AXISCADES Technologies Limited
Q4 & FY26 Earnings Webinar Transcript

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Ms. Shankhini Saha:

Ladies and gentlemen, good afternoon. Welcome to AXISCADES Technologies Limited's Q4 and FY26 earnings webinar produced by ElevEase. So, I'm Shankhini, Director of Investor Relations from Dickenson, IR Advisors to AXISCADES, and I'll be moderating our call today.

Please note that this conference is being recorded, and that some statements in this call may be forward-looking, based on current expectations and subject to risks that could cause results to differ materially.

You can download AXISCADES' investor presentation and press release from the links in the chat, or from the company website, or the NSE.

Perfect. So I'll now hand the conference over to Mr. Mukund Santhanam, Chief Growth Officer and Head of IR, to begin with opening remarks. Take it away, Mukund.

Mr. Mukund Santhanam:

Thank you, Shankhini.

Thanks, everyone, for joining us today. I hope all of you have had the opportunity to review our results, our investor presentation, and the press release, which have been filed with the exchanges.

FY26 has been a very eventful and important year for AXISCADES. It has been a year in which we delivered full-year growth, but more importantly, it's also been a year of strategic transition.

We have taken decisive steps to sharpen the portfolio, to strengthen our focus on our core areas of aerospace, defense, space, deep tech, electronics, and AI.

And to build the foundation for the next phase of growth under the Power 930 roadmap.

At the same time, we recognize that you will have questions regarding our latest quarterly results and the bridge into FY27.

The management team will address these areas directly today.

Our object is to be transparent on the quarter, to be clear on the bridge into next year, and to be disciplined in explaining how we are approaching execution in FY27.

On the call today, we have, Dr. SRN, founder, Chairman, and Managing Director of AXISCADES.

We have Shashidhar SK, group CFO. We also have other members of the senior leadership team across the key business areas of aerospace, defense, and electronics, as well as some of our leaders across finance, operations, and strategy.

The structure of the call will be as follows. I will now first hand over to Dr. SRN for opening remarks on the strategic direction of the company and the transformation underway.

After that, Shashi, our group CFO, will take us through the financial performance, the Q4 bridge, and key balance sheet income and cash flow points.

After that, we will open the floor for questions.

During the Q&A, I will moderate the answer flow. I'll route questions to relevant members of the management team.

As you can imagine, some of the areas that we work in, particularly defense programs, are extremely commercially and program sensitive, and therefore certain customer-specific matters or live strategic initiatives, we will answer those questions at the appropriate level of disclosure.

With that, I now invite Dr. SRN to share his opening remarks.

Dr. SRN, Over to you.

Dr. Sampath Ravinarayanan:

Thank you, Mukund. Good evening. Thank you for joining us today.

Let me begin with a direct and honest assessment.

In FY26, we did everything we set out to do, except two things, which got deferred. Not canceled, but deferred.

First, a portion of our revenue shifted due to global supply chain disruptions.

That revenue is not lost, the orders are intact, the products are getting ready. We will deliver them after our customers confirm their acceptance slots and conduct inspection. This is a matter of scheduling, not demand.

Second, phase two of our disinvestment,

which is central to our restructuring plan - It has delayed a bit. It'll happen soon. The strategic rationale is unchanged, the process is active, and it remains a priority for H1 FY27.

Everything else, every capacity investment, every design win, every new initiative, every customer relationship happened as planned. I want that to be absolutely clear before we go any further.

FY26 has been the most consequential year in the 20-year history of AXISCADES. Not because one of the quarter numbers, because of what we built.

We did not have a bad year, we had a building year.

There is a fundamental difference. We set out on Power 930, a clear, non-negotiable target of 9,000 crores of revenue by FY2030.

Delivering that demands deliberate, significant, and disruptive shifts across the company. Every one of those shifts was initiated in FY26.

Earlier this week, we signed the divestment of Phase 1 of our engineering services business. Heavy engineering, energy, and automotive. This is only the beginning. Further restructuring is underway and planned for H1 FY27.

We are not shrinking, we are sharpening. Every rupee of revenue we remove from engineering services gets reinvested into businesses with structurally higher margin, longer life cycles, and stronger strategic moats.

Our Devanahalli campuses and our missile Atmanirbhar complex, MAC, in Hyderabad will become operational through FY27. We have initiated expansion beyond them.

Together, they give us far larger and more capable manufacturing, testing, and MRO footprint. We are also in advanced stages of finalizing an aerospace manufacturing acquisition that will jumpstart high-value manufacturing activities in Q3 of FY27.

To fill this capacity, FY26 was our strongest year yet for building relationship with global OEMs.

We carry a powerful pipeline into FY27.

We have initiated the creation of Xida Inc.- Xida Inc. is American-led, Silicon Valley headquarters, deep tech and AI company.

A subsidiary of AXISCADES, but designed from day one to think, operate, and scale like a U.S. technology company. American leadership, American speed, American ambition, and Indian and Vietnamese engineering depth as a competitive advantage.

Xida is designed to be a hardware, electronics and AI company operating inside the golden triangle of data centers, generative AI, and physical AI. This golden triangle, data centers, generative AI, and physical AI, is what the whole world is investing into.

It is American led, autonomously run and strengthened by two acquisitions we are evaluating. Our existing ESAI business, it's not a new company, all our existing ESAI business under AA team will move into Xida, giving it an immediate revenue, customers, and credibility.

We have established a space division. Our space situational awareness initiative with Aldoria is underway, and we are evaluating strategic partnerships for space-related manufacturing, especially space bus and space payload manufacturing, at our Devanahalli campus. We have already started building infrastructure for the same.

What emerges from these shifts is not incremental improvement. It is a transformation, sharper in focus, higher in margin and value, global in reach, and scalable in foundation. AXISCADES is operating at the cutting edge of the domains that matter most to India and the world.

