CIN NO. : L29309KA2022PLC164926
GSTIN: 29AAXCA4785E1ZZ
Reg. Office: Plot No. 392/1 | 10th Cross Road
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To,
The Manager
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex, Bandra (E),
Mumbai – 400051.

COMPANY SYMBOL: APSISAERO **ISIN: INE1OOJ01011**

Sub: Transcript of the Earning Conference Call with Investors/ Analysts for financial results for the half year ended September 30th, 2026.

Dear Sir / Madam,

Pursuant to the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Please find enclosed the Transcript of the Earning Conference Call held on November 14, 2026 with Investors/ Analysts for financial results for the half year ended September 30, 2026.

Kindly take the same on your records.

Thanking You

Yours faithfully,

For **Apsis Aerocom Limited**

SALONI JAYATI
Digitally signed by SALONI JAYATI
Date: 2026.11.19 11:23:44 +05'30'

Saloni Jayati
Company Secretary & Compliance Officer
Membership No. A75583

Date: 19.11.2026
Place: Bangalore

Apsis Aerocom Limited

H1 FY27 Earnings Conference Call

Saturday, November 14, 2026

MANAGEMENT TEAM:

- **Mr Basavaraju K. S. – Managing Director**
- **Mr Mihir Kumar Pradhan – Chairman and Executive Director**
- **Mr Vinod Kumar Mariyappan – Whole-Time Director**
- **Mr K. N. Shashidhar – Chief Financial Officer**
- **Ms Saloni Jayati – Company Secretary and Compliance Officer**

Moderator: Ladies and gentlemen, good evening, and welcome to Apsis Aerocom Limited's maiden H1 FY27 earnings conference call, hosted by Rik Capital.

We have with us today from the management team Mr Basavaraju K. S. – Managing Director; Mr Mihir Kumar Pradhan – Chairman and Executive Director; Mr Vinod Kumar Mariyappan – Whole-Time Director; Mr K. N. Shashidhar – Chief Financial Officer; and Ms Saloni Jayati – Company Secretary and Compliance Officer.

As a reminder, all participant lines will be in 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 touchtone phone.

Before we begin, I would like to remind everyone that today's discussion may contain forward-looking statements. These statements are based on the company's current expectations, assumptions and estimates regarding future events and are subject to various risks and uncertainties. Actual results may differ materially from those expressed or implied in these statements. We encourage participants to refer to the company's filings with the stock exchange for a detailed discussion of the risk factors.

I would now like to hand over the call to Mr Mihir Kumar Pradhan, Chairman and Executive Director of Apsis Aerocom Limited, who will begin with his opening remarks and provide an overview of the company's business. Post that, Mr Basavaraju K. S., Managing Director, will provide an update on key developments, growth outlook and the company's financial performance for the half-year ended September 30, 2026.

Thank you, and over to you, sir.

Mihir Kumar Pradhan: Hi, good afternoon to everyone. I am Mihir Kumar Pradhan, Chairman and Executive Director of your company. On behalf of the Board of Directors and Management team, I extend a warm welcome and thank all the shareholders, investors, analysts, and stakeholders for joining us today for our earnings call for the 1st Half of the Financial Year 2026-27.

The first half of FY'26-'27 has been an important period for the company as we continue to strengthen our operational capabilities, enhance our manufacturing infrastructure, and pursue opportunities across the aerospace, defence, healthcare, and high-precision engineering sectors. One of the key developments in our growth journey has been the operation of Unit-2.

During the current financial year, our focus has been on strengthening the operational readiness of the facility, improving the capacity utilization, and aligning resources to meet the evolving requirements of our customers. This expansion provides us with additional

manufacturing capacity and the ability to undertake the larger, more complex, and technically demanding projects.

Our strategic priority for the remainder of FY '26-'27 and beyond will continue to evolve around the following key areas. First, operational efficiency and the capacity utilization of Unit-2. We will continue to focus on optimizing our manufacturing operation, improving productivity, and enhancing the utilization of our existing facility, particularly Unit-2. Our objective is to progressively translate our expanded capacity into improved operational performance and sustainable business growth.

Second, customer diversion and business development. We remain focused on strengthening our relationship with the existing customers. We are actively exploring new business opportunities with new customers.

And regarding the business aspect, our managing director, Mr Basavaraju, will take you through; and regarding the financial aspect, our CFO will explain the details. Once again, thank you all for your support and trust on us.

