"INDO-MIM Limited

Quarter & Half Year Ended September 30th, 2026 Result Call"

November 16, 2026

MANAGEMENT: **MR. KRISHNA CHIVUKULA – CHAIRMAN AND MANAGING DIRECTOR**
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MODERATOR: **MR. PARIKSHIT D. KANDPAL – HDFC SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to INDO-MIM Limited Result Call for the quarter and half year ended September 30th, 2026. INDO-MIM Limited will be represented by Mr. Krishna Chivukula, Chairman and Managing Director, Mr. Krishna Chivukula Jr, Whole Time Director and Chief Executive Officer, and Mr. Parasuraman Balasubramanian, Vice President and Chief Financial Officer.

This conference call may contain forward-looking statements about the company, which are based on the beliefs opinion and expectation of the company as on date of this call. These statements are not the guarantee of future performance and involve risk and uncertainties that are difficult to predict.

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

I now hand the conference over to Mr. Parikshit D. Kandpal from HDFC Securities. Thank you, and over to you, sir.

Parikshit D. Kandpal: Thank you, Danish. So the format of the call will be that Bala will be giving a few minutes presentation on the financials, and post that, KJ and KC will be there to take your questions. Thank you, and over to you, Bala.

P. Balasubramanian: Thank you, Parikshit. Thank you, gentlemen. See, the presentation about the performance of the company has already been given to the Stock Exchanges. I am sure you can get a copy of it. The results were published on Friday, and I am sure all of you have had a look at it.

Overall, this was a quarter which was in line with the previous quarter. We ended up with a top line of INR1,271 crores as against INR1,218 crores in the previous quarter. But this is much better than what it was in the corresponding quarter the previous year.

On a half-yearly basis, we have definitely grown. That we'll cover up separately. As far as the profit numbers are concerned, the last quarter we had INR325 crores of PBT before exceptional items. This time we have INR309 crores.

The overall top-line target that we gave for the current year was INR5,000 crores on top line and INR850 crores on bottom line. We are poised to go to that number comfortably on the top line, and perhaps marginally meet that at the bottom line. But we will give an assurance or any assurance on that only at the end of Q3, because then we'll have a fairly good idea about where we are going.

On a half-yearly basis, compared to FY26 half year versus the current half year, there is a growth in the business to the tune of about INR263 crores on the top line. We ended up with INR2,490 crores, which is INR263 crores up. EBITDA is 32%. There's about 6.3% more than what was there in the corresponding half year in the previous year.

The PAT is about INR455 crores, up by about INR160 crores. But if you remove the exceptional items, the profit numbers have been more or less same. Profit before the exceptional items, if you look at, numbers are more or less in line with what it is, about 1.5% is the additional amount that we have got. As far as the growth drivers of the company are concerned, we continue to focus on improvement at the bottom line.

We had higher returns and lower leverage during this period. Our return on capital employed was 36.5%, up by about 5.7%. Return on equity was 26.3%, up by about 3.4%. Debt-to-equity ratio was 0.27, down from 0.7, down by 0.5. Debt-to-EBITDA is 0.19. Overall, all the parameters of the company are much better than what it was at the start of the year.

As far as the performance of the company for year-on-year is concerned, debt-to-equity ratio has fallen down. The total debt of the company today is at INR941 crores, as against INR1,255 crores in the corresponding period the previous year. Working capital is much better today. Inventory days are something which we are working on. Receivables days is at 64, which is very healthy. About 80% of our business is exports.

Average transit time is between 15 and 30 days. Average credit period that we give to a customer is about 45 days. So maintaining it at 64 is an exemplarily good job by our marketing team. Inventory days continue to be higher. In fact, compared to previous year, the number is higher. This year it used to be at 340 days. Now it is at 441. But this is the conventional basis on which inventory is calculated.

But if you segment it into raw materials, WIP, and finished goods, we feel on raw material we are at a comfortable position. WIP is something we have some work, and you will see improvement in these numbers by the end of the year. As far as payable days are concerned, we are at 88 days, which is a healthy number.

Overall, the cash conversion cycle will go down. Right now it is at 417. It is expected to go down as the year ends. Business-wise, if you see right now, about 60% of our turnover comes from MIM, investment casting. Our casting business accounts for about 19%.

Machining brings about 8%. Powders gives about 1%. All other businesses gives about 11%-12%. Similarly, if you see the segment-wise breakup, aerospace business is up by about 31.5 percentage. It contributes 9% of our business.

Automotive business contributes about 25% of our business. That is up by about 19.4 percentage. The consumer business is about 16% of our business, and that contributes about 46.5%. DPG is about 20%, and that contributes 19.3%. Medical business is very small. It is about 19%, and it is up by 21.5%.

All the conventional businesses in which we are in, they are all up. Electronic component manufacturing business is down by about 40%. This is because we knew that this business contours are going to be different in the current year.

It contributes 11% of our business right now, and we expect that at the end of the year, we will be in line with the budget as far as this business is concerned, which is close to about INR500 crores. Right now, we have done about INR268 crores in this business.

We feel that this will be comfortably met by the end of the year. It will definitely contribute a much lesser number compared to the previous year. Overall, if you see the revenue build-up on standalone basis, we are at INR2,073 crores. On a consolidated basis, we go to INR2,490 crores.

Two significant contributors among the subsidiaries are INDO-MIM Inc., which is a metal injection molding subsidiary, that is contributing to INR200 crores. Maya Industries is contributing to INR150 crores. On the bottom-line front, standalone business gives INR443 crores of PAT. Overall PAT is INR455. INDO-MIM Inc. is contributing to INR52 crores, and all other subsidiaries are actually marginally losing money.

Overall, they are draggers, but we expect that as the year ends, Triax will come to near about net-net zero profitability, and our losses won't be there by the end of the year. Next year onwards, Triax will turn the corner. That's what we believe because we had also indicated it in the earlier calls, and we are seeing very good growth in the segment of businesses. Mr. Krishna Jr. will be talking about that.

