



Date: 14 November 2025

To,

BSE Limited,
20th Floor, P.J. Towers,
Dalal Street,
Mumbai - 400001.
BSE Scrip Code: 544294

National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051
NSE Scrip Symbol: ROSSTECH

Subject: Transcript of the earnings call held on 11 November 2025.

Dear Sir/Madam,

Pursuant to Regulation 30 and 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the earnings call that was organized to deliberate on the business performance and financial highlights for the quarter ended 30 September 2025.

Request you to kindly take the above information on records.

Thank you,

For **Rossell Techsys Limited**

KRISHNAPPAYY
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KRISHNAPPAYYA DESAI
Date: 2025.11.14 16:39:17 +05'30'

Krishnappayya Desai
Company Secretary & Compliance officer

Encl: Earnings call transcript



**“Rosell Techsys Limited
Q2 FY '26 Earnings Conference Call”
November 11, 2025**



MANAGEMENT: **MR. RISHAB GUPTA – MANAGING DIRECTOR –
ROSSELL TECHSYS LIMITED**
**MR. SENTHIL BALASUBRAMANIAN – CHIEF
EXECUTIVE OFFICER – ROSSELL TECHSYS LIMITED**
**Ms. ZEENA PHILIP – CHIEF OPERATING OFFICER –
ROSSELL TECHSYS LIMITED**
**MR. JAYANTH V. – CHIEF FINANCIAL OFFICER –
ROSSELL TECHSYS LIMITED**

MODERATOR: **MR. MANISH VALECHA – ANAND RATHI SHARES AND
STOCK BROKERS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Rossell Techsys Limited Q2 FY26 Earnings Conference Call, hosted by Anand Rathi Shares and Stock Brokers Limited. As a reminder, all participant clients will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes.

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. Manish Valecha from Anand Rathi Shares and Stock Brokers Limited. Thank you and over to you, sir.

Manish Valecha: Thank you. Good morning, ladies and gentlemen, and thank you for joining for the Q2 FY26 earnings conference call of Rossell Techsys Limited. We have with us from the management team today Mr. Rishab Gupta, Managing Director; Mr. Senthil Balasubramanian, CEO. Ms. Zeena Philip, COO; and Mr. Jayanth V, the CFO.

I now hand over the call to Mr. Rishab for his opening remarks, post which we will take the questions from the participants. Thank you and over to you, Mr. Rishab.

Rishab Gupta: Thank you, Manish. Good morning, everyone. I'm Rishab Gupta, Managing Director of Rossell Techsys Limited. We have with us Mr. Senthil Balasubramanian, Chief Executive Officer, Ms. Zeena Philip, Chief Operating Officer, and Mr. Jayanth, Chief Financial Officer. We have recently onboarded Mr. Senthil Balasubramanian as the Chief Executive Officer of the company. He's a seasoned aerospace and defense professor with 30 years of global experience including a decade at Collins Aerospace and a tenure as a Country General Manager at ITT Interconnect Solutions.

Mr. Balasubramanian holds dual master's degrees in Engineering and Business Administration from the United States and with certified Six Sigma Black Belt reflecting his strong technical expertise, business acumen, and professional excellence. On behalf of the management team, I extend a warm welcome to all our investors, analysts, and stakeholders joining us today. Thank you for your continued trust and support in our journey.

Rossell Techsys Limited stands as a leading player in high technology, engineering, and manufacturing with deep expertise in aerospace and defense. We deliver high reliability systems and solutions to global OEMs and Tier 1s with a strong foundation in aerospace and defense, and we are accelerating into meeting complexity in high-volume semiconductor and space technologies, creating a diversified growth engine for the future. It is an absolute pleasure to celebrate a truly historic quarter and share an overview of Rossell Techsys Limited.

The quarter ended September 30, 2025 is exceptionally significant for us. It marks the most remarkable performance in our company's history with record-breaking achievements across revenue, profitability, and operation execution. This is not just a milestone, it is a clear signal of strength of our strategy and the resilience of our team. The fruits of the hard work and capability

investments we have made over the years are now beginning to pay off, reinforcing our confidence in the path we have chosen and the opportunities that lie ahead.

Our turnover for the quarter stood at INR126 crores, more than double that of last year's Q2 figure of INR51.35 crores. Profit before tax surged to INR6.7 crores compared to INR0.06 crores in the same period last year. We secured significant firm purchase orders and submitted bids totaling INR932.2 crores, including two major opportunities in the semiconductor and space technology segments.

For the first six months of the financial year 2026, we delivered historic growth across all key financial metrics. Revenue surged to INR212 crores, more than double the INR95.9 crores we achieved in the first two quarters of last year. EBITDA expanded nearly five-fold to INR27.1 crores from INR5.7 crores, while profit before tax turned strongly positive at INR10.7 crores, compared to a loss of INR5.9 crores in the prior period. This exceptional performance reflects disciplined execution, operational efficiencies, and strategic diversification. [inaudible 0:04:45]...

Moderator: Ladies and gentlemen, the line for Mr. Rishab Gupta has been disconnected. Please stay connected while we join them back.

Rishab Gupta: I got disconnected, so I'll just repeat what I said last. The exceptional performance of this year reflects a disciplined execution, operational efficiencies, and strategic diversification into high-growth sectors. With a robust order pipeline and strong execution capabilities, we are confident that this momentum will continue through the next two quarters, driving transformative growth in financial year 2026.