Basavaraju K.S.: Good afternoon, everyone, and thank you for joining the H1 FY '27 Earnings Call of Apsis Aerocom Limited. I am Basavaraju K. S., Managing Director. Over the next 10 minutes, I will take you through the results for the half year ended 30th September, our business update and outlook. We will then be happy to take your questions.

Before we begin, please note the disclaimer on the screen in the presentation.

So, here is our agenda. I will start with the highlights of half, then financial performance, followed by the order book and outlook. A short company overview and the detailed financial statements are included for your reference.

Let me begin with the highlights of H1 FY '27. This has been a strong first half. Revenue from operations grew 55% to ₹21.17 crore. EBITDA grew 36% to ₹6.52 crore, and profit after tax grew 21% to ₹3.97 crore. The order book stands at ₹31.8 crore, about 1.5x of the H1 revenue.

Our balance sheet remains strong with net worth of ₹52.9 crore and net cash of about ₹11.6 crore during the first half. We invested ₹21.3 crore in capacity, including advances paid for the capital assets from the IPO fund. Of these, ₹13.3 crore went into new fixed assets, which nearly doubled our fixed assets since March.

Three words to describe this are growth, capacity, and visibility. Growth, because revenue rose 55%, with defence up to 56% and healthcare nearly 3x. Capacity, because we have inaugurated Unit-2 on August 14th, with 15 machines and 45 people by September, and visibility, because

our ₹31.8 crore order book supports the FY '27 revenue target of about ₹48 crore, which we reiterated today.

Two milestones made this half special. On August 14th, we have inaugurated our Unit-2 at the Hi-Tech Aerospace and Defence Park, Bangalore. And 24th September, we have received the Lifetime Contribution Award in Precision Engineering and Aerospace Manufacturing at the 18th Machinist Aerospace and Defence Summit. We are proud of what our team has achieved.

As of 30th September, we operated 33 CNC machines, 18 at Unit-1 and 15 at Unit-2 with 125 employees across 28,500 square feet totaling. We also added one new customer during the half. Last year we deployed about 250 new parts, around 140 of them already in production, and we are expected to generate around ₹15 crore this year across both units. More than 100 further parts are expected to convert to production orders during FY'27 and FY'28. This pipeline drives for the future growth.

Let me now take you through financial performance:

Revenue grew from ₹13.65 crore to ₹21.17 crore, up 55%. EBITDA grew 36% to ₹6.52 crore, profit before tax grew 25% to ₹5.31 crore, and profit after tax grew 21% to ₹3.97 crore. Profit grew strongly in absolute terms, margins moderate. So, I will explain why on the next slide.

Our EBITDA margin moved from ₹35.2 crore percent to 30.88%. Two factors explain this. First, material cost rose to 37.5% of revenue, reducing the margin by 3.8 points. Second, other expenses rose to 12.4% of revenue, mainly Unit-2 started operation ahead of the full utilization. So, other items together added back about 1.2 points. As Unit-2 utilization increases through the second half, we expect this to support the margins.

Our key indicator remains healthy. EBITDA margin is 30.8%, and PAT margin is about 18.7%. In absolute terms, EBITDA grew 36% and profit after tax 21%. Debt-to-equity is 0.07 and interest cover is 25x. Diluted EPS is 3.29. It is lower than last year only because of additional shares issued in the IPO.

Defence remains our largest segment, at 12.86 crore, up 56% and 61% of revenue. Aerospace grew 27% to ₹5.79 crore, and healthcare nearly tripled to ₹2.24 crore. This shows the strength of a diversified multi-sector business.

Our balance sheet is strong, nearly debt-free. Net worth has grown to ₹52.9 crore. We hold ₹15.07 crore in cash and bank balances against borrowing of only ₹3.46 crore, giving a net cash of about ₹11.6 crore. Property, plant, and equipment has doubled to ₹24.6 crore since March.

We generated ₹2.78 crore of operating cash flow and invested ₹23.33 crore in capacity during the first half. So, funded from our IPO proceeds, cash and cash equivalents closed at ₹12.95

crore. For H1 FY '29, receivable days were 45, inventory days 56, and payable days 38, giving a net working capital cycle of 63 days. We are actively managing the cycle, especially collections and inventories.

So, business updates and outlook:

Our IPO proceeds have been put to work as planned in advanced CNC machines and inspection equipment for Unit-2. We invested ₹23.33 crore during the first half, including advances for capital assets; gross new fixed assets were ₹13.3 crore. And our net block doubled from ₹12.3 crore to ₹24.61 crore. As of 30th September, Unit-2 had 15 machines, taking our total to 33 machines.