Defense, aerospace, space, and deep tech. Company built not on ambition alone, but on the foundation we laid, brick by brick in FY26 to every shareholder, customer, employee. partner, I want to reiterate this. We build the runway in FY26, FY27 is the takeoff. Before I complete my speech, I want to set one frame of reference that I believe is essential to understanding where AXISCADES stands today.

FY26 and FY27 are not two separate chapters. They are two acts of the same story. Think of Baahubali.

Part 1 ended with the question that only part two could answer. Think of Dhurandhar. The first part built a position so intricate that only a sequel could reveal what it all meant. In both cases, judging the first part in isolation would miss the entire point.

That's exactly where we are. FY26 and FY27, viewed together, will provide the answers. I am here today to lay the full picture.

There is a famous saying attributed to Benjamin Graham, the father of value investing. He said, in the short run, the market is a voting machine. In the long run, it is a weighing machine. I would urge every investor in this room to weigh what we have built, not vote on one quarter.

Like every great two-part story, the second act will make the first one worth it.

I ask you to stay with the full story. The best of AXISCADES is not behind us. It is directly ahead.

Thank you for all your support. Over to you, Shashi.

Ms. Shankhini Saha:

Hi, Shashi, we can start with your opening remarks.

Mr. Shashidhar S.K:

Yeah, sorry, I was on mute.

Ms. Shankhini Saha:

Please go ahead.

Mr. Shashidhar S.K:

Thank you, Dr. SRN. Good evening, everyone. And Dr. SRN gave a very apt description of, you know, taking FY26,

as well as FY27 together. Let me start on that note and let me say that FY26 was a strong operating year, and a demanding transition year. And we had 3 quarters of very strong, exceptional performance.

And of course, as what Dr. SRN said, Q4 may be an outlier in terms of how we ended the year.

Talking about the full year, the revenue grew 12.4%, EBITDA grew to 24.6%, and EBITDA margin expanded 150 basis points to 15.3%.

The reported PAT did not reflect that operating progress. I will explain the bridge in three parts. A material Q4 revenue recognition deferment, one-time transaction and exceptional items linked to the portfolio restructuring, and a tax base that is not comparable with FY25.

Then I will explain why FY27 starts from a different operating base, with a cleaner portfolio, stronger core domain mix, and tighter focus on cash, working capital, and execution.

At the full-year level, the operating results are unambiguous. The revenue was at 1,159 crores, a 12.4% growth year-on-year, EBITDA was at 178 crores.

A 24.6% year-on-year growth, with margins at 15.3%, which is 150 bps more than last year. The profit before tax, before exceptional items was 125 crores, which is 36.5% growth year-on-year. The profit before tax, after exceptional items, was at 114 crores.

which was 29.8% growth year-on-year. The normalized PAT came at 83 crores, which is 27.6% year-on-year, versus normalized FY25 PAT of 65 crores.

And of course, the reported PAT at 72 crores was about 4.3% degrowth, year-on-year, which we will explain in the following, you know, I would say, definitions.

For Q4 specifically, reported revenue was 273 crores.

EBITDA was 34 crores, pre-exceptional PBT was 14 crores, and PAT was at 0.4 crores. So, before we move into questions, I want to directly bridge the difference.

between the underlying operating performance and the reported PAT outcome. At the operating level, revenue, full-year EBITDA, EBIT, and pre-exceptional PBT all grew.

However, reported PAT did not reflect the trajectory, because three items affected the quarter and the year-end reported number. First, the Q4 revenue recognition shift of 142 crores, which also carried an EBITDA impact of more than 40 crores.

Second, portfolio restructuring and exceptional impacts linked to the strategic divestment process. And thirdly, a non-comparable tax base versus FY25 tax.

We had earlier worked with an EBITDA expectation of around 215 crores, and PAT expectation of around 110 crores.

The shortfall against that expectation is substantially explained by these bridge items. Importantly, the revenue recognition movement is a scheduling issue, the restructuring impact is linked to a deliberate portfolio action, and the tax comparison is affected by the FY25 base.

That is why the reported PAT number should be read with this bridge, rather than as a reflection of the underlying operating direction of the business.

Now, as to factor one, which is Q4 revenue deferment, which had an impact of 142 crores in revenue, and about 40 crores of EBITDA,

The 142 crore of Q4 revenue could not be recognized before year-end. The issue was timing and execution, not demand erosion. The underlying contract values remain intact, and the customer relationships remain unaffected. The revenue has moved into FY27 visibility, with recognition expected across Q1 and Q2,

Subject to delivery, inspection, customer acceptance, and applicable revenue recognition criteria. Now, the second matter with respect to the 45 crores. In this 142 crores, I'm just giving you a breakup how these 142 crores is stacked up. The first revenue deferment was of 45 crores, which was a defense manufacturing program.

Supply chain disruption to a critical input material affected production timelines on land systems ordered for the Ministry of Defense.

The supplier constraint has since been resolved. The next item is an 84 crore revenue deferment, which is pertinent to our strategic electronics program. Our monopolistic hardware supplier redirected output to war-related priority programs, thereby impacting the, you know, the production. The input materials have since been secured. The last one being the 12.6 crore aerospace and defense contract, the deferment arising directly from the Akkodis divestment transaction.

A contract designated as a strategic for retention

Which was deferred during the transition.

The broader learning from Q4 is clear. As AXISCADES moves from engineering-led delivery model to manufacturing-linked execution, we need stronger supply chain buffers, acceptance slot planning, and program management discipline. Those actions are being built into the FY27 execution cadence.

In terms of Factor 2, which is an exceptional item, which had an impact of 11.17 crores.

On 26th May 2026, AXISCADES has signed definitive agreements to divest the heavy engineering, energy, and automotive engineering service practice to Akkodis for USD $30.63 million in cash pre-tax. The transaction is expected to close in Q2 FY27, subject to closing conditions.