Overall, we expect that the PAT numbers for the current year, whatever we had indicated at the start of the year, can be met, maybe comfortably met. We would like to close by saying that we continue to focus on, continue to do new products faster. We continue to drive productivity in the company. Capacity utilization is going up for various reasons.

We'll give you the reasons during the course of the question- and- answer session. We'll do selective investment based on where growth potential is. Because we have very deep understanding of customers' requirements, we have good engagement with the customers, we are able to assess what is required for the customer and accordingly make investments.

As far as FY27 is concerned, we had indicated a top-line target of INR5,000 crores and a bottom-line target of INR850 crores. We are just about there as far as the top line is concerned. Bottom line will be slightly ahead of what we had indicated earlier. We are not in a position to give an estimate of it right now. We'll give an estimate of that in the next quarter. We continue to be in good business segments.

We had indicated even at the time of listing that we are seeing good growth in some of the business segments such as aerospace machining and casting. We continue to have robust growth, and you would see that in the business segment breakup itself, that the numbers are growing. There are some new emerging requirements for engineered components, starting from private satellite companies to humanoid robot companies.

We are very well placed in those businesses, and those things will actually make a big difference for us in years to come. We can perhaps cover all these things during the question-and-answer session.

I'll close this at this point in time so that I don't take more time in talking about what has happened. We'll discuss about your questions- and- answers. Thank you.

Parikshit D. Kandpal: Danish, we can move towards Q&A.

Moderator: Sure, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. First question comes from the line of Mohit Kumar with ICICI Securities. Please go ahead.

Mohit Kumar: Yes, good afternoon, and congratulations on a very strong H1. My first question is on the H2 numbers. I think your guidance indicates a similar H2 in terms of revenue, but it seems the margin seems to be much lower. My question is the mix of revenues in H2 going to be very different than what you did in H1?

P. Balasubramanian: Mohit, the profit margins in the company are primarily decided by the kind of components we do. Within the same segment also, the components can be different. You would see, observe from the raw material consumption number that the raw material consumption on a unit basis is much higher this time than it was in the previous time. That's because if you do heavier components, the margin as a percentage of sale will look lower.

So, it depends on the components we do. We do about 6,000 - 6,500 SKUs quarter every month, every year. On an average, about 1,000 - 1,200 different components get made every month. So it's a part combination which decides. That's why we always talk about two things. One is what is year-to-date performance. Second is what is the overall number that can be achieved for the year.

Mohit Kumar: Understood. My second question is, can you talk about the medium-term outlook for Triax business given the strong demand outlook? We believe that this segment looks to be in a very strong position. The later question is that, do you make the aerofoil blades for gas turbines as well as aerospace business? Yes.

P. Balasubramanian: KJ?

Krishna Chivukula Jr.: No, I'll take this one Bala.

P. Balasubramanian: Yes.

Krishna Chivukula Jr.: Yes, both Triax and our Tirupati facility in casting have a lot of exposure in the IGT and in the aerospace engine application space. Yes, for the past three years, both Triax and Tirupati have been seeing a large number of IGT programs. I think with Triax, as my father said, these programs have been underdeveloped coming into a production, and it looks like as long as we continue to work on throughputs and efficiency, we should be having that unit into profitability fairly soon.

In terms of India, you really don't see it in the numbers yet, but strategically, there's a huge amount of product development happening. We've won many programs over the past year and a half, but it'll take time for those to translate to production. Yes, we are seeing very, very

heavy demand in the IGT space, along with things like humanoid applications, satellite applications, in addition to that.

Mohit Kumar: Understood, sir. Thank you.

Krishna Chivukula Jr.: Does that answer your question?

Mohit Kumar: Yes, that does. Thank you. Best of luck, sir. Thank you.

Moderator: Thank you. Next question comes from the line of Bala Murali Krishna with Oman Investment Advisors. Please go ahead.

Bala Murali Krishna: Thanks for the opportunity. My question is on the growth front over the past few years. There are various acquisitions that have taken place which have led to decent growth in the past year. So, in the medium term, like maybe two years down the line…

P. Balasubramanian: Bala, your voice is not clear to me. I hope others can listen.

Krishna Chivukula Jr.: Yes, you're coming in very faint.

P. Balasubramanian: Bala, your voice isn't clear.

Bala Murali Krishna: Yes, just a minute. Is it fine now?

P. Balasubramanian: Your voice is fine. Is it Bala's voice?

Bala Murali Krishna: Yes, it's my voice. My question is regarding this growth in the past few years. There are numerous, various acquisitions that have taken place to have a good growth in the past few years. How do you see this growth in the medium term? Whether we can expect it from the organic point of view, or do we have any plans that are already in discussion for some other acquisitions which can help us to grow, maintain the growth of the past few years?

P. Balasubramanian: KJ, you'll take this?

Krishna Chivukula Jr.: Yes. Bala, can you just repeat the question for me?

P. Balasubramanian: No, he has said in the past year, this is about future growth prospects. Is it going to be organic, inorganic? That's the question.

Krishna Chivukula Jr.: I think going forward, obviously, that's a very good question, and it's always a question…

P. Balasubramanian: KJ, wait a minute. He has a follow-up. Yes, please go ahead.

Bala Murali Krishna: No, I will ask later. Please go ahead, Krishna.

Krishna Chivukula: Can I address that? The organic growth will be very, very satisfying. However, INDO-MIM is a global company. It is headquartered in India, has operations in U.S., in the United States, and quite possibly in Vietnam and in Singapore in the future. A lot of that will be organic growth, which will be very strong, because we have a big platform all over the world.

But at the end of the day, there is a lot of opportunities that will come up, and we will be very opportunistic in terms of inorganic growth possibilities, where we acquire companies abroad and bring the technologies back home to India.

