from U.S. with new President elected. And, like you mentioned that Aimtron Corporation is merely a funnel to have a presence in a state free, and then this company would be kind of take a major expansion. So do you expect any impact per se on the business going forward from his policies or any other adverse implications on the business maybe in form of taxes or something like that?

Mukesh Vasani: Let me have this question answered by the young man, Nirmal.

Nirmal Vasani: Actually, that's a very good question, and this is one that Aimtron has spent a lot of time deliberating upon, in terms of what our strategy would be, once the election has concluded. And all of our research shows and all of the President-elect speech and his policy show that this is going to be very favourable for Aimtron in the long-term.

He is targeting very specifically China and Europe for higher tariffs, and that means that for low-cost solutions, especially outside of the North America region, India becomes the only option with the population to actually support the demands that the western countries have. So this is something that, Aimtron feels is going to be very positive for the group as a whole and something that we feel, will be

even exceeding our expectations in terms of what our potential is. So a very good question. Thank you for asking.

Shridhar Jadhav: That's all. I'll come back in queue.

Mukesh Vasani: Sridhar, thank you so much. I have to leave. If you want, maybe, Vinayji, you can continue with Nirmal and Sneh, but I've got another call also and we have to have another meeting with the customer. So, but everybody really enjoyed, and our journey doesn't stop here. We just started journey. Is that correct? You might have a questions. You are most welcome to ask, Vinay, you're most welcome to ask us, most welcome to visit our facility either in here or USA or India, anywhere. Again, this is a two separate business. We would like to go forward with India entity, more focus and that is our goal. So, with that said, I'm trying to take your permission, Vinayji.

Moderator: Sure. We'll continue the Q&A with Sneh and Nirmal.

Mukesh Vasani: Thank you so much. Really appreciate.

Moderator: We'll take the follow-up question from Prateek Chaudhary. Prateek, you can go ahead.

Prateek Chaudhary: Hi, Snehji. As per our guidance, there will be a very significant uptick in our revenues in the second half. So do you expect our EBITDA margins to improve slightly going forward as our scale of operations, increases?

Sneh Shah: It is going to be in line to what we have stated. In terms of revenue, we already have stated 40%, 50% CAGR, and we are going to be in line with that. And in terms of bottom line as well, it is going to be intact to what we have been maintaining in the past couple of years. We'll be in that same range, down the line.

Prateek Chaudhary: So would your, PAT margins be upwards of 15%?

Sneh Shah: As of now, you can say it's sustainable to what we are doing as of now.

Prateek Chaudhary: So at least the current margins will be sustainable, the one that you reported in the just, results that you uploaded. Would they be sustainable?

Sneh Shah: Certainly. It would be nearby to that percentage of it.

Prateek Chaudhary: Okay. And any other developments which are taking place on maybe some sort of an M&A in the U.S. or any other new products that we may be eyeing both in India and internationally that we haven't spoken about yet?

Sneh Shah: I think, with time, we'll keep you posted. But as of now to what, we disclosed, one of the deal that we are working on for defence, drone industry around about $10 million worth of business, in terms of dollar, $10 million and probably executable into next two years of time frame.

Prateek Chaudhary: Okay. Thank you, Snehji. Thanks a lot.

Sneh Shah: Thank you.

Moderator: Thank you. Just checking for any questions on the chat. Can you there's a question from Chinmay. Can you provide a rough breakdown of the ₹100 odd crores of annual revenue on a product wise basis? How scattered is it across products and how fungible are our lines?

Sneh Shah: So if we see our investors presentation, we already have shared the bifurcation where like say, there are myriad of sectors, like, say, IoT industry.

Moderator: Okay. There's a question from Mr. Amit Jain. Any plans to get into OSAT? Hello, Nirmal, would you like to answer that? I think, Sneh…

Nirmal Vasani: We may have lost, Sneh. He would be the better person to answer this question. So let me see if I can get in touch with him and see if he can reconnect.

Moderator: There's a question from Amit Jain. Any plan to get into OSAT?

Sneh Shah: On backward integration as well as forward. So, probably down the line, we will just see to it once we have something fruitful on that front.

Moderator: Sure. There's a question from Divyash Gupta. The order contract that we have won, is it T1 level engagement or T2, T3, and what's the scale of the engagement?

Sneh Shah: It's always a combination of all, like, T1, T2, and T3. You can say roughly around about, say, 40%, 50% range approximately as in T1, and then partial combination of T2 and T3. So but certainly, we can say it's a combination of all three.

Moderator: Okay. There's a question from Suman Kumar. India has been undergoing huge transformation as far as semiconductor landscape is concerned. What kind of opportunity does it hold for Aimtron from one to three year perspective and longer?

Sneh Shah: So, certainly, we are working on some roots on that front. I think it will be very initial to say something as of now. But yes, again, if we going to enter, it's again going to be a niche market segment just like we have it for EMS. So it is going to be the same business model. So that is something that we are looking forward. Because as of now to what everyone has signed in, it's kind of, again, a low cost margin kind of business, which we don't want to.

So as of now, we are in wait and watch mode because four companies are getting established at Gujarat location, where we already have existence and presence and a good relationship over there with the administrative support and staff. But as of now, we are just seeing to it, and we are working on something where we can just see on how we can work out on high end kind of work. Even if we're going to enter OSAT, ATMP or something kind of.

Moderator: There's a question from Venkatesh Nagaraj. Can you share about the skill availability for manufacturing devices and the typical qualification of employees that you're hiring?

Sneh Shah: So, best part is, we have, one called Aimtron Foundation where Mukesh has a zeal of skill development. So, we do train our youth in the nearby locations in and around Gujarat and couple of them in Bangalore as well. So we do affiliation with them, and then we do train it, with the help of our experience trainer. Couple of them are IPC certified as well. Just an example, say our Production Manager, he's IPC certified. Our Quality Manager, he's IPC certified.

So we do have IPC certified team with us who train them. And based on that, there are several parameters which are taken into consideration. And to give you a glimpse, last year, we stood second, in terms of soldering championship conducted and first in Bangalore. So that's the level of, like, art skills that we have in house, in terms of manpower.

Moderator : Anybody else who wishes to ask a question may use the option of raise hand. So since there are no further questions, we shall bring this con call to an end. Would you like to give any closing remarks before we end the call?

Sneh Shah: Nirmal?

Nirmal Vasani: I think, this has been a very fruitful conversation with everyone. I do appreciate all of your patience in dealing with our fluctuating schedules as we are preparing for Electronica. But it was very nice meeting everyone, and I look forward to continuing the conversation at our next call. And very much thank you to the team for ensuring that this call is running smoothly. Thank you, everyone.

Vinay Pandit: Thank you. Thank you to all the participants for joining on the call, and thank you to the management team for giving us their time. This brings us to the end of today's call. You may all disconnect now. Thank you.

Sneh Shah: Thank you, everyone.