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13 August 2026

Shashi: Sorry for that, and good evening again to everyone joining the AXISCADES Technologies Ltd. Q1 FY27 earnings call. Dr. S R N Mukund will take you through the strategy and the position with respect to the various verticals, especially the retained business. My task is to take you through the numbers, what is reported, what sits inside it, and what it tells you about the business we are building.

This quarter, we delivered the highest revenue in the company's history and also reported a net loss. This is nothing but the arithmetic of doing two things inside the same quarter: divesting one business and building another while the costs overlap. This is the first quarter of that transition, and it is the quarter in which the cost of transition is most visible and the benefit of it is least visible. Consolidated revenue for the quarter was 346 crores, up 42% year-on-year and 27% sequentially, the highest in the company's history. Of the 140 crores of revenue that shifted out of FY26 due to supply chain and operational grounds, approximately 40% got converted in Q1, and the balance is planned across Q2 and Q3.

The Q1 FY27 results and the financial statements, as you see them, are a direct reflection of the treatment of the divestment transaction under accounting standard Ind AS 105. The engineering services business being divested to Akkodis is now shown as discontinued operations, splitting the quarter into 163 crores of discontinued operations and 183 crores of retained or continuing business. The comparative periods of Q4 FY26, Q1 FY26, and the full year FY26 have been carved out on a like-for-like basis. To talk about the retained business, or the continuing operations—the business in which you are now invested—the business grew, and revenue grew by 94% year-on-year to 183 crores from 94 crores in Q1 FY26.

Now, coming to profitability, as an inevitable consequence of the divestment transaction, the company is required to unwind certain balance sheet positions as per Ind AS 105 and has incurred costs with a resultant impact on profitability. Reported EBITDA for the combined business of discontinued and continuing operations was 27.9 crores, and the reported PAT loss was 14.8 crores against 20.9 crores of PAT reported in Q1 FY26. The reported loss is nothing but an accounting consequence of the value-creating divestment transaction.

Every rupee of that gap is identifiable. Firstly, we took a 13.1 crore one-off provision inside the EBITDA line, which essentially comprises 9.62 crores of receivables provisioning, largely on an aged defense transaction that we have chosen to provide for conservatively while we continue to pursue recovery with the Ministry of Defense. In addition, we also had to take a 3.5 crore hedge provision resulting from the unwinding of positions arising from the divestment, which do not transfer to the divested business. Most importantly, we took a 21.81 crore transaction cost in Q1 pertaining to the divestment. This is taken below EBITDA as an exceptional item, which is roughly half of the estimated 45 crores and about 2% of the total transaction value of the divestment. This will be accrued, and the actual divestment transaction will now record an extraordinary gain of approximately 1,255 crores on completion of the divestment transaction in Q2 and Q3. Essentially, this is a timing issue.

Normalized for these items, which amount to roughly 34-odd crores—essentially, about 21.81 crores of transaction costs sitting as an exceptional item below the EBITDA line and about 13 crores of

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provisioning that we took as a result of the transaction and as conservative provisioning on the receivables—the normalized EBITDA was 41 crores at an 11.8% margin, up from 20.5% year-on-year. Normalized PBT was 23.1 crores, and normalized PAT was 20.2 crores. This is the business we actually ran, and it earned money while paying for its own transformation.

Now let me talk about the retained business, and let me be equally direct about what is not yet included and where it needs to be. The retained defense, aerospace manufacturing, and Mistral business posted EBITDA of 8.7 crores, which is 18.3 crores when normalized for the receivables charge sitting in the continuing business. The continuing business does not yet cover the 8.9 crores of finance cost and 8.8 crores of depreciation that it carries. The divestment has been done on a cash-free and debt-free basis. Therefore, the earning businesses—the aerospace engineering services, automotive, energy, and heavy engineering verticals—leave, while the group's borrowings, corporate costs, and the cost of building their replacement remain in the continuing business.

AXISCADES Technologies Ltd., the listed entity, brings this out very clearly: 6.1 crores of revenue, which is the aerospace manufacturing revenue recorded in Q1, against 12.9 crores of operating cost and 6.4 crores of finance cost. This is in fact about 72% of the overall retained finance cost.

As a result, the numbers look the way they do, and closing the divestment on schedule, retiring the debt, and deploying the proceeds into capacity is therefore our single most important near-term priority. The discipline is already visible. Employee cost fell from 53% of revenue to 44% of revenue even as we hired for the manufacturing pivot, and Mistral delivered 122 crores of revenue at about a 14.5% EBITDA margin while absorbing its own provisions.

The one clear drag is ADDED Soft Solutions, our non-core European unit, which recorded a 4.8 crore EBITDA loss and a 6.7 crore PAT loss. This sits in the continuing business, effectively constituting most of the continuing business loss of 7.04 crores for this quarter. It is loss-making, it is non-core, and it will be exited. An action plan is already underway, with closure targeted by Q4 FY27. Cash on the balance sheet, meanwhile, rose 78% to 81 crores ahead of the first tranche of divestment money, and property, plant, and equipment rose by 40 crores in one quarter as capacity is built on the ground for the Power 930 ramp-up.

The Akkodis transaction is valued at US\$237 million, or approximately 2,256 crores, which the shareholders approved on July 7 and 27, and it is in the process of closing in two phases. Phase 1 is targeted by August 31, which is this month, with about 1,090 crores of post-tax cash coming in. Phase 2 is targeted by November 30, bringing a further 524 crores, or 525 crores, in cash. It funds the Power 930 vision and our planned acquisitions without any equity dilution.