Revenues from a new customer in the semiconductor domain ramped up significantly, delivering strong contributions in its very first quarter post-qualifications. A major program successfully also completed qualification and source inspection, a milestone that positions us for accelerated growth in the space segment with a substantial order expected by the end.

Most of our customers have availed tariff benefits, so the recent changes have not impacted us at all. Furthermore, we implemented a robust entitlement number tracking system for all defense shipments, ensuring seamless compliance and enabling duty-free entry into the United States.

Our closing inventory today stands at INR286.37 crores, reflecting an increase of INR32.58 crores over the previous quarter. This is strategically aligned to fuel our ambitions for the year 2026 revenue targets. We have achieved a well-balanced increase in inventory vis-à-vis revenue, showcasing strong operational discipline and a strategic foresight.

On the people front, we now have 1,092 strong workforce with 856 people on role employees, backed by continuous focus on skill development and capability building. On the innovation and compliance front, our DSIR license has been renewed through March 2027. We cleared Stage 1 AS9110 audit and are moving closer to full certification, while preparations for CMMC 2.0 compliance are underway for November 2026.

On the capex side, to support the execution of the substantial new orders we received, Rosell Techsys, is undertaking a major capacity expansion of 150,000 square feet within its existing premises and at an estimated cost of INR70 crores.

Construction is scheduled to commence in the fourth quarter of this financial year, and the facility is expected to be operational within 18 months. This strategic expansion aligns with the robust growth trajectory we anticipate over the next few years.

Recently at the Lockheed Martin Annual Supplies Conference 2025 held in Bangalore, Rosell Techsys was honored with the Outstanding Supplier Recognition Certificate. The citation commended Rosell's outstanding support, dedication, and commitment to success and acknowledged our excellence in manufacturing cable harness assemblies for Lockheed Martin's aeronautics, rotary and mission systems, and missile and fire control programs.

Lockheed Martin further highlighted Rosell's collaboration, innovation, and creative cost-saving initiatives that drive affordability and contribute to the success of its global production programs.

Today, we are also diversifying beyond aerospace and defense into semiconductors and space technologies, onboarding marquee customers, and expanding our global footprint. Our focus is on engineering excellence, technology integration, and process automation, enabling us to deliver complex, high-value solutions with unmatched quality and reliability.

We are investing in design and development capabilities, advanced testing infrastructure, and digital systems to meet the evolving needs of next-generation programs. The growth outlook for the next two quarters are projected to deliver very strong growth, supported by a healthy order pipeline and accelerated execution momentum. We are strengthening our workforce and building advanced capabilities to ensure flawless delivery and sustained performance.

Strategic investments in technology, process excellence, and customer engagement will further enhance agility and competitiveness. With marquee customers onboard and significant bids and progress, we are confident of maintaining this trajectory and achieving exceptional revenue outcomes in the financial year 2026.

This outlook reflects disciplined planning, operational rigor, and a clear vision to establish Rosell Techsys, as a future-ready leader across aerospace, defense, semiconductors, and space technologies.

To fuel this growth, we are actively evaluating a fundraise up to INR300 crores through a qualified institution placement, which is a QIP, which will strengthen our balance sheet and enable investments in future-ready capabilities. The major objectives of this fundraise will be for capex and for Working capital.

To close, in conclusion, this quarter marks a turning point for Rosell Techsys. We have delivered our best ever performance and remain committed to sustaining this momentum. Historically, the third and fourth quarter are the strongest periods for our sector and with a robust order book, sectoral diversification, new customer wins and a clear road map for expansion, we

believe the best is yet to come. This positions us to deliver long-term value to all stakeholders and demonstrate continued growth in both revenue and profitability. Thank you once again for your trust and support. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Divyansh Thakur from Finterest Capital. Please go ahead.

Divyansh Thakur: First of all, congratulations, sir, on the great set of numbers. I wanted to ask, as you mentioned in your commentary in the presentation about getting qualified for some space segment programs. Like what all programs are there and what kind of revenue visibility do we see from that?

Rishab Gupta: We see significant growth with the space companies we've onboarded recently. Unfortunately, I can't disclose those companies and the programs that we're working on, but it's something we've diversified on, and we see that being a huge revenue for Rosell Techsys for this financial year and moving forward as well.

Divyansh Thakur: Okay, sir. Sir, following on, also if you can provide details on how is the partnership with companies like Airbus and Lockheed Martin will help the company in growing its business?

Rishab Gupta: Sorry, could you repeat that again? You said the par, if I'm not mistaken, I couldn't hear you very clearly.

Divyansh Thakur: No, no, no. So yes, partnership with companies like Airbus and Lockheed Martin as your customers will help the company in growing its business.

Rishab Gupta: Yes, sure. So with Lockheed, like I just mentioned, Lockheed had a conference this month in Bangalore, and we were one of the two companies who received a supplier recognition for that. And happy to say we're in constant dialogue with Lockheed to increase our relationship and increase our business and happy to say that we're going to be getting another contract for them from Lockheed Martin by the end of this year. So our relationship is very good with them and building. On the Airbus side, we've visited them recently and active dialogues are happening with Airbus. And hopefully, we're hoping that we can start a relationship with them sooner than later.

Divyansh Thakur: Okay, sir. Sir, also, is there any revenue guidance or margin guidance from your end for the full year as it is a second half heavy business and in the first half only the business has performed exceptionally well.

Rishab Gupta: Yes. And the second half always performs better. If you look at the history of Rosell, the third and fourth quarters have always been the best, and that will continue this year as well. So very excited about the next two quarters and the next year as well for Rosell.

