

June 03, 2025

The Manager
Dppt. Of Corporate Services
BSE Limited
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Mumbai 400 001
BSE Scrip Code: 532395

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5 Floor, Plot C/1, G Block
Bandra – Kurla Complex, Bandra(E),
Mumbai 400 051
NSE Symbol: AXISCADES

Dear Sir/Madam,

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

Further to our intimation dated May 27, 2025, 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

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

AXISCADES Technologies Limited

(formerly AXISCADES Engineering Technologies Limited)

CIN No.: L72200KA1990PLC084435

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“AXISCADES Technologies Limited Q4 FY '25 Earnings Conference Call”

May 27, 2025



MANAGEMENT: **DR. SAMPATH RAVINARAYANAN – CHAIRMAN,
AXISCADES TECHNOLOGIES LIMITED
MR. ALFONSO MARTINEZ – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER, AXISCADES
TECHNOLOGIES LIMITED
MR. SHASHIDHAR S. K. – CHIEF FINANCIAL OFFICER,
AXISCADES TECHNOLOGIES LIMITED
MR. ANURAG SHARMA – PRESIDENT (ESAI & CHIEF
EXECUTIVE OFFICER), ADD-SOLUTION, AXISCADES
TECHNOLOGIES LIMITED
MR. SHARADHI BABU – PRESIDENT (DEFENSE),
AXISCADES TECHNOLOGIES LIMITED
MR. D. MURALI KRISHNAN – CHIEF OPERATING OFFICER,
AXISCADES TECHNOLOGIES LIMITED
MS. SANGEETA TRIPATHI – HEAD (INVESTOR RELATIONS),
AXISCADES TECHNOLOGIES LIMITED**

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

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY '25 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 Ms. Sangeeta Tripathi. Thank you, and over to you, ma'am.

Sangeeta Tripathi: Thank you, moderator. Good evening, everyone. And welcome to the Q4 FY '25 and the full year FY '25 Results Conference call of AXISCADES Technologies Limited.

I am joined today by our leadership team to provide a brief overview of the business performance and financial results, along with our strategy ahead. We have with us today, Dr. Sampath Ravinarayanan – our Chairman; Mr. Alfonso Martinez – our Managing Director and CEO; D. Murali Krishnan – our Chief Operating Officer; Mr. Shashidhar S. K. – our CFO; Mr. Anurag Sharma – our President (ESAI), and CEO – add-solution, along with Mr. Sharadhi Babu – our President of Defense.

Before we begin, please note that this call may contain forward-looking statements based on Company's current expectations, beliefs and opinions. These statements involve risks and uncertainties, and the actual results may differ materially.

Now I hand over the call to our CFO – Mr. Shashidhar S. K. Over to you, sir.

Shashidhar S. K.: Thank you, Sangeeta. Good evening, everyone. And I am delighted to welcome you all to this Earnings Call for Q4 FY '25 and the full-year FY '25.

I hope you all had an opportunity to review our press release and the investor presentation which are available under the Investor section of our website. And the same are accessible in the BSE and NSE websites too.

To begin with, despite the challenging macroeconomic scenario in certain of our non-core verticals, we are delighted to report that we have closed the Financial Year FY '25 with a significant milestone of crossing Rs. 1,000 crores in consolidated revenue. While we are recalibrating our automotive, energy and heavy engineering verticals, our growth was led by our focus verticals of Aerospace, Defense and ESAI.

The full year revenue for FY 2025 was at Rs. 1,031 crores, recording a growth of 7.9% over the previous year in Rupee terms and 5.7% in constant Dollar terms. While the reported EBITDA for the year is at Rs. 142 crores, a growth of 7% over the previous year, the adjusted EBITDA came at Rs. 156 crores, a growth of 17% over the previous year, adjusting for non-recurring and

one-time expenses incurred in Q3 and Q4. Our PAT grew by 2.25x over the previous year at Rs. 75.26 crores, as against Rs. 33.41 crores in FY '24, leading to a diluted EPS doubling from Rs. 7.74 to Rs. 17.22.

The Company since Q3 of FY '25, under the guidance of our Chairman, has embarked on major business transformation initiatives to turbocharge the business and achieve non-linear product-led growth, both in revenue and margins, in each of our core verticals, namely aerospace, defense and ESAI.

The Company is also evaluating and recalibrating its non-core businesses of heavy engineering, energy and automotive, which are till date negatively impacted by macro factors and are growth and margin dilutive to the enterprise, as has been elaborated in our investor presentation.

The Company is deploying resources and costs for this transformation, which is expected to be stabilized by Q2 of FY '26. These costs and investments are critical to ensure enterprise readiness to progressively achieve our aspirational target of achieving \$1 billion revenue by 2030.

Coming back to our business performance in FY '25:

Our core domains grew by 12% from Rs. 671 crores to Rs. 749 crores driven by aerospace, which grew by 13% to Rs. 322 crores and defense, which grew by 16% to Rs. 303 crores, with production revenues from defense growing by 19% to Rs. 198 crores.

Our non-core businesses of heavy engineering, automotive and energy together constituted Rs. 282 crores in revenue, a 3% de-growth over previous year. Automotive and heavy engineering together de-grew by 7% to Rs. 238 crores and energy vertical at Rs. 43 crores grew by 30% on a small base.

The core verticals continue to record healthy EBITDA margins at 19.1%, and is being diluted to 13.8% at an enterprise level due to negative margins in the non-core businesses. The reported EBITDA margin is at 13.8% for the year, which is the same as in previous year, despite the fact that the company incurred one time a non-recurring cost of around Rs. 14 crores in Q3 and Q4, mainly in senior leadership settlements, legal costs and one time consulting for our automotive business. Adjusting for this, the EBITDA margin for the year is at 15%.