During the quarter, the defense business in the continuing business category delivered record revenue of 125 crores, up 112%, with underlying EBITDA of 13 crores, up 15% year-on-year. Eight design wins and order wins since April took assured forecast visibility to 4,500 crores-plus to be executed in the coming quarters and years. Mistral was the strongest stream, with revenue of 49.5 crores, up 63% year-on-year, at a 33% EBITDA margin, and it added two marquee global technology customers as customer logos. Aerospace manufacturing capabilities are being built bit by bit, both in terms of talent and aerospace capabilities and certifications through planned acquisitions.

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To return to where I began, this quarter's reported loss is the cost of running two companies inside one set of accounts. Every element of it is identified, quantified, and either is behind us or scheduled to close within the next quarter. The business we are building toward Power 930 earned normalized EBITDA of 18.3 crores despite carrying the strategic costs that I discussed in terms of the manufacturing pivot taking place, which are still to turn into revenue. This is on a platform that grew 95% year-on-year, with 4,500 crores-plus of assured defense visibility and 1,255 crores of gain on divestment still to be recorded in the profit and loss statement. In closing, I will say that the results declared are expensive for a quarter but will compound for the next 40 quarters. Thank you. Mukund, I have dealt with all of this, and I would now hand over to Mukund to take this forward.

Dr. S R N Mukund: Thank you very much, Shashi, and thanks for stepping in. Apologies to everyone on the call; we had a technical issue at our end. Can you hear me? Yes. Apologies that we seem to have had a technical issue at our end. However, thank you, Shashi, for stepping in and covering the aspects that I wanted to cover. Let me now move forward from here.

I will cover the continuing operations which, as you know, are the business that will define the future of AXISCADES Technologies Ltd. This business performed very strongly this quarter. We had continuing revenue of 180.7 crores. This includes our defense business, our Mistral business, and our aerospace business. It excludes the businesses being divested, both engineering services and aerospace services. It also excludes ADDED Soft Solutions, the business that Shashi has already referred to, where we will be finding a solution in terms of divesting it by the end of this financial year.

Defense delivered over 111% year-on-year growth. Clearly, this is over two-thirds of our continuing revenue as of this quarter. Our reported EBITDA was weaker at 2.6 crores because of certain one-time costs of about 9.6 crores that we had to absorb this quarter. Underlying EBITDA was 11.2 crores, a 9.7% margin. On defense, in terms of our wins and what else we have looking forward, I will hand over to the defense business shortly.

The Mistral business, as you know, has now been rebranded as {? ZEDA ?}. We have headquartered it in the United States because that is where our customers are, where the technology is, where the capital is, and where the resources are. Clearly, this business has performed wonderfully with the new domiciling of the business. Revenue was 49.5 crores, with EBITDA of 14.7 crores, giving an EBITDA percentage of almost 30%.

Where did this come from? This came from a business transfer through which we acquired the business of another partner, and that contributed a very high 46% EBITDA margin. This clearly gave us a 30% EBITDA margin combined with the legacy business that we conduct in the {? ZEDA ?} business.

Aerospace is our upcoming manufacturing business after exiting the services business. Manufacturing now becomes the future of the aerospace business. Even before we have actually added capacity, we already have a team in place. We have invested well ahead in terms of leadership and in terms of having the right people, and that has already shown in terms of 6 crore revenue for this quarter. EBITDA was negative, which reflects the investments that we have made into this business going forward.

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To close, before I hand over to the defense business, clearly, two streams are chugging along at full steam and are very, very profitable. One has been funded out, while the other—the aerospace business—is yet to grow over the next few quarters. Over to you, Babu. Thank you.

Sharadhi Babu – Head of Defense: Thank you, Mukundan. This is Sharadhi Babu, and I am Head of Defense. I will handle the presentation for both defense and {? ZEDA ?} today. As Mukund mentioned, defense recorded very strong growth this quarter, both quarter-on-quarter and year-on-year. I would like to inform the audience that we had several wins and have added a significant pipeline to our forecast visibility.

On the technology side, in defense, we have moved forward on both our strategic initiatives, which include our presence in directed energy weapons and missile systems. We have been technically selected and approved for the transfer of technology for a 30-kilowatt laser directed energy weapon. We have also received orders on the missile systems, which include the electronic subsystems and certain selected high-end mechanical subsystems.

We are developing a mobile firing platform and a mobile mast system for the long-range missile system. We have now received a development order-cum-production order for the onboard electronics for the anti-tank missile and the BrahMos missile. We have also received orders for the ERP for helicopters and for the antenna beam control systems for the Uttam radar. With all these wins, we have added the {? first class visibility ?} of about 332 crores. Overall, our visibility now stands at 4,557 crores, while assured forecast visibility stands at 4,557 crores. I would be glad to answer any further questions at the end of the session. I will also cover the ZEDA business for which Mukund has given the financials.

I am very glad to inform the audience that we have added two of the world's largest technology companies as customers. Regarding the business transfer that Mukund mentioned, based on our legacy ESI business, we are now supplying modern and innovative semiconductor equipment to the largest customers. One of them is a semiconductor equipment manufacturer, and the other is the world's largest AI and hyperscale technology company.