Divyansh Thakur: Sir, is there any guidance on your side?

Rishab Gupta: Sorry?

Divyansh Thakur: Is there any revenue guidance or margin guidance from your end?

- Rishab Gupta:** So like I'm saying, it's difficult for me to give forward projections, but you can see the kind of momentum we've got in the first two quarters of this year. The momentum will definitely continue. In fact, it will get better in the third and fourth quarter of this financial year. On the margin side, I've always said the EBITDA margin will always be in the range of 15% to 20% moving forward. So that's the target of the company, and that's what we should be achieving moving forward as an organization.
- Divyansh Thakur:** Sorry, sir, 16% to 20%, right?
- Rishab Gupta:** 15% to 20%, yes, 15% to 20%.
- Divyansh Thakur:** Yes. Okay, okay. Thank you, sir. And all the best for the future.
- Rishab Gupta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Varun Mohanraj from Skaniva Capital. Please go ahead.
- Varun Mohanraj:** Thank you for the opportunity and good morning. So, in the previous call, we had mentioned that in the electrical MRO, we want to increase our technical capabilities from anywhere from 5% to 7% of the aircraft to 12% to 15% in the short-term.
- So, can you throw some color on like the qualitative factors we are working on or there to achieve this? Do we have to get into any adjacent product lines apart from wiring harnesses and just some color on it? Thank you. That would be my first question.
- Rishab Gupta:** Yes, yes, sure, Varun. So, on the MRO side, definitely, we are looking at investing in the MRO front. We've already applied to get a license. I'm going to leave it to my colleagues to give more of an explanation and understanding on this. So, Senthil, if you don't mind, if you could just give a bit of a background on the licenses we're targeting for MRO and what the plan is, please.
- Senthil B.:** Sure. Hello, everyone. This is Senthil Bala. I'm the CEO for Rosell, Techsys. To add to Rishabh's comments, the company has already applied for an AS9110 license, which is the MRO license. We should be able to secure that within the next 30 days. And once we have that, it's a huge additional capability that the company would have. And we already have our customers asking for this capability. So, this is going to be a good capability building partnership with our existing customers. Thank you.
- Varun Mohanraj:** Sure. Thank you. And my second question is regarding the INR300 crores QIP, which we are planning. So, I just wanted to know our plans after the fundraise, are we looking at any inorganic acquisitions or looking at any new product lines for our sunrise industries, which we're getting into? Thank you.
- Rishab Gupta:** So, the reason we're raising this capital and the money is primarily going to be used for capex and for working capital, to fuel our growth that we envisage coming away. We've onboarded a lot of new customers recently, and we're seeing a lot of potential with these customers and a lot of growth for Rosell with these new customers.

So, all our efforts are going to be done to ensure we can meet the demands of these different customers we foresee. And a lot of the money will be spent to become better operationally, to become more-lean moving forward, focus on consolidation and expanding our work with our existing customers while also expanding our customer base. So, that's the prime focus of the company moving forward and then looking at obviously getting into other products in the near-term.

Varun Mohanraj: Sure. Sir, thank you. And lastly, can you throw some color on the order pipeline? I think the order book you mentioned around INR700 crores. So, something on the pipeline would be helpful. Thank you.

Rishab Gupta: Yes, sure. So, today we have confirmed orders of over INR720 crores with strategic agreements of INR2,500 crores. This quarter, we've also submitted bids to the tune of INR920 crores to different companies, which are weighted decisions during the course of the year.

So, looking forward to positive outcomes from that, but that's what we're looking as for orders on hand and what we submitted during the course of the quarter.

Varun Mohanraj: What has been our historic win rate in the pipeline?

Rishab Gupta: That's a difficult question to answer straight up, because obviously we're bidding for things with different values. Some go into the hundreds of millions, some are millions, and some are in the hundreds of thousands. But to give you that answer, I'm not sure. Zeena, do we have the answer of what our win rate is today?

Zeena Philip: Yes. Hi, this is Zeena here. Yes. So, the win rate has been probably slightly over 50%. It's very difficult to tell a percentage because, the number of proposals, what we submit, the value of those proposals vary. So, from a mere 50%, we won't be able to estimate just the value of the win we have. So, just for a percentage, I think we are slightly over 50% from a win perspective.

Rishab Gupta: Yes.

Zeena Philip: And not necessarily, just clarifying, not necessarily what we are not winning, we are losing. It is also that the customers sometimes delay the decision making or decide not to proceed with that at that point-of-time for whatever internal reasons they have. So, not everything what we have not won is not lost.

Varun Mohanraj: Sure. Thank you, and all the best. Thank you.

Rishab Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Harshil Shethia from Singularity AMC. Please go ahead.

Harshil Shethia: Hi, sir. When you say you have strategic contracts of up to INR2,500 crores, what do you mean by strategic agreements or contracts? Or Are they signed or is it just verbal or are we the only players in such kind of contracts? So, if you could just throw some color.