Considering only our core businesses of aerospace, defense and ESAI, our EBITDA margins are at a healthy average of 19.1%, with aerospace coming in at 21.2%, ESAI at 23.9% and defense at 15%. Of the defense revenues of Rs. 303 crores, if you only take defense production revenues, which was at Rs. 198 crores, the EBITDA is actually at 22%. So, the prototype revenues of defense at about Rs. 105 crores were very marginal and slightly negative from the point of view of EBITDA.

We intend to improve our EBITDA margins by about 300 bps each year. We focus on non-linear product-driven growth in core verticals and realignment of non-core verticals. As stated, our core verticals are already yielding EBITDA margins of 19%. With effective execution of product-led strategy, by FY '28, the Company aims to invert its current revenue mix of 80% service revenue and 20% product revenue, which will be the key driver for non-linear margin-led growth, with the aim and objective of achieving an average of 24% EBITDA in the next 2 to 3 years.

With respect to business performance in Q4 of FY '25, the Company's revenue was at Rs. 268 crores, growing by 4.8% year-on-year and de-growing by about 2.4% quarter-on-quarter as the execution of some of the defense programs moved to the right. The Company's reported EBITDA was at Rs. 37 crores at 14% margin and adjusted EBITDA was at Rs. 45 crores at 16.8% margin.

The Company has been able to significantly reduce its finance cost from Rs. 56 crores to Rs. 32 crores with repayment of borrowings from QIP proceeds. The Company's net debt is just at about Rs. 15 odd crores excluding lease liabilities with gross debt standing at Rs. 189 crores and cash, bank and liquid investments at Rs. 174 crores. The Company has a healthy balance sheet with shareholders' equities standing at INR 656 crores as against INR 592 crores in the previous year.

To conclude, we are highly enthusiastic and committed on our path ahead. Our focus on scalable, product-led growth underpinned by significant investments in infrastructure and leadership positions us for sustained long-term growth. This strategy will enable us to unlock substantial value for our investors and stakeholders.

I now invite our CEO, Mr. Alfonso Martinez, to provide his views.

Alfonso Martinez:

Thank you, Shashidhar. And good afternoon, everybody. I am really happy and pleased to participate in this call, this being my 1st Quarter Presentation as a Group CEO. And complementing Shashi's presentation and speech, I would like to highlight the transformation of the Company that we are currently driving. This transformation is going into three axis as mentioned in the presentation.

- First is people. I am very pleased to announce that now our new management team is in place. We have all the presidents in place. We have veterans of the industry in a leadership position for the last 30 years. And this is already starting to boost our relationships with our clients. An amount of progress is being done in that aspect. This will lead, no doubt, to an impressive growth. We are also starting to train our existing sales force into a new way of selling, a new way of engaging with the clients.
- The second axis of the transformation is moving from the traditional services to products and solutions. This is key for the margin expansion that we are forecasting.

- And third, the investments in key assets with very high return. And this is already, as we will discuss later in the presentation of our Chief Operating Officer, leading to a new area.

As a golden rule for next year, I would like to say we have three key objectives:

1. A minimum growth of EBITDA of 50% excluding ESOP cost. That's the very, very first target.
2. The profit after taxes will increase proportionally.
3. We want to increase the quality of our revenues. With that, at least 300 basis points of EBITDA percentage improvement. This will lead to all the future

But for this year, these are the three parameters that we are targeting. And as a golden rule, we will achieve.

Now, I would like to lead my presidents to present you the different verticals. Unfortunately, Mohanakrishnan, our new President for Aerospace, is not present. He is in a very important client meeting today, and I will take his part.

Starting by aerospace, I will say that our target for Fiscal Year '26 is at least 35% growth in revenues. That will change the path of growth of the previous years. Deepening engineering expertise, now empowered with artificial intelligence, moving from traditional service to really disruptive solutions. Some of our services are already ongoing this transformation with spectacular results.

Also, we are building manufacturing and supply chain solutions. This action is particularly driven by Mohanakrishnan who comes with a strong background in these areas of manufacturing and supply chain.

Our current Airbus engagement, our number one client in aerospace, we as a strategic supplier are long-term settled with that. We are about \$40 million of yearly revenues and this is a long-term establish. We are also discussing to expand this partnership from these areas into new fields. And also forging new partnerships with the OEMs on Tier-1s of aviation. As you can know, India has become the center of gravity of commercial aviation. And that's a very, very important point in our strategy.

With that, I would let the word to Sharadhi Babu in defense. He will explain you the keys of this vertical. Please, Sharadhi Babu.

Sharadhi Babu:

Thank you, Alfonso. Good evening, everyone. This is Sharadhi Babu – President of Defense at AXISCADES. And as you heard, we have created a very strong base for defense business with a stellar performance at Rs. 303 crores. And we continue our focus on defense production and

also very specific focus on new product development, especially in the areas of radar, electronic warfare, missile systems and unmanned warfare systems.

And right now we are on a very strong growth path. And we expect the growth to be at a rate of about 75% moving forward and also a similar focus on the bottom line also. And our order books are now reaching about Rs. 1,800 crores. And we hope this emergency procurement also will actually have some success for us. And then going forward we are looking at a very, very strong defense growth.

And also, we are having a very strong practice going on at the OEMs. And there are many programs coming up at the OEM level. Overall, we are looking at addressing the entire DRDO and also the MOD practice and also the OEM programs.

And with that, I would like to hand over the session to Mr. Anurag Sharma, who is the Head of our Electronics, Semiconductors and Artificial Intelligence. Thank you.

Anurag Sharma:

Hi. Good evening, everyone. I am Anurag Sharma. I am President of ESAI, which is basically Electronics, Semiconductor and Artificial Intelligence wing of AXISCADES.

