

August 11, 2023

The Manager
Listing Department
BSE Limited
Phirozee Jeejeebhoy Tower,
Dalal Street
Mumbai 400 001
BSE Scrip Code: 532395

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

Dear Sir/Madam,

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

Further to our intimation dated 07th August 2023, please find enclosed the transcript of the Earnings Call with the Investor(s)/Analyst(s) which is hosted on the website of the Company at www.axiscades.com

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

Thanking You,

Yours faithfully,

For **AXISCADES Technologies Limited**

Sonal Dudani
Company Secretary & Compliance Officer
Encl: A/a

AXISCADES Technologies Limited
(Formerly AXISCADES Engineering Technologies Limited)
CIN No.: L72200KA1990PLC084435

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“AXISCADES Technologies Limited
Q1 FY '24 Earnings Conference Call”
August 07, 2023



MANAGEMENT: **MR. ARUN KRISHNAMURTHI – CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – AXISCADES TECHNOLOGIES LIMITED**
MR. SHASHIDHAR SK – GROUP CHIEF FINANCIAL OFFICER – AXISCADES TECHNOLOGIES LIMITED
MR. MUJAHID ALAM – CHIEF EXECUTIVE OFFICER – MISTRAL
MR. SHISHIR GAHOI – HEAD, INVESTOR RELATIONS – AXISCADES TECHNOLOGIES LIMITED

MODERATOR: **MR. NACHIKET KALE – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to AXISCADES Technologies Limited Q1 FY '24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Shishir Gahoi – Investor Relations Head from AXISCADES Technologies. Thank you and over to you, sir.

Shishir Gahoi: Thank you very much. Good evening, everyone, and I am delighted to welcome you all to this earnings call for the first quarter ended June 30, 2023. I hope you all had an opportunity to review our press release and the investor presentation, which are available under the Investors section of our website and the same are accessible in the BSE and NSE website.

To discuss our results, we have with us our CEO and Managing Director Mr. Arun Krishnamurthi, Mr. Mujahid Alam, CEO of Mistral; and our Group CFO, Mr. Shashidhar S.K. They will take you through our results and business performance, after which, we will proceed for a question-and-answer session.

Before we begin the conference call, I would like to mention that this conference call may contain some forward-looking statements about the company, which are based on the belief, opinions and expectation of the company as on date of this call. The actual results may differ materially. These statements are not guarantee the future performance of the company and involve risks and uncertainties that are difficult to predict. I now hand over the call to our CEO, and MD, Mr. Arun Krishnamurthi. Over to you, Arun.

Arun Krishnamurthi: Thank you, Shishir. Good evening, everybody. It's always nice to connect with you. I'm really glad to have Shashi, who's our CFO, joining me on the call as well as Mujahid Alam, who's the CEO of Mistral. We call Mujahid as Muju. This is the first time he's joining our earnings call and I'm sure you'll enjoy interacting with him.

I'm pleased to report that FY '24 has begun on the back of a strong performance in Q1, both in terms of revenue and profitability. During the quarter, we initiated new customer relationships, strengthened our business with our existing customers, closed a strategic acquisition, continue to build on our digital competencies, focused on strengthening our balance sheet and also enhanced our Board composition and governance standards. So as you can see, it's been a really busy quarter for us.

The company in Q1 FY '24 posted consolidated revenue of INR 214 crores, which grew by 17% from INR183 crores in Q1 of last year. In U.S. dollar terms, the company recorded a revenue of \$26.2 million, growing by 11% from \$23.6 million recorded in quarter 1 of last year. Our EBITDA grew by 45% year-on-year from INR23 crores in Q1 of FY '23 to INR33 crores in Q1 of this year and our EBITDA margin improved by 300 basis points for the same period from 12.4% to 15.4%.

We continue to gain wallet share from existing clients in aerospace and defense. Our new verticals of automotive and energy are gaining traction in their share of total revenue and the

order pipeline across all verticals continues to remain robust, except for heavy engineering, where the current growth remains flat. I'm also happy to inform you that we have signed definitive agreements with add Solution, GmbH, Germany.

This is a company that specializes in automotive solutions to global OEMs. It provides services in the areas of wiring systems, software testing and automation. This acquisition will provide a strategic foothold to us in the automotive space with significant offshoring opportunities besides getting us access to automotive contracts with marquee global automotive OEMs. This will also get us a foothold in Germany, which, as you know, is one of the biggest automotive markets.

The acquisitions of add Solution will further enhance our automotive capabilities. The acquisition is expected to close shortly and we hope to consolidate revenues for this business from September 2023 onwards. I'm also glad to report that our nascent verticals, automotive and energy segments are scaling up well. Their combined share of revenue in Q1 FY '24 was 8.4%, which grew from 5.4% in the same period of previous year.