- Rishab Gupta:** So, yes, sure. So, just to give you a bit of a background, in the aerospace and defense domain, most contracts are long-term in nature, anywhere from three to five years, in some cases, they can also go up to seven to 10 years. So, what these different companies do, they place a strategic agreement on companies like Rosell and place POs six to 12 months before deliveries through the strategic agreements.
- So, a lot of these programs have a life -- a long lifespan. Companies like Boeing and Lockheed for their aircrafts and helicopters are expecting international sales as well. So, they kind of assume how many aircrafts are going to be produced over the next five to 10 years and a bid is submitted for those numbers and POs are placed through our strategic agreements on Rosell six to 12 months before deliveries. So, strategic agreements are not exactly a PO, but a PO is placed through a strategic agreement, if that makes sense.
- Harshil Shethia:** Okay. So, what would be an average life of these strategic agreements? Secondly, my question would be, are these fixed-price contracts or is there a price escalation clause?
- Rishab Gupta:** Yes. So, in average, it's approximately three to five years would be the strategic agreement. In some cases, they're fixed on prices. In some cases, we add clauses where the price can be negotiated over time. So, we have clauses like an EPA clause, which is equitable price adjustment. So, the price could vary, but it depends on the customer and the program. So, it could be a mix of both fixed firm or a contract which could be changed with price over time.
- Harshil Shethia:** And are these majorly aerospace contracts or would there be a mix of semiconductors and space also -- space programs in this?
- Rishab Gupta:** It's a mix of everything. In the last 12 months, we've won a lot of contracts on the semiconductor and the space side. So, it's all combined in one. So, we're looking at as a company.
- Harshil Shethia:** Is it possible if you could give a break up?
- Rishab Gupta:** Yes. So, I mean, I could tell you approximately this year on the semiconductor and the space side, we should be doing approximately 25% of our revenue this year would be coming from the space and the semiconductor side. And moving forward, that would increase.
- Harshil Shethia:** I meant the breakup of these strategic contracts, not from the revenue perspective?
- Rishab Gupta:** No, unfortunately, we won't be able to share that with you because that's confidential.
- Harshil Shethia:** Okay, sir. And sir, lastly, my question is around localization of products. How much have we localized? And, you know, we've also mentioned of entering into further new products. So, what is the status over here?
- Rishab Gupta:** Yes. So, on the localization front, we've done a lot of localization in the past for particular programs and for particular components. Just to give you an example, initially, for one of the contracts we have to build panels, all our mechanical components used to come from the incumbent suppliers in the United States.

But now, Rosell procures all those mechanical components from Indian suppliers. So, we've been able to develop Indian suppliers and procure all these mechanical components from Indian suppliers at much cheaper prices.

So, we've done that in the past and we continue to interact with all our different customers to see how we can keep increasing the India content and the localization content because obviously, it has a lot of cost benefits and cost savings moving forward. So, that's something that's an active dialogue with our customers and it's been done with them together. So, definitely, it's a big focus area for Rosell moving forward and it always has been one.

- Harshil Shethia:** Is there a specific number in terms of localization if you can highlight?
- Rishab Gupta:** Numbers?
- Harshil Shethia:** Yes.
- Rishab Gupta:** I don't think I can put a number to it, but like I'm saying, by localizing a lot of different components in India, we know that the cost savings are over 20% to 30% for our different foreign OEMs that we work with. So, they are saving a lot of money by buying that material from India.
- Harshil Shethia:** Okay. And lastly, if you could help me understand what new areas or products we will be entering, where are we working on in the R&D space?
- Rishab Gupta:** Yes, sure. So, on the R&D side, we've identified two different projects we're going to be working on. We've already developed one. It needs to be qualified, which is a wiring analyzer. So, that's something that's being focused because we use that for our in-house needs. All the cables that we produce need to be tested and we've decided to develop an in-house tester. So, that's something that the R&D is going to be focusing on moving forward. Yes.
- Harshil Shethia:** Okay. And so, how much of our current manufacturing happens from our U.S. plant?
- Rishab Gupta:** Today, we only have one plant. We have a 225,000-square-foot facility in Devanahalli, Bangalore. So, all the manufacturing is done from that one unit and we are planning to expand that facility in the same campus by another 150,000 square feet. So, we should be -- from 225,000, we'll go up to 375,000 square feet. The construction will be starting the fourth quarter of this year and will take approximately 18 months to complete.
- Harshil Shethia:** And -- so, currently, that means there is no manufacturing operations which are currently happening in the U.S., which you mentioned.
- Rishab Gupta:** No, there's no manufacturing happening in the U.S., correct. There's no manufacturing in the U.S. All the manufacturing is being done in Bangalore.
- Harshil Shethia:** So, is it purely from an inventory perspective that you want to maintain for maybe Lockheed Martin is why you kept this U.S. entity?
- Rishab Gupta:** So, it's for different reasons. Inventory is definitely one of them. Then, business marketing is the second. And the third is there are lots of new contracts that we're on, especially new aircrafts

that we are on that require some small rework and repairs that need to be done instantly. And it cannot take time -- there's not enough time to send that material to India, build it, and send it back. So, for those particular programs, we have an office as well that can assist in doing quick rework and repair works for the different foreign onions that we deal with today.

Harshil Shethia:

Okay. Thank you, sir. Thank you. That's it for me.

Rishab Gupta:

Thank you.

Moderator:

Thank you. The next question is from the line of Bharat Sheth from Quest Investment Advisors, Private Limited. Please go ahead.

Bharat Sheth:

Hi, sir. Congratulations on a good set of numbers and thanks for the opportunity. Sir, if I understand that it's very difficult to give kind of a color in, say, for the shorter term. But the way we are doing a lot of R&D, investing in capability as well as increasing new SBU, and as well as we are investing in. So, if you can share your, say, vision for next five years, where would you like to see our company? What could be the size as well as, I mean, profitability? And simultaneously, what are the -- we are currently looking at that we'll, including funding part, we'll need for capex or working capital cycle?