This is already visible in the current quarter, and it is poised for strong quarter-on-quarter growth. This platform is held through the wholly owned US company, which gives us complete customer proximity as well as engineering talent. India is the mirror architecture for supplying the equipment.

This arrangement also gives us strong visibility on a new customer portfolio that we will serve over the next few quarters and which is based in the US. Regarding ZEDA, I would be glad to answer any further questions. Now I will hand over the mantle to Mohan, who will brief you on the aerospace business. Thank you all.

Mohan: Good evening, everyone. This is Mohan. Let me turn to aerospace. Our manufacturing story is now becoming real. [inaudible] We have signed a non-binding offer for an AS9100-certified precision manufacturing company. Our due diligence is in the advanced stages of completion and is expected to be completed in Q2.

When completed, this transaction, on an annualized basis, would generate FY27 revenue of about 180 crores, with EBITDA of 39 crores and a 22% margin. This single transaction will significantly

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expand our aerospace manufacturing capability and become the metallic manufacturing backbone for our defense and electronics businesses.

We are not building this in isolation. We are building world-class infrastructure around it. The Center for Advanced Manufacturing is a 240,000-square-foot facility on 20 acres at Devanahalli, designed as a quad-use facility for aerospace, defense, space, and electronics. One campus and four growth engines.

You would have noticed aerospace manufacturing revenue of 6.1 crore in Q1. We have built the team in advance to make it happen. We have put a 30-member aerospace leadership team in place ahead of the acquisition and ahead of the revenue because aerospace qualification runs in years, not quarters. We are front-loading the team so that when the acquisition closes, we can execute from day one instead of spending a year building capability that we could have built today.

Along with this acquisition, we are currently evaluating a second transaction, and together with organic growth, we are targeting an annualized run rate of 375 crores in revenue and 84 crores in EBITDA by Q4 FY27. With this, we would have replaced the EBITDA lost due to the divested business. The platform we are building here is the one that takes us toward {? rupees 1,000 crore ?} by FY29. Our approach is to invest ahead of the curve and leverage the opportunity. We shall share further details in the next quarter's call. Thank you. I will pass it on to Mukund.

Mukund: Thanks, Mohan. An update on where we stand on our infrastructure. As you are very well aware, we have the DAL, the Devanahalli Aeroland Complex, which has been commissioned on schedule. We have moved our existing supply chain and logistics capability setup. We have also set up testing labs and SMT lines, and this facility is fully functional. Many of you have visited this facility at various points over the last year and have seen how it has developed over the last 18 months or so.

We also have the Devanahalli Self-Reliant Complex, which is another 20-acre plot just a stone's throw away from DAL and very close to the Bangalore International Airport. This is going to be a flagship aerospace, defense, and space manufacturing hub. We have also started building the satellite manufacturing, assembly, integration, and testing facility for the space business.

The third complex that you have been hearing about is the Missile Self-Reliant Complex, located in Hyderabad. The land had been acquired, and this quarter we completed the groundbreaking in early July of this year. Construction has begun on this complex. It will support missile subsystems as well as strategic electronics. The location in Hyderabad is deliberate. It sits very well within the missile ecosystem being developed in that city.

The new facility that we are setting up, which Mohan referred to in his aerospace coverage, is the Center for Advanced Manufacturing, again in Devanahalli. Land allocation is well in progress. It is a 240,000-square-foot facility on 20 acres of land. This is just a few kilometers away from DAC and DAL. It will house manufacturing capabilities not just for the aerospace business but for all the other three businesses, providing a common platform serving four businesses.

Let me now move on to the guidance. As you know, ever since this new management has been in place, we have made several commitments to the markets. We have committed to and delivered

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against each of these commitments. The most important commitment was that we would grow into a manufacturing, product, and solutions company while divesting our services portfolio. We would do all this without any equity dilution or material long-term debt.

The divestments are well underway. As you are aware, we divested the engineering services business in May and the aerospace services business in June. Both of these are progressing well toward closing. We expect to close the engineering services divestment in this quarter itself, with the money coming in a week later. We expect to close the aerospace services business in the next quarter, with the proceeds again coming in shortly afterward. Both of these would give us almost 920 crores of proceeds, which we will use for our manufacturing build-up and manufacturing acquisition build-out.

More importantly, what happens to the revenue that we have divested? We have clearly committed to replacing these revenues both organically and inorganically. Organic revenue growth will happen through the kind of growth that you have already seen in our defense and ESI businesses. Inorganic growth will happen through acquisitions, one of which Mohan has already referred to, along with several more that are in the pipeline and are likely to close this quarter.

We are reaffirming the guidance that we originally made at the beginning of this financial year: revenue of 1,377 crore in FY27 from continuing operations, on an annualized pro forma basis. The EBITDA that we divested, as Mohan has clearly referred to, is being brought back at a price that is a fraction of what we sold it for. The aerospace acquisition, organic growth, and further acquisitions in the ZEDA business will help us bring back this EBITDA by FY27 on a normalized pro forma basis.

Therefore, on revenue, EBITDA, and earnings per share, we are well on track toward achieving our Power 930 goals. We have committed to several specific activities that we will undertake over the next three quarters. One of them, which I have already referred to, is closing the divestment across the next two quarters. The other is that, as you are aware, we deferred certain revenues due to supply chain and logistics issues. We are well on track to recover them. This quarter, out of 142 crore of deferral, we recovered over 60 crores, and we will recover the rest over the next two quarters.

