

Transcript of 34th Annual General Meeting of AXISCADES Technologies Limited held on Wednesday, September 18, 2024, at 05:00 PM (IST) through Video Conference

Moderator: As the requisite quorum is present, you can start the meeting, please. Thank you.

Ms. Sonal Dudani: Thank you, Mr. Rajkumar.

Good evening, ladies and gentlemen. I, Sonal Dudani, Company Secretary and Compliance Officer, have great pleasure in welcoming you to the 34th Annual General Meeting of the company. I hope you and your family members are safe and in good health.

Before we start with the proceedings of the meeting, I would like to introduce to you the Directors and KMPs of the Board of the company who have joined us through video conference.

Mr. Abidali Neemuchwala, Chairman and Non-Executive Director.

Mr. Abidali Neemuchwala: नमस्कार. Welcome to everybody to this AGM.

Ms. Sonal Dudani: Mr. Arun Krishnamurthi, Chief Executive Officer and Managing Director.

Mr. Arun Krishnamurthi: Good evening, everybody. It's a pleasure to interact with you and thanks for participating.

Ms. Sonal Dudani: Ms. Mariam Mathew, Independent Director and Chairperson of Nomination and Remuneration Committee.

Ms. Mariam Mathew: Welcome, everybody. Good evening.

Ms. Sonal Dudani: Mr. Desh Raj Dogra, Independent Director and Chairperson of Audit Committee and Share Transfer Committee.

Mr. Tanmay Chakrabarty, Independent Director.

Mr. Venkatraman, Non-Executive Director.

Mr. Venkatraman Venkitachalam: नमस्कार. Welcome to the AGM.

Ms. Sonal Dudani: Dr. S. Christopher, Non-Executive Director.

Dr. S. Christopher: Good evening. And welcome to the AGM.

Ms. Sonal Dudani: Mr. Shashidhar, Group-CFO.

Moderator: Shashidhar, you're on mute.

Mr. Shashidhar SK: Yeah, good evening. Welcome to the AGM.

Ms. Sonal Dudani: Mr. Dhiraj Mathur, Independent Director and Mr. David Abikzir, Non-Executive Director have communicated their inability to attend the meeting due to preoccupation.

Mr. Sunil Gaggar representing S. R. Batliboi & Associates, Statutory Auditors, and Mr. Anant Khamankar from Anant B. Khamankar & Co., Secretarial Auditors, who have joined this meeting through video conference.

We have the requisite quorum present through video conference to conduct the proceedings of this meeting. Participation of members through video conference is reckoned for the purpose of quorum as per the MCA Circular and Section 103 of the Companies Act, 2013. The quorum being present, I call this meeting to order.

As the members are aware that this AGM is being conducted through video conference in compliance with all the applicable relevant circulars issued by MCA and SEBI from time to time the company has taken all feasible steps to ensure that the shareholders are provided with an opportunity to participate in the meeting. The soft copy of the Annual Report has been sent to all the members holding shares in dematerialized mode and whose email addresses are available with the depository participants as well as to the members holding shares in physical mode whose email address are registered with the company RTA for communication purposes. Statutory Registers as mentioned in the Notice to the Annual Report are available for inspection of the members and members seeking to inspect such documents can contact the Company Secretary and Compliance Officer for the same. As mentioned in the Notice convening the meeting, since the meeting is being held electronically, the proxy-related procedures have been dispensed and hence, the Proxy Register is not available for inspection.

The company has received requests from members to register them as speakers at the meeting. Accordingly, the floor will be open for these members to ask questions or express their views. The moderator will facilitate this session once the floor is open for questions and answers. The company had provided the facility to cast votes electronically on all resolutions given in the Notice, during the period from 15 September 2024 till 17 September 2024. Voting will be in proportion to the shares held by the members as on the cut-off date, this being the 11 September 2024. Members who did not or could not avail the remote e-voting facility and who are participating in this meeting will have an opportunity to cast their votes electronically during the AGM on all proposed resolutions

through KFin Instapoll mechanism. The Instapoll facility will be activated at the end of the meeting.

Once the opening of e-voting is announced, members can click on the 'Vote' tab on the screen to avail the same. Members may please note that there will be no voting by show of hands. Now I would request the Chairman to address and give his speech followed by the presentation from our CEO & Managing Director.

Mr. Abidali Neemuchwala: Thank you, Sonal. Am I clearly audible?

Moderator: Yeah, sir. You are clearly audible, sir. You can proceed with your speech, sir.

Mr. Abidali Neemuchwala: Dear shareholders and distinguished guests, it is a distinct privilege to address you during this AGM as the Chairman of AXISCADES. I now complete about one year as Chairman with the company and have seen closely the incredible capabilities that the company, your company has built over the years. Today, we reflect on an extraordinary year and look ahead to a future brimming with opportunities. Despite the challenges presented by the global uncertainties, our ability to adapt and innovate has been key to delivering a solid financial performance and our success has been built on the foundation of strong corporate governance, visionary leadership and a solid operational excellence culture. At the heart of our progress lies a commitment to improve and innovate.

Our Board of Directors, comprising seasoned professionals, have provided critical oversight, ensuring that we navigate the complexities with integrity and accountability. Similarly, the company's leadership team has remained focused, resilient and forward-looking and thinking, steering the company with agility and determination.

Our leadership team, too, deserves a special mention. Their resilience and agility navigating the myriad challenges of today's market have ensured that we remain at the forefront of innovation and excellence.

We have continued to invest significantly in nurturing talent across all levels in the organization, fostering a culture of continuous learning and development. This ensures that we have a robust pipeline of future leaders who are well equipped to steer the company to new heights as we move forward.

Let me talk a little bit on the performance. The year behind us has been a testament to AXISCADES' resilience and adaptability. Despite global uncertainties, the company has delivered robust financial results. Our revenue growth, profitability and cash flow

generation have been driven by a strong order book, strategic partnerships with customers and an unwavering focus on operational excellence.

Our Aerospace and Defence division continues to be a cornerstone of our growth, deepening our relationships with global OEMs, which are the original equipment manufacturers, and expanding our service offerings continuously. We have deep, differentiated offerings in both these verticals and the competencies we have built are the drivers for growth.

In the automotive sector, the transition to electric, autonomous, and software-defined vehicles presents exciting opportunities for all of us and we have responded with advanced engineering solutions that are shaping the future of mobility.

The Energy sector too has seen remarkable progress. Our involvement in renewable energy projects aligns perfectly with the global sustainability trends and we remain committed to contributing to the world's transition to a clean energy and a greener planet. We have marquee clients in the Product Engineering Services or PES sector and the skills we have in the semiconductor sector present very exciting opportunities. As we know, silicon is in everything and is now present across all industry verticals.

The successful capital raise exercise, earlier this calendar year via the QIP, with the participation of institutional investors, has further strengthened our Balance Sheet, enhancing our financial health and stability.

On the future, as we look ahead, I am filled with optimism for what lies ahead for us. The global Aerospace and Defence industry is poised for significant growth driven by increased commercial air travel and rising Defence budgets across the globe. The automotive sector is undergoing a digital transformation with the advent of artificial intelligence, especially generative AI and digital twin technologies, all of which are reshaping how we engineer and manufacture products. Having said that, we do see some headwinds hitting the sector, with mature European and American OEMs being challenged in the EV sector by the Chinese OEMs. We are also witnessing the transformative potential of Industry 4.0 technologies, which integrate cyber and physical systems, IoT and cloud computing into the industrial processes. These innovations will enhance our operational efficiency, reduce our cost to serve and enable us to deliver even greater value to our clients and shareholders.

Moreover, as our digital footprint expands across Artificial Intelligence, Augmented Reality and Virtual Reality which is called AR and VR, IoT or Internet of Things and data analytics, we have begun to unlock new efficiencies and value streams for our clients.