Rishab Gupta:

Yes, sure. So, you know, unfortunately, I can't give a forward-looking outlook of the company. But what I can definitely say that we're very bullish in the industry we're in. There's a lot of potential in aerospace and defense. Our immediate focus is to be able to execute on time with the right quality for all the increase in demand that we see with our existing customers. So, a lot of energies and focus is going to be put into ensuring we can deliver and meet all our commitments moving forward.

But definitely, the idea is to move up the value chain, expand our competencies, expand our capabilities, and move from 5% to 7% that we can do technically of an aircraft today, and take that up to 12% to 15% in the short-term, and then eventually 25% to 30% in the long-term. For the current competencies that we're in, the profitability will always be in the range of 15% to 22%. That's what we're looking at for our current competencies. But obviously, we have expansion plans moving forward as well.

Bharat Sheth:

Can you give us some of the white space that you think that is currently there, and some of the new business initiatives that, like you said, on the space side, as well as the semicon side also. So, how do we want to proceed there?

Rishab Gupta:

So, a lot of growth. I see a lot of growth in the space and the semiconductor side. In fact, the revenues that the company is expecting from these two different sectors is going to increase significantly moving forward, and it's increasing significantly this year as well. So, definitely, space and semiconductors is an area of focus for the company.

And we really believe we can achieve a lot and increase our numbers significantly with the different customers we're working with today. They're very, very happy with Rosell so far. They really like the work we've done with them, and the idea is to keep building this partnership and moving forward and growing the business. So we haven't even scratched the surface yet

with these two different companies or three companies that we work with today. So the growth can be very, very significant moving forward.

Bharat Sheth: And sir, last question. With this INR300 crores fundraising, for how long you think you will meet your requirement for funding and the inspiration that you have?

Rishab Gupta: I would say, this should meet us for the next three years. So, up to the financial year 2029.

Bharat Sheth: Okay. Thank you and all the best.

Rishab Gupta: Because the company is growing significantly as well. Our revenues are going to go up significantly, which entails higher profits moving forward. So yes, this should be sufficient for us till the year 2029.

Bharat Sheth: Great, sir. Thank you and all the best.

Rishab Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Shikhar Mundra from Vivog Commercial Limited. Please go ahead.

Shikhar Mundra: Hi, sir. Congrats on a good set of numbers. So, for this INR300 crores fundraise, I mean, what is the maximum revenues we can reach?

Rishab Gupta: It's difficult for me. Like I'm saying, I'm not allowed to give forward projections. Like I'm saying, we had – we can see the turnaround that the company has had this year. We've shown exceptional growth in our top line and in our bottom line and that will definitely continue moving forward. So I mean, I'm sure you can see the kind of growth we've done this year and that's definitely the momentum that's going to continue moving forward at least for the next six to eight quarters.

Shikhar Mundra: And I mean, what's the split? I mean, this INR300 crores, how much is to be used in working capital? How much is it for capex?

Rishab Gupta: I won't be able to divulge that information now. All that will be provided after we've got the necessary clearances. So unfortunately, I can't provide that information right now.

Shikhar Mundra: Got it. And one last question. So, when can we expect this inventory days to get better?

Rishab Gupta: So, we'll see a significant change coming by the end of this year as well and starting next year. A lot of inventory was bought up for the increase in demand that we see from our existing customers. So a lot of that will be consumed this financial year and we have a very robust plan of reducing our inventory days moving forward.

The goal of the company is to be a four-term inventory company. That means a three-month inventory moving forward. So, we have a plan to get to those numbers. It will take a bit of time, but the plan is set out.

Shikhar Mundra: But to understand this better, like what exactly is changing? Because our product line is not really changing. So, why will our inventory days get better or significantly better?

Rishab Gupta: It is changing. If you look at it, we've got new customers and new companies in this non-aerospace and defense sector, which is space and energy and semiconductors. With these customers the contracts are very different. They're quick turnaround times. You get a contract and you have to execute it within six to 12 months. So, they're not long-term in nature.

So the turnaround times are much quicker. And so we should see a significant balance coming in our inventory holdings because of that. And also the management has changed, its procurement strategy for inventory moving forward, which will entail in reduction in our inventory as well. So the mindset has changed and the way we are procuring has changed as well.

Shikhar Mundra: Got it. Got it. Thank you. And all the best.

Rishab Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Ayush Mitall from Mittall Analytics. Please go ahead.

Ayush Mitall: Hi, good morning everyone.

Rishab Gupta: Hi, Ayush.

Ayush Mitall: First of all, congratulations to the whole team for such a great growth that we have done. I think the top line has been really great. So I would like to understand more about the margin things for us. Like in past, many often we have talked about having margins about in the range of 15%, 20%. And many often you have said that with scale, it should be closer to 20%. But in this quarter the margins are quite down. And so they were in June at just 12 odd percent. Your thoughts on this?

Rishab Gupta: Yes. So, Ayush, our margins will get better in the third and fourth quarter as well. They've always been the best quarters for us in the company. So the margins will get better this year as well. But just to let you know, we've invested a lot in manpower, in technology. We've received a lot of new orders from our new customers, which undergo an FAI process, which is a First Article Inspection, which always takes a lot more time to learn how to build that particular product.