Revenue from automotive vertical doubled, while the energy vertical grew by 25%. Going forward, automotive and energy will constitute significant portions of our revenue. Our Aerospace business has continued its growth momentum and grew by 29% year-on-year. Revenue contribution from this vertical now stands at 30%. It's the highest in the last 8 quarters. As mentioned in our previous earnings call, we have started executing the enlarged scope of business with our strategic customer and we are witnessing good momentum in this sector.

The Heavy Engineering business slightly declined during the quarter due to lower offtake and deferred client projects. We are exploring opportunities in digital and analytics in this sector and are hopeful that FY '24 will be a growth year for the company in this vertical, considering the new initiatives we have launched in this segment.

The Products & Solutions business, representing our defense vertical grew by 20% over the previous year, recording revenues of INR62 crores, contributing 29% of our total revenue.

While the revenue from Mistral grew by 30% year-on-year, AXISCADES' Aerospace & Technologies experienced a degrowth of 23% year-on-year. And this is due to delays in certain inspections and approvals, which we expect will happen subsequently. However, despite lower revenues, both Mistral and AXISCADES Aerospace recorded healthy profitability during the quarter.

On the operations front, the company is currently implementing project resonance to realign the policies and practices of the parent company and our subsidiaries as one AXISCADES in order to bring about a high-performance culture in the organization. We have also effected certain changes and redeployed a global senior leadership team to prepare us for the next level of growth in the various geographies.

We continue to make significant investments to build our digital capabilities, which is critical to derisk our business and improve our margin profile, even though it may compromise our short-term margins. As already reported, the company is taking steps to strengthen this balance sheet

and has just concluded the refinancing of the high-cost borrowing for Mistral acquisition, which will reduce our finance costs significantly.

With respect to governance, we are privileged to report that Dr. S. Christopher has joined our Board as Non-exec Non-Independent Director. Dr. Christopher served as Secretary, Department of Defense, Ministry of Defense Government of India and as the Chairman of DRDO, Director of Center for Airborne Systems, Group Director at Electronics and Data Development Establishment, which is LRDE and is presently engaged as a professor of practice in the Department of Electrical Science at the Indian Institute of Technology, Madras.

He is also the recipient of many accolades and rewards. The company stands to immensely gain from his experience and expertise in the technology and the defense space and especially in the defense domain. To conclude, in FY'24 and beyond, our focus is to build a well-governed and sustainable company with consistent growth and profitability by relentlessly delivering world-class and cutting-edge engineering and technology solutions and products to our global clients.

I now request Muju to give you an update on the Mistral business.

Mujahid Alam: Thank you, Arun. I'm delighted to be part of this earning call. And this was...

Moderator: Sorry to interrupt you, you are sounding little distant.

Mujahid Alam: Hi, I'm audible now?

Moderator: Yes.

Mujahid Alam: Okay. And thank you, Arun. I'm delighted to be part of this earning call and report for FY'24 Q1 performance on Mistral Solutions. It has been approximately 6 months since Mistral became a wholly-owned subsidiary of AXISCADES and we are pleased to state that we are perfectly aligned with the group's objectives. We are working together be part of the growth story of AXISCADES.

As we all know, Mistral is a cutting-edge technology design and system engineering company, delivering technology solutions in product engineering space, aerospace, defense and homeland security with marquee clients, including many -- including Ministry of defense, DRDO, defense PSUs, with a legacy of delivering technology solutions for its customers for more than 25 years, Mistral sees exciting opportunities in both PES and defense verticals in the coming years.

We believe that Mistral and AXISCADES are perfectly positioned to leverage and synergize each other's capabilities to deliver quantum value to our customers, investors and stakeholders. In the year FY'23, Mistral recorded a strong revenue growth of 40% with revenues reaching INR275 crores. In Q1 of FY'24, despite a weak quarter from product engineering services, we achieved a year-on-year growth of 30%, increasing from INR56 crores to INR72 crores.

The defense business contributed INR41 crores while the PES business accounted for INR31 crores. We are pleased to report an EBITDA of INR14 crores in Q1 of FY'24 compared to INR7 crores in the same period of the previous year. The EBITDA margin also saw a significant

improvement, reaching 19% with an expansion of 700 basis points from the 12% recorded in Q1 of FY'23.

