

February 14, 2026

The Manager  
Listing Department  
National Stock Exchange of India Ltd.  
Exchange Plaza, C-1, Block G  
Bandra Kurla Complex, Bandra (E)  
Mumbai- 400051  
NSE Symbol : AXISCADES

The Manager  
Listing Department  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai- 400 001  
BSE Scrip code: 532395

Dear Sir/Madam,

**Sub: Transcript of the Earnings Conference Call with the Investor(s)/Analyst(s)**

Further to our intimation dated February 10, 2026, please find enclosed the transcript of the Earnings Conference Call with the Investor(s)/Analyst(s) which is hosted on the website of the Company at [www.axiscades.com](http://www.axiscades.com).

We request you to kindly take the above on record as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Yours truly,

For **AXISCADES Technologies Limited**

**Sonal Dudani**  
**Company Secretary & Compliance Officer**

Encl: A/a

**AXISCADES Technologies Limited**

(formerly AXISCADES Engineering Technologies Limited)

CIN No.: L72200KA1990PLC084435



“AXISCADES Technologies Limited  
Q3 & 9 Months FY26 Earnings Conference Call”

February 10, 2026



**MANAGEMENT:** **DR. SAMPATH RAVINARAYANAN – FOUNDER –  
CHAIRMAN AND MANAGING DIRECTOR – AXISCADES  
TECHNOLOGIES LIMITED**  
**MR. SHASHIDHAR S K – CHIEF FINANCIAL OFFICER –  
AXISCADES TECHNOLOGIES LIMITED**  
**MR. ALFONSO MARTINEZ – HEAD OF INTERNATIONAL  
BUSINESS AND GLOBAL OPERATIONS – AXISCADES  
TECHNOLOGIES LIMITED**  
**MR. SHARADHI CHANDRA BABU – PRESIDENT –  
DEFENCE – AXISCADES TECHNOLOGIES LIMITED**

**MODERATOR:** **MR. SUMEET KHAITAN – MUFG INTIME**

**Moderator:** Ladies and gentlemen, good day and welcome to the Q3 and 9 Months FY '26 Earnings Conference Call of AXISCADES Technologies Limited hosted by MUFG Intime. 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sumeet Khaitan from MUFG Intime. Thank you, and over to you, sir.

**Sumeet Khaitan:** Yes. Good evening, everyone. I welcome you all to the earnings conference call to discuss Q3 and 9 months FY '26 results of AXISCADES Technologies Limited. To discuss the results, we have from the management, Dr. Sampath Ravinarayanan - Founder, Chairman and Managing Director; Mr. Shashidhar S K - Chief Financial Officer, along with the senior management team of AXISCADES Technologies.

They will take you through the results and the business performance, after which, we will proceed for Q&A session. Before we proceed with the call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. For more details, kindly refer to the investor presentation and other filings that can be found on the company's website. With this, I now hand over the call to the management for their opening remarks. Thank you, and over to you, sir.

**Sampath Ravinarayanan:** Yes. Welcome. This is Ravinarayanan here. So first, I thank all the investors who joined and welcome. As we conclude the third quarter, I'm happy to inform you that we are firmly on track to complete the FY '26 as planned, as projected and we have also laid the foundation very clearly for FY '27. I'm confident of achieving the results.

Basically, it boils down to EPS growth of nearly 40% to 50% each year. And we would achieve in FY '26 and we'll definitely achieve the same in FY '27. So we are on track for that with enough forecast visibility, everything. So we are fine with that. So overall, long-term vision, Power930, INR9,000 crores by 2030. We are piling up the pipeline at this stage.

A lot of things are being converted. We are working on some large partnerships and deals as we speak. And again, I believe we will be on track for the same. Of course, all dependencies include the facilities, some inorganic activities, acquisitions, etcetra, to gain strength and add new activities to us and especially in manufacturing. So that will happen.

And as -- another thing, another major goal for us is to -- as you know, that we are moving from services to manufacturing and product solutions, et cetera. So for that also, very, very firmly we'll accelerate that process. We are trying to move faster than expected on that issue. So we hope that we'll have a significant percentage. This year, it will -- so far, it is 39% on products and solutions and 61% on the services.

We will flip the same percentage by next year, by '27. So then -- now the facilities are operational, especially Aero Land, which has a fairly -- very, very good electronic

manufacturing. Then certain labs are already operational. And we are able to attract some good customer base, especially from hyperscalers and large companies out of U.S. and Europe.

So that's happening quite well. DAL is kind of functionally ready. And then DAC, our ambitious project, Devanahalli Atmanirbhar Complex, is getting ready. The radar portion -- the complete radar hangars will be ready by -- in another -- by Q3, it should be completely ready. We are looking at large integration of radars and maintenance of radars in that facility, looking forward to that.

And again, we have to handle the inorganic growth, organic tracking and also to focus on the growth areas and meet the Power930 and also have investor relationships. We have brought in Mukund. Mukund is with me now, Mukund Santhanam. He comes with three decades of experience and from IIT Madras, IIM Ahemdabad, has a very good combination of technology and finance. So he will be assisting or helping us to achieve the results, etcetera. And overall, we are on track. I just wanted to reassure. I will let Shashi, our CFO, to discuss with you on details of our performance and what's going forward. Thank you.

**Shashidhar S K:**

Thank you, Chairman, and good evening, everyone. Thank you for joining us today for the Q3 and 9 month FY '26 earnings call of AXISCADES Technologies Limited. It's our privilege to present another quarter of strong operational execution and financial performance. Q3 FY '26 has been a landmark quarter for us with revenue rising to INR343 crores, reflecting a 25% year-on-year growth and 14.8% sequential growth.

EBITDA for the quarter stood at INR63 crores, marking a 55% year-on-year increase and delivering our highest ever quarterly EBITDA margin of 18.3%, an expansion of 360 basis points year-on-year. Reported PAT for the quarter grew 87% year-on-year to INR28 crores at 8% PAT margin.

Adjusted PAT after removing the impact of Labour Code charge of INR7.82 crores is at INR35 crores at 10.3% PAT margin, underlining the strength of our improving mix and operational discipline. Our growth domains, aerospace, defense and ESAI, constituting 78% of our total revenue, continue to demonstrate significant momentum, growing at 36% year-on-year, supported by accelerated program ramp-ups, robust order inflows and healthy customer demand.