As the Indian economy grows, we constantly have exposure to the most advanced technologies being developed in Europe and in the United States. Our presence globally is very unique in terms of future opportunities and the position in INDO-MIM. That is my answer. Yes.

Bala Murali Krishna: Yes. Thanks for that.

Krishna Chivukula: Is it clear?

Bala Murali Krishna: Yes, it's clear. On the capex plans for this year, I think we have some backward integration plans to produce raw metal in our facility itself. Other than that, do you have any capex plans, and how does this capex will shape up the growth or margins?

Krishna Chivukula Jr.: I'll take that question. Sure. I think, generally, on our primary processes, we have plenty of capacity, whether that's in metal injection molding or in casting. But investments will be targeted at things like secondary operations, machining to finish parts. We have some very significant programs developing, which will require investment over the financial year.

Numbers exactly are coming in now. But again, no real major capex investments in our primary processes. Most of the capital expenditures will be for secondary processes to support existing programs that are ramping over Q2 and Q4.

Krishna Chivukula: All right. That's all. Thank you. All the best.

Moderator: Thank you. Next question comes from the line of Deepak Krishnan with Kotak Institutional Equities. Please go ahead.

Deepak Krishnan: Yes. Just wanted to understand on growth prospects. Essentially, you've touched upon a bit on the humanoid robots, as well as some of the initiatives you were looking in consumer electronics. Any progress there? And maybe just both, you've broadly indicated Triax, but if you could sort of give a growth number, maybe this year, next year outlook for both Triax as well as the aerospace machining.

In that context, wanted to understand how big is this deal signed with Safran Aircraft Engines last month? And what is the purpose of this new subsidiary set up in Vietnam? When do you start seeing revenue coming from it, and what are sort of the prospects over there? If you could sort of answer that, I'll come back with the second questions.

P. Balasubramanian: KJ?

Krishna Chivukula Jr.: I'll start with Vietnam. Yes, you've seen the expansion into Vietnam. That is related to our electronic component manufacturing segment. We should be expecting that to start generating revenue in fiscal 2028. What was the other question in terms of the general electronic component manufacturing?

P. Balasubramanian: Right.

Krishna Chivukula Jr.: The numbers for that, in terms of both growth, it's a little bit slower so far in Q1, Q2. But we do expect to be achieving budget in this segment. We also expect growth in the future, though obviously we can't talk numbers at this point. But it is a very strategic focus, and we do expect the Vietnam operation to be generating revenue in fiscal 2028.

P. Balasubramanian: KJ, the question was on Safran, what we signed up. You can give your idea.

Krishna Chivukula Jr.: Safran. Yes. Safran, it's a long-term contract. I don't think we can really talk about the numbers quite yet. Can we talk about numbers, Bala, or no?

P. Balasubramanian: Yes. Not numbers. Actually, we are asking what is the objective? What do you think about this business? Because we have signed up something, do we see a very positive trajectory in that?

Krishna Chivukula Jr.: Got it. I think, yes, overall, I think it's very, very positive. I mean, the Safran business, in my opinion, what you're seeing now is the European OEMs start making room for capacity for basically other programs which are military-related, generally due to the increases in defense spending. So, companies like Safran and many others that we're in discussions with, right, have very, very significant business that they wish to source overseas across the civilian aerospace and the drone space as well.

We're seeing a big increase in the number of IGT programs, in the civilian aerospace programs, along with very, very significant activity in the drone component space, which is emerging right now. But everyone realizes, I think that, these sorts of programs come with very high volumes. Now, where the business with Safran can go next, we don't know.

We first have to execute on these contracts, obviously do well in product development. But, Safran, once you prove with them, I'm very confident that it will result in additional business, but we have to execute on what we have first.

P. Balasubramanian: Deepak, short inputs to more. As far as Vietnam is concerned, what we are going to do is development work will be done in Vietnam. It will actually push up the business in India ultimately. As far as Safran is concerned, Safran is not the only OEM with whom we have signed. Basically, every one of these agreements signed opens up the door for more and more components to be manufactured for them.

Aerospace business growth is going to be dependent on adding new parts all the time. And we are really getting the speed right now. As we sign new agreements, actually more and more parts open up for us. We had indicated earlier that about 1,200 components we do for aerospace business right now. Our job is to increase at least by 400 components in the current year is what we had indicated earlier. We are on the way. I think all these things will help us to do that.

Krishna Chivukula Jr.: Yes.

Deepak Krishnan: Sure. Maybe just one follow-on on Vietnam. Can you sort of indicate who the client is? Is it a Korean major, American major? Any other detail that you can sort of share there?

P. Balasubramanian: We can't do that. You know that.

Krishna Chivukula Jr.: We can't do that, but we can't do that.

Deepak Krishnan: Sure. Maybe just wanted to broadly check on last year seasonality-wise. We saw 3Q, 4Q to be slightly weaker than this. Is that the case that December quarter, because of U.S. holidays, is relatively softer and then Q4 picks up? Is that a similar seasonality we expect this year as well, or it is more of just product mix in every quarter?

P. Balasubramanian: Actually, last year was slightly different. We had electronic component business from India, which actually added significantly in the first quarter, which was not very less in the second quarter. This year, that swing is not there. We expect it to be more even quarters in this current year.

Deepak Krishnan: Sure. Okay. I will just get back on the queue for follow-up questions. Thank you.

Moderator: Thank you. Our next question comes from the line of Manav Jain with Waaree Family Office. Please go ahead.

Manav Jain: Just wanted to understand on the gross margin level, what was the reason of the expansion? Was it RM prices? Was it component mix or sector mix, or FX? So what was the reason of the gross margin expansion?

P. Balasubramanian: Entirely it is on account of combination of parts. There have been no increase in the RM prices during this period. The forex has been more or less stable. So it is basically component mix.

Manav Jain: The component mix.

Krishna Chivukula Jr.: Component mix is better. Outside better operational leverage.