Acquisitions are also well on track. We are committed to delivering the aerospace acquisition this quarter and the ZEDA acquisition this quarter, with closings within this quarter and early next quarter. We have several more in the pipeline, and we expect the third and fourth acquisitions to close within the next two quarters. ADDED Soft Solutions, which has been a drag on our businesses across the last 5–6 quarters, is being worked toward a sale that could be completed during FY27.

The space business is a fledgling business. As I have already mentioned, we have set up and are working on the manufacturing, integration, and testing facilities as part of our new DAC complex. We will also enter into strategic partnerships and announce these partnerships during the course of this quarter, both at the Bangalore Space Expo and at World Space Business Week in Paris.

Finally, regarding the scaling up of our businesses, we expect our defense businesses, on the back of extremely strong 4,500–crores-plus assured forecast visibility, to grow at over 75% year-on-year over the next several years. We also expect our ESI business to grow by over 100% this year on the back of both organic growth and the acquisitions and business partnerships we

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have in place. This is the commitment we are making to our shareholders, and we believe that we will be able to deliver on each of these commitments within the indicated timelines.

Thank you very much. That brings my presentation to a close. I will now hand over back to Shankani, who will open up the floor for the Q&A.

Operator: Thanks, Mukund. Just a reminder to all our participants: if you want to ask questions, you will have to raise your hand to join the question queue. Here is a quick reminder on how to do that on this platform. If you are on a desktop or laptop, look for the Reactions button at the bottom of your Zoom window. Click on it, then select Raise Hand. Your name should appear in the queue, and I will call on you in order. If you are on a mobile or tablet, tap on the More button at the bottom right of your screen, then select Raise Hand from the menu.

We will now proceed with the Q&A session. We will take the first question from Deepak Poddar. Hi, Deepak, you can go ahead and ask your questions.

Deepak Poddar: Am I audible?

Operator: Yes, Deepak, go ahead.

Deepak Poddar: Thank you very much, sir, for this opportunity. First, I wanted to understand the thought process behind the aerospace division divestment. It is giving you 70–80 crores of EBITDA on an annual basis. I understand that you have aspirations for aerospace manufacturing, but could we not have done both together? What was the thought process behind that?

Mukund: Thanks, Deepak. I will probably answer that question. I will also ask Mohan to contribute as and when required. Clearly, our four core areas are aerospace, defense, the ZEDA business—which is electronics and semiconductors—and AI and the space business. We had also clearly indicated that as part of our Power 930 program, we would move from being a services-focused company to being a product and solutions company. This is the path that we have set out on.

As part of this Power 930 goal, we had indicated the sale of the engineering services business, but we also felt that it was the right time to move away from aerospace services into aerospace manufacturing. We had indicated the reasons for doing that at the previous call in the previous quarter, but let me clarify those aspects again.

First, we see many of our services OEMs looking for consolidation in this market. Therefore, our options were really to grow further by acquiring other businesses in the same services area or by selling to a global leader who would be able to take this business and grow it further. Why did we choose the latter? Because we found that the price we could offer to the latter, as well as the deployment of the proceeds from that into our core Power 930 vision, would enable us to do that without any incremental equity dilution. Mohan, would you like to add anything more on this?

Mohan: Absolutely. The value that we are able to generate through this is the first differentiator. Second, the manufacturing aspect that you also asked about is more of a sticky business. We are entering into long-term contracts and a highly predictable business, and that is leveraging some of the activities that we are undertaking in defense, space, and electronics. This means that we are able to consolidate and leverage all of our business verticals and provide a total end-to-end

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solution to our customers. I hope we have answered your question.

Deepak Poddar: Yes, you have answered it. Could we not have done both simultaneously? Would that have been an option?

Mohan: It is a hypothetical question, so yes. However, when we look at the strategy, the idea was to grow more into a product-based business. Hence, the decision was purely based on that.

Deepak Poddar: Understood. Regarding the provisions that you mentioned—

Deepak Poddar: Any {? 22 crores ?}; where are these accounted for? {? 10 crores ?} is the provision for receivables, {? 3.5 crores ?} for the hedge, and {? 22 crores ?} for due diligence cost. Where has this been accounted for in the balance sheet?

Operator: Shashi, can I hand it over to you?

Shashi: If you look at the financial statements that have been filed, the {? 21 crores ?} of transaction-related cost is sitting in discontinued operations as an exceptional item. It does not appear specifically on the face of the statements, but if you go to the notes to accounts, you will be able to find it.

With respect to the provisions I mentioned, about {? 6.5 crores ?} relates to a provision for an order that we executed for the Ministry of Defense, another {? 3.14 ?} relates to a defense PSU, and the unwinding of the hedge provision of {? 3.5 crores ?} is actually sitting in the continuing business as part of the other expenses that you see in the continuing operations.

Operator: Thanks, Shashi, and thanks, Deepak, for your questions. You can keep your hand raised to join the question queue. We will take the next question from the line of Kaushik Mohan. Hi, Kaushik, you can go ahead and ask your questions.

Kaushik Mohan: Hi, sir, this is Kaushik. I wanted to understand what our PAT number will be. I understand the EBITDA side, but can you provide clarity on the PAT level?

Management: Are you talking about normalized PAT?