We are happy to note that defense order pipeline remains robust with Mistral entering the production phase of earlier developed prototypes for various defense programs. Production orders of a higher margin compared to development orders. In Q1 of FY'24, Mistral delivered approximately INR15 crores of production orders compared to INR35 crores for the entire FY'23. In product engineering space, we continue to add global logos with strong growth potential, the Indian government initiatives and policies promoting Make in India in a defense electronics and semiconductor industries will open new opportunities for Mistral.

Additionally, our proven track record in Indian defense services for global OEMs due to the competitive edge and advantage in the semiconductor space as global semiconductor companies are increasing, outsourcing the defense engineering tasks. Furthermore, the collaboration between DRDO and private defense companies in the form of DCP, that is development cum production partners that opened up new opportunities for Mistral in technology development and quick deployments.

In summary, we are optimistic about the opportunities developing in both the verticals and our integration with AXISCADES will bring incremental growth in revenue and profitabilities for both entities in the coming years. Now I invite our group CFO, Mr. Shashidhar, for an overview of the financial results.

Shashidhar S K: Thank you, Muju. Are you able to hear me Nachiket Kale?

Moderator: Yes, sir, we can hear you.

Shashidhar S K: Good evening to everyone, and I once again welcome you all to the earnings call. I am delighted to report that in Q1 of FY'24, we have continued our journey to improve revenue and profitability quarter-on-quarter. As has been explained by Arun and Muju, we are in the midst of exciting developments in the industry as well as in the company in the ERD, semiconductor, embedded technology, and defense segments.

We are well-positioned to harness these opportunities and deliver growth and value to our customers, investors and stakeholders. The company has been consistently expanding its footprint in the last several quarters, both in existing verticals and new verticals such as automotive and energy and adding strategic logos in each of these verticals. The company is making considerable investments in digitalizing revenues and automating costs in order to expand revenues and enhance profit margins.

The company's inorganic growth strategy is aimed at augmenting competencies and capabilities and further enhance our global ambition, which will fuel our future growth of AXISCADES group. As reported by Arun, the company has achieved INR210 crores plus of consistent revenues in the previous three quarters and have increased the monthly revenue run rate by 22% as compared to Q1 of FY'23. In Q1 of FY'24, the company recorded consolidated revenue of INR214 crores and grew year-on-year by 17%, while there was a marginal revenue degrowth of 4% sequentially due to softness in heavy engineering, PES and lumpiness in the defense revenue.

However, the company is currently having a healthy order book to deliver on the revenue objectives for FY'24. The company's strategy to reduce customer concentration risk by diversifying into new verticals and developing strategic logos is bearing fruit. Business from other than top 10 customers grew by 39% year-on-year to INR50 crores in Q1 of FY24 from INR36 crores in Q1 of FY '23, this is expected to gather pace in the coming periods.

And coming to profitability, EBITDA excluding other income for Q1 of FY'24 is at INR33 crores, up by 45% from Q1 of FY'23, which was at INR23 crores. The EBITDA also grew sequentially by 10% from the normalized EBITDA of INR30 crores in Q4 FY '23. If you remember, in the last earnings call, we reported that the EBITDA of INR44 crores, which was reported in Q4 of FY '23 normalized EBITDA was of INR30 crores after removing the onetime net benefit of INR13 crores due to the COVID relief and other expenses which was recorded in Q4 of '23.

The consolidated EBITDA margin is at 15.4% compared to 12.4% in Q1 of FY '23, which has shown an improvement of 300 basis points year-on-year. EBITDA margin improved by 170 basis points sequentially against a normalized EBITDA margin of 13.7% in Q4 of FY '23. So EBITDA margins are maintained despite significant investment in human resource and yet to be margin accretive digital teams and the recruitment for the new logos and new verticals, which are yet to achieve critical mass.

The consolidated PAT in Q1 of FY '24 stands at INR5.7 crores as compared to a PAT loss of INR31.7 crores in Q1 of FY '23, after taking the exceptional charge of INR44 crores. The employee cost in Q1 of FY '24 of INR109 crores has gone up by INR2.4 crores only, just about by 2% quarter-on-quarter against the normalized employee cost of INR106 crores in Q4 of FY '23. The reported employee cost of INR85 crores should be adjusted for the onetime COVID grant payroll grant from the AXIS Inc. of INR31 crores, which has been set off from the payroll in Q4 of FY '23.

As has been reported, the company has refinanced high-cost debt of INR210 crores in Q1 of FY '24, the finance cost of INR30.1 crores, INR6.7 crores pertained to cost incurred due to prepayment. Considering interest savings of around INR2 crores per quarter from refinancing, the finance cost should moderate to around INR11 crores to INR12 crores per quarter from what we reported in Q1 of FY '24 of INR20 crores at current levels of borrowing. That will start kicking in from Q2 of FY '24.