Once it's qualified, efficiency levels come in and the profit goes up. So, this quarter and this year, we've been doing a lot of FAIs for our new customers. And the benefit of qualifying all these products, we will see in the near term. So, our profit will go up significantly for all the work that we're doing presently moving forward. So, that's how we see the change coming in, Ayush.

Ayush Mitall: Margins between so many quarters of past efficiency are very, very volatile in nature. Like, two quarters, we do 17%, 18%. And then again, we come back to 10%, 12%. But volatility happens.

- Rishab Gupta:** See, it's also the nature of the business. Like I'm saying, we're showing a significant growth in our top and bottom line. And the reason for that is because we've onboarded new customers, and we're getting new contracts from our existing customers as well.
- When we get new contracts, especially in the semiconductor and the space segments, it requires a lot of learning. It requires a lot of training that needs to take place, where obviously your efficiency levels are not at its best. Once the product is qualified, like I'm saying, our profit goes up, our efficiency levels get better, we get more lean.
- We're introducing a lot of automation into the company, semi-automatic machines as well in the company, which will improve our efficiency level significantly. So, going ahead, Ayush, I'm very confident that these levels should be in the range of 15% to 20%.
- Ayush Mitall:** Also, if we – like one thing we noticed is that we started Boeing, but we beautifully expanded into so many new segments and with so many customers. Can you also tell how much is like semiconductor and space for us now in the overall turnover in this quarter and maybe last year?
- Rishab Gupta:** I can talk about the quarter. Sorry, I can talk about the year. So, ending of this year, it would be approximately 20% to 25% of our revenue would be through semiconductor and space. And next year, it would increase and it would be closer to 40% of our total revenue with these new customers.
- Ayush Mitall:** Got it. And we had one very large contract from Boeing for a new program they wanted to start and I think that is what is the strategic order we have. But that program has not been taking off or has been delayed. Any inputs? When do you expect that to take off and that may result into more conversion of our orders?
- Rishab Gupta:** Yes. So, you're talking about the T7 program where Rosell had signed this long-term strategic agreement with Boeing for both wire harnesses and panels. You're right. There have been a few delays on that program, but once the numbers go up, then like you said, our revenues will also go up. We've already started production on that and I think the numbers will start increasing starting next financial year. Please correct me if I'm wrong, Zeena, or something on this, on the T7.
- Zeena Philip:** Yes, that's right, Rishab. Almost all the design changes have been implemented, so it will speed up next year.
- Rishab Gupta:** So, next year the numbers should pick up Ayush and then we should see a good revenue coming in from this program as well.
- Ayush Mitall:** Okay. Thank you so much.
- Rishab Gupta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Kranthi Bathini from WealthMills Securities Private Limited .Please go ahead.

Kranthi Bathini: I would like to know about your prospects with respect to the international business exports and how the Indian markets are looking forward because many of the OEMs are setting up their businesses in India and India also looking strong with respect to the domestication of Indian defense as well as aerospace industry is concerned. So, how Rosell Techsys is going to take the advantage with respect to the domestic front as well as export front is concerned? Can you just throw some foresight with respect to how the domestic things are taking place?

Rishab Gupta: Yes, sure. So, I mean, I want to give you a bit of background on this. So, Rosell today is known to be great at what we do today. Our reputation is very, very good in the aerospace and defense world today. Companies know us and talk to us and work with us because they know if we deal with Rosell, they get the right product at the right time with the right quality. So, our reputation is why we are where we are today and that's the reason why companies are approaching us and giving us work today.

So, aerospace and defense in general, if you look at it globally, I think there's huge potential. Every country is increasing the spend on aerospace and defense. India has come a long way in aerospace and defense over the last 15 years and even we are targeting to increase our work share with different Indian companies and we've got a marketing team really focusing on that as well.

But as an industry, I think the sky is the limit when it comes to aerospace and defense. I think there's a lot of potential both domestically and internationally and Rosell is very, very well-positioned today to grab as much of that pie as they can today. And that's why our focus today is to focus on being able to meet all our commitments and our deliveries from these different customers we work with, because we see a lot of work coming our way and a lot of contracts coming our way in the short and medium-term.

Kranthi Bathini: Thank you.

Moderator: Thank you. The next question is from the line of Vinayak Kariwal from Xponent Tribe. Please go ahead.

Vinayak Kariwal: Hi, sir. Thank you for the opportunity. And I think you've done a great job since last 10 years of failing this company and the growth phase currently we are in is just tremendous. It's a non-linear growth which we have seen in the last 10 years. Congratulations for that. And so I wanted to, sir, understand what exactly -- could you name the customers on the space and semiconductor side? Who are the major customers there?

Rishab Gupta: Unfortunately, I don't think I can do that, because it has to be in confidence, but I can tell you, Rosell is dealing with the best of the best space companies out there. They're very Limited companies and Rosell is working with most of them. So I'm sure if you do a bit of a study to see what space companies are out there, you'll know who we're working with.

Vinayak Kariwal: So I think the names. There are only three. Maybe you're mentioning all of them only, right? And you also have their names in there.