Kaushik Mohan: Yes, normalized PAT. With {? 1,377 ?} of topline this year, what are we talking about at the close? I wanted to understand what our PAT will be.

Mukund: Are you talking about Q1 PAT, or are you talking about the guidance for FY27?

Kaushik Mohan: Guidance for FY27.

Mukund: As we have indicated, we will replace the EBITDA through both organic and inorganic growth and through inorganic acquisitions. We have indicated EBITDA of {? 270 crores ?}. We expect PAT to be broadly around 50% of that number. It could be higher because we will have proceeds from the divestment available to us, which will help us pay down some of our debt and reduce our interest cost.

Kaushik Mohan: So we are talking about {? 135 crore ?} as our PAT. Am I right?

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Mukund: Broadly around that level, yes.

Kaushik Mohan: We have a lot of acquisitions and divestments of businesses going on. This number will not be impacted, so I can understand that Q2, Q3, and Q4 will ramp up and these numbers will be achieved. Is my understanding correct?

Mukund: That is correct. We expect the acquisitions to begin contributing over the next few quarters, which will contribute to the topline and the bottom line.

Kaushik Mohan: Perfect. My second question is regarding the update on the acquisition side. I understand that in Q3 we will have one settlement of the money, and in this quarter we will have another settlement of the money, with which we are going for acquisitions. What is the status of our acquisitions? It is not mentioned very clearly in the presentation. Can you provide the dates and explain the timelines?

Management: It is covered in multiple slides. I will cover one of them from an aerospace perspective. For aerospace, we are talking about Q2, which is coming out very clearly in my slide. We have already issued the NBO and are in the advanced due diligence phase. Our expectation is that we will complete the activity before the end of Q2. We also have one more opportunity that we are evaluating, and if everything goes according to plan, we should complete that by Q4. These are the two opportunities that we are pursuing in aerospace.

Mukund: I can cover the ZEDA side. As you know, the business transfer agreement is already underway, and the acquisition of the business will happen by this quarter. We are again committing to completing that this quarter. We will therefore have two acquisitions in place, generating revenue and bottom-line contribution, by the end of this quarter. We do have a few other acquisitions that we cannot disclose at this stage because they are still at the non-binding stage. As we move to a binding agreement and obtain board approvals, we will return to the markets and announce those acquisitions.

Kaushik Mohan: On that point, I would like some clarity—

Mukund: Let me also clarify the Q3 and Q4 timelines. As we have clearly committed in our guidance, one of those acquisitions will come in Q3 and one will come in Q4.

Kaushik Mohan: Perfect. I want one more clarification. How is next year looking? A lot of things are happening this year. I understand that this is the transformational year for the entire FY30 topline or guidance. How is next year looking? Will we see similar effects next year as well, or is this the year in which everything will be settled properly?

Mukund: When you say everything will be settled properly, are you referring to the costs that are there this year—

Kaushik Mohan: The costs as well as the employees and everything else that we have here.

Mukund: The majority of our acquisitions will be in place by the end of this financial year, and they will start generating revenue and EBITDA for us. We will continue scouting the market for acquisitions. Why are we looking for acquisitions? Because we see very interesting opportunities

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where we can quickly scale up in terms of capabilities, customer access, and gaining access to a specific order book or a specific certification that an existing target already has. We will remain in the market for such opportunities, but these acquisitions will be much smaller in scale compared to what we are doing this year.

Operator: Thanks, Mukund. We will move on to the next participant. The next participant asking a question is from the line of Praful Rai. Hi, Praful, you can go ahead and ask your questions.

Praful Rai: I have two questions. The first is on the defense order of {? 4,500-odd crores ?}. I wanted to understand the timeline for execution of this order. Can you give a broad timeframe—whether this will be executed over a certain number of years? That is the first question. The second question is regarding the defense order pipeline. Do we have a target for order intake for the year as a whole? These are the two questions I have. Thank you.

Management: To answer your first question, we are covering this entire forecast visibility before {? FY30 ?}, which is approximately 3 years. There could be some spillover into the fourth year. To address the second question, Mukund has already given the FY27 guidance, so we have that well in place.

Mukund: This order represents a {? 75% ?} year-on-year revenue increase in defense in {? FY27 ?}.

Praful Rai: It is {? 75% ?} year-on-year, but this is a finite-timeframe order, so we will have very strong growth next year as well.

Management: Absolutely.

Praful Rai: My second question was about the defense pipeline. Can you shed some light on the kind of pipeline we are building? We are adding capacities, so I want to understand what size of business we are expecting in addition to what we already have.

Management: The pipeline is quite large. As you know, we are covering the pipeline across unmanned systems, missiles, and radar and EW, which are our core areas. The visibility we have is exceeding {? 24,000 crores ?}. That is a large pipeline which eventually converges into the forecast visibility that we have stated.

Praful Rai: My last question is about the Power 930 target, which we have been stating for some time. Given the restructuring of the business, are we still maintaining that objective, or has there been a change?

Management: I will let Mukund answer that.

Mukund: Our Power 930 objective had several components. One was a focus on certain sectors, and we are well on track on that. Another was moving us from being a services company to being a manufacturing company, and we are well on track there as well; you can see that happening right now. The third component was the revenue targets as well as the PAT targets.