Manav Jain: Okay, got it. How much FY27 revenue are you expecting from the U.S., what is the realized tariff impact, are you guys absorbing it or the customers absorbing on their side?

P. Balasubramanian: You asked about tariff, Manav?

Manav Jain: Yes.

P. Balasubramanian: Yes. Tariff is actually DDU.

Manav Jain: I am so sorry. Can you repeat?

P. Balasubramanian: We export the components on DDU basis. The impact is on the customer. It is not on us. As far as the business from U.S. is concerned, we expect it to be more or less at the same lines, about 55% or so was from U.S. last year. It continues to be around the same level. There has been no big change.

Manav Jain: Yes, I think that is all from my side.

P. Balasubramanian: Yes.

Moderator: Thank you. Our next question comes from the line of Raj Shah with Enam Asset Management Company. Please go ahead.

Raj Shah: Yes, yes. Thank you very much, sir. My first question was on the smartphone business. Just wanted to know, is there any progress for the proposed supply of MIM parts in the smartphone value chain? How do we stand over there?

P. Balasubramanian: KJ?

Krishna Chivukula Jr.: I think it's a transition which is happening. We're seeing definitely an uptick in the number of development programs, but it still hasn't translated into numbers yet, but it's definitely something that we'll be updating on in the future as it matures.

Raj Shah: Okay. Can we hear something in this financial year, or you expect this is a much longer term project?

P. Balasubramanian: Raj, actually we will come to that.

Krishna Chivukula Jr.: We will know by the end of Q4, right, what the numbers will be in this segment for the current financial year. Last year, what happened is most of the sales were front-loaded into the first two quarters, right? We see this year in that space is a little bit more even. I mean, I think we should be on budget or a little bit below for that segment, but it will also set up a very strong fiscal 2028.

P. Balasubramanian: Raj, your question was on MIM components. We will get a fairly good idea about it by Q4, because the MIM components, when it starts, we will get the tool orders first. We will let you know. Right now, there is a delay from the customer side for sure, for start of MIM components in India. We will get to know in days to come.

Krishna Chivukula Jr.: Yes. Lots of discussions, but nothing that we can announce at this point in time.

Raj Shah: Understood. Understood. Sir, second question was on the industrial gas turbines business. I am not sure if we are in the value chain of GE, but recently we read the news of SoftBank canceling orders worth few gigawatts for the GE order book. Are we impacted in this, by this trend, and what are the prospects in that business?

Krishna Chivukula Jr.: With regards to GE, and that trend, I think what you are saying is GE canceled some orders with suppliers. Is that what you are saying? You are asking about, do we see that in any other places?

Raj Shah: Yes, yes. SoftBank canceled some orders from GE.

Krishna Chivukula Jr.: Right. One thing is, strategically, when we approach this business, you got to approach it through two lens. One is the technical capability required to execute these components, along

with the quality systems, which is very significant and difficult. The other obviously is your penetration in the space, and the third is where the market is headed.

In terms of what we see, and what we have done over the past two or three years as our presence in this space has started to mature and we run programs, is, one, we are penetrating across the board when it comes to OEMs, whether that is aerospace or IGT. Aerospace obviously takes longer to mature, but also has very, very significant growth potential then over the next 10 years due to the increase in number of engines sold to Southeast Asia.

IGT is going to be booming, it looks like, at least for the next decade to 15 years, as the generation requirements associated with the gas turbines continue to mount. In terms of any market pullout, we do not, like GE, or we do not see any of that, right? What we see is OEMs that need capacity, and if you have the technical capabilities, they will come to you, right?

They are willing to work at this point in time because there is a huge amount of demand, and they do not have the ability to solve all of it. That means aerofoils and casings and housings, all of the standard IGT components have very, very strong demand right now. There is a lot of very, very active product development going on across the group in this area.

P. Balasubramanian: Raj, to answer your question, having seen, we cannot talk about any one customer, but we can generally tell you we have not faced any cancellation till now on this segment.

Krishna Chivukula Jr.: Yes, zero cancellations. Excuse me, I should have just said that directly.

Raj Shah: Okay. Got it. Thank you very much, sir.

Krishna Chivukula Jr.: But the opposite. Customers seem to be pulling in things, and customers, as soon as you demonstrate capability on the first program, they are generally willing to start discussions on the next package. It is a very favorable market as long as you have the technical capabilities to execute on the program, which we do.

Krishna Chivukula: I think one of the comments I would like to make, GE is not the only supplier to the industrial gas turbine market. There are other players in the market, OEMs, like ProEnergy, so on and so forth. We have seen a very good order book from these other OEMs of gas turbines. For example, the South Korean companies, the American companies.

I was saying good stuff from there. GE is more vertically integrated. Except for aircraft engine parts and the hot zones and stuff like that, the rest of it, GE is pretty self-sufficient. They just bought some companies in the food chain. It is a big market. GE is not the only player. That is the main point I want to make. There are several others, and we are actively supplying them.

Raj Shah: Okay. Thank you, sir.

Krishna Chivukula: It is definitely a growing market. Definitely a growing market with a lot of potential. We are in there solidly.

Raj Shah: Thank you so much, sir.

Krishna Chivukula: Right, of course.

Moderator: Our next question comes from the line of Praveen with Avendus Spark. Please go ahead.

Praveen: Yes. Thanks for the opportunity, sir. I just wanted to kind of repeat the segmental revenue breakup and the Y-o-Y.

P. Balasubramanian: Yes, you will get it in the presentation from the stock exchanges. They already given it.

Praveen: No, see the aerospace and automobile segment?

P. Balasubramanian: Praveen, can you repeat it?

Praveen: The aerospace and automobile and consumer part, those revenue numbers?

P. Balasubramanian: No, the numbers are there. Do you have any specific questions about the numbers, sir?

Praveen: Sir, in the presentation uploaded, it is there in the just as a summary, right? The revenue segment, you are saying it will be uploaded right now?