These advancements will further solidify our leadership in delivering cutting edge solutions across the industry verticals that we focus on.

As we continue this exciting journey, I want to take a moment to express my sincere gratitude to all our stakeholders – to our employees whose dedication and innovation are the bedrock of our success, to our partners whose collaboration has been invaluable, and to you, our shareholders, and investors, for your unwavering trust support. Thank you, all. Over to you, Arun.

Mr. Arun Krishnamurthi: Thank you very much, Abid. Thank you so much for your opening remarks. I'd request the moderator to just bring up the slides and I can provide a brief overview of FY24 and the way ahead for FY25. Yeah, we can go to the next slide, please.

I think I'm sure a lot of you are already aware of our company and you've gone through our Annual Report, but this is just a quick recap about the organization. So, we are positioned as a fully integrated strategic technologies, R&D and Defence company that delivers a broad spectrum of products and services, from engineering, aerospace, space to Defence. So, as you can see on the screen, we have a diversified portfolio.

Our strategy is three-pronged. One is to have a diversified business. The second is to go deep into every vertical that we service, every industry that we service. And the third is to be digital and embedded first. We approach our client and exploit the digital engineering synergies and opportunities that exist. So, these are the six verticals that we are present in. So, there's Aerospace, Energy, Automotive, Semiconductors or PES, Defence and Homeland Security and Heavy Engineering. If you look at the chart below, Defence and Aerospace are the key drivers for us. This is where we are heavily differentiated. 30% of our revenues come from Aerospace, 27% of our revenues come from Defence. And like Abid mentioned in his opening comments, Aerospace is set to explode. Travel is coming back, the OEMs have a full order book and there's appetite for travel. So, we expect to leverage fully on these opportunities. Defence is also at an inflection point, partly because there's a lot of conflicts that are happening in the world. So that is an impetus for Defence-spending. Secondly, there's a transition that's happening from traditional warfare to more electronic forms of warfare. And if you look at the capabilities that we possess through our subsidiary, Mistral, everything that we do is on the electronic warfare front. So, we are very well ready to exploit the opportunities that exist. And thirdly, there is a big Make in India initiative, which is happening, which is the big impetus for spending in India. So, this will continue to be a big growth driver for us, and we are very well differentiated.

We diversified into Automotive and Energy recently this year. We made an acquisition in Germany for automotive, a company called Add-solution, and we acquired a company called EPCOGEN, which is a small India-based company. With both of these, we expect to expand into Automotive in a big way in Europe and North America, also in India. And with Energy, we are looking at both renewables and the traditional fossil fuel, oil and gas sectors. And the Middle East is a key area of focus for us.

Heavy Engineering is a legacy for us. We have been with Heavy Engineering for the last 35 years since the origin of our company. So, this is an industry that we understand extremely well and continue to focus on. And semiconductors, like Abid talked about, silicon is everywhere. This is an industry which is on the fast track and we have very good marquee customers. We are present on both the hardware and the software side. We have capabilities on silicon validation boards on evaluation kits. And this positions us well to address all the verticals because most tier ones and OEMs use semiconductors. And our customers' customers are a good target audience for us.

Just lastly, we have 20 global locations. We have about 3,200 employees. And if you look at a geography mix, 38% of our business comes from Europe, followed by 31% from APAC, 27% from the Americas and 4% from Canada. Next slide, please.

This is the performance for FY24, which I'm sure you're familiar with. So, if you look at Engineering services and Defence, which we split out separately, on the top of the chart, Engineering services had a very robust 21% growth. Aerospace was a big driver for growth and then we had some acquisitions in Automotive and energy. If you look at Defence, we grew at 8%. But the thing to note out here is that our production revenues, which is where we deliver high value subsystems to our customers, grew from 39 crores to 112 crores, which is 188% growth. And this is really heartening for us because production is set to scale in a significant way. And this is a highly margin accretive business for us. If you look at the chart below, that shows the consolidated story. So, we grew from 814 crores to 952 crores, which is a 17% year-on-year growth. If you look at the NASSCOM Strategic Review, they have said that the ER&D segment grew at 7.4%. So, we have grown well over that rates. Our EBITDA margin grew from 130, which is the normalized EBITDA. Here it is 138, but that's 138 because of some COVID grants that we got in FY23. It grew by 5% from 120 to 130. And the PAT grew from -5 to 33. Next slide, please.

So here I will talk a little bit about what we can look at and of course we are well into FY25. We are almost completing H1. But if I just touch upon some of the sectors which I already talked about, I think the area of focus for us, so if you look at Aerospace, we are present with some very prominent OEMs and fortunately we are present with OEMs which are doing extremely well. So, we will of course look at preserving that business and

look at how we can increase that wallet share by focusing on to new areas. We are specifically focused on digital solutions and plant engineering. And we are also looking at how we can get into the extended value chain of Aerospace. So, if you look at Aerospace, you have the OEM sector, you have the MROs, you have the engine manufacturers, you have the landing gear manufacturer and you have Avionics. Our presence currently is mainly on the OEM side. We are aggressively looking at how we can expand into the other sectors. We are particularly interested in Avionics, which we are already present in through our Defence business. So, we will look at how we can take that into the commercial business. We will look at MROs in a big way because MROs, especially in India, are upcoming, especially with all the orders that have been placed by the Indian Airlines. We see that as an opportunity. And of course, we will look at how we can penetrate into Engineering spaces where there's some large tier ones who we can acquire as our customers. I talked briefly about Defence again on the opening slide. We will focus on how we can increase our production revenues because we have already seen that that is on an uptrend for us. A lot of the design wins that we had in the previous years are starting to yield fruit and benefit for us now. So that is going to be an area of focus. Post the delivery of MPCDS, which is the Man Portable Counter Drone System which is basically an anti-Drone solution. We will be looking at Drones and Anti-Drones in a big way. Now, Anti-Drones itself is a 3,000-crore opportunity including overseas. And some of our anti-Drones which are delivered have been deployed on the borders as well recently three of the anti-Drones have been deployed in Manipur and as we speak, we are in the process of delivering 40 more anti-Drones. So, we are squaring in that space. And we have an early-mover advantage because we are one of the first companies who actually has anti-Drone systems installed at scale. Most of our other competitors have POCs in place, but we already have 40 systems which are deployed and 60 more will come on stream in the next couple of months or so. We have a very big interest in Drones as well, specifically for military applications. As we speak, we are doing a trial in Ladakh for high payload Drone. So, these are Drones which can carry up to 25Kg at high altitude. We are in the second stage of trials as far as these Drones are concerned and we are very confident that we will pass the certification and we see this to be a good opportunity going forward as well. Going on to semiconductor. Like I said, we have a lot of opportunities that we already have in the EVM space as well as the SDK space. We will be looking at how we can increase our wallet share. Our niche skill set is in the mm Wave radar modules and mm Wave radars are millimeter Wave radars. These are increasingly used in automobiles for automobile driving. So, look at how we can take our scales from semiconductor into automotive as well. Energy. Again, we have a good acquisition. We recently announced in the press that we won a large deal with customers in the UK, who's into renewables and carbon capture. They are bringing large, key large plants in the UK and Australia on

stream. And we have a committed volume of work that we are starting with them, which we expect to grow. The Middle East is a big focus area for us, specifically the tier ones. So, we will look at the set of companies who service their oil supermajors. So, these are companies who are into construction, who take large turnkey contracts and they do large Capex engagements. So, we will be involved in the EPC part, which is the Engineering, Procurement and Construction part for these customers. And this could be large refineries, these could be large sulfur gas capture plants, they could be large gas storage plants, etc. Heavy engineering, like I said, we have been engaged with for 35 years. We have worked with some prominent marquee players in the US. Here the focus is on how we can take some of our capabilities in embedded, that we have in our Mistral, subsidiary to these customers. Because again, there's a lot of autonomous driving and the software-defined vehicle use case which is happening in Heavy Engineering. So that will be the focus as far as we are concerned. Also, with Asia becoming a big infrastructure hub, we will look at how we can broaden our market in APAC and Middle East. Last year, Automotive. I think everybody talks about Automotive, but the trends are in Radar vehicle ADAS, which is Advanced Driver Assistance Systems as well as software. And we are squarely focused on this. With the acquisition in Germany, we have very good capabilities on HMI testing, which is Human Machine Interface as well as in wiring harness. And these are areas we look at. As we all know, the market is a little bit turbulent at the moment because all the traditional OEMs are being disintermediated by the Chinese EV manufacturers. And because of that, the industry is looking at how they can develop more ADAS for hybrids, as well as internal combustion engines. So, we will be resetting our value chain also to look at how we can service this area. So, this sort of covers the strategic vertical focus that we have for FY25. We can move to the next slide, please.