The strategic point is portfolio sharpening. These activities are not core to the Power 930 architecture, and the transaction releases capital and management bandwidth for aerospace, defense, space, and deep tech AI-led priorities.

And this particular transaction entailed transaction restructuring cost of 9.8 crores, which was directly expensed to P&L. And there was also a fair value adjustment on divested business of 7.98 crores, which was recognized under exceptional items.

And this pertains to Epcogen, which was, you know, sold at less than book value, in view of various reasons.

These are portfolio reset costs and should not be considered as recurring operational costs. They also explain part of the FY26 PAT bridge and should be separated from the revenue trajectory.

On closure, which is… of this particular transaction with Akkodis, which is expected in Q2 FY27, the divestment is expected to result in an extraordinary gain of approximately 175 crores.

which is translate… which will translate to a 41 rupees per share EPS. In that context, the ₹17.78 crore recognized in FY26 should be viewed as a one-time cost incurred to unlock a substantially larger value creation event.

The last one being the tax charge not comparable year on year. The tax charge in FY26 is 42 crores against 12 crores in FY25. The previous year, FY25 net tax included a one-time reversal of 10.01 crores from a favorable income tax order. FY26 reflects a normalized tax position. The average tax rate appears to be higher at 36% for FY26,

as the profits in some of our overseas entities carry a higher tax rate, and also the fact that the company was not able to recognize deferred tax asset in one of our loss-making, you know, entities in Germany.

Now, coming to balance sheet and cash flow. Let me address the balance sheet and cash flow directly, because receivables, current borrowings, and operating cash flow are fair investor questions. Three items require context.

The first one being receivables, elevated at year-end, but resolved since. The closing receivables were at 411 crores, with a DSO of 130 days, which looks elevated. Since March,

we have already collected 154.5 crores from these receivables, and as a reference point, the DSO is now 81 days. The year-end position was a timing issue, not a collection issue. The collection has since happened. The second one being the operating cash flow.

A program timing issue, not a structural problem. The operating cash flow was negative, driven entirely by about 100 crores of land systems, WIP, classified under other assets. This is contracted with the Ministry of Defense.

And with 20 units ready for dispatch, 25 at assembly stage, and 85 in production. The pre-dispatch inspection by the MoD is currently in progress. The dispatch and invoicing are scheduled for Q1-Q2 FY27. The cash flow optics in FY26 reflect a program in its execution phase, not a deterioration in cash generation capacity.

So the EBITDA to cash conversion deficit in FY26 is almost entirely explained by the 142 crores of revenue deferment and the unbilled revenue buildup in current assets of around 100-odd crores.

When these programs deliver and collect in H1 FY27, approximately 120 to 140 crores of cash will be released into the system. The business has consistently generated strong operating cash in prior years, and this pattern will resume.

And now, coming to borrowing… borrowings and capex, these are all purposeful and self-funded. The gross borrowings increased by 87 crores from 189 crores to 276 crores. This was a project-specific working capital raise for land systems. It returns as program invoices from Q2FY27.

The 96 crores invested in DAL, DAC, MAC facilities were funded entirely by internal accruals. The total assets moved from 1,127 crores to 1,466 crores, the consolidated net worth stands at 734 crores.

The Hyderabad facility, which is around 8.2 acres of land, where we have paid about 40-odd crores, which is the full value of the land, and the Aeroland facility, which is 1,65,000 square feet, new… which is a new lease with Aero Electronics, are reflected in non-current assets and right-of-use assets, respectively. Both are operational infrastructure investments, and not speculative.

Now, coming to the domain mix, after the, you know, the transaction with Akkodis, there is a strategic shift which is very, very visible in the numbers.

The core domains of aerospace, defense, and ESAI generated approximately 904 crores in FY26 revenue, representing around 78% of consolidated revenue. The domain-level contribution is important, because it shows the portfolio moving towards businesses that are strategically relevant and of higher value.

Coming to each of these domains.

The aerospace generated a revenue of 388 crores,

which is a 21% growth year-on-year, with a 17.3% EBITDA margin. And coming to defense, the revenues were at 379 crores, which is a 25% year-on-year growth, and with EBITDA margin of 22.9%. And the ESAI domain generated a revenue of 136 crores, with a year-on-year growth of 9%, and the EBITDA margin being 26.1%.

So, the overall margin profile of the company is improving from a lower margin perspective to a higher margin perspective, and the manufacturing link execution scales, you know, as what we are trying to adopt.

So, coming to FY27, and we now… which is very structurally different. So, FY27 is not simply a recovery story, it's a year in which the retained portfolio Q4 carry forward, divestment proceeds, and DAL, DAC, MAC infrastructure start converting against milestones.

Three things change at the starting line. First.

The deferred 142 crores are order carry-forward, not a new pipeline. It enters FY27 as hard orders under execution, scheduled for recognition in Q1 and Q2. It is not a forecast assumption, it is in the dispatch queue. The second aspect is that the FY26 transaction exceptional impacts do not repeat in the same form. The third one being that divested businesses

exit the P&L and release capital and management bandwidth.

The portfolio is cleaner, the cost base is being reset, and the management bandwidth is being directed towards aerospace, defense, space, and deep tech AI platforms. As already mentioned, there will be an extraordinary gain of 175 crores when the transaction closes by about July, August of this year.

Now, coming to the revenue visibility, revenue visibility is something where the consolidated FY27 revenue is trending towards 1,377 crores, representing a 52% growth on the retained business base of 903 crores in FY26.

The 927 crores is in orders currently under execution; the 142 crores deferred from Q4 FY26 sits within the 927 crore order-under-execution bucket. 284-285 crores,

in assured forecast visibility, programs where designs have been won, and AXISCADES holds a qualified sole source or limited source supplier status, conversion remains subject to customer procurement timelines and budget approvals.