Now, our business updates and outlook:

Our order book as of 30th September is ₹31.8 crore. Defence ₹16 crore, Aerospace ₹9.9 crore, and Healthcare ₹4.4 crore. We reiterate our FY '27 revenue target of about ₹48 crore. In H1, we achieved 44% of it. To reach the target, H2 need about ₹26.8 crore, and our order book already covers this about 1.2x.

Look, here is our growth roadmap: from ₹30.65 crore in FY '26, we are targeting about ₹48 crore in FY '27. So, as Unit-2 ramps up, in FY28, our plan is about ₹80 crore with both units at full capacity. Our aspiration is to reach ₹300 crore by FY '32, supported by Unit-3, assembly, and new plants. That is a 5-year plan to grow around 50% to 55% year-on-year.

Four things to support this: added capacity with Unit-2 near Aerospace Park planned for construction to start by FY '29, moving up the value chain into assemblies with around 50 new components at RFQ stage, more than 100 developed parts turning into production orders, and continued investment in technology and people, while keeping our margins healthy.

Our strategy resets to 5 priorities: growing with the customer across all 3 sectors, ramping up Unit-2 and planning for Unit-3, maintaining the highest quality, bringing more processes in-house while developing around 50 new components, and investing in technology and automation.

For those who are new to Apsis, here is a short overview of the company. So, Apsis was founded in Bangalore in 2012. Today, we have 2 operating units, and a 3rd unit is planned. 33 machines and 125 employees as of September. We serve more than 17 customers, with exports to the U.S., Israel, and India, and many other European countries. So, revenue has grown to 43% year from '23 to FY '26 with 100% customer retention.

From 4,000 square feet workshop in 2012, we grown step by step. Our first aerospace order received in 2014, so AS certified in 2016. So, we are the sole supplier for some of the critical

machined components. So, we listed our company on NSE in March 2026, and Unit-2 in August; Unit-3 is the next step.

We have 3 locations in Bangalore. Unit-1 is in Peenya, Bangalore, with 8,000 square feet of machine shop space only. We also have additional spare capacity for office and other spaces with 18 machines. 80 people work here. Unit-2 at the Hi-Tech Aerospace and Defence Park has 20,000 square feet of machine shop with office, including office space. So, as of September we had 15 machines there and more than 45 people working currently there in Unit-2 facility. So, Unit-3 is around 40,000 square feet greenfield project facility. It is very close to Bangalore Airport and is planned for future growth.

So, our machine base covers 3-axis turning, multitasking, and advanced 5-axis machining, including many simultaneous 5-axis multitasking machines. So, let us finish the component with higher accuracy and shorter lead time using these technologies. Every part follows a disciplined workflow from CAD to CAM and machine. So, we have process-controlled environment and backed by the more than 20 years of CAM experience team. We offer a complete solution in aluminium, steel, titanium, nickel, and superalloys, including surface treatment and full inspection, all under AS9100 quality-certified systems.

So, why do customers choose Apsis? We make the parts with the competitive advantage of around 40% of our revenues come from the most complex parts. We convert new parts to production quickly. So, 140 of last year's developed components are already in production. Our quality rating is around 99%. We offer a complete solution under one roof, and we keep investing in advanced technology. The result is 100% customer retention.

We are guided by an experienced Board of Directors, 3 executive directors, and 3 independent directors, bringing expertise in manufacturing, aerospace, defence, and finance.

The detailed financial statements follow in the appendix for your reference. The income statement for H1 FY '27 compared with H1 FY '26. The balance sheet as of 30th September 2026 compared with March 2026 and '25. The cash flow statement for H1 FY '27 and FY '26, and also for FY '25.

So, thank you, and please feel free to ask any questions if you have.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Adarsh Sharma from Springtree Investor. Please go ahead.

Adarsh Sharma: My first question is, what is the current capacity utilisation of the plant, and what utilisation level do you expect to achieve by the end of FY '27?

Basavaraju K.S.: The current capacity utilisation of Unit-2 you are asking, right? Or total? Yes, I will tell you both units. The current capacity utilisation of Unit-1 is completely full.

Moderator: Mr Adarsh has disconnected the call. We will move ahead to the next question. The next question is from the line of Abhijit from VP Capital. Please go ahead.