Now I would like to tell you that why three? What is the combination of these three? So, this is the combination of electronic semiconductor and artificial intelligence is the one which is churning out the fastest and most innovative products across the globe. And this is the space where we already belong. And we have a very robust pipeline in terms of the order book. We are close to Rs. 600 crores plus of order books with us. We are doing a growth of 60%, more than 60%.

And speaking more specifically on the products, we have a lot of focus on products. Products are not new to us. We have been doing products, but now we are offering complete system level products. And for that we have taken a new initiative. We have started a product development center in Fremont in California, where we have multiple products which are being conceptualized, developed, tested, and then manufactured across the globe.

We also have started a lot of sales reinforcement in Europe with our headquarters being in Germany. And we are trying to set up a product sales ecosystem across various channels, resellers. And so the idea is that both our products and solutions shall reach to maximum clients.

We also have our Company add-solution in Germany, where we are doing a lot of wiring harness development and also specific products like micro data center and also solutions like thermal management. So, all these initiatives are with a view to increase our presence in this sector across the globe. And increase our revenues.

So, with that, I would like to give the mic to my colleague and COO, Mr. Murali Krishnan.

D. Murali Krishnan: Thank you, Anurag. Good afternoon, ladies and gentlemen. This is Murali Krishnan, Chief Operating Officer of AXISCADES.

We have seen a vision in our Chairman's statement which is there in our investment presentation. We have a vision to become \$1 billion Company in 2030. We call this as Power 930. As a COO, I take responsibility to carry out this vision. This vision is also coming up with a high EBITDA of 24%, and this vision is going to be driven by flipping our product versus services revenue. From today, at a level of 20% products, we are going to move to a 80% product and solutions-based organization.

So, in order to enable this, I would do three things. First, enable the organization to deliver the AOP with the right processes, with the right resources. Two, transform the organization for the future. And three, provide world-class facilities and resources to take up our Power 930 vision.

This infrastructure is going to come up in two places. One is called as DAC, Devanahalli Atmanirbhar Complex at Bangalore which is a 20 acre facility. This is going to come up in 3 phases. Phase-1 is going to handle radar and electronic warfare solution, development, manufacturing, testing, and maintenance.

Phase-2 is for missile complex, missile MRO as well as missile manufacturing, while missile MRO would happen at Bangalore. We also are planning to set up another facility at Hyderabad to establish our presence in missile manufacturing.

Phase-3 would come up with MRO, speed shop and supply chain facilities for aerospace and defense customers. We want to construct this facility in 3 years' time. First Phase-will come up in this financial year itself. This facility of Phase-1 would cost Rs. 250 crores. And the first Phase-1A of it would cost Rs. 120 crores, which would be mostly through internal funding.

We are also looking for a strategic partnership for the infrastructure development, which is through a Company called AA IPL, Axis Aerospace Infrastructure Private Limited.

With this, I request our Chairman to say the concluding remarks on our speeches. Over to you, sir.

Sampath Ravinarayanan: Thank you, Murali. My colleagues have covered all the aspects. I have set the goal for the Company, brought in the team of capable leaderships, the leadership team who can deliver the goal.

However, I have tasked myself with the following:

1. To create a robust silo or funnel that leads to a pipeline and wins to achieve the Power 930. So, I have tasked myself with creating that silo, contacts, everything that leads

to this goal, which has to be done in the next two years so that we can deliver on the third, fourth, and fifth year the goals, while the AOP keeps going on.

2. As Murali mentioned, ensure our DAC and MAC projects are completed on time. For that we need resources and funds. So, my job is to organize that without any dilution. So, the land is owned by a Company, one of our group companies as you would have known called AAIPPL, Axis Aerospace Infrastructure Private Limited. We are trying to leverage or bring some strategic partnership into that. And actually this is one of the options. As Murali also mentioned that 1A, we are splitting the whole approach into three phases. 1A we are pretty much covered. So, rest of the things we have to organize. So, we have time to organize.
3. To Forge long-term partnerships and relationships to achieve this. Hope to get the more for the work as well as for the completion of DAC and MAC projects. So, this will also have sustainable growth and achieve the 930 in a sustainable way.

So, with this, we are ready to take the questions. So, I will hand it over to Sangeeta who can just organize the questions. Thank you. Thank you all.

Sangeeta Tripathi:

We can start with the Q&A.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Koushik Mohan from Ashika Group. Please proceed.

Koushik Mohan:

Hi, sir, thanks for the opportunity and great set of results. Can I just understand this onetime cost on the P&L that we have it on more clarity basis?

Shashidhar S. K.:

So, Koushik, thank you for the question. See, essentially as what I explained in my speech, we went on a complete transformation initiative from Q3 onwards. And one of the major parts of this is kind of complete overhaul of the leadership team. And essentially, the major cost with respect to the Rs. 14 crores which I mentioned pertains to, you know, it not only was in India, it was also across globally, where we had to do a kind of, I would say, do a voluntary separation for our leadership including our previous CEO and various other leadership positions across the globe.

So that and also we had to incur certain, I would say, onetime legal costs in the course of a few exits so to say. And then we also took a specific consulting from Zinnov with respect to our automotive business, which, I would say, especially for our Add Solutions in Germany. All of this amounted to Rs. 14 crores, which, in a way, are non-recurring in nature, which will not repeat next year.

Koushik Mohan:

And sir, the second thing, currently in this quarter, we have achieved almost around 16.8% EBITDA margin. And we are talking about a target of Power 930, where we are talking about a 24% EBITDA margin. So, what are the key levers which will play out in this specific margin

increase? And how is that planned towards achieving that? And also, can you relate this with the 80-20 rule that we are talking about products as well as the solutions?