Yeah, so this is my last slide. This is the operational focus because, of course, we can talk about strategy, but everything then comes down to an execution plan. So, I'll just start from the top here again. So digital ER&D remains a big focus for us. We will be looking at how we can enhance our digital capabilities, further enhance those competencies, and have a bigger, bigger wallet share as far as that is concerned. We will be investing in competency and capability development for automotive and energy. I call these out specifically because these are new verticals for us. As you are aware, traditionally we have been in Aerospace and heavy engineering as well as in Defence. But we decided to diversify and acquire these two industries. And therefore, we are specifically looking at upskilling and building a bigger value chain as far as we are concerned. The next point is very important. We are rebranding ourselves to AXISCADES Mistral. Now, why are we doing this? This is because we want to position and message to the market that we are a company who's equally into Defence as well as into Digital Engineering. And in the past, I think some of you, those who know AXISCADES, will realize that Mistral is a subsidiary of

AXISCADES. But we wanted to call it out, and we also wanted to reposition ourselves as a Defence company who's also strong in Aerospace. The next one is margin improvement in heavy engineering. This is something that, because it's a legacy account, we have had some challenges in terms of margins. We are looking at how we can improve the margins on this. So, we have taken some aggressive internal targets. We will be doing this through productivity measures, but equally through cross selling, digital and embedded, which are more profitable and higher value solutions. The next one is on sales organization. We are focused, so we have a very good set of marquee accounts, and we are very proud of them. We are looking at how we can grow that, but equally important is to bring in new logos and to acquire large order books. So, we are hiring some people. We are beefing up our sales organization so that this can be an area of growth for us. And last but not the least, something which all investors like is EBITDA optimization. So, we are looking at how we can be more profitable. How we can improve the metrics on ROE, ROCE so that the shareholders and stakeholders will look at us in a more positive light. So, this is the operational focus that we have for this year. I just thought I'll give you a brief overview in terms of what happened in FY24 and what are future areas of focus. So, I'll stop here and I'm sure when you have some questions, we can clarify a little bit. But thank you very much.

Ms. Sonal Dudani: Thank you, sir. Moderator, am I audible?

Moderator: Yes, ma'am, you are audible. You can proceed, ma'am.

Ms. Sonal Dudani: Ladies and gentlemen, the Notice dated the 26 August 2024 convening this meeting along with the copy of the Annual Report for the Financial Year ended 31 March 2024 has already been circulated and with your permission, I shall take the same as read. The Auditor's Report on the financial statements of the company does not have any qualifications or observations or comments on the financial transactions or matters as having any adverse effect on the functioning of the company. There are no adverse remarks in the Secretarial Auditor's report too. Accordingly, the reports are not required to be read out at the meeting. We now take up the resolutions as set forth in the Notice. We will open the floor for any questions by members after all the resolutions are tabled.

The ordinary businesses set out in the AGM Notice pertain to:

- Adoption of audited financial statements to receive, consider and adopt the financial statements of the company for the year ended 31 March 2024, including the audited balance sheet as on the 31 March 2024. The Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, together with the Report of the Board of Directors and Auditors thereon.

- Second item, Appointment of a Director in place of Mr. Venkatraman Venkitachalam, who retires by rotation and being eligible, offers himself for re-appointment.
- Item number three is Appointment of a Director in place of Mr. David Abikzir, who retires by rotation and being eligible, offers himself for re-appointment.

The special businesses set out in the AGM Notice pertain to:

- Appointment of Mr. Tanmoy Chakrabarty as Non-Executive Independent Director of the company.

The resolutions and the explanatory statement in respect of the above proposals, wherever applicable, have been provided in the Notice. Now, before we go live with the Q & A, here are some points to note for your convenience.

Members are requested to keep their questions brief and specific. The moderator will facilitate the questions on the video feature. When your name is pronounced, kindly turn on the video so that your video is projected on the broadcast screen, unmute yourself and proceed to ask the question. Please mention your name, DP ID, Client ID or the Folio number and the location from where you are joining. Each shareholder will have two minutes for their question. To avoid repetition, the Board will respond to all the questions at the end. Once you have asked your question, you may switch off the video, mute yourself and continue to watch the proceedings.

Members may also note that the company reserves the right to limit the number of members asking questions or making suggestions depending on the availability of the time. Now, the floor is open for the shareholders' Q & A.

Moderator: Yeah. Thank you, madam. This is your moderator for the day. I will be calling the registered speakers one by one. The first speaker is Mr. Praveen Kumar from Delhi. May I request Mr. Praveen Kumar to unmute yourself, switch on your camera if possible and speak, please. Mr. Praveen Kumar.

Mr. Praveen Kumar: Hello. I am audible, sir?

Moderator: Yeah, you are audible, Mr. Praveen. You can proceed with your question.

Mr. Praveen Kumar: A very, very good afternoon to my respected Chairperson, esteemed Board of Directors, fellow shareholders, myself, Praveen Kumar, joining this meeting from New Delhi. I have a few observations which I love to share with the entire house. But before that sir, this is our first interaction in this Financial Year. So, I wish the entire management team, each and every dedicated employee a happy, healthy and prosperous

future. Coming down to my observation, sir, the most excellent address to the shareholder along with the presentation, I'm very, very delighted. It is very, very in depth, under review and very, very informative for a retail investor like me. So, I am very, very thankful to you and your hard work for preparing your speech to address the shareholders. God bless you and I respect you deeply. I salute your leadership, dedication, devotion because you are working so hard to create value for us. I am with the company for more than a decade and when we used to meet, daily, in the Air Force auditorium, I have very, very good memories. The entire management team is very, very investor-friendly and it was always a very, very healthy discussion. Nowadays, due to Corona, we have to meet on VC. But I have the deepest respect for you. I wholeheartedly support all the resolutions which you set out for the Notice today. And my question to the management is, sir, in the CSR initiative, what will be the focus area in the next three years? Please let me know about this. I am very, very thankful to you. And the one more thing which is very, very important which I love to bring to your Notice, sir, the litmus test of any company is decided by the corporate governance. In this regard, I love to thank our respected Company Secretary madam and our entire team for bringing out a higher standard of corporate governance to the retail investor like me, sir. I requested a hard copy of it that will be promptly delivered to me tracked by respected Company Secretary madam. And if you have any update during the year also that will be promptly replied. So, she is the biggest asset we have as far as communication is concerned. Under your direction, it was always a red-carpet welcome for us, the company who cares for the retail investor, listens to the investor, that truly signifies the intention of the management. And I truly respect that. I truly salute that because that truly shows the management is very very active to participate, to share their wealth with the retail investors. So, thank you very much, sir. At the end I just pray to God that he will bless you with all the positivity so that you will keep the momentum going in the future, creating value for us, creating jobs and building India in a very very constructive way. So, thank you very much for the opportunity you provided me. My best wishes are always there for you. God bless you. Thank you, sir. Thank you very much.