Abhijit: My question is that the company has 17+ customers, and around 40% of revenue comes from parts where it is an approved supplier. How is management planning to reduce the customer concentration risk and add a new OEM customer?

Basavaraju K.S.: See, we don't have a plan to reduce the customer concentration, so we always have to increase the customer concentration. So, the largest customer reduced from 35% to 33%, but in parallel, we have increased our revenue.

Moderator: The next question is from the line of Mayank Dubey from RP Capital. Please go ahead.

Mayank Dubey: My first question is, what is the expected revenue contribution from Unit-2 in H2 FY '27, as capacity utilisation improves?

Basavaraju K.S.: Unit-2, H2, we are generating approximately around ₹15 crore.

Mayank Dubey: And the second question is, sir, management has proposed a 40,000-square-foot Unit-3 facility with a construction plan from FY '27. What investment will be required, and how will it be funded?

Basavaraju K.S.: See, that Unit-3 plan, it is at very initial stage. So, that will be communicated to investors later at this stage, because at present we are working on the business plan and business roadmap for Unit-3. So, once after that, we will be making the budget for the Unit-3 construction and equipment investment. So, these things will be communicated at a later stage.

Moderator: The next question is from the line of Sanjay Shah, an individual investor. Please go ahead.

Sanjay Shah: Thanks for doing this call. I just wanted to ask you, because the Unit-3 will take some time to come, and by fiscal '28, just looking at the targets that we have, we will probably be at full utilization And please correct me if I am wrong, for Unit-1 and Unit-2. While you mentioned in the call that we have an aspiration to grow 50% to 55% per annum, we won't have spare capacity to grow in fiscal '29, at least for some time, because the 3rd unit will take some time to come up. Are we thinking about it correctly? Or, if you could just clarify how we should think about fiscal '29?

Basavaraju K.S.: Yes, see, year on year, I have also mentioned that it is supported by the additional plants and additional value addition for growing 50% to 55%. I mean, within the existing setup itself, we are trying to add more value addition, actually in terms of our existing services we are

providing. And also, if we get Unit-2, whatever plan we have made, it is for till FY29 it can support our journey at a 50% to 55% scale.

Further, I have also mentioned that by FY29, we will be beginning our Unit-3 construction and further expansion. So, this will be decided tentatively by the beginning of the next financial year. So, for these facilities, further scalability plans are required for FY '29. So, by that time, we will have a concrete plan. So, as per our plan, we will execute. It may be Unit-3, or we may expand our further investments within the existing facility somewhere nearby or in the same building. So, we have additional land available.

Sanjay Shah: Super, thank you so much. But if you could just also enlighten us with all the retrofits and further additions, the Unit-2 at peak utilisation, what kind of revenue can it contribute to you in, let's say, of course, fiscal '28 will be limited utilisation, I assume, but if you assume 100% utilisation in fiscal '29, what kind of revenue can it contribute then?

Basavaraju K.S.: Sir, it can contribute in the range of around ₹50 crore to ₹60 crore. So, ₹50 crore, it is aggressive plan. So, if we stretch a little bit and if we concentrate on more and more complex parts, that can increase the revenue by another ₹5 crore to ₹6 crore additionally.

Sanjay Shah: So, that was my apprehension that if you were to combine Unit-1 and 2 both, then the ability to grow at this kind of a rate in fiscal '29 might get constrained unless we think about additional facilities in the interim period for us to continue with our growth?

Basavaraju K.S.: Yes, as you said, if we concentrate only on machining activity, as you said, it is a constraint for FY '29. But as I have mentioned in my presentation, we are also planning for vertical integration of assemblies and other service activities. So, if we add that value addition for our customer, we can also generate, we can also increase our revenue of at least 10% to 15% by using Unit-2 facility itself.

Sanjay Shah: No, understood. No, thank you so much. This is really good, and all the best, and thank you so much for all the insights.

Moderator: The next question is from the line of Aditi Devidasani from Dinero Capserv. Please go ahead.

Aditi Devidasani: So, I just wanted to point out that I have been trying to get in touch with the management for about 2 months now, but I don't get a response from the secretary. Like, I have tried to reach out multiple times, so maybe you could look into it.

Basavaraju K.S.: Hi, madam, thank you for the detailed information, ma'am. We will get in touch with you.

Moderator: The next question is from the line of Jimeet Jain from Wealthmine Advisory Services. Please go ahead.