Shashidhar S. K.:

Before I hand it over to Alfonso and Murali to kind of, I would say, detail on this, I would like to say that while our kind of a blended EBITDA is at 13.8%, you would observe that the three of my core businesses where the future growth is going to come are already at a 19% EBITDA. If you look at aerospace, that's at 22%. And if you look at ESAI, that's also at about 23% plus. And if you look at only the defense production, that's already at 22%.

So, the approach is to take it from here and drive it towards the product-led approach. And I will ask Alfonso to kind of, I would say, and also to Murali, if they want to delineate on how these entire drivers are going to work out.

Alfonso Martinez:

Yes, exactly. As Shashi said, it is mainly driven by our focus. Our focus in aerospace, defense and ESAI will bring this margin improvement. If you see, we are running there around 20% in combination this year. But specifically also defense is only at 15% and we will expect for next year, for Fiscal Year '26, an expansion of that EBITDA margin very clearly. So, it's a combination of keeping improving the balance between core and non-core and of course also increasing the quality of our revenues. And we are very, very much secure on that. I don't know if you want to complement Murali or more or less this is?

D. Murali Krishnan:

Thanks, Alfonso. So, I think you are right. So, once we focus on products and increase the share of our products, the EBITDA margins are improving or going to improve. Also the uniqueness of the product. So, if we are the only supplier and if our products are innovative and unique, the margins are going to be higher. That is the way we want to go forward. 80-20 is the way where we will increase our EBITDA. So, Chairman may please add if you want to have any comments on this.

Sampath Ravinarayanan:

No, I am fine. As we said that this is the goal we have set. As Shashi explained, we are already at 19.2% in core verticals. And defense is also around it, if you take only the defense product solutions without taking out the one-time development cost, it is at more than 20%. So, we should be fine if we keep the focus. And that's what we are planning to do.

Koushik Mohan:

Thanks for this, sir. I will come back in the queue.

Moderator:

The next question is from the line of Jatin Jadhav from Sahasr Capital. Please proceed.

Jatin Jadhav:

First of all, thank you so much for this opportunity and congratulations on a great set of numbers. I have two questions. One is, sir, can you again briefly explain me the Phase-1, Phase-2, and Phase-3 in brief? And sir, my second question was regarding Phase-2, if I heard it correctly, you were trying to build a facility for missiles, MRO, and manufacturing. I wanted to understand what kind of missiles are we targeting to manufacture for the defense clients and what kind of

MRO facilities are we trying to build over here for existing missile systems or probably future missile systems.

Sampat Ravinarayanan: I will take these questions. Basically, Phase-1 is meant for all the electronics, strategic electronics that will cover normal electronics also. So, that also includes radar, electronics warfare, strategic electronics and ESAI electronics. So, that should cover pretty much our strategic electronic group and ESAI group. So, that will have manufacturing facility and high-level test facility including anechoic chamber etc., which there are very rare availability in India.

And it will also have large hangers for radar maintenance, radar assembly, etc. So, that means radars are widely used. For example, I am just giving an example. Some of the AWACS use large radars that can come in and then test it. This will have wide hangers to test all these things. This is Phase-1A. So, this will cover radar, electronic warfare, and all the other strategic electronics and normal electronics, manufacturing, testing, assembly and so on.

And so the Phase-2 we talked about is missile. Missile has two parts. Missile, we maintain the launches. When we say missile maintenance, there are two parts. Launches and missile transportable test benches where the missile can be assembled, the four components of missile can be assembled at the war zone or wherever it is. So, these are some of the ecosystems we are building and also we are building the ground systems. That part may happen in Bangalore.

But the main missile part, when we say missile manufacture, this is more like an assembly. Some parts we are planning to manufacture including airframe, including rocket motors, and even the munitions for missile at some point of time, warheads. And then the nose cone, the front part. And of course, missile electronics, the onboard computing, etc.

So, the whole integration will happen in Hyderabad. We are targeting to manufacture more, we are focusing on smaller missiles, which is more into air to surface and so on. I don't want to reveal too much, but this will be the focus on the missile side.

And third is, MRO, speed shop and manufacturing will be focused on dual use. That will be mostly for both aerospace and defense. There are many aircraft. For example, Boeing Aircraft are used for Boeing 737 is used in defense as well as air. Airbus is used both in that. So, there are cases where there are a lot of dual use aircraft and helicopters. So, we will be doing maintenance of the parts, both avionics and engine parts and some parts of airframe and manufacturing and supply chain for this. This will be Phase-3.

So, except the missile-related activities, missile assembly, everything will be in Bangalore, which will be Devanahalli Atmanirbhar Complex (DAC). Missile Atmanirbhar Complex, that will be in Hyderabad. That will come up in a 6-acre facility which we are yet to buy. We are in negotiation with the Telangana government or talking to the Telangana government. Here, already we have acquired the land, and we are starting up the work. We are in the plan approval stage at this stage.

Jatin Jadhav: I will get back into the queue.

Moderator: The next question is from the line of Karthi from Suyash Advisors. Please proceed.

Karthi: Good afternoon. Thanks for the opportunity. Sir, I just wanted to understand the visibility for the revenue growth guidance that you have given 35% for aero, 60% for Defense and 75% for ESAI. I hope I got those numbers correct. Just wanted to understand how much of this is contingent upon maybe order wins or whatever or customer approvals to go ahead? And how much of this is, shall we say, routine? Some clarity on that could help.

Shashidhar S. K.: So, Alfonso, would you want to talk about aerospace first followed by Sharadhi Babu on defense and then, of course, Anurag, who will explain about ESAI.

Alfonso Martinez: On aerospace, we have a base of revenues that is secure with our current customers. Luckily, both customers are in good shape and the revenues that we make this year is nearly secure for next year, plus some expansions. So, that's securing a part of the growth in aerospace.