- Rishab Gupta:** Yes. Yes. So I'm not sure. Senthil, Zeena, can I mention the names? If I can, then I'm happy to share them, but I'm not sure if I'm allowed to do that.
- Senthil B.:** Yes. You're all good, Zeena.
- Rishab Gupta:** Okay.
- Zeena Philip:** I think, yes, it's in the public forum, but I won't be able to -- it's not good to name their customers, but they are available in the public forum though.
- Rishab Gupta:** Okay. So yes, I'll just leave it at that. But I think, you know which companies those are. There are very limited companies in space today.
- Vinayak Kariwal:** Sure, sure. Also, I wanted to understand, what are we currently -- so who would be the end customers to which we are supplying to when we are supplying to Interconnect Systems, like Interconnect Systems sells to Lockheed Martin, Boeing, and other OEMs? But like when we're supplying to Interconnect Systems, is this only -- is the end customer only Boeing or are the Lockheed Martins and other OEMs involved in it?
- Rishab Gupta:** No, with Interconnect what we're doing the end customer is Lockheed Martin. And we have a tri-party agreement with -- I mean, you can call it a tri-party agreement between the three companies. So we supply our products to Interconnect and in return, they give that to Lockheed Martin. So that's the relationship that we have with them as well. So it's nothing to do with Boeing, everything with Interconnect is to do with Lockheed Martin.
- Vinayak Kariwal:** And sir, would you say that that partnership has picked up recently? Or like the recent pickup of, let's say, 100% Y-o-Y growth would be attributed to things getting sorted out on the Boeing edge, which was obviously sorted for the last two years with the strikes and everything.
- Rishab Gupta:** See, the increase in revenue has come both from our existing customers and our new customers. So it's a mixed bag. A lot of the growth is coming from the new customers, especially in the space and the semiconductor industry. But also our business is growing very well with the existing 30 customers that we deal with. So it's a mixed bag.
- Vinayak Kariwal:** But the last part of that won't be the things getting sorted out on the Boeing end?
- Rishab Gupta:** Yes. So, I mean we never had an issue at the Boeing end. We've always had a very good relationship with Boeing and we've been increasing that relationship year-on-year as well. Of course, Boeing had challenges, but I mean, they're the leaders in the world and they're doing much better today. And I have no doubt in my mind that they'll keep being the leaders in aerospace and defense moving forward. So, yes, I'm not worried about that at all.
- Vinayak Kariwal:** Sure. And so I wanted to understand the gross margin trend, which the company is seeing. We had 50% gross margin, usually in the last few years, in the last quarters. But right now, what the company is doing is, I guess, 37%-38% gross margin. So is there realizations coming down for this specific phase? Or is it more strategic and we should not take those gross margins as a sustainable? They could improve going forward.

- Rishab Gupta:** The gross margin, I've always said, would be in this range. It is a bit low today. Like I said, we've got a lot of new contracts, a lot of new customers. And that entails a lot of learning from Rossell's part as well. When you get a new contract, when you're building a product, you have to do an FAI, which is a first article inspection. That takes a lot longer.
- The time taken to build that product takes a lot longer and then it needs to be qualified. So obviously, initially, you're not as lean and as efficient as you can be. And for all these contracts moving forward, our numbers will get much better and our profitability will definitely get better. So it's mixed. For the programs that we've been executing for a while, our profit margins are high. And for the newer programs, they are low today, but that will increase over time as well.
- Vinayak Kariwal:** That's very helpful. And so on the Airbus side, you are currently in talks with OEM, right?
- Rishab Gupta:** We are in talks with them, yes. Nothing has materialized with them yet, but hoping that if Airbus is wanting to do some work in India, we would definitely be on the top of the mind. So active dialogues are happening with Airbus for sure. In fact, we visited them recently as well and we're meeting them again soon. So, hopeful that something should happen with them as well moving forward.
- Vinayak Kariwal:** And so my last question would be, if you could give us a timeline, when are you hoping to close the QIP? And what are the current progress on talks on that part?
- Rishab Gupta:** So another, I would say 45 days, the QIP should be closed. So that's the intent of the company by end of December, that the QIP process is completed.
- Vinayak Kariwal:** That's very helpful, sir. Thank you so much.
- Rishab Gupta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sourabh Jain from E4S Private Limited. Please go ahead.
- Sourabh Jain:** Good afternoon, sir. I wanted to understand the business opportunity size of the semiconductor space. So in one of the last phone calls, you have mentioned that you're working on supplying to machines that need semiconductors. So there I wanted a clarification. Is that, are you supplying to machines that need semiconductor or the machines that produce semiconductors?
- Rishab Gupta:** So that's a bit of a technical question. I'll leave it to my colleagues either Zeena or Senthil to answer that, please.
- Zeena Philip:** Yes, I can take that. Yes. So the harnesses which we supply goes to the tools which are then used to make wafers for semiconductors. So it's basically the tools or the machines which help produce or process the wafers and that's the application.
- Rishab Gupta:** Okay. So you're right. It is basically for the machines that are making the semiconductors and the wafers, basically. So we provide the harnesses for the machines, basically.
- Sourabh Jain:** Okay. So how big is this opportunity, sir?

Rishab Gupta: Oh, it's huge. Huge, huge, huge. Semiconductors is a huge growth area. The companies we're working with today are developing a supply base in India and we're one of the few companies we're working with today. And the potential on the semiconductor and space side is huge. And it's something that Rosell will be doing very well in and we'll see significant numbers come our way this year and the years to follow where revenue will be very, very high on the semiconductor and space side moving forward. So enormous potential, enormous, enormous potential.

Sourabh Jain: Oh, great. Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Hraday Choksi from Indus Equity Advisors. Please go ahead.

Hraday Choksi: Good afternoon, team. Congratulations on a phenomenal set of numbers. Since following the journey for some time, I can see that our top line has been growing. We're securing significant orders. Our order book is growing and the customer base is increasing. But one of the worries of the bat is that margins somewhere still haven't really picked up.