These businesses remain central to our long-term value creation agenda and continue to reinforce our margin profile. Now talking about the 9 months performance. For the 9 months of FY '26, revenue grew 16.2% year-on-year to INR886 crores, while EBITDA reached INR144 crores, surpassed the entire FY '25 EBITDA within 9 months. Reported PAT is at INR72 crores with adjusted PAT after removing the Labour Code impact at INR79.5 crores, which again PAT of INR75 crores. EBITDA margin is...

**Moderator:**

Sorry to interrupt, sir. Your voice is breaking, sir, while speaking. Sir, we are not able to hear you as your voice is breaking, sir.

**Shashidhar S K:**

So are you able to hear me now?

**Moderator:**

Yes, sir. Yes, sir, loud and clear for now.

**Shashidhar S K:**

Yes. For the -- I will talk about the 9 months performance now. For the 9 months of FY '26, revenue grew 16.2% year-on-year to INR886 crores, while EBITDA reached INR144 crores, surpassing the entire FY '25 EBITDA within 9 months. Reported PAT is at INR72 crores with adjusted PAT after removing the Labour Code impact is at INR79.5 crores, which again exceeded the full year FY '25 PAT of INR75 crores.

EBITDA margins improved to 16.2% from 13.8%, a 240 basis points uplift year-on-year, demonstrating our continued focus on portfolio optimization, delivery productivity and cost discipline. EBITDA margins for the three growth domains were at 21.4% as against 18.7% in the same period of previous year, an improvement of 270 basis points.

Our annualized revenue per employee at INR0.54 crores improved 38% over INR3.39 crores, which was in the previous year. Our other verticals of heavy engineering, automotive and energy with a combined revenue of INR194 crores for 9 months and constituting 22% of revenue continues to be impacted by macroeconomic and customer-specific headwinds and is in the process of being recalibrated.

The diluted EPS for 9 months, which is not annualized, was at INR16.73, which grew by 65% from INR10.13 in the same period of previous year. Our balance sheet remains robust with a net worth of INR730 crores and a net debt of just about INR67-odd crores as on December 31. This quarter further solidified our transition towards a solutions and product-led business model under the Power930 vision.

The ratio of product versus service revenues pivoted to 39:61 as against 33:67 in the same period of previous year. Our new infrastructure, the fully operational Devanahalli Aero Land facility and the progressing Devanahalli Atmanirbhar Complex is already acting as a growth multiplier, enabling advanced manufacturing systems integration and new product development for global OEMs.

We are encouraged by deal wins in Q3, growing global customer engagement and a healthy order pipeline, which strengthens our visibility for Q4 and beyond. As we enter the final quarter of FY '26, our financial foundation is stronger, our revenue mix continues to improve and we are building a more resilient and globally competitive AXISCADES capable of delivering long-term value for all the stakeholders. Thank you, and we now open the floor for questions.

**Moderator:**

Thank you very much. We will now begin the question and answer session. We take the first question from the line of Balasubramanian from Arihant Capital.

**Balasubramanian:**

Sir, my first question, I'm looking at this geographic revenue side. U.S. has grown more than 50% year-on-year and APAC is more than 30% year-on-year, while Canada and Europe are like -- it's like flat range. Could you please explain despite having tariffs with U.S., how like we have executed and how are the customers accepting that tariff levels and how we are managing what is the arrangement between -- with us and customers?

**Sampath Ravinarayanan:**

We are not impacted by tariffs per se in the activities we do. So we are not...

**Balasubramanian:**

Hello?

**Sampath Ravinarayanan:** Hello?

**Shashidhar S K:** Are you able to hear now?

**Balasubramanian:** Yes, sir. Yes.

**Shashidhar S K:** There is a background noise.

**Sampath Ravinarayanan:** There is a background noise. Somebody has to mute to -- and we are not impacted by the tariff as it is. We are -- Europe is very steady for us. There is a growth, a lot of growth happening in Europe. But U.S. also is doing quite well at this stage. Overall, the percentage will remain the same. We don't see any major shift. Overall, Europe will remain very strong for us, continue to remain very strong for us.

We hope that we maintain that 1/3 U.S., 1/3 Europe and one-third of India. That ratio will kind of more or less continue. And so that is what -- so there won't be any impact. And with the European Union FTA, we are hoping Europe can do better. It's going to be slightly better. And with our strong presence in Europe and because we are traditionally having a very, very strong presence in Europe, Europe will continue to be a very stronghold for us.

And U.S., because fuelled by new hyperscaler orders and a lot of things happening in ESAI -- as you know that ESAI 100% of revenues come from U.S. There is a lot of traction on ESAI currently, and we are getting a lot of momentum with the new facility. So U.S. will continue to grow on ESAI segment. Europe will continue to grow on aerospace and defence segment. That's all I want to tell.

**Balasubramanian:** Okay, sir. Sir, on the defence side, nearly 40 percentage of revenue share is there. I'm looking at the data. Gross margin is nearly 43.5% and EBITDA margin 26.2% and EBIT margin 25.6%. But if you look at some of the defence competitors are anywhere 35% to 40% kind of range. Just want to understand how do you look at defence margins? And our depreciation level also nearly INR10 million in this quarter. We are doing massive capacity expansion on the defence side. How do you look at depreciation and capex side over next 2 to 3 years side?

**Shashidhar S K:** Yes. So essentially, with respect to your question on gross margins -- and of course, it depends on the quality of the programs what we are executing. In some quarters, of course, it will be a - - the programs of what we execute may be much more accretive in terms of margins. And, of course, in terms of the capex, it is still work in progress and -- there's a lot of background noise. So with respect to capex, the capex cycle will continue for whole of FY '26 and the better part of FY '27 and FY '28. And the depreciation, I would say, will, of course, be as per the, I would say, the company law rates what is there.