The 165 crores of acquisition-linked visibility, comprising the ESAI and aerospace acquisition components disclosed in the investor presentation. And, of course, this depends on the transaction closing, integration, and timing. In closing, I would want to say that the FY27 bridge is visible, its integrity will now be established through execution, conversion of deferred revenue in Q1, Q2, cash collection, working capital unwind, disciplined capex deployment, and milestone-led progress of Power 930.

We'll report that progress transparently through our normal quarterly results and regulated disclosures.

I will now hand back the mic to the moderator to open the floor for questions. Thank you.

Question-and-Answer Session

Ms. Shankhini Saha:

Thanks, Shashi. We'll now start with the questions.

So, just a reminder to all our participants, to ask a question, you'll have to raise your hand to join the question queue.

A quick reminder on how to raise your hand. If you're on desktop or laptop, look for the reactions button at the bottom of your Zoom window, click on it, then select Raise Hand from the options. Your name will appear in the queue, and I can call on you.

If you're on mobile or tablet, you can tap on the More dot dot dot button at the bottom right of your screen, then select Raise Hand from the menu.

Great, so we'll start with our first question.

Our first question will be from the line of Nikhil Chandak. I'll also request all participants to keep their question limited to one question, and we'll take some more follow-ups if we have more time towards the end of the call. So, Nikhil, you can go ahead and unmute yourself and ask your question, please.

Nikhil Chandak:

Yeah, thank you. I have only one question, which is, I wanted some clarity on your FY2030 vision of billion-dollar revenues.

Now, if I look at the 26 revenue, say, roughly 900 CR to 9,000 CR is a 10x jump in the next 4 years. So, what would this 2030 revenue target now get scaled down to, or you still think this is, you know, organically achievable in the next 4 years?

Dr. Sampath Ravinarayanan:

I'll take this question. This is SRN here. Nikhil, thank you for this.

As you know, when we have… predominantly, we are design-based revenue. When we go to manufacturing, it's automatically a 10x, 20x. Design, if I convert all the design wins to manufacturing, or instead of design, I take up manufacturing, it is very, very high value in 10 times.

So, predominantly, what we are planning to do is every design, everything, what we are doing before, get into manufacturing. We are building an ecosystem that can manufacture these things.

So, automatically, we are not scaling it down, we are sticking to 9000.

We are, because it's all foundational year, the years, you cannot see the scale right now, because the buildings are ready to be completed. Order books are coming up. We are building the order books, and we are working towards it. Every aspect, we are moving from

design only to manufacturing. For example, ESAI used to take only design work from hyperscalers and large companies.

Today, we are insisting for design cum manufacturing. We have enrolled with the large companies, the biggest consumer technology company in the world, as a manufacturing, design cum manufacturing MSA.

From there, yearly, it was Design MSA, so we moved it. So, basically, we are gearing up for a… as a manufacturing partner, or a solutions partner, systems partner, so this automatically ensures a 10x scale up on what we do, exactly. So, that's my answer. We are not scaling it down.

But, as you said, can you see this right now? This is… like, because of the total… the way we are shifting the business from one to another, it looks like we are, we are not reaching there, but we are there. So the real momentum will start happening from this year, the order books and so on.

So, we are very confident, we can see that we are absolutely… this thing, we have a strong customer base, we have strong pipeline, and we are totally moving towards the manufacturing and solutions. And the infrastructure are getting ready. By this year end, I will have DAL already ready, DAC and MAC will be ready. Hopefully.

we should start complete manufacturing immediately, okay? Thank you.

Ms. Shankhini Saha:

Thank you. Our next participant asking a question will be from the line of Rohan Mehta.

Rohan, you can go ahead and unmute yourself and ask your questions, please.

Rohan Mehta:

Hello, sir, am I audible?

Ms. Shankhini Saha:

Yes, please go ahead.

Rohan Mehta:

Thank you. So adjusting for the revenue deferment and, you know, related EBITDA impact, your normalized EBITDA margins come to around 17%, that's also including the non-core. So, in quarter three, you had, you know, indicated that there's a potential of about 300 basis point margin improvement.

So are you, still implying that for FY27, we can move towards the 20% mark?

And when it also comes to, you know, your revenue visibility that you've mentioned for FY27, any further incremental orders are you expecting for FY27? And how does your order book and bid pipeline shape post-FY27? If you could quantify that, please.

Mr. Shashidhar S.K:

So I'll just take the margin question, and I will let Dr. SRN answer the, and the other leaders answer the, you know, I would say, the order book and the pipeline. You see, essentially, as what I, what we stated, the non-core verticals which are margin, you know, impactive, are margin dilutive is already, you know, kind of, I would say, you know, divested to Akkodis.

So what remains are the core verticals where the average EBITDA is already at 20% plus. And that's where from… that's from where we will start the incremental EBITDA claim. And that… that is, you know, something which we are wanting to do, at least about 150 to 200 bps kind of an improvement on a year-on-year basis.

Dr. Sampath Ravinarayanan:

As per the pipeline and other issues, basically, we are trying to sort of… let us divide this into three parts, as you know, we are building a strong pipeline in defense, mostly on the large, very large programs, actually. We are focusing on large programs.

Of course, there are DRDO programs, and these 21 design wins that we mentioned are coming up there; that could result in certain forecasts and so on. That is very good. That looks very good.

And… but we are… what we are focusing on are very, very large programs, like swarm drone programs, and CLRTS, and these are all very large programs, HAL, and so on. So, we are focused on that, and I'm pleased to say that we are shortlisted for most of these programs, among 3 or 4 or 5 maximum in the country.

So, we do have a very good chance of winning one or two of this, will straight away catapult us to a Major League.