P. Balasubramanian: Yes, it has been uploaded in the Stock Exchanges. I am sure you will get the numbers. Okay? You can see the numbers. It is available.

Praveen: Okay. And one more thing on the ECM manufacturing, whether we will be expecting the same revenue what we have generated FY26 as the overall FY27?

P. Balasubramanian: Sir, actually, if you remember, we had indicated about INR40 crores lesser BDL in the current year.

Praveen: Correct.

P. Balasubramanian: Right now, we have completed INR268 crores in the first half. Roughly the same number will come. What we need is about INR480 crores to INR500 crores. That is the target for us. Yes, we will be there.

Praveen: Okay. Okay. Thank you.

Moderator: Thank you. Our next question comes from the line of Abhinav with ICICI Securities. Please go ahead.

Abhinav: Yes, sir. Thanks for the opportunity. My question is, you touched upon humanoid applications as well as satellite applications. Can you elaborate on this? What are the volumes currently? How much can this scale up to? What is the, in terms of value, what is the revenue expected?

Krishna Chivukula Jr.: We cannot talk numbers at this point, but we have active programs under development. We are very active in this space across multiple customers. You will see there will be an update on that once the numbers start coming in, probably in January. We can talk fully. We are very active in this space across multiple customers.

Abhinav: Understood.

Krishna Chivukula Jr.: We are very positive about its future prospects. Until actual numbers come in, I think it is better for us to be a little bit. We got to get the numbers before we can report the numbers.

Abhinav: This is across multiple customers, right? Not focused on just one customer.

P. Balasubramanian: I can give you one idea, sir. KJ, I can give you one idea. You read what is being spoken by the topmost guy and what is the number that they are being spoken. The numbers are very high.

Abhinav: Understood.

P. Balasubramanian: We have to be right there in that space. Even if the number that they are talking about, 10% is achieved, that is going to be a superlative year for most of the guys who are supplying to this industry. INDO-MIM is not going to be any different. We are not talking about 100% or we are talking about just 10%. Okay?

Abhinav: Got it, sir.

P. Balasubramanian: I am sure enough, public ideas are there. You can see for yourself. You know what it is.

Abhinav: Understood, sir. Yes. Sir, my second question is on backward integration. Just wanted to understand what are the plans there? What is the total powder melting capacity? How much of this powder you intend to use for captive? How much for external sales? What benefit at EBITDA level one can expect from this backward integration?

P. Balasubramanian: Actually, this is something which we have done basically for, primarily for supply chain security. But once we start doing it, we get advantages on account of the fact that we are there at the right place when the emerging demands come. Right now, what we are putting up is an iron powder manufacturing facility. Roughly about 3,000 tons per annum is what we will be producing out of that.

We will need about 1,500 tons- 2,000 tons for our expanded requirements. Maybe about 1,000 tons- 1,500 tons will be available for sale. There are some very interesting applications which we are talking with the customers, potential customers right now. We cannot name the customers, we cannot talk about the applications.

But we feel that this capacity that we have in addition to whatever we need can be comfortably disposed of for a much higher value addition than what we are doing right now at this point in time when we are buying the powder from outside. As far as margin assumptions are concerned, right now we do not assume any margin.

Krishna Chivukula Jr.: He is talking about the stainless steel, Bala.

P. Balasubramanian: As far as the stainless steel powder is concerned, that is already there, KJ, that is why I did not speak. So we have already done the backward integration where for our own use, we have already done whatever is required. Now there also we have a very large customer who is looking for additional powders from us. We are in the process of setting up the facility for

them, evaluating the facility requirements, and probably we will have some surprise on that segment also in days to come.

But in most of the times when you are putting up capacity, you do it primarily to take care of your supply chain, and then it keeps adding additional businesses, additional lines of opportunities for you. Like when we put up stainless steel facility, we were initially thinking that we will actually ensure supply chain.

Then we got into additive manufacturing powders became very big. Thereafter, the newer applications are there. Due to confidentiality reasons, we are not able to talk about these applications right now. But in days to come, you will automatically see the impact on the top line as well as the bottom line on account of this. But right now, we are not assuming any advantage that will come out of this capacity in calculating our profitability.

That is because the capacity to be fully used will take some time. So during that period of time, you will not get the advantage of the reduction in the cost. Only when the capacity comes reasonably used, about 70% or 80% is used, that is when you will realize the value of operating leverage. We will talk about it in days to come.

Abhinav: Thank you, sir. All the best.

Moderator: Thank you. Our next question comes from the line of Omkar Salgaonkar with ITI AMC. Please go ahead.

Omkar Salgaonkar: What do we attribute the increase in inventory days?

P. Balasubramanian: Inventory days is a product of two things. One is, what do we do as a company for some of the customers who want just-in-time delivery? Point number two is, I think you're comparing H1 versus H1. The second thing is, there is always some lumpy increase in raw material storage because we have to order minimum quantity, and then the usage actually comes over a period of time, especially for two businesses, our casting business and machining business.

The raw material orders are lumpy because we have to take the entire heat and we have to consume over a period of time. As far as the WIP increase is concerned, it has something to do with the order book.

Sometimes the customers schedule orders in such a way that we will have to build up a bit more so that we are able to deliver to their requirements. These are conscious decisions that have been taken, but we are definitely working on reduction in the inventory by the end of the year. That's our target for the current year for the balanced five months.

Omkar Salgaonkar: Okay. Which segment was this in? Any specific segment?

P. Balasubramanian: Typically, aerospace machining and IGT business will need higher raw material holding. As far as the inventory in WIP is concerned, it is in the MIM segment that you will have higher WIP inventory because we undertake components which involve substantial amount of finishing. MIM is a very efficient process, it is faster, whereas the machining operations are a

bit slower. So you end up with slightly more amount of WIP so that you can ensure just-in-time delivery of large quantity.