**Balasubramanian:** Sir, actually, I'm trying to understand whether we can able to reach 35% kind of margins?

**Moderator:** Sorry to interrupt Mr. Balasubramanian.

**Shashidhar S K:** You're talking about the [inaudible 0:15:00]

**Balasubramanian:** Defence Margins ?

**Sampath Ravinarayanan:** Basically, we are looking at -- see, we are not going to be anything different from the rest of the industry because we are working on the same programs, almost similar programs as our competition, because we are sometimes winning against our competition. So all of us are in the same page as far as margins are concerned.

Our overheads are also not that different at this stage. So what we are looking at is that because -- the margins may look slightly in the lower side because a lot of R&D work is going on in defence, a lot of new programs or new wins are happening, which requires initial investment or initial timing.

So as the program matures, the margins will keep on increasing. So definitely, there is no difference between one company to the other because we are all winning in a competitive way. And so, I think it's fair to expect in and around 30%, plus/minus 5%, as far as EBITDA is concerned on mature programs and proportional operating margins. So currently, most of our wins are from the new programs. And so initially, there will be a little bit of impact. But as we progress, then the margins will keep on increasing. That's what I mean.

**Balasubramanian:** Okay, sir. Sir, my last question.

**Moderator:** Sorry to interrupt, Mr. Balasubramanian: I would request you to join back the queue as there are several participants waiting for their turn. We take the next question from the line of Jatin Jadhav from Sahasrar Capital.

**Jatin Jadhav:** First of all, sir, congratulations on such an amazing set of numbers. My first question is on the lines of, sir, where are we based on the development of the seeker for the different types of missiles which we were trying to address? And just a follow-up on that question. What kind of seeker are we building? Is it an RF seeker or an infrared image recognition seeker? So that's the first question, sir?

**Sampath Ravinarayanan:** Sir, we are developing the RF seeker for bigger missiles, including for BrahMos and Kusha, etcetera. And we had a very successful trial last week. And so, it has been kind of -- and RF side has been done and proven and customer demo has been -- all the RF functionalities have been completed on 4th of February. So now what is remaining is the mechanical housing, total integration improving.

We hope that one level, it will be done by March. And then it will go through the trials and certifications. So that may take another 3 months' time. If everything goes well, by God's grace, we will be qualified. Ours will be the first seeker to qualify in everything, every aspect, and the new type of seeker.

So we hope to complete the whole process by Q2 basically. And this is for BrahMos, and a similar seeker will be available for Kusha. And BrahMos will be floating a new RFP by Q2. By that time, we have to be ready. And that new RFP is for the next future generation of seekers, and we should be ready by that time.

**Jatin Jadhav:** Got it, sir. Sir, my second question was on the recent update you mentioned regarding the mission computer for the LCA Mark 1. First of all, amazing work done. So I wanted to

understand. Let's say, if we can apply this mission computer on any platform -- is it platform agnostic? Of course, certain changes will be required. And the follow-up was, the software which is used by the mission computer is also developed by us and deployed?

**Sharadhi Babu:** Sir, the mission computer algorithm is provided by the defence labs, whereas the display process, the basic software and AI algorithm is provided by us. Technically, it can be used for other platform also, sir.

**Sampath Ravinarayanan:** And so it's platform agnostic. Currently, this is going to be in all the Tejas systems. And the same thing is applicable to Sukhoi and every other platform also. So we will be hopefully the first choice partners, and continue as far as LCA is concerned.

**Moderator:** We take the next question from the line of Nirali Gopani from Unique PMS.

**Nirali Gopani:** Congratulations on a good set of results. Sir, my question is on the guidance that we give out. So we still maintain the 40% growth in the core business in '26, '27 and followed by 70% in FY '28, right?

**Sampath Ravinarayanan:** Absolutely, absolutely. No change. '26, we are all set. We are one quarter away, but we are expecting a very, very good result followed by Q3. So we will stick to that core increase of 40-plus percent. And similarly, '27, we have reviewed today also again the entire order book, execution details, etcetera.

We are firmly on track again on the core increase of 40% plus. So we are very much committed to that, and we are on track. As far as '28 is concerned, a lot of dependency on the facilities, but we are having a 3-pronged approach. Of course, current business has to grow in a similar pattern.

Then inorganic, we are looking at a few acquisitions immediately. And then we are also looking at facility-based growth. So it is -- we are very -- and we are backed by a good pipeline. And I'm very confident about that also, '28 also. But currently, let us focus on '27. We are very firmly on that, okay? I can assure you about it, okay

**Nirali Gopani:** Sir, just the question because, sir, when you say EPS growth of 40%, 50% and when the core business is growing at such a rate, the bottom line should grow ideally much faster, right, because this is a higher-margin business. Am I missing out on something or are we seeing any pressure on margins in any of the segment, core business?

**Sampath Ravinarayanan:** No, the margins have -- the overall percentage has come down because of the noncore activities. If you look at it, our core, we have increased the percentage point by nearly 270 points. Last year -- right now, it is averaging at 21.4%. And because of our noncore and other activities and -- so that is pulling down. Even in core, our services are lower margin. Solutions products and all these things are at 25%, 26% margin, whereas services is at 18.5% margin.

**Nirali Gopani:** No, sir. Sorry to interrupt, but my question was on your EPS statement that you have mentioned in the presentation, where you say that EPS will grow at 40%, 50%. Because in the first 9 months only the EPS has grown much faster than that. And if you grow the core business at this rate,

then the bottom line growth should be much faster than 40% - 50% that you have mentioned. And hence, the question?

**Shashidhar S K:** See, the 50% is the minimum conservative number which we are talking about. As you would have seen, the 9 months have grown by 65%. So essentially, the ratio downwards of EBITDA is not -- is about -- at the moment, it's about -- just about -- no. One second.

**Sampath Ravinarayanan:** See, I will tell you, currently, we have our PAT -- our EBITDA is going to be fairly good for this year. And our PAT we are expecting to close -- whatever ratio I'm giving it will be that and that will be a good number basically, because we have -- based on -- because today, the Labour Act -- this thing, because that has reduced very sharply.

So we have made some provisions and some ESOP provisions we are making for the company. So overall, with all the growth, there is no pressure on the margin per se. But extraordinary this thing, like expenditures such as ESOP and employee costs. And then especially in the labor this thing. This will probably make us correct to around 45% growth on EPS. Okay. Shashi, you want to add anything?