When formulating Power 930, we said that today's revenue would be tomorrow's PAT. That was FY24 revenue of {? 960 crores ?}, which we believe would be the PAT target by FY30 of {? 960

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crores ?}. We believe that all these acquisitions, these divestments, the capital that has come in, and the growth that we have in the organic business will help us achieve those targets. Therefore, our Power 930 targets remain absolutely firm.

Praful Rai: If time permits, may I ask one more question?

Operator: Yes, go ahead.

Praful Rai: We are discussing the Power 930 target, and this is all contingent on the acquisitions that we are undertaking. Is there any reason to believe that some of these acquisitions may slip? An acquisition is a binary event: it can happen or it may not happen.

Mukund: That is a perfectly valid question. Regarding the aerospace acquisition, we are clearly at a very advanced stage, which is why we have indicated that it will close by this quarter itself. Regarding the ZEDA acquisition, the business transfer acquisition is also at a very advanced stage. We are already working with that partner, and we will again close it within this quarter.

Regarding the other acquisitions, we have multiple acquisitions across the various segments in which we operate. We are currently at the stage of non-binding offers moving through due diligence, yet to move into binding offers. Your point that there is a possibility of some of them falling off is valid. However, the fact remains that we have a pipeline of these acquisitions, and these acquisitions effectively help us achieve a common objective: obtaining a capability or gaining access to a customer in a particular geography.

Operator: Thanks, Mukund. We will move on to the next participant. Our next participant asking a question is Mahek Talati. Hi, Mahek, you can go ahead and ask your question.

Mahek Talati: Hi, sir. Good evening. My first question is with respect to Project Kusha. What is the update there?

Management: We are going deeper into the Kusha project. We already have orders for developing multiple systems. This includes the mobile mast and certain electronics. We are already involved in the digital beamforming unit for the radar, and many more RFPs are in progress. We will be quite deeply involved in Kusha. I will also take this opportunity to say that we are deeply involved in BrahMos as well.

Mahek Talati: Regarding the LUH maritime order that you mentioned on the screen, we expected it to deliver upwards of {? 150-170 crores ?} for this year. Where do we stand on that?

Management: Yes, this has visibility of approximately {? 150 to 170 crores ?}. This is the visibility that we are addressing, and we are well on track on that.

Mahek Talati: Is it backed by confirmed orders, or is it visibility?

Management: No, this is backed by confirmed orders.

Mahek Talati: For Kusha, we were supposed to qualify this quarter. Where do we stand on that? How many parties are competing, and what is the competitive landscape?

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Management: I will not be able to discuss the competitive landscape here. However, we are working on four different platforms or four different modules for Kusha, and the opportunity is growing.

Mahek Talati: For MBDA, what is the forecast for the test benches that we will supply this year, and what revenue can we expect from that? Also, what about the launcher maintenance part?

Management: The test benches, as you mentioned, were already initiated last year, when we received a significant portion—one good start for our entire center of excellence for test benches. We are growing across the platforms. We were working on the MICA and Meteor platforms, and now we are also working on the CAMM and ASRAAM platforms.

This year as well, we will continue working on these. Every year, we are working toward delivering about 5 test benches a year for the next 3 years. That remains fully intact. Regarding the broader MBDA opportunity, as we mentioned, our relationship is becoming deeper, and we will be addressing certain Make in India efforts going forward. You will probably hear those announcements very soon.

Mahek Talati: What about launcher maintenance there?

Management: Launcher maintenance is in different phases, and it is continuing. There is a new set of activities that we have initiated on behalf of MBDA, which is resulting in a large order being placed in connection with the Rafale. We will be much more deeply involved in multiple activities with MBDA.

Operator: Thanks, and thanks for your questions. We will move on to the next participant. Our next participant asking a question is from the line of Piyush Sarawagi. Hi, Piyush, you can go ahead and ask your questions.

Piyush Sarawagi: Can you give an update on MBDA's broader expansion? I know you touched upon it a few minutes ago. We had very large plans to expand the MBDA partnership. What is the specific update, and when do we start seeing the first set of orders and work?

Management: I covered this partially in the previous question. As I said, the test bench business is growing—

Piyush Sarawagi: Certainly. Secondly, Dr. S. R. spoke about the seekers for BrahMos a couple of calls ago or during the last call. What is the update on that?

Management: We are at an advanced stage of realizing a prototype seeker for BrahMos NG, and we have received the acknowledgement and endorsement of the customer on that. We are also part of the EOI on that topic. We have the NCNC process and the EOI process.

We are doing two things with the seeker. First, we are developing the seeker using the current specifications in AESA technology. We are also incorporating our proprietary direct RF technology into the seeker. Therefore, we are developing two types of seekers, which will be the next generation after the gimbal seekers are phased out. In addition to BrahMos, we are also developing the seeker for one more missile. The seeker will continue to be a technology that AXISCADES Technologies Ltd. deploys for various missiles in the future.

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Piyush Sarawagi: When do we start seeing business from the seekers?

Management: From the next financial year onward.

Piyush Sarawagi: Thank you.

Operator: Thanks, Piyush, for your questions. We will take the next line of questions from Mayur Parkeria. Hi, Mayur, you can go ahead and ask your question.

Mayur Parkeria: Thank you for taking my questions, and my wishes to the entire AXISCADES Technologies Ltd. team. Am I audible?

Operator: Yes, Mayur, go ahead.