Moderator: Thank you, Mr. Praveen. We will go to the next speaker. Mr. Vinay Vishnu Bhide. May I request Mr. Vinay Vishnu Bhide to unmute your audio, switch on your camera if possible and speak, please. Yeah.

Mr. Vinay Vishnu Bhide: Hello. Are you able to hear me?

Moderator: Yeah, we are able to hear you Mr. Vinay. Please proceed.

Mr. Vinay Vishnu Bhide: Fine. Thank you. Thank you. Good evening to all of you. I think the camera will come on. In the meanwhile, I will quickly start. Our Chairman Mr. Abidali,

Managing Director Mr. Arun Krishnamurthi, other distinguished Directors present on today's call, company executives and fellow shareholders, as already announced, I'm Vinay Bhide, a long-term supporter and shareholder and I'm speaking from Mumbai. I think the Annual Report that we have presented to all of us along with the performance and added to that the details that all of you have shared at the start of this meeting, is very very encouraging both for the present as well as for the future. I have noted that our revenues have gone up from 821 crore in Financial Year 2023 to 955 crores in the Financial Year 2024. And from a small loss in 2023, we have come out to a profit of 33 crores. These are also very encouraging figures. I have listened intently to all that has been said, by Mr. Krishnamurthi also. And I'm extremely pleased to note that our Aerospace, Defence as well as Space verticals continue to do very well, as well as some of the new verticals which we are focusing on the automotive, the energy, the semiconductors and a couple of others like drones and anti-drones, they are also the sectors of the future. I have got just one simple question to understand. If we take the reference point of the same point let us say 31 March 23-24 could you please give us the vertical wise orders on hand that are there and that will give us some flavor because competency is not an issue. I know we are doing very well and so these are just some of the figures that you can share. I will not ask for the names of the client because you would want to keep the mask for understandable reasons. But at least a sector-wise comparison 2023 vs. 2024 of the orders at hand. And if there's any development major beyond that, be most pleased to hear from you. Good performance and a turnaround leaves less room for questions and I've supported all the resolutions and I thank you for giving me the opportunity to speak, sir. All the best.

Moderator: Thank you, Mr. Vinay for your questions. We will move on to the next speaker. Next speaker is Mr. Naveen Bothra & Sons from Delhi Naveen Bothra & Sons, from Delhi HUF.

Mr. Naveen Bothra: Yeah. Really warm wishes to our Chairman Neemuchwala sir. Good evening, sir. Good evening. Our MD Mr. Arun Krishnamurthi, other distinguished Board members and our CFO Mr. Shashidar जी, other management team members. I am Naveen Bothra joining this 34th AGM from Delhi. So, it's a pleasure to welcome our industry veteran Mr. Neemuchwala as Chairman of the company who's chairing the company for the first time at the AGM. We heartily welcome you, sir. And the other newly appointed directors. We also welcome and wish them all the very best. I am confident that Neemuchwala sir, under your guidance and Mr. Arun's background and your background and this synergy looking after the finance and all the operational things, the corporate governance and all the capabilities, will be harnessed to our full potential in the coming times. And we will scale new heights. First of all, I would like to congratulate the team AXISCADES under our MD Mr. Arun on improved operating numbers with the double-digit

growth. Despite all the global economics and uncertainty, we achieve good numbers. Sir, as already Mr. Arun in his presentation has detailed about some queries which I am going to put but would seek your or Mr. Arun's response on the following two or three points. Number one is regarding the continuing journey. We have been discussing about, achieving our targeted revenues of around 1,500-1,600 crore rupees, and paying it off in the range of 150-175 crore rupees, by say FY26. So, in light of all these things we would like to have your considered views on the journey - where we are in this journey and how we are planning to achieve this target. Maybe five years, 5% here and there and all these things. So, where we are in this journey, would like to know your views, sir. Second one is regarding the Mistral. Mistral, we have proposed for the change of name from AXISCADES Technologies to AXISCADES Mistral Limited. So, Mr. Arun in his presentation briefly spoke about the reasons for rebranding. So would like to hear your words about the regulatory approval of this change of name. And earlier as we were planning for the separate IPO for Mistral. So, the separate plan for listing of Mistral is still there or we are planning to merge Mistral in AXISCADES. So, we would like to have your view sir, on this one. And the acquisitions, number three is regarding the couple of acquisitions we have done EPCOGEN and add solution. We would like to have the views how well this has been integrated into our culture and the potential which we see in the acquisition time, how well this has been achieved and what is the strategy for the coming say, three years' time and to integrate and synergize in our operations. If you can add some more light on our both these acquisitions, it will be quite helpful, sir. I already voted in favor of all the resolutions and I propose a vote of thanks to the Board, to the esteemed Board and wish the management team all the very best in the team of this year's Annual Report - Engineering Innovation. So, we will come up with new R&D and new innovations in the times to come to transform AXISCADES to its full potential, sir. And I would like to thank Sonal madam and the IR team for sending me the physical copy and all the documents and for the smooth onboarding in this AGM. The testing and all these things were done earlier. So, I would like to thank the Secretarial team and thanks for the opportunity. Thank you very much, sir.

Moderator: Thank you, Mr. Naveen for your questions. We will move on to the next speaker. Mr. Manjit Singh from Delhi. May I request Mr. Manjit Singh from Delhi to unmute your audio, switch on your camera and speak, please.

Mr. Manjit Singh is not present in the meeting. So we will go to the next speaker, Sarvajit Singh. Mr. Sarvajit Singh. Sarvajit Singh is also not present in the meeting.

We will go to the next speaker. Rupesh Gulabchand Tatiya from Hyderabad. Rupesh Gulabchand Tatiya from Hyderabad. May I request you to unmute your audio, switch on your camera and speak, please.

Mr. Rupesh Gulabchand Tatiya: Hello sir, can you hear me, okay?

Moderator: Yeah, yeah. Rupesh जी, we are able to hear you, sir, you can proceed with your question please.

Mr. Rupesh Gulabchand Tatiya: Yeah. Okay so there are actually six business divisions you have, sir. So, the list of questions is a little bit long. Please, (not audible). First question, sir, is it looks like Tejas (LCA) and Sukhoi-30 upgrade program - these are the two large programs for us. But my understanding is these programs do not start till the Financial Year 2027. So, can you talk about what are the programs that are helping us to grow the Defence production revenue in FY25 and FY26? That is one. In the conference call, we are given a projection of 170-180 crore Defence production revenue for Financial Year 25. Can you list top five programs in this, which are like the top five programs which will contribute to this revenue? And another question is, out of this 170 crore Defence production revenue, how much revenue is repeatable next year? Because generally, the Defence orders are multi-year orders. So how much revenue is repeatable next year and how much is one-off? And it looks to me because of Tejas and Sukhoi situation that maybe in Financial Year 2026, we might not be able to grow the Defence production revenue. Is that a fair assumption? You can correct me and if it's an incorrect assumption maybe you can give some sort of guidance on what kind of range we can expect. Because if we are to hit FY of 1,600 crore target then that number at least as per my calculation should be 250 to 300 crores. But it doesn't look like we can get there. The other question is the capital requirement, and the end industry scenario is very very different in Defence and ER&D businesses. Two of our listed competitors, I see, are raising capital and they are transforming their business. They are trying to do either forward integration or they are trying to go from a component manufacturer to a large complex subsystem manufacturer or some of them are trying to build a Defence platform and getting into multiple companies. So, I mean, what are your thoughts on listing Mistral separately? And then do you have some sort of plan where maybe the capital is a constraint, but if you get the capital where our business can go from 200 crore range to, let's say a 1,000 crore range in 3-4 years. So maybe you can talk about that. Because I see our two listed competitors are in a different journey and we are seeing things a little differently. Then in the presentation, sir, you mentioned that we have counter Drone systems is a 3,000 crore opportunity. And currently we have some 100 crore worth of order which we are executing. When are we expected to get a follow on order, if you can talk about that. And then my understanding is that this is a highly competitive space, I see some players like Zen Technologies. I think, even Adani Defence is talking about counter drones. So, what is our right to win in this space? And can you also talk about any partnerships or collaborations and such, such things we have done in this space to position us very