**Shashidhar S K:** Yes. So basically, as I said, from EBITDA line to the PBT line, it's about 7%, 8%, is what we have. And so essentially, the conversion will be much, much higher as compared to the conservative number which we are putting out.

**Nirali Gopani:** Perfect. And just one last clarification. So in the aerospace.

**Moderator:** I would request you to join back the queue. We take the next question from the line of Kaushik Mohan from Ashika Group.

**Kaushik Mohan:** Great set of numbers. Sir, I just wanted to understand the clarity on the -- I'll just continue on the same last question. Can you give me understanding on the EPS? Because last quarter -- so last year, we did around INR17.63 on the EPS, and this year, we are telling around 40, 50 percentage?

But when we look at exactly Q3, Q3 we did around INR6.52 and Q1 we did around INR5.42 and INR4.88 in Q1. So almost around last year the EPS is already achieved. So if the growth is considered, then it have to come around INR25 to INR26. Is my understanding very clear on this part?

**Sampath Ravinarayanan:** Absolutely. You are on target. We are looking at the same numbers. Around INR25, INR26 EPS, we're looking at it. Okay.

**Kaushik Mohan:** Okay. Perfect. And also, sir, on the next year front -- so in one of the meetings -- in the recent Bangalore meetings, you also mentioned that we'll be having a very good attraction on the top line as well as on the EBITDA level. So what will be on the EBITDA level growth that we can expect from this year to next year?

**Sampath Ravinarayanan:** This year to next year, again, we are targeting conservatively about 45% growth in EBITDA and minimum -- that is a bare minimum growth, and we are on target for that. It could be more. But

in and around -- I'm just giving a band of 40% to 50%. But currently, we are well on track for the same.

We are looking at -- I don't want to give numbers, but you can compute that basically. We are on track basically. Next year also, we are looking at a number, EPS number -- you know we have got this thing. So you said 25. You keep 45% on the top of 25. So approximately, we will be able to reach that easily.

**Kaushik Mohan:** Then we'll do that

**Sampath Ravinarayanan:** Yes, I'm very confident and we are working towards it. In fact, that's our primary number we are targeting. So we are back working our EBITDA, PAT and all the revenue numbers and order books, everything based on optimizing the whole thing. That's all. That will be done for next year.

**Moderator:** We take the next question from the line of Rujuta Tamhankar Arete Securities.

**Rujuta Tamhankar:** So how much is the current order book? And can you give clarity on the composition of the same?

**Shashidhar S K:** You're talking about the order book, right, order book?

**Rujuta Tamhankar:** Yes, order book?

**Sampath Ravinarayanan:** We are -- our forecast visibility, I would say -- because we are all program based, so we don't call that as an order book because it depends on the number of items they are going to order. For example -- so if we are qualified, either we are the first vendor or second vendor in most of the programs. So I'll call it as a forecast visibility.

Based on that, we have currently around INR 3,300 - INR3,400 crores as our forecast visibility at this stage, and we have enough numbers to close for next year comfortably as we planned. And the -- as far as pipeline is concerned, we have a very robust pipeline. So we are comfortable. And basically, in terms of growth areas, it will continue to be defence as a number one growth area for us and followed by ESAI. And aerospace, we will be moving more towards the manufacturing for the next year. So the growth will be good, robust. But overall, we'll be able to manage the growth we are talking about. So it will be defence first, ESAI next and the aerospace. That's how I see that.

**Rujuta Tamhankar:** Okay. And what sort of programs are you looking for to be part of in the future in defense space, especially?

**Sampath Ravinarayanan:** See, we are -- as we -- we don't want to call it as programs as we have a 3-pronged approach. We are a very different company in defence compared to our competitors. We are the only company -- we work on three activities. One is on the DRDO PSU side, which is program based, and MOD, which is bid based. And then there is OEM based, which is not program based, it's offset based. So we are working on all the three.

And our main focus is on the -- OEM offset base is going to be our main focus area for growth, main driver for growth in the future. And of course, DRDO is stable. Currently, most of our revenue comes from DRDO, BEL, that public sector things and item number one. But we were -- we are also looking at -- we have got some interesting bids going on, RFPs going on with Government of India. And hopefully, we should win some of this.

And basically, in all the three, we have a very good chance, as I said. And in DRDO, we are basing ESAI for the growth. It is assured because it's all long term. We have 5-year visibility in most of the programs. So we are firmly on track. So other two -- yes, we are negotiating on item number three. And item number two, we need to see. Some of the bids are going to be known by Q1, Q2 of next year, okay?

**Moderator:** We take the next question from the line of Deepak Poddar from Sapphire Capital.

**Deepak Poddar:** Sir, just wanted to understand. First, you mentioned about very robust pipeline. Can you quantify it, what's the pipeline we are looking at in terms of order? And what's your current order book?

**Sampath Ravinarayanan:** Current order book, I mentioned in last question. So you can take it from there and current.

**Deepak Poddar:** INR3,500 crores -- INR3,400 crores.

**Sampath Ravinarayanan:** Yes, approximately. Yes. So pipeline-wise, we are looking at around -- nearly -- Mukund, what is that?

**Mukund Santhanam:** INR14,000 crores.

**Sampath Ravinarayanan:** Our CGO confirms it is around INR14,000 crores as of today, the pipeline. And this improves the bids we have submitted and the contract relationships we are signing, especially with foreign OEMs. Long-term visibility of -- all these things we are discussing. Put together, qualify the pipeline, which is being vetted and so on. And I want to -- again, don't take it as a guidance or anything. This is a pipeline. There is a fair chance of converting this. But currently, we are very confident about this pipeline. And this is over a period of next 4 years.

**Deepak Poddar:** And the general conversion ratio, I mean, what's the conversion ratio?

**Sampath Ravinarayanan:** As I said, OEMs, it has a pretty high conversion ratios because they are all like relationship based. And as the discussion closes, we will 100% convert them. Government -- in DRDO, the conversion rate will be 50% because there will always be one strong competition, because there are two winners. There will be about 4 bidders in DRDO. So we are 50% conversion ratio. In MOD, it is a roll of the dice. It could go anywhere. But we are working on some interesting programs that we are qualified. Overall, I can say a good chance of 50%, 60% conversion ratio, overall.