So, that is one thing on defense. On the ESAI side, as I've been telling, our strategy is because we could not scale up much as an Indian company. So, totally. So, we are trying to position ourselves as a US company, buying a Vietnamese US company also, that is, we are in the

I'm not assured about it, but we are in the final stages of the talks. If it goes through, we'll have all three locations, US, Vietnam, and India. And already we have, you know, that the largest consumer electronics company who is trying to engage

with us in a big way, and one of the large hyperscalers. Then we have the wireless giant, Qualcomm, which is multiplying. See, we started… Qualcomm was, last year, less than about 800,000 or something like that. This year alone, just in the 2-3 months,

we got a $3.5 million order from Qualcomm. There is a huge shift to India for manufacturing and this thing. So we are very hopeful. And Qualcomm, again, has given a pipeline, a large pipeline, very large pipeline, with a monthly run rate of USD 0.5 million to USD 1 million.

So there is a very good momentum in every place on the electronics side, but we need a nearshore operation, which will have to be in Silicon Valley, and we need some kind of manufacturing ecosystem with knowledge somewhere in Vietnam and India.

So, we are trying to create this at this point of time. I hope that this will scale up tremendously on the ESAI front.

As far as aerospace is concerned, we are going to fully get into manufacturing. My colleague later on will explain, we are getting into acquiring a few companies. Both the acquisitions will be focused only on aerospace and ESAI, because defense, we are going to organically set things up.

And, ESAI, yes, one more acquisition we are planning. We have given an NBO for the aerospace manufacturing acquisition, which also comes with a very good order book.

Hopefully, we should be able to scale it up. So, these are our, this thing in the pipeline. I will not quantify that, but probably by Q1, once the Q1 results,

once the restructuring process is in place, we will be able to give you a picture of

how much pipeline, what is happening, what is the total numbers we can discuss, but I'm saying with confidence that we have a very, very robust outlook for the coming years, including Power 930. Thank you.

Ms. Shankhini Saha:

Thank you. Our next question will be from the line of Mayur Parkeria.

Hi, Mayur, you can go ahead and unmute your line and ask your questions, please.

Mayur Parkeria:

Hello, am I, audible?

Ms. Shankhini Saha:

Yes, Mayur.

Mayur Parkeria:

So, good evening to Dr. SRN and the entire team at AXISCADES, and clearly we understand, you know, it's very easy to model numbers in Excel, and the reality is very different, and one quarter or year there continues to happen, but we'd still like to congratulate the fact that we were able to cross through the bridge of restructuring. It's a very, very big milestone.

And, great achievement on that. So, you know, whatever you guided over these last two or three quarters, I think the fact that it has got delivered itself is a very great news for, you know, from a long-term perspective.

So I had two questions on this itself. One is, you know, just on this restructuring and the sale of the engineering division, you know, 30-odd million dollars, and there is an optional payout at the end of 27. Is that the right understanding? Is it that we will carry on the business till June of 27?

Because the optional payout and the… it's based on the financials achievement over the next one year. So, will the business get transferred to the buyer, or we will run it, just an understanding on that?

Mr. Shashidhar S.K:

Yeah, so.

Mr. Mukund Santhanam:

It is good.

Mr. Shashidhar S.K:

So, yeah, let me, let me answer this question. The way this deal is structured is that the business… it is structured as a slump sale, so the businesses of heavy engineering, automotive, and energy is going to be sold to the Akkodis entity in India.

And the way the, you know, I would say the, the… and we will, of course, including the people, including the businesses, including the contracts as what is there in… in these three, verticals. And the… in terms of the divestment price, what we talked about, of the 30.6 million US dollars,

there is a, you know, I would say a guaranteed portion of $23.4 million, of which 75% will be paid immediately on closing, and 25% will be paid after 1 year. And then again, in FY27, based on the EBITDA targets as what we have fixed for ourselves, there is going to be an earnout of another $7.4 million.

So, essentially, you know, the entire spectrum of contracts, people, and all of this will be transferred to the Akkodis entity, and we will handhold the Akkodis entity in terms of, I would say, growing the business and the synergies for a period of one year, after which we will cash out, taking the balance portion of 25%, plus the earnout, as what I just now told.

Mayur Parkeria:

Okay, so we will continue to hand-hold that, entity, but the owner…

Dr. Sampath Ravinarayanan:

It'll be managed by Akkodis, but we…

Mr. Shashidhar S.K:

Yeah.

Mayur Parkeria:

Okay, okay.

Dr. Sampath Ravinarayanan:

Surely.

Mayur Parkeria:

Well, I… Right, right.

Dr. Sampath Ravinarayanan:

Please go ahead.

Mayur Parkeria:

So, and the last question, actually, on this Power 930 long-term goal, while 20% kind of margins on the core segment is what you have been guiding, and there are some indications, I mean, there is an indication already that we are very

close to that, but the PAT number also you have mentioned is close to, you know, 900 and odd crores for FY30. Do you think that's underscoring the total?

Dr. Sampath Ravinarayanan:

Yeah, yeah, yes, yes. This is a question. See, because it will be much more. See, we are… we are… we want to see these two parameters. Either one we can achieve faster. For ₹960 crore PAT, from our PAT percentage, we require only 7,200 crores of revenue.

Okay, not 9,000 crores, to achieve at a 25 plus percentage.

or that is EBITDA of 25%, PAT more than… so it is not going to be much, but we are keeping both the targets of revenue and PAT as our goal.

Because the year I took over, it was ₹960 crore, so we always thought that this year's revenue is tomorrow's PAT. That's how the whole thing evolved. But currently, you are right.

the percentage looks low, but it is not going to differ. Either we can do a 9000 with a higher PAT, or we are going to do a 960 with a lower revenue.

That can be achieved even earlier than what it is- instead of 2030. So, we are confident about it. So, it doesn't reflect the percentage.

Ms. Shankhini Saha:

Thank you.