strongly? The next question is on Homeland Security, sir, my understanding is we have invested significant time and manpower to develop products in this space. I think we are expecting some 30-40 crore worth of orders in this vertical this year. But what is the. If you can spell out the opportunity in this space, is it 200 crores per year, 1,000 crore per year and the opportunity in this vertical? And then can this Homeland Security division become like a kind of unit for us, in the next 2-3 years? Then can you also give us an update on the Drone program? Congratulations on participating in the Ladakh, some trials that Army or Airforce is conducting. So, congratulations on that. When can we expect some commercial revenue from the Drone segment? And what is our right to win in this space? Can you help us explain our position in this segment? Then the next question, sir is can you also talk about, we are also involved in a Rustom Unmanned Aerial Vehicle (UAV) program. And it is I think a 200-250 crore opportunity for us. When can we expect production orders for this? And what would be the delivery period? This 200 crore opportunity will be executed in 2-3 years. Or it will be over like 8-10 years like that? Now moving away from Defence to product engineering, semiconductor consulting space. So, we have mentioned that Texas Instruments is our anchor customer, which is a large customer. But we are also working with Qualcomm and Nvidia. So, for these two clients, can we expect that these two accounts will become as large as Texas Instruments? If we can give some color on that, and also if you can talk about the end-industry segment where we are engaged with these customers, is it auto? Are we engaged in AI, in IoT, in graphics, which is the end-industry segment? Because Nvidia, for example, is growing very, very fast. Qualcomm is trying to grow a lot into auto and IoT. So that will give us some hints about how these segments can pan out. Then in heavy engineering, sir, you have said that we will be EBITDA positive this year. And I think we're looking to exit Q4 at 7-8% kind of margins. But next year, can we expect Heavy Engineering to go to kind of like a 12-13 % kind of margin? And also, I think this year, because we are going through this business transformation, maybe growth probably won't be there, but can, can we expect kind of like 20%, 15-20% growth in this business in FY26? And then another follow-on question in that one is, sir, how is Caterpillar perceiving this our business model change? Because we're trying to change the business model, are they receptive to this business model change? That is another question. Aerospace is a very strong business for us. You have given extremely strong commentary. We have done 280 crore revenue in FY24 and about 80 crores in Q1. In order to hit the 1600 crore kind of aspiration we have, the Aerospace segment has to deliver something like a 500 crore revenue for us. So, can we expect this kind of number in FY26? What are the risks to this kind of number? And I mean, Airbus is a big customer for us, but can you maybe talk about non-Airbus customers? How is the traction there? What kind of areas we're engaged with in a non-Airbus customer, one Canada customer also, I think we have. And my assumption is that

this business is small. And then can we expect faster, kind of like 25-30% growth in the non-Airbus accounts. Then, the final one or two maybe sir, in the Energy segment, we won a contract with Highview Power in UK recently, which you announced to the Press. It's, I think a £250-300 million project. And my understanding is that up to 2% of the cost of the project is a consulting cost. So, it's a 6 million pound order. Is that a fair assumption? Maybe you can correct me there. And then can you maybe talk about some other customers in Energy space which can become 50-100 crore accounts for us other than, you know, Highview Power. And can we expect this segment to go very quickly from 30 crore this year to let's say, 150 crores in FY26 and help us to get us to that 1600 crore revenue target. So yeah, these are my questions, sir. And thank you. Thank you for patient listening.

Moderator: Thank you, Rupesh for your exhaustive questions. We will go to the next speaker - Saurav Ajaya Jain from Mumbai. Saurabh Ajaya Jain. May I request Saurabh to unmute your audio, switch on your camera and speak, please.

Mr. Saurabh Ajaya Jain: Good evening, sir. I also had some questions, but my previous speaker has covered most of it. So, I hope you can answer those questions in detail. I'll just have two additional questions. So, when we talk about awaiting approved design wins and awaiting production order book of 800-1,000 crore. So, for my understanding, if you can help us divide this into Sukhoi and Tejas approved design wins and non-Sukhoi Tejas. Because I believe these two orders will still take 2,3 or 4 years. Because of all the issues that are happening with the engines and all those things. So, if you remove Sukhoi and Tejas upgrade program, how much is the remaining approved design production where there are not too many delays expected, which can start happening this year, next year onwards. Similarly, for the design production part, design wins which is still under development of around 3,000 crores. Any of these programs which will come to the approved design category in FY25 or FY26. Any major programs which you think will be added to the approved assignments. Final question is on the Drone part. Like you mentioned, a Him-Drone-A-Thon kind of event is happening in Ladakh. And I believe there are like 15-20 participants in it. So, if you can talk about again what is our right to win there? And you talked about if we pass, we are on the second stage currently. So, if we pass we'll get a certificate. So, assuming if we get the certificate, what are the next number of steps before we can get some orders? And will it take like six months for that? A year? When can we see good revenue? Because like you told us about, we have lead in both Drones and counter Drone systems. So, counter Drones में also have this question. Like 100 Drones we are supplying. We are the first ones who have the deployed system. But how? When do we see scaling of this business from a 100 crore number to say 250-

300 crore number? Will it happen in the next 1-2 years? Or do you think it is a very slow and gradual process? So, these are my questions. Thank you.

Moderator: Thank you, Mr. Saurabh. We will go to the next speaker, Vasudeva Ramasamy from New Delhi. Vasudeva Ramasamy from New Delhi. May I request you to unmute your audio, switch on your camera if possible and speak, please.

Mr. Vasudeva Ramasamy: Yeah. Good evening, Mr. Abidali. Good evening, Mr. Abidali. Good evening, Mr. Arun, and other Board members. Arun. Mr. Arun, how are you? We have not met for quite a long. How are you, sir? Am I audible?

Mr. Arun Krishnamurthi: I'm very good. I'm very good. How are you?

Mr. Vasudeva Ramasamy: I was wanting to listen to you. That's why I asked you whether I am audible and all.

Mr. Arun Krishnamurthi: Yes, yes. You're audible.

Mr. Vasudeva Ramasamy: So, congratulations Mr. Arun, on the good set of numbers. We look forward for more from you. Okay, so I got a couple of points for my understanding. See we are Mr. Chairman, in your letter to the shareholders, you have mentioned the geopolitical instability and the country's preparedness for that and our opportunity out of it. So, I kindly explain what are the absolute numbers we are looking for in this opportunity and how we are planning to execute them? The second part of this question is though we are more comfortable in the geopolitical scenery in the Defence sector, the other sectors will also, there will be threats for the other sectors. How are we planning to mitigate the threats? Other threats for the other sectors. And again, action plan for mitigating them. My point number two is about de-risking. Our Annual Report talks about the geographical revenue and the revenue by verticals. And Mr. Arun in the presentation also has mentioned that. Sir, I am sorry to point out we have been taking a lot of effort in the past couple of 2-3 years, since the change of the management. And, there is still we are wavering around the same percentage in itself in the geographical as well as vertical businesses. Can we say when our efforts will bring results to this and we can see a lot of change in the dependence and we can reduce our dependence in the other sector and, you know, increase our process in the other sector as well. That is my next question to you, sir. My third and last question is on the attrition rate. We have been taking good efforts to retain talents, etc. We have given ESOPs as well. So, what are the outcome of these efforts, and can you kindly quantify the attrition rate in absolute numbers? I thought these are the points which I will make it to you. Looking forward for the answer. A small suggestion to you, Mr. Abidali. If you can suggest the moderator to unmute the speaker whose question is answered, again, if it is allowed if the time permits, it will be

beneficial for the others to listen to you and if there are any kind of counter questions, if not much uncomfortable, I will put it this way. It will be a better thing for us to understand. Thanks a lot.