**Deepak Poddar:** Overall. Okay. And on the margin front, so what's the differential we see between product solution versus service margins as we, I mean, embark on a journey towards 80% kind of product solution? And do we aspire -- I mean, any aspiration we have over the medium term, I mean, next 5, 6 years, to reach any aspirational EBITDA margins that we might have?

**Sampath Ravinarayanan:** See, basically, we see a degrowth in services. Services keeps on declining in terms of margin. And we struggle to get 18.5% EBITDA this year for the core services. And noncore, it is very poor. Services margin are going down. Products and solutions margins are increasing, and they are hitting at 30%, 25% and above.

So faster we move from services to products and solutions, we are better off. As far as your question is concerned, target next year will be about 20%. This year we'll be closing at 17% average, but next year, it will be 20%. That is what we are aiming at, 20% margin. The following year will be much better..

**Deepak Poddar:** 20% margin, does that include your other income as well?

**Shashidhar S K:** No, it doesn't include the -- EBITDA does not include other income.

**Deepak Poddar:** Okay. And so, I was trying to understand more on the aspirational part. I mean, next 4, 5 years, do we have aspiration to reach 25% or something on those?

**Sampath Ravinarayanan:** Yes, yes, of course, of course. Once we flip the 80%, 20%, you make the math. Average products and solutions are at 25% at this stage. It is growing also. The margins in the products and solutions area are increasing. There is a -- definitely, there is a good margin available in the products as compared to services.

So aspirational, yes, we are at -- we are looking at them. We want to be among the top margin companies in the country. So we are looking at 25%. If -- I'll call it as aspirational here. But not as a -- to achieve that, we should have a -- we should completely move to products and solutions. Okay.

**Deepak Poddar:** Understood. And any ESOP cost we had in this quarter?

**Moderator:** Sorry to interrupt, Mr. Deepak.

**Deepak Poddar:** It's just like a data point, I mean. I am done.

**Shashidhar S K:** Yes, yes. So the current P&L includes an ESOP cost of around INR5 crores. Of course, this is going to go up in the coming year because there's a lot more outlay which is being planned for ESOP.

**Deepak Poddar:** So INR5 crores in the third quarter or overall like?

**Shashidhar S K:** No, no, for all the 9 months of the current financial year. So operator, there's a lot of disturbance in the background. Can we ask everybody to mute, please?

**Moderator:** All right, sir.

**Deepak Poddar:** And what was this number for third quarter?

- Shashidhar S K:** No, no. We take a charge of around INR2-odd crores every quarter. As I said, we are currently finalizing an ESOP plan for the senior leadership, and that's going to get enhanced from next financial year, which we will kind of stay -- talk about in the first quarter of next year.
- Deepak Poddar:** Okay. It will get enhanced in FY '27. So what's the ESOP cost you're looking for FY '27?
- Shashidhar S K:** See, as I said, the ESOP list is still being finalized. We do not want to kind of comment on that. So we will kind of, I would say, have a clarity on this in the next financial year Q1.
- Moderator:** The next question is from the line of Dhruv Shah from Ambika Fincap.
- Dhruv Shah:** Congratulations, sir, on a very good set of numbers. I just have one question, sir. In last three weeks, we have done two press release on order wins on ESAI. Can we just quantify the scope? Because right now, the order wins is around \$1.5 million to \$2 million. But what is the scope eventually after 3 to 4 years down the line? Because I'm assuming this is just a pilot?
- Manikandan C:** Yes, this is the pilot. We are going to scale up for the products and that's where our new facilities we are going to use. All our U.S. customers, apart from design we are also going to deliver the box build. So there we are expecting the large order pipeline from them.
- Sampath Ravinarayanan:** Last week, one of the world's leading company came -- visited us, inspected the facility. So we are expecting -- this is a pilot. So we are increasing, multi-fold increasing the -- once the facility is accepted, certified, etcetera. Last week, the trials and inspection went very well.
- Manikandan C:** All our leading ESAI customers, they have shown much interest. There are -- a number of customer visit have been planned in February and March.
- Dhruv Shah:** And sir, all these orders are?
- Sampath Ravinarayanan:** So these two pilots.
- Dhruv Shah:** Sorry, sir. Go ahead.
- Sampath Ravinarayanan:** Yes. These two particular customers, we are engaging in a bigger way. And I also had a meeting with one of the customers, one of the hyperscalers in U.S. last week, who showed interest in diversifying and engaging with more activities with us. And the facility has come out well. And apart from the acoustic lab, we are asked to set up the home -- kind of home automation kind of thing with multiple sensors such as my millimetre of radar, sensor fusion.
- A large lab that can test multiple sensors for elderly living and home automation for a hyperscaler who is doing one of the companies, which they now bought, which is more into the home and hospital or -- in the sense they make sensors for that. So basically, I had a meeting. So it looks multiple way.
- As you know, the other guy who is a phone manufacturer and they visited. And we are looking -- like a bigger engagement with all these things. We can't quantify, but it will be -- as I said, this -- whatever we got could be a tip of the iceberg and it could be much bigger in the coming days. So -- but I just want to keep you informed. By the time we finish all this pilot and everything, it will take about 6 months to 1 year. Don't expect something great happening in FY

'27. Maybe the order book will be there. But '28 onwards, the facility will start giving much more revenue.

**Dhruv Shah:** But sir, this would be more like a CDMO contract, right? So the margins will not be what we are doing right now at 24%. It will be much lower, right?

**Sampath Ravinarayanan:** No, no, it's higher. For example, I'll tell you. Because in the testing, we are also making the flex ports, and this particular one customer we are talking about has to change his device every year. So we have to make this device and give it to all the OEMs every -- all their manufacturers every year. So it is year-on-year change.

So it's recurring. Plus, the margins are very, very good, as good as the defence margins or even more in certain cases. So we are looking at a fairly decent margins. Competition is not much. And we are okay with this thing. In ESAI and defence, we'll have similar margins. So far, we are at 25%, 26%. In fact, ESAI is slightly higher than defense as far as we are concerned. So we are at 26%, 26.5% in ESAI EBITDA, and 25% in defence at this stage. But we hope to improve that at the coming -- as we progress.