Our next question will be from the line of Jatin Raghuwanshi.

Hi, Jatin, you can go ahead and unmute your line and ask your question, please.

Hi, Jatin, you can unmute.

Go ahead, go ahead, Jatin.

Jatin Raghuwanshi:

Good evening. So, my first question is, sir, like, we have close to ₹1,100 to ₹1,200 crore of capex, plus we have two acquisitions in hand. Like, if we see our, cash flow, it's negative. Our short-term borrowing has also increased.

If we take Akkodis proceeds, so it's around 300 odd crore, 20-25% of our capex. So, how… how this FY26 is funded beyond this Akkodis cash?

Like, in past, we have talked about OEM partnership, but is there actually any sign… we have signed any contract with those OEM partners, and you have also told in past, like, there would be no equity dilution. Is this still the case, or we have changed around that?

Dr. Sampath Ravinarayanan:

Yeah, there are two parts to your question, so let me answer the first part. One is, as I said, this divestment is only phase one, so there is phase two…

Yeah, Phase 2 is coming very soon. We are confident that should be able to fund us totally, totally, whatever we want to build. DAC, DAL, MAC.

Acquisitions, everything put together. So, Phase 2 is going to be a much, much, much bigger thing. So, we will be able to, without any dilution, any borrowing.

We should be able to do that. We hope that happens… I don't have… I don't want to fix that time, but we are well on track for that. So, there should not be any problem about

our expansion plans, DAC, DAL, MAC, and further expansion, acquisition of… in fact, we are planning to acquire four companies once this is through. Okay, there are 2 in,

ESAI, and two in aerospace side, so there should not be any problem, and so on. Second question is OEM relationships. It is going very, very strong. It is all going very good, but there is a change.

The way government is… this thing, from this year, or last year, almost, like, last 12 months, offset is abolished. So, people… there is a government kind of offset is slowed down or stopped. Now, all the new contracts since 2025 are towards making India Atmanirbhar, and that kind of thing, and a new approach is taken. So, accordingly, we are talking to OEMs to change our proposals and so on. Everything is subject to Government of India approval. There, also, we have good traction. But OEM relationships, OEM contracts, OEM JVs will take, I think, roughly around Q3 for it to complete. We are talking, again, to two major OEMs that will also get completed. So there is no issue, we are on

track. In fact, I was in France yesterday, especially to discuss and hand shake about this, and we are confident, we are on track.

There is no this thing, but I cannot, because it involves three parties. One is a major OEM, another is a government of India, and then us. So, we need to sort of cross all these things. So, we are on track for that.

Mr. Mukund Santhanam:

And if I can just confirm the other point that you mentioned about equity dilution, as you said before, we don't have any plans for equity dilution, and we will not be taking on any incremental long-term debt, if at all it's going to be working capital debt and short-term bridge financing.

Ms. Shankhini Saha:

Thank you. Our next question will be from the line of Suman Gupta.

Hi, Suman, you can go ahead and unmute your line and ask your question, please.

Suman Guptha:

Yeah, thank you. So, first of all, thank you for the clarification that you provided in the beginning of the call. My question is regarding to the new strategies that we are entering into, like the space, the hyperscalers.

I just wanted to understand these in detail, like, you know, what would be the end product, what would be the TAM for these products?

And by when we can start generating revenue from this?

Dr. Sampath Ravinarayanan:

Thank you. There are two aspects you are talking about. One is the space and Xida. Xida is the ESAI. The old ESAI is now Xida. Xida is, as I said.

It is the ESAI under… we had a small AI team, 30-member team, which was catering to internal, this thing and so on. Put together, right now, our ESAI did a revenue of about $15 million, roughly.

So, we are putting everything into this new vehicle. Why? Because the action is happening in US, yet it is in the forefront of the whole technology change.

Because by the time it comes to India, there are a lot of shifts, and so we want to be a totally independent company. Same customers. What we are trying to do is, already you know that we have four major customers, 2 semiconductor customers, TI and Qualcomm. There are two major customers, one hyperscaler, and one largest tech company in the world. So, these four, apart from that, that we have AXON and Aptiv, so many other customers. So, we have a 10, 5, 4 very big 6, medium-sized companies.

Right now, we are in the process of acquiring two more companies. One company has got four fantastic customers. One, the largest semiconductor equipment manufacturing company in the world.

And again, one more extra hyperscaler we never had before.

And, two other companies, very big, and some few Japanese companies. This is a company based out of Vietnam. As we speak, I'm here to sort of close on that. We don't know, but I hope everything goes well. We'll be signing this company; revenue is less, but the customers are very, very good.

Today, customers have stopped enrolling new vendors, so we are acquiring those customers by going by this, and also some infrastructure. So, we are confident we are going to scale up. This will be involved in data centers, some kind of microdata centers, data centers.

And test equipment. What we do for hyperscalers and the consumer giant is -

test rigs for their… not exactly test rigs, we can say that. It's because it's, like, not a long-term, like, defence test rigs.

Example, you make a phone. It has 33 stations, 33 test stations are required, and every year it has to change. So, it is a recurring order, recurring process, we'll be able to do that. So, we are engaged with that. We feel there is a 10x revenue possibility from here.

And, we are working towards it. It's all possibility, we are working towards it.

And what I can say is that by FY27, we'll have 3 to 4 more big customers in the world, and probably a path to, say, scaling up our ESAI relationship. Regarding space, the sweet spot are two things.

Currently. Actually, the… I can say that, I… to my knowledge, it is about three. Okay, so it's, again, another triangle of space, which is space bus, of course, then space payloads, and then SAR, which is synthetic aperture radar, which is almost part of this.

So, we are trying to focus on this. You know, Arun Arumagam has been hired, last year.

He's a space expert, doctorate in space, UK-based, and he's the guy who's driving the space initiative for us, with his contacts and with his reputation.