Mayur Parkeria: Clearly, many things are going on in the company. As financial analysts, it is easy for us to look only at the numbers, but hats off to the entire team for achieving all the required key long-term milestones in terms of divestment, monetary aspects, the transition from services to manufacturing, and many other milestones. It is a great effort, and we can understand that. Congratulations to the entire team on that.

I had one question. We had plans for strategic partnerships at the subsidiary level for our entire CAPEX program. Now that we have significant funds available after the divestment of the aerospace services business as well, is that still on the cards? Will it be slightly delayed, or is it still a priority? Could you provide some understanding regarding the strategic partnership side?

Mukund: Thank you. Shashi, would you like to take that, or would you like me to take it?

Shashi: Please take that.

Mukund: You are right that we do have significant resources arising from the divestment, but we do have plans for these resources. Remember, our strategic investments in the joint ventures through our OEM partners were not just about capital. They were about a commitment. We were also providing a commitment to our JV partners that we would have dedicated facilities, at times dedicated access, and dedicated IP for what we do for them here.

We continue to have conversations with these OEM partners. Many of them are very interested. As you are very aware, precision manufacturing as well as precision electronics out of India are becoming part of the global supply chain. Many of our global OEMs are now looking at India as a source for supplying their global supply chains, and they would like to have a stake in that.

These conversations are still very much ongoing. They are ongoing with our existing OEM clients, and they are ongoing with some of our newer OEM clients with whom we are currently in discussions. We are very open to that.

Mayur Parkeria: Is there any timeline that we would like to state right now, or is it slightly early at this stage?

Mukund: I think it is quite early right now. This is not because we are not ready for it; it is more a factor of the fact that some of these processes take time. The way we work through this is that

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some of the OEM partners start working with us, they become our customers, we become their partners, and then we graduate to becoming a more strategic partner through a JV. In the space business, you will hear more from us.

Mayur Parkeria: Can I ask one more question?

Operator: Sure, Mayur, go ahead.

Mayur Parkeria: Thank you. On the space side, while we have been mentioning space as a focus vertical, would you be comfortable sharing any details right now? Or do you think that, as things develop, apart from the acquisitions or partnerships that we have mentioned, there is anything else you would be comfortable sharing? This could be competitive and strategic in nature. Would you like to provide any understanding of how to look at the space business?

Mukund: As we have clearly mentioned, we do have quite a few things on the anvil. We will announce some of these at two major events that are not very far away, just a month from now. One is the Bangalore Space Expo, for those of you who know about it, and the other is World Space Business Week in Paris.

Please watch for the announcements that we will make. These will be strategic partnerships and strategic relationships with some of the global space players. They will provide us with technology, orders, and the right kind of support that we need to make a success of this business. Please wait for those announcements.

Mayur Parkeria: Great. Thank you, sir. Thank you, and I wish you all the best.

Operator: Thanks for your questions, Mayur. We will take the next participant from the line of Bala Subhramanyam A. Hi, Bala, you can go ahead and ask your questions.

Bala Subhramanyam A: Good evening, sir. Thank you very much for the opportunity. My first question is on the defense side. I believe that 140 crore of revenue was earlier deferred to Q2 and Q3. What are the key operational and customer-specific milestones that must be achieved to ensure timely recovery? Is it related to the land systems program? In the earlier call, it was mentioned that 20 units were ready and 85 were in production. Is it related to that? I am trying to understand the deferrals and delays in terms of deliveries.

Mukund: We have already committed that the deferred delivery will be completed in two quarters. In Q1, we already recovered most of it, and we will complete it in Q2. It is not related to those 20 systems. Those matters have already been covered, and this is the remaining spillover that we will cover. We will complete it within two quarters.

Bala Subhramanyam A: I believe you provided the divestment timeline, with phase 1 in Q2 involving around 192 crores and phase 2 involving around 718 crores of net proceeds. You may now be in a position to provide year-wise CAPEX guidance. Earlier, the broad indication was 1,600 crores for facilities and 600 crores for acquisition costs. Could you share the year-wise guidance in terms of CAPEX deployment?

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Also, regarding the 1,255 crore extraordinary gain expected from that phase, could you specify the calculation and when it will be realized? Phase 1 and phase 2 of the divestment are expected to happen in Q2 and Q3. What related costs are we likely to realize in Q2 and Q3?

Mukund: Shashi, can I hand it over to you?

Shashi: I will talk about the extraordinary gain, and perhaps you can talk about the CAPEX in terms of the yearly split. Essentially, the extraordinary gain is the differential value between the divestment proceeds and the fair value of these businesses sitting on the balance sheet. The differential, which is the extraordinary gain, is 1,250 crores, and it will be recorded upon the actual closing of the transaction, when we receive the first dollar in respect of the divestment program.

For example, in August, the first phase of the {? Zepho ?} is going to be completed, for which we will receive the proceeds. In Q2 itself, we are going to recognize about 200-plus crores of extraordinary gain. The larger portion is in the November closing, which we are trying to bring forward to around September. Therefore, between September, Q2, and early Q3, you will see this 1,255 crores of extraordinary gain come into the P&L.

Bala Subhramanyam A: On the CAPEX side, sir?

Mukund: Our CAPEX plans, as we said, will be timed to a great extent according to the inflows that will come in. We have these two inflows due in Q2 and Q3, then we have the next set of inflows happening in FY28, and finally the last and larger set of inflows coming in FY29.