**Moderator:** We take the next question from the line of Pujan Shah from Molecule Ventures.

**Pujan Shah:** My first question pertains to the defence segment. So we were quite bullish on the segment called QRSM from our customers and we were expecting in Q4 that order will be able to inflow. So are we on track? So what are you hearing from your key customers? Is it on time, on track? Or it is now a bit delayed? Can you just give a sense about that?

**Sharadhi Babu:** Sir, QRSM we are expecting any time our order to be closed, sir. We are -- certainly, any time should know.

**Pujan Shah:** Got it.

**Sharadhi Babu:** Maybe two weeks at best.

**Management:** Within two weeks. So it's not our timing, sir.

**Pujan Shah:** And understanding the hyper -- hello?

**Sampath Ravinarayanan:** Please go ahead.

**Pujan Shah:** Understanding the hyperscalers, so we understand that right now the amount is too small. But just wanted to understand the context. Like in how many years it would be able to scale up from 1 million to, let's suppose, to get a certain amount of comfortable size we have been expecting from hyperscalers? So I understand ESAI might be a -- understand the long-time cycle and the order got overdue. But just wanted to understand your projections on hyperscaler and how we will evolve with this?

**Sampath Ravinarayanan:** Basically, we are talking about currently two customers. You might have guessed. Okay. And the one which can grow up very well is -- because they are shifting all their manufacturing to India, where India is becoming one of their largest consumers. So there are multiple

manufacturing lines coming up. And what we are doing is important. Every station of the product -- we are providing the test kits in every station, which is to be changed every year.

So currently, we are doing for one or two items for 1 line. So basically, imagine that it goes into most of the lines and around the world. So the numbers look good, and -- but we need to prove a lot of things to do that. If I -- we can go from current level to 100x or 50x if we go do it right. I don't want to speculate, but at the same time, it is -- it can go up. How big it is up to our capability and our this thing.

Competition is less, maybe two or three, maybe 1 more person in India and around maximum 3, 4 around the world. So we need to see how we are doing. As far as other person is concerned, I believe we are going to be the exclusive person for labs. One lab, we are already getting ready. Another lab -- the growth will be slower, but still we will have good numbers there, basically. Again, we can say 10x, 20x are possible in that.

**Pujan Shah:** Got it, sir. And just a bookkeeping question. Can you just give us a split between the product and service business for defence?

**Sampath Ravinarayanan:** Currently, defence is almost totally into products and solutions. We have reduced the services. Service is very less currently in defense. Currently, our services are only a very little portion in ESAI and almost aerospace -- full aerospace. But as we said, defence is almost totally converted into products and solutions.

**Moderator:** We take the next question from the line of Rohan Mehta from Ficom Family Office.

**Rohan Mehta:** So could you give me an update on the potential divestment of the noncore business? And are we on track for a resolution by March end?

**Sampath Ravinarayanan:** Yes, very much on track, absolutely. And I don't want to this thing, but I hope the timing will be maintained. We are very much on track, okay? Definitely by next investor call, we should be able to share all the details.

**Moderator:** We take the next question from the line of Mayur Parkeria from Wealth Managers India Private Limited.

**Mayur Parkeria:** Congratulations to the entire team for continuously delivering quarter-after-quarter and sticking to the directional where we are going in terms of narrative, in terms of numbers and in terms of capabilities and our execution. So great, sir. Yes, great execution. Sir, I just had 2 questions. One is -- one of our slides talk about the headcount breakup. And in that, is the industrial breakup of around 30% is what we say is the engineering side? Is that -- because the core is 60% and support is 9%?

**Sampath Ravinarayanan:** 30% is the noncore as we projected. We have roughly around -- yes, noncore. This will be part of the divestment.

**Mayur Parkeria:** I understand. So sir, if we understand -- we have been looking for over now 3, 4 quarters. That number has actually started to already gradually scale down substantially it looks like. Is it --

will it be -- because even 1 year before the numbers and now also -- while the core may have remained rising and we may be adding people, but on the noncore side, the numbers have already started to come down? Is it efficiency driven or we have started to scale down there?

**Sampath Ravinarayanan:** See, we are not filling the attritions for sure. And anyway, we are kind of because we are in the -- as I said, we are in the phase of doing this hiring in this thing. So we are not -- we are going a little clear on the manpower, not adding anything at this stage. So anyway, as I said, we'll give you a clearer picture by the next investor call, which would have been over by that time. It's a very important goal for us internally so that we start the next year on a very good note. That's what it is. It's very important personally for me. This I kept it as my target for this particular financial year. So hopefully, we should be able to do that, okay?

**Mayur Parkeria:** Right, sir. Wish you all the best for that. Sir, last question on the capex side. Sir, for the benefit of all of us, it's slightly -- because it's very difficult to understand because the segments are defence and aerospace and what we are doing at even ESAI. So on the new facility, if you can help us understand the scale and the capabilities which Axis is building over the next 12 months to 18 months so that we can fully understand what we are trying to do in the various segments in terms of radar or missile or in terms of aero -- so just to reiterate maybe, just...

**Sampath Ravinarayanan:** Yes. I got your point. See, we are doing three facilities, as you know, DAL, which is Devanahalli Aero Land, then DAC, which is Devanahalli Atmanirbhar Complex, then there is MAC, Missile Atmanirbhar Complex. In this last one, Missile Atmanirbhar Complex, 8 acres we got the land. We are building the facility. It will be tailored for all missile electronics and missile integration.

Electronics means all the foreign OEM electronics we are trying to build. This will include seekers, onboard electronics, then data links for the missiles, et cetera. And we are going to do it in collaboration with some world majors. And also we'll do for indigenous missiles. We are working on certain programs. And this will be a complete facility.

This will be in two parts. One will cater only to foreign OEMs only for India. It will have fairly good capabilities for missile integration, mostly -- completely for missile electronics, okay? And it will be a cold assembly facility without the rocket motor or final ammunitions, et cetera. It will be doing the final cold assembly for the missiles. If it is integrated -- it will take about 2 years' time, but it will be one of the finest facilities outside the public sector once it is ready. It's very unique. And that is what we are trying to do in Hyderabad. So that is...