So, we are, talking to few customers to get into collaboration and manufacturing of these things. As you know that, India's got 50 or 60 active satellites, which is Elon Musk is just sending out to Sky in this more than 350 per year, three times what India has, okay? That means enormous amount of need is required for the space bus. Every country needs it.

So, we feel there is a huge demand, it's the right time to come. And again, we are thinking globally. Globally, not only for Indian market, we are thinking globally, and whatever we do in space, ESAI, and all, we're very, very global.

Very, very large scale, very, very global. So we need a collaboration, we need knowledge, so we are trying to partner with the best in the world. We'll try to do that. Again, I'll elaborate this once there is a traction, because it is still speculative. We are trying to do our best.

But, I hope that I will talk to you by June, July. Any one of you, please do come and visit us anytime. In the last week of June or first week of July, I'll be able to elaborate in person what we are trying to do, along with the type of collaboration we are doing, open house, visit the facility, etc. But meanwhile I hope I'll be able to get much more clarity in the next 30-45 days, on both space and ESAI.

. Okay, thank you. So, regarding manufacturing, aerospace manufacturing, of course, we are trying to do the acquisitions, so let us see. Okay, take care. Hope it answers your question.

Ms. Shankhini Saha:

Thank you. Our next question will be from the line of Disha.

Hi, Disha, you can go ahead and unmute your mic and ask your question, please.

Disha C:

Hello?

Ms. Shankhini Saha:

Yes, please go ahead.

Disha C:

Am I audible, sir?

Ms. Shankhini Saha:

Yes, please go ahead.

Disha C:

Yes, yes, thank you so much, sir, for this opportunity. So, my first question is on your overall growth. So, this year, I think we've given the guidance for 1,377, yeah, so approximately 1,400 Cr. So, for us to reach this 9,000 crore target by FY30, that would imply that we'll have to grow at a CAGR of about 90% from FY28 till FY30.

So, this growth of 90%, will we start seeing from FY28 itself, or will it be in the later part? How should we look at that?

And my second question, sir, is on overall margins.
So, in a core segment, today itself is sitting at 21%, so you mentioned 150 to 200 bps improvement. So that would mean 23% sort of EBITDA for this year, and this continuous improvement would mean 30% EBITDA till FY30. So that would imply that our PAT could be much more higher than what we're guiding.

So how should one look at that, sir?

Dr. Sampath Ravinarayanan:

Disha, thank you. I just want to… your question is in two, three parts. One is, of course, we are not going to say continuous improvement in EBITDA. At some point, it has to stop. As you know, this year, we had 26% on ESAI, about 22-23% in Defense, 22.6 and 17.2 in aerospace.

So, that is so, but if you look at it, if I improve aerospace by getting to aerospace manufacturing, I'm hoping to achieve somewhere around average of 23.

And possibly improve until it saturates. At some point of time, it'll stop. I'm not saying it'll be continuously improving.

It's going to stop. I think somewhere around 25, 27, it may stop. Or we will be happy to do that. Second is PAT, we have answered this question. 9,000 crores, and it's not a proportional PAT.

We may reach ₹960 crore PAT much before 9,000 crore revenue. For achieving in this rate, we require only about 7,200 crores of revenue, which we feel very much achievable. We can achieve it even slightly earlier than 2030.

The third portion is, yes, you are right, 1377, but you should understand the composition of our revenue. Today, we are only doing design and design-based services and small kind of production, prototyping production. We never do any serial production, except for one component which we are trying to do. We never did a continuous production.

Now we are trying to do a major, major production. When you do that, when you start, the simple logic, Disha, it is like an architect charges 3% of the fee of a building. A builder charges remaining 97%. If I'm a good architect, I'm moving as a builder.

I get 97% of the value, not the 3%. So, I'm just looking at moving from being an architect to a builder, okay? So, this is what I'm doing. So, automatically, this scales up my revenue, and quality of revenue, everything. So, I hope I'll be able to transition that. What is important here is massive facilities are required, world-class certification, everything. And the customers, acquiring customers. So, that's what we are doing through acquisitions. Acquisitions help us buy time, actually, two to three years of time, that helps us acquiring certificates, acquire customer contacts, acquire the ability to manufacture, manufacturing skills, fill the gaps. That's what we are trying to do. We are confident, we have that methodology, we have a super team to back us up.

We have, as you know, that we have piled up a very, very good team, execution team. Hopefully, we should be able to achieve these things. As I said, I'm very, very confident.

And, there is no… this thing in my mind, but as we said, I will be able to give much more details. In other… because we are still amidst the restructuring process, probably by, June end, sorry, July end, when I talk to you on Q1 results, I'll be much more clearer with more numbers and clarity, okay? Even give you some kind of, this thing, pipeline items and what we do, etc.

Thank you, Disha.

Ms. Shankhini Saha:

Thank you. Our next question will be from the line of Gaurav Shukla. Hi, Gaurav, you can unmute your mic and go ahead and ask your question, please.

Gaurav Shukla:

Am I audible?

Ms. Shankhini Saha:

Yes, please go ahead

Gaurav Shukla:

Sir, in last con call, we have discussed about ESOP of 5 crore in that year, and that time you had told that in next quarter, we will tell about FY27.

Any plan of ESOP?

Mr. Mukund Santhanam:

Murli orDr. SRN, related to the question on ESOP?

Dr. Sampath Ravinarayanan:

Can you repeat the question, sir? I just missed it out, sorry. My line is slow.

Gaurav Shukla:

Sir, in last call, you have told about 5 Crore ESOP.

Yes. And…

Dr. Sampath Ravinarayanan:

Yeah.

Gaurav Shukla:

And then…

Dr. Sampath Ravinarayanan:

See, ESOP, for all the people, you know, 38 lakh shares are kept, or 3.8 million shares are kept for ESOPs.