Also, the rest is coming from the pipeline of opportunities that we have now. It's a pipeline we started to build basically when I joined, and then we are now waiting the pipeline. And with the secure revenues plus the waited pipeline, we are nearly 90% secure of the revenue increase. We are starting the year and there is always some deals to be won along the year. And I hope that we are putting a lot of hope in the Paris Air Show in which we will participate. We may have an announcement of some important deals that will come in the aerospace side.

So, basically, it is an estimation that we are pretty much secure and we are very confident on getting this 35% growth of revenues in aerospace. So, maybe, Babu, you can complement on the defense side.

Karthi: One quick question. How much would be the two customers' contribution?

Alfonso Martinez: The two initial, the two current customers?

Karthi: Yes.

Alfonso Martinez: That's nearly a similar revenue to this figure. So, if it is a 35% increase, you can make the math very easily. In the current customers, we are expanding about 10%, basically, that is coming from the pipeline from the pipeline with new customers. When I say new customers in airbus, that is very big. Airbus is a full ecosystem you know. We have one current customer in aerospace. Airbus is a very big group and we are expanding into new areas as well.

Karthi: I heard you.

- Sharadhi Babu:** Thanks, Alfonso. Covering the defense part, the defense growth is coming from much of our defense production where, as you know, we are part of the LCA, Sukhoi, and also the AWACS program. And also our both radar and DW are going on multiple platforms. So, production is from all these programs. And also, we have MOD programs. We are implementing a large land systems defense program in the coming year. And also, we are the OEMs. This thing has opened up with various activities happening and the new procurement from Defense has triggered a lot of OEM programs. So, the much of activity is also happening on the global OEM programs. So, it is spread across all these three areas.
- Sampath Ravinarayanan:** Babu, I just want to clarify. The question was a little wrong, casted wrong, that defense is 75% and ESAI is 60% growth. Just reiterate that. That's all. Thank you.
- Sharadhi Babu:** And also the counter-drone systems where we are in the forefront and we have already supplied 100 systems to the defense. So, we are expecting repeat orders and also the new programs. The counter-drone is the most wanted system across the defense now. And then we are leading this entire program supply of these counter-drone systems to the Indian defense.
- Karthi:** So, if I may clarify, what would be production revenue in FY '26? We did 190 roughly in FY '25.
- Sharadhi Babu:** Production revenue is...
- Shashidhar S. K.:** This year FY '25 was around Rs. 196 crores. We are talking about probably doubling it in FY '26.
- Moderator:** The next question is from the line of Nishid Shah from Ambika Fincap Consultants Private Limited. Please proceed.
- Dhruv:** Hi, this is Dhruv. Congratulations on a good set of numbers. I have just one clarification on the defense side. The deal we announced on the test bench, is there any revenues included in the growth, which we are seeing, 75%?
- Sampat Ravinarayanan:** Which deal you are talking about?
- Dhruv:** The MBDA deal which we announced in January for the test bench, have we included any revenues from that, sir?
- Sampath Ravinarayanan:** Babu, can you answer this?
- Sharadhi Babu:** Yes, we have revenues in that program in FY '26.
- Dhruv:** That's it.

- Moderator:** The next question is from the line of Deepak Poddar from Sapphire Capital. Please proceed.
- Deepak Poddar:** Sir, just wanted to check, I mean, our Rs. 9,000 crores kind of a target in next 5 to 6 years basically. So, that kind of equates to about 40%-45% kind of a CAGR over next 5-6 years. So, just wanted to understand do you expect this growth to be evenly phased over the years or do you expect it to be front ended, back ended? I mean, what sort of thought process you have on that?
- Sampat Ravinarayanan:** I will take this question. This year one, let us call this one T0 beginning this right now. This will be a normal year. The AOP will be met as the COO mentioned. We are looking at a 50% EBITDA growth and proportional PAT growth this year and infrastructure at least 60% should be ready.
- So, there could be some traction other than the AOP figure something towards the Power 930 will come next year. But the 3rd, 4th and 5th year, I think we will ramp up faster because by that time most of the DAC will be completed, MAC will be completed. All the 3rd Phase will be almost on. So, all the lines of revenue streams will be ready. So, I think, see, it's still a vision. But I would say that it's very much possible to achieve this.
- Deepak Poddar:** And this year we are targeting 35% growth at the Company level.
- Sampat Ravinarayanan:** This year, see, we are not looking at revenue per se. The revenue will be 35%, I guess. But I am saying profit after adjusting to EBITDA because we have a huge cost on ESOPs, after adjusting our EBITDA still can be around 50% growth from the current level, and PAT will be proportional and EBITDA margin will be at least at 17% average. So, you can do the math what should be the revenue and what should be the cost.
- Deepak Poddar:** And what is the FY '26 ESOP cost we are expecting?
- Sampat Ravinarayanan:** Around Rs. 50 crores to Rs. 60 crores.
- Deepak Poddar:** Around Rs. 50 crores to Rs. 60 crores.
- Sampat Ravinarayanan:** Yes.
- Deepak Poddar:** And what is the tax rate? I mean, this tax rate, we have seen some scalability.
- Shashidhar S. K.:** Yes, so we have now moved to the new tax regime. Of course, as you know, we have global operations and each of the, I would say, our global operations have a different tax rate. But in India, we have moved to the new tax regime at 25.82%.
- Deepak Poddar:** So, 26% is effective tax rate we can expect at the Company level.

Shashidhar S. K.: Yes.

Deepak Poddar: And what was the one time provisioning cost in 4th Quarter?

Moderator: Sorry to interrupt, Mr. Deepak.

Deepak Poddar: It's just the last question.

Moderator: I request you to join the queue.

Shashidhar S. K.: One time provisioning, I didn't get you.

Deepak Poddar: One time cost in 4th Quarter.