Broadly, our CAPEX plan will match the inflows that come in, with any bridging amounts covered through short-term bridge financing. That is broadly the plan. We still do not have a specific year-on-year or quarter-on-quarter CAPEX plan because, as you are aware, there are two factors.

First, the timing of our acquisitions is a function of various aspects, including the interest of the partner and the timing of the partner's readiness to sell the business to us, and we know that this can take its own time. Second, our CAPEX is being built in response to the specific requirements of many of our partners. We will time it so that we build it when it is actually required by our partners.

Our CAPEX will broadly be around DAC, where construction is already underway; MAC, where construction is going to start shortly; and, of course, our new CAM, which will also have a share of CAPEX. Please also remember that some of the inflows that will come in are earmarked for the acquisitions that we have in place. We have already spoken about the two acquisitions in this quarter and a few more in the pipeline to close by the end of the year.

Bala Subhramanyam A: Is the right way to understand this that 20–30% of the CAPEX will be funded through short-term bridge debt?

Mukund: Shashi, can I hand it over to you?

Shashi: Basically, we are raising a facility pending the arrival of the divestment proceeds. As Mukund was saying, MAC construction is going to start very soon, and DAC construction is already underway as planned. The objective is to have this bridge facility until the divestment proceeds come in. The actual drawdown would not be more than 100–150 crores.

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Bala Subhramanyam A: Thank you. I understand.

Operator: Thanks for your questions, Bala. We have time for one more question. To all those who are in the queue, please write to us, and we will make sure your questions are answered. We will take the question from the line of Jatin Jadav. Hi, Jatin, you can go ahead and ask your question.

Jatin Jadav: Hello, am I audible?

Operator: Yes, Jatin, go ahead.

Jatin Jadav: Thank you for the opportunity. I have two questions. First, congratulations on receiving the order for the antenna beam controller. I wanted to understand how the entire value chain works. Do we also manufacture the Butler matrix required for it, and do we own the entire architecture from the circuit diagram onward? How exactly does it work when we receive an order for an antenna beam controller? Could you explain it from a value-chain perspective?

Mukund: Yes, we cover the complete design of the antenna beam controller. That is where our complete value addition lies. This includes design qualification and production, which is already underway. Regarding the exact architecture, the discussion becomes somewhat technical, but we certainly take care of the entire module. The digital part of it, including the complete digital section, is quite complex. Therefore, the architecture and those discussions are outside the scope of this call.

Jatin Jadav: Understood, sir. Perhaps I could get more answers in a private setting.

Mukund: Certainly, sir.

Jatin Jadav: Regarding the second part, I wanted to understand the market for directed energy weapons and the possible future requirements. I was speaking to a couple of people who are involved in this space, or researching the issue, and as we increase the energy, the output—

Jatin Jadav: The energy requirements become very challenging. Will this become a point solution or a mobile solution? As far as I remember, the {? Celas ?} product that we have has the opportunity or capability to become a mobile solution as well. How are we positioning this for ourselves or as a product for the company?

Management: There are two things that we are looking at. It is a very good question. Right now, the current power requirement and other aspects are being addressed through a mobile solution, where we need the complete power plant to accompany the entire system.

There are certain strategic aspects in which we are optimizing the power output against the intended range and the power actually consumed or required. A portable solution is also on the cards, and we have certain modules being designed and developed internally to ensure that these capabilities come up in the future. Therefore, we will cover both. In the beginning, it will be a mobile-based solution, and going forward, it will be a portable solution.

Jatin Jadav: Do you see the power hurdle as a major obstacle, or is it solvable and likely to be resolved over time? What is your sense on that?

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Management: The power solutions are already in place, and the complete optimization path is in front of us. We are already well on the way toward achieving that. Therefore, it will be handled appropriately.

Management: There are different versions and different power requirements for different applications. We are discussing 30 kilowatts. They are not all based on a single source carrying or producing 30 kilowatts. They are also modular. The size will vary depending on the power requirement and the combination.

Operator: Thank you, and thanks to Jatin for your questions. To all our participants in the queue, please write to us, and we will make sure we get all your questions answered to your satisfaction. I will now hand over to Mukund for the closing remarks. Over to you, Mukund.

Mukund: Thank you, Shankini. Thanks, everyone, for all the questions and for engaging with us through a quarter of transition. My sincere apologies for the technical glitch on our side and for the time that we lost because of it. I hope that we managed to cover adequate ground afterward.

As you all know, Q1 FY27 is the first of the few quarters of transition in which the company has already built the teams, capabilities, and infrastructure to become the company that we want to be at the end of this financial year. Our focus for the rest of the year will continue to be disciplined execution. We will progress with our acquisition pipeline. We will bring new capacity online, and we will deliver on our customer commitments.

Our aim is to build {? AXISCADES Technologies Ltd. ?} as a higher-value aerospace, defense, electronics, AI, and space business. We will continue keeping you updated through consistent and compliant disclosures going forward. Thank you again very much. Thanks, Shankini, and your team as well. Thank you.

Operator: Thanks, Mukund, and thanks to the entire management team from AXISCADES Technologies Ltd. and to all our participants for spending the evening with us. Please feel free to write to our IR team regarding any further questions you may have. Thank you all for being with us this evening. We can now disconnect our lines. Thank you, and have a good evening. Cheers.

Mukund: Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.