And we are given a very, very limited ESOP right now, and this, 5 crores is very small. It is only for about 10% of the total ESOP with this thing, because the ESOP will cost roughly around 54 crores for us. So, we are trying to bring this

as part of this transaction income in the month of, because as Shashi mentioned, it is 175 crores are going to come as income to us extraordinary income. So, we will try to sort of align this with ESOP, hopefully by September 30th, by Q2, we should be able to, pay for the ESOPs and, kind of provision… give provision for ESOP, and, start, issuing to everybody. Okay, and also, one more, reasons are, by this restructuring, we have now 2,800 people. Now, it will be reduced to roughly around 1,200 people. 1,500 people will go in the restructuring.

So the result of it, we will have limited people to take care of, and new people are also coming. So we want to recalibrate the ESOP options and do that properly. So by answering this, we'll have both money and the right type of configuration people, etc., by Q1 and Q2. We should be able to award the entire 3.8 million ESOPs, okay? Alright, sir, thank you.

Ms. Shankhini Saha:

Thank you. Our next question will be from the line of Balasubramanian.

Hi, Bala, you can unmute your mic and go ahead and ask your question.

Balasubramanian A:

Good evening, sir. Thank you so much for the opportunity.

Sir, with that, divestment, money of, 293 crore, pre-tax, I'm trying to understand, what is our, CAPEX program and capital allocations.

Because, if you could describe the capex program, all three facilities, after these divestments, and capital allocation in terms of our own company and targeted acquisitions. I think we have planned two acquisitions initially.

Dr. Sampath Ravinarayanan:

Yes, sir. So, I'll just tell you, let us not talk only the phase one. I'll just recap what we have been, trying to invest, it's massive. So, DAC is about 1200 crores.

MAC, the Hyderabad facility, is about 300 crores. DAL, we have already spent 120 crores, roughly around 100 crores, already spent on the internal accruals, etc. And up to this point, it's fine. Around 150 crores has already been spent. So, we are talking about… Three facilities, organic, everything put together is roughly around 1,600 crores, 1,550-1,600 crores. Acquisitions, one ESAI acquisition will cost very less, or roughly around 50 crores. And two aerospace acquisitions will cost roughly around 400 crores, 450. One more ESAI acquisition will be 150.

So, we are looking at 600 crores of acquisitions, 2 ESAI and 2 aerospace. Put together, it'll be somewhere between 2,100 to 2,250 crores, totally. And, as he said, Phase 1 and Phase 2 put together should be able to post-tax, should be able to cater majority of this, majority of this, okay, almost 80% of it. So, whatever pending, it should be met with internal accruals or some kind of partnerships or JVs or something like that, but we don't see any need. It will be totally self-funded, totally taken care of.

And, should not be any problem. You can think of whatever you saw, ₹293 crore, as a very, very modest beginning of our entire big restructuring plan. So, if you look at this context, I'm not able to reveal it more than this, because we are under obligations and NDA. So, as I said, we are on track. We will be able to fund the entire, both capex and the acquisitions, through these means, sir. Thank you.

Ms. Shankhini Saha:

Thank you. That concludes our Q&A session.

As soon as this call finishes, all participants will be directed to a survey for your feedback. I'd request you all to please take a few moments to fill this in. This helps us a lot with making sure our disclosures are up to standard and meeting your expectations.

Closing Remarks

Ms. Shankhini Saha:

We'll now hand over to Mr. Mukund for closing remarks. Over to you, Mukund.

Mr. Mukund Santhanam:

Thanks, Shankhini. Thank you, everyone, for being on the call today, for asking the questions, and for engaging with us through the entire year. This has been a very important year of change, of strategic execution. We grew revenue and EBITDA, we have strengthened the core domain mix.

And we've taken decisive steps to sharpen our portfolio. Now, Q4 was affected by material timing shifts, and we have quantified that impact quite transparently, and I hope you got that full picture clearly in this call.

Our focus for next year is disciplined execution. It's around converting our backlog, improving cash and working capital discipline, and bringing capacity online.

We will continue to build AXISCADES as a high-value aerospace, defense, space, and deep tech AI platform, in line with the announcements and announcements yet to come over the year.

We will, of course, keep you updated through consistent and compliant disclosures. We also will look to have you, you know, have an open day, maybe at a new facility, for you to get a real feel of what we are…

bringing together, and at the same time, probably conduct a management discussion. You can await, probably further developments on this towards the end of this quarter, or early next quarter. Thank you very much.

Dr. Sampath Ravinarayanan:

Adding to that, Mukund, I sincerely request every participant here to visit us. Seeing is believing. Please come over.

We will allocate slots from last week of, June, first week of July. We'll create some kind of an open house, we'll coordinate through Dickenson and, so, Shankhini, and, so we… please register if you want to visit. We will be… I'll be personally available, my team will be available to explain to you, walk you through everything.

We'll be very, very glad to receive you and give you much more clarity. So, our main aim is to ensure that you don't have any ambiguity on our path. Everything that we are trying to do, because we need to do… a lot of times, by hearing as some… this is just looking at Excel sheets, or looking at some PPTs, may not give any justification, so you have to see the groundwork, what we are trying to do. And in person, we will be able to talk much more freely.

Please do come. That is my open invitation to you. We'll try to set up two-week slot.

Please do come, okay? Thank you.

Ms. Shankhini Saha:

Thank you, Dr. SRN, and to the entire AXISCADES team, and to all our participants today. For all your follow-up questions, please do write to us at AXSICADES@dickensonworld.com. This email ID is on the last slide of our investor deck, and we'll make sure all your questions are answered to your expectations. On that note, thank you for joining us today, and please have a good evening. You may now disconnect your lines.

Thank you.

Dr. Sampath Ravinarayanan:

Thank you, Shankhini.

Mr. Mukund Santhanam:

Thank you, everyone.