**Mayur Parkeria:** The finest and largest?

**Sampath Ravinarayanan:** I would say both. So far, at this point of time, as we speak, definitely in the segment we are operating. We'll be the this thing. We'll be addressing all the aircraft-based missiles and so on. So I think we are on a good target about that. Okay. And air-to-surface, air-to-air kind of missiles, basically. That will be our main focus on the Hyderabad facility. And as far as Bangalore is concerned, it is for about two to three activities, mainly radar.

We want to have one of the best radar facilities. Again, this is on a 3-pronged approach. One is to build our own large radar, integration for large radars. So this is both airborne as well as

ground radars, to build it. So we are probably building arguably one of the biggest radar facility in India in the terms of height and capacity, etcetera.

So it can go up to 60 feet or whatever it is with all the necessary hangars, et cetera. This will also cater to the maintenance of the radars, because India has a lot of radars which is very old, 30 years, 40 years, 50 years. So we are looking at eyeing the retrofitting and maintenance of all the old radars and so on. That is another second thing.

And third is performance-based logistics and support for foreign OEMs, foreign radars. So that is also there. So this specific facility mostly catering to the radar. And the other part will be aerospace manufacturing, mostly into tooling and certain parts and final inspection, supply chain management, etcetera. That is on the second part of the DAC facility. So it will have radar, it will have aerospace.

Third one is simulators. And mostly for the aircraft simulators, we are trying to work with the world leaders like Indra, where we are trying to get mostly for the defense aircraft simulators. So those simulators will be manufactured and they will be supported in India. As you know, we have already done a very successful implementation of drone simulator, and it has been running very successfully in Air Force.

And possibly, we will get probably a repeat order and more simulators are expected. So that will be -- these are the 3 activities we will -- core activities we'll be taking up in the Devanahalli facility. As far as DAL is concerned, it's purely for ESAI, mostly for ESAI, and certain system integration activities, where we are building acoustic lab, we are building the laser lab, we are building IR, infrared.

Somebody asked about infrared seekers. So we are not only building for infrared seekers, but also we are looking at infrared countermeasures basically. So it will be a laser, IR, acoustics and then mm Wave radar kind of small sensor fusion. All these things will be covered. This is targeting at ESAI and certain level of defense activities.

So with this, we will probably arguably have in private sector the most comprehensive R&D and support and manufacturing facility for these items in India. That's our goal. We should be definitely the first choice outside public sector for all these products. That's our goal, and we hope to achieve that in the next 12 to 24 months.

**Moderator:** We take the next question from the line of Jatin Jadhav from Sahasrar Capital.

**Jatin Jadhav:** Most of my questions have been answered. But sir, regarding the missile facility you mentioned, it's very interesting that -- you mentioned that you will be catering to all types of missiles which are used on the aircraft. So just for a further understanding, what kind of work will we be doing on these missiles? Will we be upgrading them, testing them, maintaining them? Could you throw a little bit more light on that, please?

**Sampath Ravinarayanan:** See, testing it's going to be done in Bangalore only. We are looking at -- as you know, government is very keen that all the future missiles to be made in India. Now they are mandating

effective from 2025, '26, post Operation Sindoor the missiles have to be made in India, most of the missiles.

So they are going to reduce the dependency of foreign imports. Even if it is foreign aircraft, the armaments slowly have to be made in India. So we are looking at -- first of all, as you know, that -- just I'm giving you an example of a number of foreign aircraft. You will be knowing there are 128 Jaguars. There are nearly about 36 plus 29 Rafales and about 50 . Mirages

And there are going to be 287 Mistral. It is going to be light combat helicopters which is going to be there made by HAL. All of them are requiring missiles at this stage and all of them are planning to use foreign missiles at this stage, or are already using. And so -- Sukhoi, of course. And these foreign missiles will be slowly replaced by Indian missiles of the same type, same type. Maybe same OEM will supply to those things, but completely made in India.

So that's the plan. Government of India has an ambitious plan, and we are trying to be part of it. That's what we can say. At this stage, we are doing everything in our this thing to get a small piece of action in this. That's the whole theory about this MAC. So I would say that -- and it is not about maintenance. It will be -- the upgrades and data links, those kind of things will be there.

Missile maintenance per se will be done in Bangalore, maintenance, test equipment, et cetera, will be done. But this will be more of new missiles or -- as you know, missile shelf life is about 10 years and the maximum 6 to 10 years. So they keep on replenishing the missiles. So that's what we are targeting.

**Jatin Jadhav:** Got it, sir. My last question was on the mission computer, sir. Let's say...

**Moderator:** Sorry to interrupt, Mr. Jatin. I would request you to join back in the queue as there are several participants waiting for their turn. We take the next question from the line of Jai Chauhan from Trinetra Asset Managers.

**Jai Chauhan:** I just had a few questions. On the Q1 FY '26 call, management guided that FY '26 core domain order book itself is around INR1,260 crores with no major dependencies on execution. And as we have 9 months FY '26 and we have executed about INR690 crores, implying roughly INR570 crores still pending. I just wanted a clarification on how much of this remaining INR570 crores is scheduled for execution in Q4 FY '26? And which major defence aerospace and ESAI programs constitute this remaining FY '26 executable order book?

**Sampath Ravinarayanan:** We are -- finally, the numbers we are going to execute out of this INR1,260 crores, we will end up executing remaining about INR300 crores right now, because the remaining INR200 crores facility dependence is there. So we are pushing it to the next year. But this is more than enough to meet our target numbers, as you know.

Probably we'll cross INR1,000 crores in core, if I do this, approximately more than INR1,050 crores, that is our target, which is -- compared to last year's INR750 crores, it will still be 40-plus percent increase. So we are carrying forward the left out to the next year. So that's what your this thing is.

As far as ESAI, the majority of this is defence. And aerospace will be completing almost most of the order book this year. And ESAI is the one which we are pushing for the next year also because the facilities are yet to be fully functional and certified. So to answer you, out of INR1,260 crores, we are moving around INR200 crores to the FY '27 and keeping that INR10 - - approximately INR1,060 crores to be completed this year. So that is compared to last year INR750 crores. That will be a 40% plus increase in the core activities.