Jimeet Jain: So, I just wanted to ask regarding in the Zoom con call, you had once mentioned that in the peak revenue you could achieve ₹500 crore by FY '31 or FY '32. And now you are guiding for ₹300 crore by FY '32. So, can we get the reason regarding why you have scaled down the revenue ambition?

Basavaraju K.S.: Yes, see, that ₹500 crore aspiration we still have. We have not dropped that plan. So, the reason is, we are actually discussing one of the potential projects with the customer, I mean, some of the prospects. So, that is at a very initial stage. So, we have 2 plans. One is a concrete plan, which we can achieve around ₹300 crore by FY '32. So, the another opportunity which we are discussing with the prospect, so that works actually, definitely we can do ₹500 crore. But the committed plan is ₹300 crore as of now.

Jimeet Jain: And any sustainable EBITDA margin guidance you could give us? Because in the June con call also you had said that due to listing expenses and due to operating expenses, we could not achieve the EBITDA margins. So, what could be the sustainable EBITDA margins going forward?

Basavaraju K.S.: Exactly, like, you know, so EBITDA for the next 2 years, we have always committed. So, we were going to achieve at least 35% for the next 2 years. It was committed already, and we are on track with that.

Jimeet Jain: So, we would be able to maintain this going forward, right?

Basavaraju K.S.: Yes, at least for the next 2 years, we are going to maintain these margins.

Jimeet Jain: That's it from my side. I will get back in the queue.

Moderator: The next question is from the line of Somnath, an individual investor. Please go ahead.

Somnath: So, you said that you have 250 parts already produced and 140 parts are in production. So, can you just tell us roughly how many of these parts percentage-wise, contribute to defence and how much into aerospace? Or is this a great question to ask?

Basavaraju K.S.: Yes, around 50% parts for defence, 40% parts for Aerospace, and another 10% parts for healthcare business.

Somnath: Also, you said that you currently have around 60% defence share, 27% aerospace, and the rest in healthcare. So, in the next 2 years, how do you see these things going? So, this aerospace, will it increase the market share, and by how much? Basically, how you--

Basavaraju K.S.: So, the ratio may remain more or less remain same. The aerospace even we concentrate for up to 30% of revenue from aerospace. And defence will be the major contributor to our revenue even after the next two years.

Somnath: And sir, you also mentioned that you have an existing order book of ₹30 crore. So, normally in the defence and aerospace, we also have a bid pipeline, right? Order bid pipeline. Would you be able to put some colour on this? How much normal conversion rate you have historically you have seen with the bid pipeline that you may have?

Basavaraju K.S.: Of course, see, earlier it used to be very long commitment used to get it from the customer, contracts from the customer. And also pipeline, always, even during our last call we have mentioned, always we keep minimum of ₹100 crores pipeline. So, on conversion ratio will be roughly around 30% to 35%.

Somnath: Sir, also you said that you have additional land available. Is that near Unit-2? And what is the total additional land parcel available? Can you please help?

Basavaraju K.S.: It is around 40,000 square feet of additional land available, sir. We have to construct it. That is our Unit-3 plan. That is near Aerospace Park.

Somnath: And sir, also we see that normally in companies which cater to defence, the days are 45. Receivable days are much longer. I mean, it is around, say, 90, 180 days. But yours seem to be around 45. So, what differently are you doing? Can you please put some colour on this?

Basavaraju K.S.: See, our CFO will answer you this.

K. N. Shashidhar: Yes, generally few companies generally deal with some government and other agencies, sir. We generally deal directly with private and some OEM customers, where we generally have a customer receivable cycle of 35 to 40 days. And we are on track in the same way, as you can see from the financials for the last two to three years; the receivable days are maintained at 40 to 45 days only. That is the reason we are able to achieve those receivable days.

Somnath: The last question would be, sir, you also said that you are planning to do some vertical integrations also within your existing facility. So, will there be any difference in margins? Will your margins go up once you do this?

Basavaraju K.S.: See, at present, sir, for next 2 years, so the business concentration also, what we are targeting, so that has to be aligned with our margins. So, that is not going to disturb even though we have any kind of vertical integration, like assembly or many other things are there. So, still they are initial stage; we are not disclosing it at this moment. So, those plans, whatever we execute for the next 2 years, the margins are going to remain the same.

Somnath: That's all from my side.

Moderator: The next question is from the line of Hardik Agrawal from Param Capital. Please go ahead.