Omkar Salgaonkar: Okay. Got it. Secondly, how do we see the defense segment growing, and is that the highest margin segment for us?

P. Balasubramanian: Medical is the highest margin segment because it is lifestyle business. The defense segment, we are expecting it to grow in India significantly in the next two years, because a lot of companies have been licensed. We are into small arms components. We are not into large arms. Small arms components business is opening up in India. About 30 companies or so have got license for manufacture of small arms.

For more or less most of the companies, we are the component suppliers and we have given the first set of samples to them. We are waiting for government order to start with so that they can go out and sell in the world. So we expect a good growth in defense business in India in general. Being a component manufacturing company, we get the additions of this business only when they get the orders.

As far as the overseas business is concerned, we expect the growth in this year, probably even during prior to IPO also. We are expecting that NATO spending on defense is actually going to make a significant difference for defense business in European area. U.S. continues to be robust and growing. So overall, we see that defense business is going to be a growth driver for us.

Krishna Chivukula Jr.: I would also add that when it comes to the European market, right, we are only just now seeing the big increases starting to flow through. So it still will take a couple years for that market to mature in the defense space, but it is clearly going to happen.

Omkar Salgaonkar: Got it. Thanks.

Moderator: Thank you. Our next question comes from the line of Deepak Krishnan with Kotak Institutional Equities. Please go ahead.

Deepak Krishnan: Hi, sir. Thanks for the follow-up. Just wanted to understand what drove the 46% growth in consumer segment in 1H. Anything particular that you would want to call out, and how does this momentum sustain into 2H as well?

P. Balasubramanian: The small business, Deepak, the percentage growth should not be read too much. There is healthy growth of parts in this business, so things are growing. Number grows up, then we have to worry about it. Right now, growth is there because parts are coming.

Deepak Krishnan: Sure. Maybe just one question on your other income. Is the 2Q a correct run rate, or was there something favorable last year, and this year you've sort of seen a Y-o-Y dip 1H to 1H?

P. Balasubramanian: We expect the numbers to be slightly lower than last year. See, last year we had other income on account of some of the One is, of course, the fact that some of the refunds which were due from government agencies came in. There was also foreign exchange differences. But we don't

expect that to be very significantly different in the current year. Whatever is there at the end of Q2, probably you'll have the double of that number by the end of the year.

Deepak Krishnan: Sure. Maybe just Triax EBITDA margins currently and on steady state, if you could sort of highlight that.

P. Balasubramanian: You are talking about Triax?

Deepak Krishnan: Yes, Triax.

P. Balasubramanian: See, Triax, we had indicated that we will be doing about $32 million-$35 million of top line in the current year, and at that time, we will be at EBITDA neutral. That is what we had indicated. We are heading towards $32 million, so we expect that by the end of the year, we may be close to the neutral number. That is what we feel. We want it to be first cash flow positive. Thereafter, we will be able to talk more about it.

Deepak Krishnan: Sure. Thank you.

Moderator: Thank you. Our next question comes from the line of Kishore Kumar with Unifi Capital. Please go ahead.

Kishore Kumar: Yes. Good evening, sir. Thanks for taking my question. Sir, I have a question on the new business opportunity that you are looking at, the private satellite application and the humanoid robots. Can you give us a brief on what is the addressable market for the MIM components? For the private satellite application, is it going to be a MIM component or the casting component that we are looking at?

P. Balasubramanian: Hey, KJ.

Krishna Chivukula Jr.: Yes. We cannot give an exact number for the humanoid, but you can see, we have many, many components that are being developed across the entire space, with what would basically be all the major players that are in the space. If you believe their numbers, then it is going to be very, very significant in terms of its impact. I think Bala already mentioned that even if 10% of these volumes come through, it is going to move the dial in terms of top line for basically all the suppliers participating.

We are not just doing MIM parts in that space. We are also doing MIM parts plus machining. There is additional machining discussions that are happening. We cannot really talk about them, but they are all very significant, and the volumes are quite large. We will have a better update in January on its impact in fiscal 2028.

When it comes to the space-based applications, what we are seeing there is it is not just MIM, it is across the group. So, it is MIM, it is castings, and it is machining. The volumes across all three segments are very significant.

Kishore Kumar: Got it, sir.

Krishna Chivukula Jr.: Like I said before, we will be able to say more on this in terms of its impact on numbers in January.

Moderator: Thank you. Next question comes from the line of…

Krishna Chivukula Jr.: The segment is very strong.

Moderator: Thank you. Next question comes from the line of Naman with Sanghi Family Office. Please go ahead.

Naman: Great. So congrats on a good set of numbers. Actually, wanted to understand more from a broader perspective. Over the next two, three years, there are a lot of emerging opportunities coming in. Does that help us to be confident that what the past growth rates would have been, like a mid-teens, we could surpass those over the next two, three years, considering that there are so many things that seem to be of broader interest, and our capabilities have also expanded. How does the next two, three years look? If you could highlight on that would be great.

P. Balasubramanian: Naman, everybody leaves on hopes.

Krishna Chivukula Jr.: You want to go, Bala? You want to take it?

P. Balasubramanian: Yes, I will say that. Naman lives on hopes. Yes, we are definitely looking at many interesting opportunities. But generally, you would have seen, even during IPO, we have told that we only count those chicks which have hatched. So, we look at the numbers when they come and present in front of us saying that, at least the sample is developed and order is placed in front of us.

That is when we start counting. But generally, the industries in which we are operating today, they are all going through some explosive growth. At least that's the public indication in all these industries. So, a company which can develop solutions and deliver quality products on a timely basis will always stand to gain in situation.

But it will be very tough for us to say, for example, if somebody comes and says that, I am going to do 10 million robots, I cannot directly assume 10 million robots multiplied by my BOM value and say that at least 50% of that will come to me or 80% of that will come to me. So, definitely, in some of the industries, the numbers really look great. It's a good kind of situation to be in, where the customers are chasing the suppliers.