Moderator: Thank you, Mr. Vasudeva Ramasamy. We will go to the next speaker, Sandeep Singh from Delhi. Mr. Sandeep Singh from Delhi. As there is no response, we will go to the next speaker. Davinder Kaur. Davinder Kaur. No response from Davinder Kaur. Next speaker. Yashna Bhatia. Yashna Bhatia. May I request Yashna Bhatia to unmute.

Ms. Yashna Bhatia: Hi. Am I audible?

Moderator: Yeah, you are audible.

Ms. Yashna Bhatia : Hi. A very good evening to all of you. A lot of my questions have been asked by the earlier speakers, so I would not repeat those. But I would request it if you could go question by question in detail. I would just like to repeat two or three pertinent ones which I would request you if you can go into greater detail. First is on the Defence production orders for FY25. Expectation of 180 to 200 crores for this year. Request if you can give a breakup of that as to which program is expected to contribute to this. Similarly, what is this number expected to be in FY26? Can it be like, can we look at a 300 crores kind of number in FY26? I would want to know from you what that number is and what are the programs which will contribute to that. So, this was just repeating what had already been asked. Other than that, I had a few questions. Talking about the bigger programs. I think Mistral is very big in Sukhoi-30 upgrades and LCA Tejas. To my understanding these can be 600-700 crores of top line contributors in FY27 which is when they're expected to come up. I wanted to understand, you know. Is that correct? Also, are we sole suppliers for the components that we are supplying for Sukhoi and Tejas or are there other players involved? Second was that Bharat Electronics had recently received an order for 850 crores from Cochin Shipyard for supply of indigenous multi-function radar in X band. Is this a space that we look at? What kind of components can we supply for this? What kind of order potential can we look at in this space? Two other products in which I would want to understand the opportunity size, what components, etc., One is the Dornier 228 upgrade. And second is you talked about the mm Wave radar in EDS. So, what kind of customers are we working here? What kind of opportunity size do we see here if I am looking at, say the next two to three year perspective. Also, we had mentioned in a couple of our previous calls that we were looking to reach 1,600 crores of revenue target by FY26. It would help if you could give a split across the six divisions, as to how you see which are the major divisions expected to contribute. I understand Aerospace and Defence. But if you could give a broader split in terms of a broad range, that would be helpful. And my last question is that are you looking to list Mistral at some time,

separately? This question arises, one, because we've spoken about it in the past, and second, if Sukhoi and LCA Tejas are as big as we are thinking then maybe there will be a need for extra capital in Mistral at some time. That's all from my side. Thank you.

Moderator: Thank you for your questions. We will go to the next speaker. Sneh Mohnot from Gurgaon. I request the speakers to just restrict your questions to two questions maximum. Keeping in view like a lot of speakers are there in line. So, request the speakers to be a little brief about your questions. And do not repeat the questions which have already been asked by the other speakers.

Mr. Sneh Mohnot, you are joined through a mobile device. Please unmute your audio and speak, please. Sneh Mohnot. Okay. As he's facing some problem with unmuting his audio we will go to the next speaker. Shripal Singh Mohnot, Gurgaon. Shripal Singh Mohnot from Gurgaon. Okay. He's also not joined. We'll go to the next speaker. Gagan Kumar from Delhi. Gagan Kumar from Delhi. No response from Gagan Kumar. We will go to the next speaker. Celestine Elizabeth Mascarenhas from Mumbai. Ms. Celestine Elizabeth Mascarenhas from Mumbai. No response from Ms. Celestine. We will go to the next speaker. Rajini Gupta. Rajini Gupta. No response from Rajini Gupta as well. We'll go to the next speaker. Chetan Chaddha. Mr. Chetan Chaddha. No response from Chetan Chaddha. Next speaker. Krishan Lal Chaddha. Krishan Lal Chaddha. No response from Krishna Lal Chaddha. We'll go to the next speaker. Swaran Lata from Delhi. Swaran Lata from Delhi. No response from Swaran Lata. We'll go to the next speaker. Savita Rani from Delhi. Savita Rani from Delhi. No response from Savita Rani. We will go to the next speaker. Charanjit Kaur Dang. Charanjit Kaur Dang. No response from Charanjit Kaur. Next speaker. Jasmeet Singh. Jasmeet Singh. No response from Jasmeet Singh. Next speaker, Ankur Chanda. Ankur Chanda. Ankur Chanda also, no response. We'll go to the next speaker, Raju. Raju. Okay. Raju is also not available. So with this, we have given opportunity to the speakers and now the dais is given back to you, Chairman sir. Thank you very much.

Mr. Abidali Neemuchwala: Thank you. I will let the CEO and Managing Director respond to all the questions, but I just want to thank the shareholders. Praveen जी, Vinay जी, Naveen जी, Vasudeva जी, Yashna जी, Saurabh जी, Rupesh जी and many, many others who asked some very, very good questions. And we are very happy to share transparently everything that we can, of course, share within the bounds of the confidentiality of our clients and business that you will very well understand. So over to you, Arun.

Mr. Arun Krishnamurthi: Yeah, thank you very much, Abid. And thanks for all the engaging questions. I think this is unlike the AGM where we had a lot of questions from you, which shows the heightened level of interest from all of you. So, I'm really delighted to see that we are getting your mind share and your attention. So that definitely is very

heartening and it's motivating for us. So, there's a whole lot of questions. What I'll probably do is I'll bunch it up into sections and try to answer it that way so that we can get the most out of it. I think what I also want to suggest is that for some of the detailed questions, especially on Defence, and there were some on semiconductors, for the first time this Financial Year, we are actually planning to do an Investor and Innovation day. And we will plan it sometime either in November or December, where we will be setting up a roadshow, where we will invite, obviously, all our stakeholders to come and interact with our team and also talk about our plans, showcase some of the products and services that we have, and also talk about the business that we are addressing. And I think that is something that will be very insightful to you. And of course, as you know, things change every quarter, so it will also be a way of updating you. So that is definitely something that we will plan. And I think we can keep this engagement going. But just to address some questions.

So let me just probably start off with, I think there were some questions on capital for the Defence projects, listing of Mistral, rebranding. So let me just touch upon that as a section. Let me start with the rebranding part. I think, like I said, we are increasingly seeing that Aerospace and Defence is the growth driver for the company and the whole rationale for rebranding it as AXISCADES Mistral and of course, I must say that this is pending regulatory approval. We have obviously checked and seen that the name is available, but we need to get regulatory approval and we need to go through the logistics of it, which we are hopeful that we will be able to go through. But the rationale for this is that we want to bring Defence to the forefront and also say that Aerospace is important. So, that the company is positioned in the right way as far as stakeholders are concerned, not just the investor community, but also our customers. So that when we go to them and approach them, they understand what we stand for, what our value proposition is and what our vision is. So that is the whole rationale for the rebranding.