Hardik Agrawal: My question was partially answered before. Just real quick, could you just reiterate our maximum capacity from Unit-1 and Unit-2 with the expansion of vertical integration? Am I right to say it is something like ₹100 crores, maybe 35 from Unit-1 and 60, which is a stretch, from Unit-2 with the vertical expansion? Is that correct? And second, if you could just answer currently what utilisation we are at in Unit-2, that would be helpful.

Basavaraju K.S.: Yes, sir. Thank you for this question. So, by adding Unit-1 and Unit-2 to the existing business, we can do up to ₹80 crore. That is the existing business in the sense of the machining business. So, with the vertical integration, we can also stretch up to ₹90 crore to ₹95 crore. So, your numbers are right and genuine.

And your second question is the utilisation of Unit-1. At this moment, the Unit-1 facility is fully 100% utilised. Unit-2 facility is utilised with around 15 machines. It is supposed to total 30. 15 machines have come, but we are not fully utilising those machines because installation and commissioning are still going on. So, we are hardly utilising around 30% to 35% as of September and even during October.

Moderator: The next question is from the line of Rahil Mehta from Ashmavir Financial Consultants. Please go ahead.

Rahil Mehta: So, the first question I had was regarding the decline in the PAT margins in H1 FY '27. Could you please explain the reasons behind this and what blended EBITDA and PAT margins can we expect for the full year of FY '27 and FY '28?

Basavaraju K. S: There has been a decline in the PAT and EBITDA margins when compared with H1 of '26. The major three reasons are, first is increase in the cost of material consumed, like it has been increased by around 3.83% when compared with H1 of FY '26. This is due to the change in the product mix and an increase in raw materials and other cost, production-related costs.

And secondly, the other expenses have been increased by 1.75% when we compare with the year-on-year growth. And this is due to the rent, electricity, and some security and some other fixed operating cost which is generally associated with Unit-2. Since the facility is yet to achieve the expected revenue contribution, these costs generally have impacted our PAT and EBITDA margin.

Thirdly, when you compare with the PAT, generally the depreciation has been increased by 1.27% in Unit-2 due to the fixed assets and other machinery which we have bought in Unit-2. These costs are generally associated with the expansion initiatives and investments in future growth, and we expect better capacity utilisation and increased revenue contributions as when Unit-2 is fully operational. And as you said, for the EBITDA and PAT margin, we are generally expecting for this and next financial year around some 35% and PAT margin around 23%.

Rahil Mehta: The blended EBITDA is going to be 35%, and 23% is going to be the PAT margin for FY '27.

Basavaraju K.S.: Yes, these we are generally expecting in the next two financial years.

Rahil Mehta: And FY28 as well?

Basavaraju K.S.: I would like to add one thing, sir. Generally, if you see in this business, the H1 performance will be little bit lesser when comparatively H2.

Rahil Mehta: It is 40%, right? H1 is 40% for this year, and 60% is going to be in H2.

Basavaraju K.S.: Yes, in general it will be like that, sir. The demand during H2 will be high.

Rahil Mehta: Sir, my second question was regarding the Unit-3 expansion and funding plans. So, for example, what are the expected timelines and any expenditure for Unit-3 if you are opening up a 40,000 square feet unit? So, what is going to be the capital expenditure for that, and how are you going to fund it? Are we going to fund it through internal accruals, debt, or an equity raise in FY '29?

Basavaraju K.S.: Sir, as I mentioned, basically the Unit-3 plan is at a very initial stage. So, still we are working on the business plans. See, that Unit-3 plan has a little bit more specialised things we want to do there within the same segment. So, that is why the plan is at a very initial stage. So, that we will be discussed in the future. And also, since the configuration and business plan are not decided, we have not made our budget. Things cannot be copied there. That is why we still not decided the investment plans there. So, once the business plan is ready, we will make the budget, and we will communicate with you at a later stage.

Rahil Mehta: Sir, the third question I had was that you mentioned that Unit-1 and Unit-2 together have the capacity to generate around ₹80 crores in annual revenue at full utilisation. Correct me if I am wrong.

Basavaraju K. S.: Correct.

Rahil Mehta: So, is ₹80 crores the maximum revenue potential of both the facilities combined, assuming 100% capacity utilisation in FY '28, or the scope of higher revenue from the existing facilities?

Basavaraju K.S.: Yes, sir, the existing business, both can generate revenue up to ₹80 crores. So, as I answered for the previous question, we are also thinking to make some vertical integrations by making some kind of additional value addition to our customers. So, with that, it can increase up to another 10% of our total revenue, up to ₹90 crore it can go.