And we will, as the opportunity emerges, we normally give our guidance for the following year in the month of February when we draw the budget. Then during the year, we try to see whether if there is any negative development, we talk about it. If there are positive developments, we generally don't talk about it. So, we can only tell you these things.

We are into aerospace machining, which is a growth industry. We are into IGT business, which is growth industry. Humanoid robot is a growth industry. Private satellite business seems to be a growth industry from what is indicated in the marketplace. Defense in general is

growing. So, we are in growth industry, and we are a company which is hungry, willing to deliver.

So, rest is something which we can- Medical, of course. We are just scratching the surface, because it's about a 10-year-old industry or 15-year-old industry as far as MIM is concerned. We're just scratching the surface. So overall, we are in a very positive kind of situation. Then you can make your calculations if you're in a growth industry, what all you can do.

Moderator: Thank you. Our next question comes from the line of Dakshesh Gupta, an Individual Investor. Please go ahead.

Dakshesh Gupta: Yes. So, sir, I was asking that currently, major of our revenues come from automotive segment, as I can see, 25%, then defense and medical. Going forward, say down the line two to three years, how then the mix change of the segment? Like in aerospace also, we are seeing lot of opportunities coming in. Defense, you talked. New sectors like humanoids and satellite programs are emerging. So, how can the mix change going, say, two to three years?

Krishna Chivukula Jr.: I will take that. One, we only report numbers, right, once we have confirmed tooling POs or confirmed program POs, if it is machining or casting. Casting is also a tooling PO. So, being able to say how the mix will change is going to depend on basically over the next three years, what are the parts that are developed in fiscal 2028, fiscal 2027, and fiscal 2029, right? So, we only have some of that, right? We do not know exactly, right, what is going to be going on in fiscal 2028 in terms of new business development wins.

But what I can say is that there is a tremendous amount of activity and a tremendous amount of commercial discussion revolving around electronic component manufacturing, land-based gas turbines, IGT, civilian aerospace jet engine applications, a lot going on in medical.

In terms of the aerospace machining, across the entire group, there is a lot of activity. Now, how that shapes up in terms of the relative mix over the next three years, while we cannot predict that, we do know that, as Bala just mentioned, in all of those segments, there is either a boom going on, right?

That would be IGT, or a huge amount of product being launched and ramped. That would be humanoid and aerospace. And in that environment, right, while we may not be able to predict, we know that we are going to be able to win a lot. And ultimately, the product mix is going to depend on what we win.

Dakshesh Gupta: Sir, have the talks been very encouraging with the end users that we are doing talks with?

Krishna Chivukula Jr.: I'm sorry, could you please repeat that question?

Dakshesh Gupta: Sir, how have the talks been? Are they very encouraging, or are they going at a slower pace with our prospective customers in the new age technologies?

Krishna Chivukula Jr.: I think, in terms of how quickly our customer is adopting or sending in orders, across the machining, casting, metal injection molding, powder, ceramics, what we see is, let's take

civilian aerospace. The way these programs work is, your first package may only be like four or five parts. Historically, you'd have to finish the whole package, demonstrate maybe six months to a year of shipments before getting the next package.

What we're seeing right now in aerospace, IGT, space-based applications, humanoid applications, is that either the product launches or the future anticipated demand for which they got to prepare today, because the lead time in IGT is very long, on getting that equipment. The moves that suppliers are making today are really about demand in 2029, 2030, which they've got to get parts and suppliers onboarded right now.

But across that entire sweep, we see strong growth. Now, how does the product mix end up over the next three years? That is going to depend on what we win.

Moderator: Thank you, Mr. Gupta. You may please rejoin the queue for more questions. Our next question comes from the line of Rajat Kataria with Share India Securities. Please go ahead.

Rajat Kataria: Hi, sir. Congrats on a good set of numbers. I just wanted to understand the segment level margin mix. Can we get a Q-o-Q segment mix in terms of revenue for the quarter one and quarter two to get a better understanding of the margins?

P. Balasubramanian: We will give you half-yearly, segment-wise, but we will not be giving you margin numbers because there are a lot of approximations when it comes to margin calculation. You can just take the direct variable cost alone, but that will not be good indication for you because ultimately, the products become profitable because of combination of these. So, there is definitely approximation as to what are the allocations. So, it will be-

Rajat Kataria: Can we get a Q1 to Q2 comparison for the segment mix so that we can get a better sense of what the margins are on the segment basis?

P. Balasubramanian: Raj, it won't help you. I'll tell you why. In the same medical business, I may have components which are high profit margin and comparatively lower profit margin. It depends on the complexity in that particular component. So, it is not that segment is not the only driver, though segment is a driver. There are segments like automotive, which are price sensitive, where the numbers could be under pressure.

But in high margin businesses, let's say, even in defense components, all the components don't have the same kind of margin. So, it is one of the variables. We have seen this earlier too. That is the reason why we don't make a generalization saying that always medical business will be more profitable. Broadly, I can say that. But just because the medical business has gone up during the quarter, that doesn't mean my margin will go up significantly.

It may be heavier components that I'm doing, because of which the margin may be at the same level as it was in the previous year or lower also. So that may be not a good way of modeling the margin. I think you should take the weighted average number as it is and then work. That's what I would suggest.

Rajat Kataria: Got it. And for-

Krishna Chivukula: Yes, I have one more point.

Rajat Kataria: If you have the margin guidance, if you could tell that.

P. Balasubramanian: We will definitely give you in January what is going to be the number. Broadly, we Yes.

Krishna Chivukula: I would like to make one comment here. We compete in many verticals all over the world, and we have one single sales organization for all the verticals. Our SG&A, and even the debt levels and the interest that we pay, they are sort of combined. Our competition does not have an idea where we are making real money, and we would like to keep it that way.