Shashidhar S. K.: Are you talking about non-recurring cost?

Deepak Poddar: Just one time cost in 4th Quarter. Out of this Rs. 14 crores, what was the cost in 4th Quarter?

Shashidhar S. K.: The 4th Quarter was around Rs. 9 crores.

Deepak Poddar: Rs. 9 crores.

Shashidhar S. K.: Rs. 7.5 crores. Let me correct myself.

Deepak Poddar: Rs. 7.5 crores.

Shashidhar S. K.: Yes.

Deepak Poddar: That's it from me. All the very best.

Moderator: The next question is from the line of Aastha from Pkeday Advisors. Please proceed.

Aastha: Thank you for giving me the opportunity to ask the question. Sir, first, I want to ask you, we saw the slowest growth in this year in FY '25 compared to the last 3-4 years. What was the reason? I mean, what happened? We saw 13% growth in aerospace, which was again slower than compared to previous years. And sir, in the similar line, I want to ask you, what was the revenue growth in automotive segment?

Shashidhar S. K.: No, the automotive segment, talking about the revenue growth as such, you are right, the core businesses is where the actual growth happened. And most of the, I would say, management bandwidth as well as, I would say, our efforts were getting into ensuring that we reset the non-core verticals and we were exposed to the macro factors, especially in automotive.

Just to give an example, the acquisition which we did of ADD Solutions in Germany, I would say, Volkswagen was the main customer, which, you know, there was a huge de-growth there. So, we did not achieve the objective. That was the issue there.

And also, with respect to the acquisition which we did in energy of Epcogen is yet to hit critical mass. As a result of which, the non-core verticals kind of, I would say, impacted the overall growth in terms of the business. And as to the automotive vertical, the total automotive revenue was Rs. 90 crores as against Rs. 104 crores, which we recorded in FY '24.

Aastha: Sir, but even aerospace grew only by 13%, whereas if I see from FY '22 to '24, it has grown pretty well.

Shashidhar S. K.: Yes, so because, I would say, we had some new programs which we started implementing.

Sampath Ravinarayanan: No, no, Shashi, that is post-COVID that is went up. Okay. That is clear because there is a complete lot of orders were held back as a result of...

Shashidhar S. K.: Yes, so just to elaborate on what Dr. SRN just now stated, if you look at the period from FY '23, if you look at FY '22, which was the period of COVID, the revenue dropped by 50%. So, when the growth came back, it came back with a vengeance. So, that kind of stabilized in FY '24 and onwards.

Aastha: So, sir, going forward, should I expect 13% to 15% growth as my aerospace growth?

Shashidhar S. K.: I think Alfonso has clarified that.

Sampath Ravinarayanan: Shashi, I will take the question. Madam, this year we are expecting as our CEO, on behalf of Mohan said, 35%. If I can give the figures approximately, we did about 300, around \$38 million in aerospace. We are targeting about \$51 million this year, approximately. Okay, so we can expect and we are looking at a similar or better growth next year because we will be adding products and solutions to this.

Aastha: Sir, my next question would be, is it possible to share...

Moderator: Sorry to interrupt, Ms. Aastha. Could I request you to return to the question queue as there are several participants waiting for their turn

Aastha: Sure.

Moderator: The next question is from the line of Nirvana Laha from Badrinath Holdings. Please proceed.

Nirvana Laha: My question is regarding the ESAI segment. So, if I look at the revenues this year, they were flat. We are guiding for, I think, 60% growth in EBITDA next year. So, can you please elaborate

on what programs or what clients will help us drive this? Some details on where we can understand what tangible programs or clients will help move this will be very helpful.

Anurag Sharma: Yes, of course. This is Anurag Sharma here. So, you see that we are basically also doing a revision in our strategy where we are moving towards product-driven growth. And in that context, we have introduced some new products also in this year. And that is why we are very much confident of this growth which I spoke about.

So, we already were doing a certain type of products for our OEM clients in the semiconductor segment and we were doing high-end electronic design and the PCBAs. But now we are doing our own system level product, which directly go into the market. So, this is something which is a renewed strategy and very effective one and that gives us the confidence to move forward.

Nirvana Laha: Sir, just a follow-up on that. So, 60% EBITDA growth, do you already, and I think we reported 24% EBITDA margins this year. So, the EBITDA growth, how much of that will be driven by top-line growth and how much will be driven by further EBITDA expansion, if you already have some plans around that?

D. Murli Krishnan: So, you are talking about ESAI, or you are talking about the Company?

Nirvana Laha: No, ESAI. ESAI is Rs. 125 crore revenue, I believe, with Rs. 30 crore EBITDA. So, 60% EBITDA growth that we are targeting. What will be the split between the revenue growth in ESAI and further EBITDA margin expansion?

D. Murli Krishnan: This is mostly coming from the revenue growth. So, we are going to substantially increase the revenue.

Shashidhar S. K.: See, we have added a lot of new logos. Earlier there used to be 2-3 logos which were kind of focused with respect to the entire ESAI revenues. Now we are adding quite a lot of new logos, especially in the U.S. region, which is going to kind of, I would say, take this forward.

Alfonso Martinez: Yes, if I may complement, the revenues flow in ESAI in the previous year has been delivery-led. It's basically the sales done many years ago, and we have continued. And what we have done now is really boosting the sales and the relationships with the clients, together with a new product strategy. So, the continuity of the current revenue streams is there, but on top of that we are adding new OEMs, new clients, etc., a new product range that has not been done in the Company for the last years. This is a new era now.