I think we posted record numbers for quarters, even for the half year, but this is one place to worry. So with the increasing capacity expansion with more of a production on local, as well as the mix changing, how much do you think our margins can really shoot up from here? That would be the first question.

Rishab Gupta: So, yes, margins will go up. I've always said our margins will be in the range of 15% to 22% for what we're doing. The margins are a little lower this year, even though we short scale, because we're always investing for the future.

There's a lot of demand coming our way and we need to be prepared from a people standpoint, from a tooling standpoint, from a training standpoint. And a lot of the contracts that we want today are undergoing qualifications, which require a lot of work to be done, where obviously our margins are not the same when you're producing that particular component or that cable. So, obviously, during FVI, there's a lot of learning curve.

There's a lot of time taken to develop and build that particular component. But once it's developed and built and qualified, then our profit margin and our profit should increase significantly. So very confident moving ahead.

This year itself, in the third and fourth quarter, you should see a change coming in our percentage of EBITDA, and it should get much healthier. And moving forward, very confident it's going to be in the range of 15% to 22%.

Hraday Choksi: Got it, got it. So, additionally, yesterday, there was a disclosure that came that we're looking at the capex going in within the next 18 months, which will cost INR70 odd crores. And this will be funded by the internal accruals debt and then also the equity raise. So can I assume the balance INR230 crores of the fund raise, whatever amount we raise is going to go mainly towards working capital and funding inventory, etcetera?

- Rishab Gupta:** Sorry, I can't give you specifics now. I'll be able to do that after all the process is completed. But apart from the INR70 crores you mentioned, that's just primarily for land and building. There are other capex that the company is going to be doing as well. So it's a mixed bag. Unfortunately, I can't give you all the information now, but we'll be able to provide that after we get all the clearances from the different departments.
- Hraday Choksi:** No worries, sir. So, additionally, on the order book, so we have about INR700 crores to INR800 crores in confirmed orders. And I think that that should be executed within the next -- if you can give this later, when would that be executed? And then within how much time do we foresee the strategic agreements actually materializing into concrete orders? And what we're also looking for?
- Rishab Gupta:** Sure. So the INR750 crores of confirmed POs we have on hand, I would say, the average execution time then would be two to three years for that. For the balanced strategic agreements, like I mentioned earlier, POs are placed through the strategic agreement six to 12 months before deliveries.
- So even during the course of the year, even in the first two quarters, we have got POs on our strategic agreement. So that's something that will continue happening. As long as the strategic agreement is valid, POs will be placed for that program through the strategic agreement. I hope I was clear in that.
- Hraday Choksi:** Yes, sir. That answers it. And any further bids we're placing? What would that be?
- Rishab Gupta:** Yes, we've submitted bids for close to INR990 crores this quarter, which are weighted decisions through the course of the year.
- Hraday Choksi:** Got it. Very helpful. So just one last request. If possible, I mean, most companies do extend the opportunity. So if there could be an opportunity for analysts to come down and have a look at the facility and interact with the management would be great. And all the best for the future, and thank you very much for answering all the questions.
- Rishab Gupta:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraint, we will take the last question from the line of Raj Sarraf from Finvestors. Please go ahead.
- Raj Sarraf:** I hope, I'm audible?
- Rishab Gupta:** Yes.
- Raj Sarraf:** My question is on the order book side only. Last quarter con call, you gave the order book of INR700 crores, and right now we are still in the order book of INR700 crores. Just like during the presentation right now you have posted going by the last conference call -- order book is not extending?
- Rishab Gupta:** Sorry, could you please repeat? I can't hear you. The line is a bit bad. I'm not able to hear you very clearly. Could you repeat the question, please?

- Moderator:** Sorry to interrupt in between. Mr. Raj, I would request you to please use the phone in the handset mode.
- Raj Sarraf:** So my question is on the order book funding. So I'll go by your last conference. So our order is INR700 crores after the completion of Q1. And even after the completion of Q2 also, we have...
- Rishab Gupta:** I'm sorry. I'm losing you again. I'm sorry.
- Senthil B.:** Sir, your line is very choppy.
- Rishab Gupta:** I lost you again. I'm unable to understand the question. I'm not sure if it's my phone. Senthil, Zeena, can you understand what the question is? And then maybe if you can help me, then I can answer it.
- Senthil B.:** No, the line is very choppy. So we are not able to hear your question.
- Moderator:** Sorry to interrupt, Mr. Raj, I would request you to please use the handset mode and then ask your question. Mr. Raj, are you able to hear us?
- Raj Sarraf:** Hello?
- Moderator:** Yes, sir. Please proceed. Hello, Mr. Raj. Can you hear us?
- Rishab Gupta:** Yes, he may be having technical issues with his phone.
- Moderator:** Due to no response, we will take that as a last participant for today. Ladies and gentlemen, I now hand the conference over to Mr. Rishab Gupta for the closing comments.
- Rishab Gupta:** Thank you all for your time. Thank you for being part of this investor call. I just want to close and say that it's been a very good start to the year, very confident of keeping this momentum in the third and fourth quarter and for next year as well.
- We're at a takeoff stage as a company and very, very excited about the future prospects of Rosell and where we're heading as an organization. So thank you all for being part of this call and looking forward to chatting with you all very soon. Thank you.
- Moderator:** Thank you. On behalf of Rosell Techsys Limited, that concludes this conference. Thank you for joining us today and you may now disconnect your lines.