You really can go down, but for us to accommodate your request, we have to go down to the contribution margin, gross margin level, and allocate overheads for each vertical, which is not only a difficult task, it is an unrealistic task for us, and also competitively puts us at a disadvantage, from my point of view. I mean, I run the whole company, all the verticals, all over the world.

From my point of view, a certain amount of opaqueness, the competition is important. We prefer not to divulge that publicly. I hope you understand. Hello?

P. Balasubramanian: Yes, yes. Sir, well answered.

Moderator: Yes, participant has left the queue. Our next question comes from the line of [N. Suresh with Clare Investments Private Limited 0:57:39]. Please go ahead, sir.

N. Suresh: Very good afternoon, sir. Thank you for the opportunity. My question is regarding the inventory days, which has significantly increased to 41 days as of H1 FY27. I wanted to know, what could this number be by end of FY27 and FY28 ahead?

P. Balasubramanian: Actually, the inventory days in reality will be lower than what is indicated here because there is a conventional method. We expect that we should be able to compress it by about 75 days by the end of the year in the method in which we are calculating now.

N. Suresh: Okay, so 75 is like drastic reduction.

P. Balasubramanian: Sometime it will come down by 75 days. That is what I am saying.

N. Suresh: By 75 days. Okay. And sir, my second follow-up is, can we expect this year to close with a bottom line of around INR900 crores?

P. Balasubramanian: We have given a guidance of INR850 crores. We will let you know that in the January.

Krishna Chivukula Jr.: Exactly.

N. Suresh: Okay.

P. Balasubramanian: We mentioned the guidance from the beginning of the year. That will be updated in January.

N. Suresh: Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing remarks. Thank you. I now hand over to you.

P. Balasubramanian: I would like KC to give an idea about what all inorganic opportunities he is seeing after the last question.

Moderator: Yes, this is the last question, Bala. KC can start off with his comments. We are done with the questions.

P. Balasubramanian: What offerings you are looking at the industrial scenario? What are the opportunities you are evaluating?

Moderator: KC sir?

Krishna Chivukula: In terms of inorganic acquisition, we have several companies that we are looking at right now. We started our M&A activity four years ago. It takes a lot of time for M&A activity to come to fruition, if you will, because the company you want is not available for sale, and the company is available for sale that you don't want. That's typically what happens all over the world. The target areas for us in Europe, we want to make a strong entry into Europe with boots on the ground in the next 12-18 months.

Boots on the ground means manufacturing in Europe for Europe, because that's the way the whole world wants. They want made in India for India, made in America for America, made in Europe for Europe. That's what I expect to happen in the future. Of course, we'll export from India also.

We're looking at companies in Europe in the supply chain for the gas turbine industry, for the vacuum castings business, both plants, as well as in Tirupati in India. To add to our business in Europe, we're looking at a few companies to buy. They're not huge companies, in the range of maybe $20 million, $30 million, $40 million, $50 million.

If we cannot buy, and there is every chance we may not be able to buy, KJ is already preparing the plan to go organic in Europe. We can do a startup in Europe, for Europe, and we're strong enough to do that, not just financially, but operationally as well. We have one of the strongest engineering teams in the whole world, in India as well as in San Antonio and in Arizona.

The acquisition program is kind of focused towards buying an MIM company in Europe, or buying a vacuum casting company in Europe, or buying a supplier to vacuum casting companies in Europe, cetera, etcetera, etcetera. That's one area we're looking at very actively. We are looking at companies actively. We are speaking to them as we speak to you right now.

But I cannot give you a timeframe as to when they're going to close or they're not going to close. If they don't close, we are going to do greenfield in Europe, and we have the capacity to do it. We have the market presence to do it. We're the leader in the world. Nobody can even come close. That's the plan for Europe. In America, yes, we are looking at some companies. We have not spoken to them yet.

Our investment bankers are looking at them. And maybe in the middle of next year, early next year, I may be able to give some more guidance for both Europe as well as for the United States. In India, we're not planning on any acquisitions, because we're there already. We're looking at Singapore as well for MIM acquisitions, because we want to consolidate the market and gain some pricing efficiencies down the road in the future. I think this is the best I can say at this point. Bala, any addition? KJ?

P. Balasubramanian: No, nothing, sir. That's okay, sir. Do you expect inorganic opportunities to play a very significant role in the company's growth? That was the question from me.

Krishna Chivukula.: Well, given that organic growth will be excellent in the next three, four, five years, our goal is to compound that value by doing inorganic growth acquisitions. I think there's a whole concept of arbitrage as well in the future, in terms of our strength financially, operationally, playing a good role in terms of our ability to buy companies abroad. I think the whole idea here is there is a lot of drone technology in Europe and in the U.S. that will need to come to India for India to become like China in the future.

Just like we brought MIM technology when it was zero to India, and now it's become a great technology, we brought it from America. Similarly, in the future, we don't have to reinvent the wheel in India.

We can buy a nice big company in Europe or America, take the technology, bring it to India, and grow it in India. Grow the company in India as well. That way, we really become a global company. Does that answer the question, sir?

P. Balasubramanian: Yes, sir. Thank you, sir. From my side, okay. Yes.

Parikshit D. Kandpal: Thank you. Thank you, Bala. Anything else? Or we can close the call now?

P. Balasubramanian: Yes, I think so. Thanks, Parikshit.

Parikshit D. Kandpal: Okay, Danish. Thank you. I think we can close the call. Everyone, have a nice day.

Moderator: Thank you so much. Ladies and gentlemen….

Krishna Chivukula Jr.: All right. Thank you so much, everyone.

Moderator: Thank you so much, sir.

Krishna Chivukula: Well, thank you all. I hope it was helpful.

Moderator: Thank you. Ladies and gentlemen, on behalf of INDO-MIM Limited, that concludes today's call. Thank you for joining us, and you may now disconnect your lines.