Rahil Mehta: It can go, okay. And we might also see the operating leverage kicking in, right? The margins might increase if the capacity utilisation is at a higher scale.

Basavaraju K.S.: Margins, see, definitely we are going to maintain the same margins, something like PAT margins of up to 25% and EBITDA margins of up to 35%. We are going to maintain that for the next 2 years; that is for sure. And further, it all depends on case to case, like the customer, how it happens, the finalisation, negotiation, the order; that actually depends on the subjective.

Rahil Mehta: Fair, sir, fair. And sir, we are currently operating in the B2P segment. So, are there any plans to expand into B2S as well? Because B2S involves greater design and engineering capabilities. So, that could help us improve our product portfolio and achieve margins. Are we planning to go into that area of B2S?

Basavaraju K.S.: Yes, we have a plan. So, again, that is all at a very initial stage. So, definitely we are thinking about it. But in this case, the components what we are making, we have a less scope of making design and testing because we supply the components as part of some aircraft. So, for some very complex applications, they all go basically. The entire system design, basically, the OEM will take care of. So, they will not give us the authorisation to design such an entire system, but we are thinking to go for some submodule level. So, there we are thinking for design and testing activities.

Rahil Mehta: Sir, how many SKUs do we have right now as of September 2027?

Basavaraju K.S.: Around 100 parts we have added, sir.

Rahil Mehta: In total, how many SKUs? And out of those SKUs, are we the only ones who are making 60%-70% of it?

Basavaraju K.S.: Yes, around 60% still; we get a repeat order for the same. So, we have not added much of new parts. Up to maybe we have added 100 parts newly, I believe. So, in that, still again we are the sole supplier for those components.

Rahil Mehta: So, total how many SKUs do we have in total after adding 100 parts?

Basavaraju K.S.: Total would be very Huge, sir, very huge. So, it will be something like 500 to 600. But in that what happens, basically, the reason why we talk in terms of number is basically some parts may cost us just ₹200 or ₹500. At the same time, a few components will cost around ₹1 lakh.

Rahil Mehta: And out of like 400-500 SKUs, we are making like 50%-60% of the SKUs is only being made by Apsis and no other company makes them as of them.

Basavaraju K.S.: Yes, again, number-wise it is difficult to make a percentage-wise bifurcation. In terms of revenue, it is easy.

Rahil Mehta: Sir, I just had my last question regarding the net working capital days. So, our net working capital days were quite low in FY '26, and now it has increased to 60 to 63 days in H1 FY '27.

So, what are the main reasons behind the increase? And can we expect the working capital days to reduce in H2 FY '27?

K. N. Shashidhar: I'll explain the reasons, actually. Now also when you compare with the balance sheet, when you compare actually with the payable days, the net working capital days per payable, it is 108 days only. Since the early presentation, we have reduced the long-term payables by around ₹1.5 crore in long-term payable payments, which we have kept on hold due to some quality issues. When you compare it with the balance sheet, it will be reduced only. But since we thought that we will project the actual like after the pending and all, we will project the actual days.

When you compare it with the receivable inventory days, it remains the same, like no difference is there. Like in the H1 of Financial '26, it is around 45 days for receivable days, and now also it turns about to 45 days. And when we compare it with the inventory days, it remains around from 78 days to 56 days. Only the payable days we have been reduced. The long outstanding, we have paid some of the bills and all. And going forward, we expect the net working capital days will remain around 60 to 65 days only.

Rahil Mehta: And on the balance sheet of FY '26 also show the ₹15 crore of cash, crores in cash, whereas the cash statement only shows ₹12.9 crore, so there is a ₹2.12 crore difference. So, could you please explain why there is a difference of ₹2.12 crores in the cash flow and the balance sheet?

K. N. Shashidhar: Yes, I will explain. The difference of ₹2 crores what you have mentioned, that is between the cash balance of ₹15 CR and ₹12.95 CR as per the cash flow statement; these are related to the bank deposits. These bank deposits are considered part of cash and cash equivalents for the presentation in the balance sheet. However, since these bank deposits don't qualify as cash equivalents for applicable accounting standards, for the cash flow statement, they are excluded from the cash flow statement. Accordingly, there is no discrepancy in the balances, and the difference is solely due to the differences in classification and presentation purposes as per the accounting standard.

Rahil Mehta: So, in total, we have ₹15 crores of cash, right? Not ₹12.95 crores?

K. N. Shashidhar: Yes. The difference is solely due to the bank deposits, which we generally don't present in cash flow statements according to the standards which we generally follow.