**Jai Chauhan:** Got it, sir. And which major programs constitute this remaining order book for defence and...

**Sampath Ravinarayanan:** We have answered many times this whole thing. So I just want to go back -- as we are in almost all the major programs today, both in aircraft and missiles. We have started in that. And of course, as I said, we have a 3-pronged approach. We are not only program dependent. We're also doing some of the MOD work and we are also looking at foreign OEMs.

**Jai Chauhan:** Understand. And also you guided for approximately INR1,800 crores order book and visibility for FY '27 in core domains. I just wanted to understand the source of this visibility. Like specifically, is it fair to assume that large part of FY '27 visibility is OEM led and long-term programs because I think as per my understanding, MOD and the PSU orders are more lumpy and you don't have long-term visibility for the same, right?

**Sampath Ravinarayanan:** Yes, you're right. And as far as next year is concerned, again, our target is about 40%, 45% growth in the core area. So we are looking at completion of -- now we discussed about the current core INR1,050 crores or something like that. So you add about 40% to that. That's what we want to execute in the next year as far as core is concerned. We are on target for that.

And that should be -- anything else will be again facility dependent and transfer over the following year. And that will be covered in our initial projections we gave on INR3,000-and-odd crores. So we are on track for that. And as far as breakup is concerned, in the defence side, so it will be -- now we will -- the foreign OEMs will start kicking in a big way in the next -- or for the next financial year, much more than this year, and programs will continue.

A lot of programs are maturing. And we are expecting a couple of wins in the next 1 month and going forward for the next fiscal. And very interesting wins we are having in the next 1 month, almost in the signing stage. And so, we are looking at about INR400 crores of doing that in the next 1 month and going forward for the program side.

And MOD, we cannot predict anything. It is, again, as I said, roll of the dice. But we are working on -- between you and us, we are working with the world's largest AI company or one of the most prestigious AI company for bidding some of the AI-based complete drone management systems and -- whatever you call it as. So that is one thing which is upcoming in a big way, unmanned account.

So can you explain, Babu, about this? And this is something which we are focusing as far as MOD is concerned. I don't want to reveal much, but we are working with the number one company in the world and we have a partnership with them. So hopefully, if that materializes, the paradigm shift will be there in our whole area, because these each orders are big, multi-thousand crores orders. So I don't want to put this as an excitement or anything. We have to keep

our fingers crossed. But defence is more focused towards it. Babu, can you just throw some light on what exactly are the types of programs?

**Sharadhi Babu:** This is an unmanned combat system. So we will be -- we are working with the biggest OEM to implement the autopilot and also to entirely have the mission planning system and also the combat facilities onboard the aircraft. So this is a large program, one of the largest programs. So we are actively participating in this. And also, there are many more on similar lines, both with the automated autopilot and also with the new emissions enabled on this. These are all our activities.

**Sampath Ravinarayanan:** These are the first time AI -- so that is going to be our big focus, AI driven and all the intelligent combat systems, unmanned intelligent combat systems. That is the focus, and we are surely -- we have a very good partnership. And so -- but as I said, see, these are all like -- you can treat the chances of 10% or something like that. I don't want to give too much of excitement because these orders are very, very big.

And as I said, the role of the AI is harder. But we have one thing going for us is the partnership we have, probably the best in the world, okay? And more than best, it's the most proven in the world, okay? And we have a partnership with a U.S. company which is proven, battle proven, and probably -- arguably the leader in the combat systems, okay, unmanned. Okay. So I just don't want to -- so this is our road map going future as far as MOD is concerned.

OEM is fine, that's going to be very good. And as far as programs are concerned, it's happening, it's all happening. And as we said -- Mani is next to me, is our President. He's confirming that he is expecting about INR400 crores in the next 1 month, new orders for new program. So that's it. Thank you.

**Jai Chauhan:** Understood, sir. And sir, one last question. In the Q2 Concall

**Moderator:** Sorry to interrupt, Mr. Jai Chauhan.

**Jai Chauhan:** Just one last question. Just an update. So basically, management mentioned that the TACAN development for Indra was completed and customer approved, the production order expected shortly. And I just wanted to understand the current status of that, the TACAN.

**Sampat Ravinarayanan:** I am passing it on to our Global President, Alfonso Martinez, who is handling Indra.

**Alfonso Martinez:** Yes, exactly. Well, we signed an MOU in Indra to be the preferred partner in India programs. TACAN, it's already almost finished the deal. We are closing the paperwork now, and we will announce very soon. It's in partnership between Indra and Centum and us, and the agreement is full now.

We will give some details in the coming days. This is -- but just I want to mention that this is just the first of a very big pipeline of joint opportunities between Indra and AXISCADES. This is in line with the Spain Indra -- Spain-India relationships that are flourishing. Next week, President of Spain is visiting Modi, strengthening ties on the defence program. And Indra is the

leading defense company in my country, it comes to be. So the relationship is excellent. This is the first project, and we have a huge pipeline of opportunities with them.

**Sampath Ravinarayanan:** Okay. Does it answer your question?

**Jai Chauhan:** Understood, sir. But I think you mentioned that the development was complete. What led to this deferment?

**Alfonso Martinez:** No, the development is undergoing now. We are doing -- it is in the development and research. And the program -- I cannot give you more details on the program. They are confidential. But the initial phase now is development. We are taking not only the role for manufacturing, we are the developers of part of the TACAN system and in very close cooperation and very good partnership with Indra.

**Jai Chauhan:** Got it. That's it from my side.

**Shashidhar SK:** Yes. With this, we come to the end of the earnings call for the Q3 and 9 months of the current financial year. We thank all the participants, our investors and other stakeholders who are on the call. Any queries which you may have, you may please direct us -- direct the queries at our Investor Relations person and we will answer that.

**Sampath Ravinarayanan:** And I will also invite all of you to come to Bangalore, visit our facilities. We'll have one-on-one open house any time you want. Please let us know. We'll be very, very happy to host you and answer the question Thank you.

**Shashidhar SK:** Thank you.

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