As far as capital is concerned, you're right, a lot of Defence projects are capital-intensive. But having said that, the cycle that we go through, and I think some of you have asked a lot of detailed questions, so my assumption is that you're very familiar with how Defence works. We have the concept of a design win, where typically an opportunity would start with some of the labs, so they might start with a DRDO or LRDE or NPOL or whatever, we bid for that project. That's where we bid against competition. And typically, when we bid for it, it is for a prototype. So that's where we do the R&D, we develop a prototype and then we go through the certification process. Now, as most of you are aware, some of this is part-funded, so when we bid for it, we do get some advance. So, there is to some extent capital which is available for that. Once the certification is complete, then it moves through the production stage where as we talked about, the production orders and the

numbers sort of come in. So as far as capital is concerned, you're aware, and I think Mr. Abid also mentioned that we did a QIP. So, at the moment we have sufficient capital for us to bid on the projects that we're working on. And I think the good thing with Defence is that our business is non-linear, in the sense that unlike services, there is not a direct correlation between revenue and headcount. So, in that sense, the capital that is needed for us is really in terms of R&D of technology. And of course, when we actually get to the certification stage and then we get to production, that's where we get follow on orders and that's where we build up an inventory, where we bring in components and then we sort of develop a solution. So, we are comfortable at the moment, from a capital perspective, but obviously we will not let this hinder our growth plan. So as and when we get to a point where we feel we need to raise more capital, we will do that.

Some of you had questions about whether we are going to list, do an IPO for Mistral. I don't want to comment on that at this point in time. Obviously, as we are a professionally Board-managed company. So, this is something that we will discuss with our Board. And then as and when we have further information, we will sort of definitely come back on that. But I don't want to really comment on that at the moment. Like I said, from a capital perspective, we are comfortable in terms of where we are.

There were a lot of questions on production and on Defence. And I also have my colleague Muju, who heads Mistral. I'll rope him in. But let me answer some high-level questions for you. So, there was a question in terms of how's the runway of production? So, if you look at our production revenues in FY23, we did close to about 30 crores. FY24, we did about 110 crores. FY25 we are looking at somewhere in the 165-170 crores. There was a question in terms of what the programs that we are in and what the runway looks like. Now, we don't give guidance in terms of specific numbers, but I can tell you that for the next 10 years, we have a very healthy order book and a production run rate. Next year, FY26, we will do anywhere in the range of 225-250 crores in terms of production revenues. And some of the top programs that we have, of course, we talked about LCA, we talked about Sukhoi, but we have the Radar programs. We are part of Arudhra, Ashwini, QRSAM, Akash. We are part of a lot of the Naval programs. We are part of AWACS and there are some other programs that we are bidding on. So, we feel that we are quite comfortable, definitely for FY26. And the order outlook we have for the next ten years is very robust. I don't want to give a specific number, but I think we will see that going up very significantly from FY26 for the next five Financial Years.

Then you had some questions around. I'm just looking at my notes out here. Yeah. In terms of Tejas and Sukhoi. So, the big thing in Defence is that, as you know, HAL and BEL are the production partners. So, we are dependent on HAL and BEL to start producing just

to realize our production revenues. If you look at the Tejas program as well, this is something that we won ten years back where we developed radar subsystems. But then there's been a huge delay in terms of that production happening. It has now started to happen. The first 40 LCA aircraft come with Israeli technology and the 41st onwards comes with Indian technology and that's where for each aircraft that is going to roll out and at the moment there's a 190 aircraft order. We are starting to see the indigenous production kicking up now. So, for each aircraft that will roll off, we will see revenues coming in. So, we are starting to see Tejas revenues from this year onwards and we will see a ramp up that goes on. As you can imagine, like I said, we are dependent on HAL and BEL to ramp up the production. Give and take, there might be, the way we look at it, maybe a 6 to 7 month delay depends on what the parameters are because they need to look at various system integrators to build the product and if one of the system integrators delays it then that has a direct impact on us. But we can directionally give guidance that in the next four to five years what we have estimated for Tejas and Sukhoi should fall in place. So, we are fairly positive on that. We can't give you exact time frames again because we are dependent on the PSUs as far as what their production orders are going to be at this point.

I just want to invite Muju, do you want to come in and comment on some of the questions which came in on the Cochin, X Band, Radar and the Dornier upgrade, etc.? If you can unmute yourself, please. Okay, I'll invite you to speak again, but I'll talk about counter Drones and Drones which was the next subject on which there were questions. So yes, we have the 100 crore order which we are delivering on counter Drones. We are looking at two other orders. Now, it is not yet signed so I don't want to give you numbers here, but they're larger than this and we are in negotiations with the Army in order to sort of complete those orders. Of course, that will happen once we finish the delivery of this, which should happen in the next two to three months. So, we have a pipeline of orders as far as counter Drones are concerned, and we are hopeful that we'll start there. In terms of collaborations, we have a collaboration with a small company where we did the first anti-Drone, counter-Drone solution. We are looking at how we can enhance it. Furthermore, because now, when we did the collaboration three years back, we now have a lot of in-house capability and technologies. We'll be bringing in more AI as well. So, the next version of counter Drones which come in will be much, much more sophisticated. And we're also looking at how we can get some soft kill and hard kill capability into this, because very quickly the market is moving. It's not just about detecting Drones, but it's also about bringing them down. So that is the other capability that we're looking at. So, we are very confident that that's something that we can build pretty quickly.

There was one more question in terms of Homeland Security. Yeah, this is a strong offering for us. So, we have developed a lot of rapid vehicles, emergency vehicle systems

for both the Border Security Force, the Police, as well as Airports. And for us, I would say this is the tip of the iceberg. We have delivered some to the Gujarat Government, we have delivered some to Bangalore airport. We're looking at Bangalore Police. And we believe that the demand for these kinds of capabilities will mushroom. And we are looking at how we can talk to the Defence Ministry, to the Home Ministry, to the various Police forces, Police Chiefs, and also the ITBF, the Border forces, etc., so that we can replicate some of these services. But we have a very sophisticated offering, and this is something that I believe can become a good growth driver further. For us, it's a good diversification away from Defence into more of the civilian protection agencies.

In terms of the Drone program, there was a question in terms of what's the right to win. So, like I said, we are focused on military use cases. We are not really looking at logistics, agriculture, etc. We understand the whole landscape very well. The specific Drone that we're developing, which I talked about, which is undergoing trials, is a very specific use case. So, this is about the border areas in India, where a lot of the logistics is done through mules at the moment. The Government spends about 600 crores every year on logistics, and then there's also personnel who have to go along with them. The whole journey takes anywhere between 12-15 hours. We can easily develop Drones, and that's what we're looking at, which is a proactive opportunity. This is not a tender. But this is what we're trialing with the army in order to provide this. And this can be a great win as far as we are concerned.

I can see Muju has come online. So, Muju, do you want to, before I lose you again, you want to pick up the question on the Cochin Shipyard, as well as, I would say on Dornier upgrade and maybe there was one on Rustom UAV as well.

Mr. Mujahid Alam: Yeah. So, as far as the Cochin Shipyard is concerned, we have been working on this program not through Cochin Shipyard, but at the proto build stage with LRD and NPO also. So, we have some systems which we will be delivering to Cochin Shipyard. So, we are currently in discussion and to answer your question, yes, we are involved in this project. And it is in very early stages right now. But yes, we have deployed and delivered subsystems which will definitely go into the end product. And as far as Dornier aircraft upgrade is concerned, we have supplied some display systems and display cards which are currently being used in the LCA program. And HAL wants to keep this platform unique across some helicopters and the Dornier upgrade programs. So, these are some things which are common factors which we used, though it was a design win for us, because of LCA, the same systems are going into multiple platforms. And the third question was with UAVs. Yes, on the UAV, the direction-finding system on the UAV is designed and developed by Mistral. Right now, as far as our product is concerned, it has

proven field trials, the functionality is proven, but we are waiting for the complete UAV to be certified and approved to get into production. Whenever the UAV gets into the production line, every UAV will have systems, two systems of Mistral which will go into this particular product.