Sampat Ravinarayanan: We have traditionally had only two silicon manufacturers with us, which have brought in 90% of the revenues. Now we are looking about three or four more silicon manufacturers to work with. Number two, we have taken a strong China plus One strategy and a Tariff plus One strategy. So, that means that we are going wherever there was a replacement activities are required. That has boosted our order book. The entire 60% we can say is almost 90% of this

covered with already an order book right now. It's a good question of execution. There is a robust pipeline. And customer base, we have some marquee customers. So, basically these three things give us confidence. And EBITDA growth is proportional. There won't be bps growth. There is no basic point growth. The EBITDA will remain almost the same percentage. But it will be a result of revenue growth. Revenue growth will be there. Also there is a small element of ESAI everything is being still under--.

Moderator: The next question is from the line of Dhaval Jain from Sequent Investments. Please proceed.

Dhaval Jain: Sir, I just want you to understand the contribution from our core business going forward because right now what I see is out of the total contribution that we have in aerospace is 31%. Defense is around 29% and ESAI is around 12%. So, moving forward, how is this mix going to change? Is it going to be evenly split or is defense going to be more contributing to the core domain?

Sampath Ravinarayanan: Let me answer this question. Ravinarayanan here. So, this is around, we are expecting at 2028, see, leave the non-core aside, we are looking at 40% in defense, some about 30% in ESAI and 30% in aerospace. That's the mix we are expecting at this point of time with the visibility among the core activities.

Dhaval Jain: Also one more aspect of it I might have missed out on. So, I just wanted to know about the CAPEX that we are doing for the three phases that we are going to put in. So, I see that we are going to put around Rs. 250 crores in Phase-1, the Phase-1A contributing Rs. 120 crores. So, can I have the understanding of how you are going to fund the Phase-2 and Phase-3? And what will be the total CAPEX overall?

Sampath Ravinarayanan: I am giving my brief this thing. Phase-1A, in Phase-1, we have divided it as Phase-1A and Phase-1B. Phase-1A pretty much is That is Rs. 120 crores. That we are already allocated Rs. 45 crores from our internal accruals, and we would be allocating more money to this internally. This won't be almost requiring external funding, which our main focus is going to be on strategic partnerships for the development of the whole thing. That's what it is.

Dhaval Jain: We don't currently have the entire CAPEX that, I mean, the entire amount of what we are planning or is it going to come later stage?

Shashidhar S. K.: See, as Dr. SRN explained, what we have on the radar, and which is under development where the plan is at an approval stage is Phase-1A where the CAPEX including the building as well as the equipment is going to be anywhere between Rs. 100 crores to Rs. 120 crores. Of which most of it, our objective is that most of it should be through internal accruals.

As I have already mentioned, the Company is sitting on cash reserves. At the same time, the generation of EBITDA in FY '26 is also going to support that. So, that is how Phase-1A is going to be funded. And onwards, basically as what Dr. SRN was explaining, we are working on

partnerships where there can be a contribution from the partner who we negotiate with, the OEM, which will take this entire CAPEX forward.

Moderator: The next question is from the line of Rucheeta Kadge from I-Wealth Management. Please proceed.

Rucheeta Kadge: Very good evening. So, sir, my question was essentially on the CAPEX part only. So, on Phase-1 that we are talking about, so Phase-A, I understood. Could you please reiterate like on Phase-B, what would that be? And by when do you expect the A and the B to come? And how much revenue can each at the peak capacity contribute?

Sampath Ravinarayanan: It's already work started, somewhat the planning approval etc. We hope to complete the Phase-1A by December this year and move in by January 15th at the latest. So, Phase-1A is on track. Phase-1B as we conclude will have a certain level of tool room machine shops. We call it as speed manufacturing shop, and some kind of activities for supply chain and inspection equipments. And so this will come in that more towards aerospace to take care of some of the aerospace activities, more on to the one-time development, one-time manufacturing of aerospace parts. Just to explain to you, around 90% of the OEM spent, that is, you know, Airbus Boeing and their ecosystem, spent their whole entire money with the book...

Shashidhar S. K.: Yes, I think you can take the question.

D. Murali Krishnan: Yes. So, as SRN sir explained, so there is Phase-1, which is about one year away. So, we are able to complete that and then we will move and start the operations next year. And Phase-2 and 3, which are for missiles as well as for the MRO and speed shop, that will come in the subsequent year.

Rucheeta Kadge: And about the Phase-1, if you could tell that what is the kind of peak revenue that we can expect in the Phase-1?

D. Murali Krishnan: So, this will be a part of our upcoming AOP and Phase-1A is more related to radar.

Shashidhar S. K.: Just to add to what Murali said, we are expecting a healthy kind of an asset turnover here. At least by 2x to 2.5x is what we can expect.

Rucheeta Kadge: And how fast can we ramp this up?

Alfonso Martinez: Revenues will start as soon as the facilities are ready. And our plan is beginning of next year, that will be ready. You know, sometimes today supply chain of equipment and so on is difficult to predict. But we are very confident that beginning of next year, and we have some client discussions also. So, revenues will start flowing early as soon as the facilities are ready.

The pipeline is very big. And we are more or less securing the contracts in parallel to the investment in Phase-1A. So, that will boost specifically Fiscal Year '27. It's very difficult. These facilities are going to be ready at the end of this year, so the impact will be in the subsequent years. The return on capital expenses is very high in everything we are planning. This is for Phase-1, basically.

Next phases are depending on the customer negotiations and the client partnerships that we are closing in this year. As long as we will be announcing the partnerships, the investments will be also putting into note of the community.

Rucheeta Kadge: And this ESOP cost, what was that for FY '25?

Shashidhar S. K.: The ESOP cost for FY '25 was kind of marginal. It was less than Rs. 5 crores, let me say.

Rucheeta Kadge: And then, just to follow up on this.

Moderator: We are sorry to interrupt, Ms. Rucheeta. We are so sorry, but there are a lot of participants waiting for their turn. Could you please return to the question queue?