The company has a strong balance sheet with net worth standing at INR326 crores at a consolidated level with sufficient cash generation happening at consolidated level to comfortably service our debt obligations and generate free cash flows. We are happy to report that CARE has upgraded the credit rating of the company to BBB+ stable from the earlier BBB. We are confident of further upgrades in the coming quarters. The company is also strengthening its governance process with a global controller taking charge to deliver on internal control, risk and corporate governance mandate for the entire group.

To conclude, in the last several quarters, the company has been largely successful in setting up on the path of sustainable growth and profitability and strengthening the balance sheet and we are confident of building on this momentum in FY '24 and beyond.

Thank you and we will now open the floor to questions.

Operator

The first question is from the line of Jeevan Patwa from Sahasrar Capital.

Jeevan Patwa:

Yes. So this question is for Muju actually for Mistral. So if you can just give us some overview on the semiconductor business, how the semiconductor business is shaping up? And what are the future opportunities you see in the semiconductor business? That's first. Second question is on the defense side. So last year, we did INR35 crores of production revenue. So how much you think we can do production in this year and the next year, FY '24 and next year FY '25?

Mujahid Alam:

Thank you. To answer your second question first, in terms of production revenue, the production revenues are in upstream. So Q1, we have done, INR15 crores, and you will see continuous growth in the next few quarters and I expect this to continue growing in the next 1 year to 2 years.

Jeevan Patwa:

Any numbers you would want to share?

Shashidhar S K:

I think that we should avoid specific guidance in terms of numbers. But essentially, what Muju is very clear about is that quarter-on-quarter, if you look at Q1 of this year, the production revenues were INR15 crores. And the run rate with respect to the quarter-on-quarter will only increase is what perhaps the guidance we can give.

Mujahid Alam:

I can assure that it will be a continuous growth in production revenue moving forward.

Jeevan Patwa:

Okay. And on the semiconductor side?

Mujahid Alam:

Semiconductor business, yes, we have seen a little bit of slowdown in Q1. We hope that we will catch up by Q3 and Q4, things are changing. And at the same time, with the government of India initiative of promoting electronics manufacturing locally here and setting up a semiconductor facilities locally in India, we see this opportunity for us will increase and we already have marquee clients in terms of TI, Analog devices, Nvidia, whom we work with on semiconductor business. So this is only go moving forward.

Jeevan Patwa:

Okay. Perfect. And if I have to compare the capabilities, Mistral capability, defense capability, radar capability I would say specifically with data patterns. So how do you put yourself with the data pattern? Is this do we have a similar capabilities in data patterns because...

Mujahid Alam:

Well, see, if you look at data patterns in Mistral, in terms of capabilities, we are very much similar. The only thing which data pattern has probably have their own manufacturing facility, which we do not have. And the reason behind this, we believe that today, manufacturing is a commodity kind of item. And if we invest on a manufacturing facility, we will be sticking to the same facility without any upgrade because ROI is much longer.

So here, if I have a choice, I can go and get the manufacturing anywhere across the globe within the country, with the best of facilities available at my disposal and while we'll focus on building IPs and voting IPs at Mistral.

Operator:

Next question is from the line of Inder Soni from Ruane, Cunniff & Goldfarb.

Inder Soni:

Congratulations on a great set of results. So this is a big picture question. In your previous jobs, you've done a great job of taking the existing logos and growing them to big businesses. So if you think about your current company, you have some of the biggest clients in the world, both overseas and in India. But the revenue from each of these clients is still quite small compared to the capabilities. So what are you doing? What processes are you putting in place so that over the next one years, three years, five years, we can really grow the revenues significantly?

Arun Krishnamurthi:

Hi, Inder. Nice to speak you again. Yes, great question. So I would say that like you said, our focus is twofold. One is, of course, we have some very good marquee logos and the attempt is for us to expand the revenue margins with these clients. So what we are doing is that, if you look at the aerospace plant that we work with and the heavy engineering client, our focus is to move beyond traditional mechanical engineering, which has been our bread and butter and that's where most of our revenues come from currently, is to move more into the digital and into the embedded space.

So as we speak, and this is something that we've been doing over the last two quarters since we completed the acquisition of Mistral is to put in very aggressive plans to take our embedded capabilities, all the good stuff that we do in the defense business as well as in the PES business to the aerospace and to the heavy engineering clients. And we are doing this by setting up workshops with these clients. We are having senior leaders from Mistral traveling and meeting some of these AXISCADES customers.