Mr. Arun Krishnamurthi: Okay, great. Thank you very much. So, I'll just shift my focus now to the engineering side of the business where I think there were a few questions. Again, I'll try to consolidate them and answer them.

There was a question on the order book as far as the 31 March of 2024 was concerned. So, the order book at that point was \$90 million, about 36 million was for the engineering services business. And mind you, the engineering services business was a 3-month cycle, so we received three PO every three months. And the Defence business is about between 55-60 million. So we have a very good order pipeline with which we started the Financial Year.

There were some questions on Aerospace in terms of what is the potential going forward. Again, I think in Aerospace, we are very well positioned. Like I said, we work with a very prominent client. The other value chain in Aerospace is something that we're looking to penetrate. We have other clients as well, other than the European Major that we're talking about. We do anticipate good growth coming in for a variety of reasons. One is that because of the order backlog that they have, they have close to 3,000 orders backlogs just based on existing orders. And they have to supply all of these to their customers by 2030. So, a lot of our revenues, obviously in Aerospace, are directly linked to the production. So, we expect the production to go up significantly. At the moment, they produce something like 775 aircraft a year, that will possibly go up to 1,000 aircraft. Of course, having said that, what the Aerospace industry is struggling with, at the moment, is supply chain issues. There's a big component shortage because of which things are slowed down a little bit. And also, engines are a problem. You must have read in the news that a lot of, specifically the Pratt & Whitney engines are an issue. Even the A220, which recently got announced, they had to do a major recall. So, the engine ecosystem and the supplier ecosystem on that, it has to be sorted out. But the good news is that the customer has a lot of orders. So, we are obviously pressing ahead. They need to make sure the components come in so that they can clear the huge inventory that they have and then we can sort of move on towards more aircraft. But this is something that is looking good for us and we hope to replicate some of the growth rates that we had in the past.

So, the question about 1,600 crores and 160 crores. 1600 crores top line, 160 crores EBITDA. So obviously we like to set ourselves a very ambitious target. We had looked at how we can double our revenues and 1,600 crores is also inclusive of inorganic. This also

has an assumption that we don't have any major macroeconomic issues which come in the way. Now we are seeing this year that there's a little bit of slowdown as far as automotive is concerned. Again, for the reasons I mentioned where the Chinese OEMs and the EV manufacturers are coming in and putting up a tough resistance for the European and American OEMs. So, we're seeing a little bit of a slowdown happening there. Like I said, again, when it comes to Aerospace, there is a bit of a supply chain issue. I think, on energy. And this I'm also covering the point about geopolitical aspects is that I think what has happened with the Ukraine-Russia war is that it has actually bumped up the price of energy. Of course, in recent times, the price of oil has come down, which has been temporary. But what has happened over the last six to eight months is that that has actually given a lot of cash flow to energy companies. So, because of which we actually see that very positively. So, what the war has created is a good factor for oil and gas. There is also a renewed push towards renewables because there are COP28 targets to be met. So, we believe that that is a good space to go into. Having said that, the downside is that if you look at European countries, especially countries like Germany, which were dependent on Russia for oil and gas and energy, they have been impacted in a big way. Energy prices have gone up significantly and manufacturing has suddenly become unattractive in those countries. And if you read in the news recently, Volkswagen, which is the biggest OEM and a lot of obviously German economy depends on automotive, has recently announced that they're going to shut two major plants in Wolfsburg, which is the first time in the history of the company, I think in the last hundred years they never done that. It's a \$160 billion company. So, it will have huge impacts on the country. So that manufacturing ecosystem is something that will shift. So, we will have to see whether they will tap more into China, whether it will come into India. But those are things that the automotive industry is grappling with, and we will have to deal with that.

I think as far as Defence is concerned, I just want to give you some numbers that if you look at the global Defence market, as of 2022, the size of the market is USD750 billion. By 2030 that is expected to grow to USD1400. So, there's going to be a significant jump in Defence. If you look at the largest spending country, the US spends 916 billion on Defence, China spends 296 billion, Russia spends 109 billion and India spends 84 billion. So, the question on how geopolitical factors will impact it. Defence spending is going to go up in a significant way. And even in India, which is at fourth rank with 84 billion, we expect that to grow significantly. One is because of the global macro factors, but also because of the fact that there is more focus on electronic warfare and there's a big focus on making India as well. So, we see the macroeconomic factors helping us in certain verticals like Defence and energy equally in some other verticals, obviously it could have a bit of a dampening effect. But this is something which is industry-wide, and we'll have to look at how we navigate this.

In terms of, there were also questions in terms of the acquisition, what plans we have for them. So, the reason we made these acquisitions is because we wanted to diversify into automotive and energy. We also believe that with the acquisition we have some marquee logos. So, we have good logos now in automotive, which and automotive, I firmly believe in the long run is a great story. You know, it might be having some temporary blips at the moment. But if you look at the two to five year journey, automotive is big. And if you look at the entire ER&D industry of 1.5 trillion, automotive is 400 billion. So, the next two to five years are going to be extremely positive. So, the capabilities that we have acquired and the access that we have to a major client in Europe will stand us in good stead because these companies are going to come back. The governments won't let these collapse. So, we believe that the engineering spend will come back. So, I think that is where we are planning to enhance our focus in Germany. We're also looking at how we can grow the business in America as we speak. I can also share that we have now started a partnership with Zinnov. For those of you not aware, Zinnov is a very prominent analyst/advisor in the ER&D space. And we have engaged with them to do a deep dive specifically into automotive to look at how we can grow our business and how we can grow the order book. So this is something that we are also looking at. And we are very positive about collaborating with them, because they have a lot of market insights, and they advised a lot of our peers as well. We believe that this is something that we can grow significantly.

And as far as EPCOGEN and Energy is concerned, this I call a recession-proof industry, because unlike other industries, whatever happens in the world, you still need oil, you still need water, you still need electricity, you still need gas, you can't survive without it. You can manage without a car and an airplane, but you need water, and you need electricity. So, this is an industry which will be a stabilizing force. The reason we wanted to get into this is because if you have seasonalities in other verticals, this could be a vertical which could sort of stabilize us. It will never have the attractive growth rates of Defence or Automotive, but it will have steady growth rates. And even when times are bad, when macroeconomics factors come in, Energy is something that will continue growing, even if it is at a moderate level.

So, I think I've tried to answer quite a few questions, although it's been at a high level. What I would suggest is that when we do our Innovation Day, of course we'll be more than keen to share. We'll invite you all to come across and we can share what plans we have. There are some questions you asked which are company confidential in terms of deal sizes, in terms of which program we are in, especially in Defence etc. And some of them are in the early stages of bidding. So, pardon me, but I would not want to share details on that at this point in time. But hopefully I've given you a general flavor and directional guidance in terms of where we are going as a company.

Ms. Sonal Dudani: Thank you, sir. So, we move further. Members may please note that the voting will continue to be available for the next 15 minutes. Therefore, members who have not cast their vote yet are requested to do so. The Board has appointed Mr. Pramod S. M. of M/s BMP & Co. LLP, Practicing Company Secretary, for scrutinizing the e-voting process in a fair and transparent manner. Once all of you have cast your votes, the votes will be counted by the Scrutinizer. He will then unlock the results of the remote e-voting which will then be consolidated with the results of the voting done today during the meeting. The voting results, along with the Scrutinizer report, will be communicated to the Stock Exchanges within two working days of the conclusion of Annual General Meeting, and the same will be placed on the website of the company and on e-voting platform of KFin. I thank all the shareholders, members of the Board, Auditors, and the Management Team for joining this meeting over video conference. Thank you all for attending this meeting and I declare the proceedings as closed.

Over to you, moderator.

Board: Thank you.