Rucheeta Kadge: Not an issue. Yes.

Moderator: The next question is from the line of Aman Vij from Astute Investment Management. Please proceed.

Aman Vij: Good afternoon, sir. My question is on the defense side. So, could you give some more clarity that till last quarter or maybe one, two quarters back, we were talking about 30% kind of production growth, but what has changed in last one, two quarters that we are not talking about 100% growth in our production revenue? And then if you can talk about some of the interesting programs which is coming up, which is helping in this. Is this the NETRA program? And if you can give any update and also on Counter-Drone and CG Drone POD update, if you can give on these three programs. These are the questions I have.

Sharadhi Babu: Mainly the defense program, the production is coming from, as I mentioned in one of the previous answers, there is a ramp up in production. We are actually significantly contributing towards the production of the LCA, the Su-30 upgrades and also in the AWACS, and also we are having the direction finding system is going on multiple platforms. So, much of the production is happening in this direction. And also, there is an expedited delivery.

In fact, we have the orders. It is the execution which is actually more where we are focusing and enhancing it. And also, with the culmination of the new orders from the OEMs like the Marine Rafale and others are also expediting our OEM footprint.

So, as you know, we are already working with many global OEMs, and there the expansion is happening on an accelerated mode. And in the MOD, number one, we are implementing a land system project and also we are expecting this emergency procurement to lead to certain quick supply of systems where we are expecting this emergency procurement and also maybe there will be one more iteration also will actually contribute to our enhanced revenues.

Aman Vij: Clarification on the emergency procurement part. What kind of contribution do you think can come from that? Sorry, this is Su 30 and AWACS. So, these programs were supposed to come in FY '27. So, is it getting preponed or when you are talking about so many programs, all of them are coming in FY '26 itself?

Sharadhi Babu: There are some systems already the production is going on and then deliveries are going on. Some of them are actually coming up in this year and some quantities are next year. And also the emergency procurement, there are ten lines of items the Indian MOD has embarked upon acquiring in a quick succession, and we have already fielded our equipment in four categories, and then at least we have very, very high confidence that we should be able to win one of them, and also the same will also repeat in a very quick succession down the line.

Aman Vij: Sorry, again. What is the order we are expecting from EP, emergency procurement, in the next 1-2 years?

Sharadhi Babu: No, we will not be able to disclose the values, but we are hoping for a sure win.

Moderator: The next question is from the line of Pankaj Parab from Molecule Ventures. Please proceed.

Pankaj Parab: So, my first question would be on the recent traction in the Anti-drone system. So, what kind of new opportunities that we are seeing and are we developing any new system except for the existing system in anti-drone?

Sharadhi Babu: Yes, we are actually expanding our anti-drone systems offerings. We are in the counter-drone systems. We are already in the man-portable counter-drone systems. And now we are offering the hand-held systems also. And also we have worked on the vehicle mounted and we have offered the vehicle mounted systems also. And going forward, we are actually creating our own internal portfolio of long-range and programmable jammers and future add-ons to integrate our own radars.

And so we will be offering a full suite of counter-drone systems including all the sensors and the kill options, both the soft sensors and soft kill, hard sensors and hard kill options. All of them will be part of our offerings. So, it's a pretty interesting portfolio of products and also very good pipeline coming up. And already we are in the forefront of counter-drone systems in the Indian context and also we are expanding globally also.

- Pankaj Parab:** And sir, can you please elaborate some of the order in the counter-drone system in FY '26 that may be converted into revenue?
- Sharadhi Babu:** The values I will not be able to disclose. But I am sure counter-drone systems will be part of our revenues.
- Pankaj Parab:** So, we can safely assume that the amount of the revenue will be substantially higher than FY '25. I guess so.
- Sharadhi Babu:** Yes.
- Pankaj Parab:** Yes. Please continue.
- Alfonso Martinez:** Yes, to complement what Mr. Babu said, it is not only the products that we are developing, it's also the recent success that we have last year in counter-drone systems here in India, has drive the attention of some international companies that are looking us as our main partner to develop. So, this will accelerate because as you can imagine developing our own products takes some time. But what is going on is that now we are about to announce very soon a very good partnership on these systems with the leaders companies.
- As you know I come from Europe and there we are experiencing a lot on drones and what we are doing is partnerships with companies that are combat proven systems. And that's why we are putting a lot of bets on this counter-drone and even drone system. So, this is where we are super confident.
- I am sorry, this is defense. We cannot disclose the opportunities we are dealing with and the conversations we are having with the international OEMs and also the Ministry of Defense here in India. But we are super confident on a big boost on these revenues.
- Pankaj Parab:** And sir, my next question is on ESAI segment. So, we have a good jump in the quarterly revenue for this quarter in the ESAI segment. And sir, you also mentioned Rs. 600 crore order book. And so can you just elaborate what is a portion of the chip to product division that we are trying to develop? And how we are progressing there? Any new product addition in the pipeline or anything on that, sir?
- D. Murali Krishnan:** So, for ESA, there are multiple products in pipeline starting from millimeter wave radar, drone controller, as well as other radar systems such as through wall radar and ground penetration radar.
- Pankaj Parab:** And sir, does this contain in our order book of Rs. 600 crore?

Moderator: Hello, sorry to interrupt, Mr. Pankaj. Due to call time constraints, we will have to take this as the last question. Thank you. Ladies and gentlemen, in the interest of time, this will be the last question. And we will now hand the conference over to the management for closing comments.

Sangeeta Tripathi: Thank you, everyone. Thanks to all our esteemed leaders and participants for your time and interest in our Company. We appreciate this engaging session and the insightful questions. Should you have any further questions or need any additional clarification, please feel free to connect with us. Thank you.

Shashidhar S. K.: Thank you, everyone.

D. Murali Krishnan: Thank you.

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