Moderator: The next question is from the line of Deoarshi Pradhan from First Assetz. Please go ahead.

Deoarshi Pradhan: My question was regarding the EBITDA margin. As you mentioned, the EBITDA margin contraction was mainly an outcome of an increase in material costs. Now, could we not pass on this part of the increase in material costs to the customers? Like, should we absorb all the increase in the price of materials in the future as well?

Basavaraju K.S.: Yes, sometimes, sir, ongoing project, it is little difficult. Sometimes customers ask us to observe the difference of these increases because even for them, for our customer, it is difficult to convince their customer to get the approval for a revised project. I mean, those POs and all, it will be huge for our customer. That is the reason OEM generally they don't increase in between the prices for our customers.

The same thing will affect us. So, even my customers, once they make their budget, are very difficult to convince them. But however, we inform them during the next order finalisation or repeat order that we will convince them to get revised prices. That is one thing.

And also when this kind of situation comes where we can able to observe, that time we will observe. If it has a significant impact on our balance sheet, then generally we avoid it and go back to the customer and try to convince them.

Moderator: The next question is from the line of Prabal Jain from SM Holdings. Please go ahead.

Prabal Jain: So, sir, I know you answered in detail about your Unit-3 plans to a previous participant, and I know the plans are still on the whiteboard, but I still wanted to get a colour on two parts. One is the qualitative stuff, what you are planning, like you mentioned assemblies and subsystems, but if you can go on a little bit more detail, what kind of programs are you targeting and for what end use case you will be making assemblies? And is it for domestic players or you are targeting exports, Israel or U.S. or somewhere else? So, just a qualitative colour on that.

And then the second part of this would be because you also said that we have spare land, so we may move it over there, or we may not go for the greenfield plant, 40,000. So, what kind of CapEx amount are we looking at? Like, any tentative amount? Because the incremental revenue targets from ₹90 crores to 300 or 500 that we are targeting would be coming from here only, as I presume. So, yes, these are my two parts.

Basavaraju K.S.: Yes, sir, thank you for asking these questions. See, Unit-3 plan, like the way I have mentioned, we have a plan for Unit-3. It is completely little bit of a specialised application, like an exclusive part, how we are doing at present. Around 60% business we are doing for doing in Unit-1 and 2. So, that proportionate we want to increase up to 80% in Unit-3. So, for example, in Unit-1, if we are doing 60% of the complex part and 40% of medium complex part, in Unit-3 it is going to be more specific to complex machined components. So, that is one area we are thinking about and maximising the automation. So, that kind of technology, and we are trying to implement there within the existing business.

And non-greenfield project, the land which I said, which is available, it is not for this kind of application. This is for vertical integration, as I mentioned in the previous answer. So, that is going to be something kind of mechanical assemblies and adding more medium critical component to increase the top lines. So, that kind of thought process we have.

And CapEx, as of now, we still have not planned why? Because we have not decided both of them what to do, which one is to take it first, whether Unit-3 facility or this medium critical to increase the top line. Both we have not decided. So, we always decide the investment plan only after the foolproof business plan.

Prabal Jain: So, any names you can share about your critical customers that you are in talks with for these new projects, or any programs that you are targeting in which you are trying to get a hold of it?

Basavaraju K.S.: See, basically, customer name, we are not able to disclose at this moment. The one thing I can say, like within the same existing business in defence and aerospace, we are targeting more value addition. What we are doing is very little for this application. Still, within the machining itself, there are many other areas. So, we can target.

So, right now we are into defense when it comes, we are into communicate mechanical parts for communication application and structural parts for aircraft and this kind of application we are into. So, we have more opportunity for engine-related component; we have more opportunity for many other machining applications. We also have more opportunity for air taxis. So, like that, in the same area we have plenty of opportunity for expansion.

The reason why we are not scaling in 1x, 2x, because the way our component cannot be scaled in that manner. We have to maintain proper quality by keeping the quality constant for our customers. So, medium critical part, there is an opportunity for scaling in bigger level, but this kind of component we have to go little bit slow by keeping the quality constant.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

Basavaraju K.S.: So, thank you, everyone, for your time and for asking the very meaningful questions, and also for trusting in us and in our business. So, we ensure that we are going to keep the same confidence and try to do our best going in the future. So, thank you once again. Thanks for your time.

Moderator: Thank you. On behalf of Apsis Aerocom Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

(This document has been edited for readability purposes.)