The good news is that we have a supplier code with these clients. So it's easy for us to cross-sell some of these capabilities and grow that. And we're very optimistic that, we will see good progress on that because we're seeing very good uptake from clients. And as you know, in the industry, the mind share is in digital, a lot of the revenues are being spent on embedded and digital. So we believe that's the right strategy.

Having said that, growing new clients in the new verticals of automotive and energy is a big focus as well as well as growing semiconductor, which comes in through the Mistral acquisition. So again, in these areas, we're looking at how we can build in deep domain capabilities. We are building a partnership ecosystem of partners, so that, we can penetrate and we can be more relevant to this client.

So the new business part of it and the new logos is something that's equally important. And like I mentioned in the previous earnings calls, we want to grow the number of strategic accounts because the growth should actually come from strategic accounts rather than from a whole slew of accounts. So we want to be relevant to a set of accounts, a smaller set of accounts, which are strategic to us and then we sort of grow from there.

Inder Soni: Great. Can you also talk about two areas, so one automotive with your new acquisition in Germany? Can you give us some more color on that? And then with Mistral, you had talked about how you're going to increase the amount of production. You may not do it yourself, but the amount of things being produced will grow. Maybe you can talk about it, maybe we can talk about it. So what does the pipeline look like over the next one year, two years for things that are going to move from some single-piece design prototype to larger-scale production in Mistral?

Arun Krishnamurthi: Yes. So let me take them one by one. So as far as add solution is concerned, they have really good capabilities in wiring harness as well as software testing. And these are areas, which are growing very rapidly. They work with the world's largest R&D automotive player. And we see opportunities twofold. One is that the work that they do with this client, we are very confident that we can offshore some of this and therefore grow the pie.

The second thing is, as you're aware, we have a new relationship with a lot of other automotive OEMs. So we're very confident that the capability that add solution has to these other customers. And some of the work that they do in Germany is cutting-edge. So it is relevant across legacy OEMs as well as some of the new-age OEMs, who sort of operate in the EV space. And software testing is really the area which is growing because most of the investment in automotive is happening on ADAS, is happening on connectivity, on infotainment.

And this is squarely, where add solution has all their strength. So we are very positive that we will be able to do a lot in terms of taking these capabilities global. As far as Mistral is concerned, I'll probably just start off and then I'll leave it to Muju to continue. But as you know, in defence, the life cycle is that we start with what I called design wins. So we do, we win an order, we do a lot of R&D, we do the certification and then the production starts. And clearly, when we do the R&D, that's when we need to invest, that's when the margins are a little bit lower.

Then we get into a certification period, which can span one years to two years. And once the certification happens, the lab or the government, they assign a part number to us, which is something that only we can provide. And once that is done, then the production starts and the margins are really much, much more lucrative when it comes to production. So, with Mistral, we are now entering a wave of production over the next four years to five years, I would say.

So like we said, last year, whole of last year between INR35 crores of production in quarter 1 itself, we did INR15 crores. Like Muju said, every subsequent quarter, this run rate is going to get better. I don't want to get into specifics, Inder, but the pipeline that we have is pretty huge. And we hope to, I would say, increase the production revenue significantly, certainly in FY '24, but FY '25 will be better than FY '24 and the same goes for FY '26. I don't know if you want to add anything, Muju.

Mujahid Alam: And I just want to add one more point. Whatever Arun spoke about was the design wins, which we already have, which are going to production. At the same time, where I am coming from here, there's one more new initiative with the government of India that DRDO has taken, whereas in the past, all production orders were either routed through one of the PSUs like BEL or HAL. But today, the scenario is changing, wherein they are encouraging private partnership to design, develop and produce the final equipment.

So this will throw up more opportunities for companies like Mistral, wherein a portion of designs could have been done by Mistral, some with DRDO, some with XYZ company, but responsibility of putting all this together will be with one individual. So this will definitely, increase revenues going forward.

Inder Soni:

So last question from my side and this is for Muju. Semiconductor revenue, yes, it's a little bit cyclical, goes up and down, just like defence. But can you tell us, in Mistral, what are your capabilities? Because if you think about it, semiconductor usage India is going to grow a lot. Globally, you also semiconductors becoming so important to be all the artificial intelligence and everything. So can you tell us what is it that Mistral does in semiconductors and what is the opportunity for you over the near and medium term?

Mujahid Alam:

Yes, see, in terms of semiconductor, we work with global OEMs, working with them, building the software and hardware capabilities, doing some evaluation models and stuff like that. And also, we work with very many product companies doing design work on semiconductors. What is the new thing which AXISCADES today is, we are opening our doors to automotive.

If you look at the new generation of automotive vehicle, it has got more-and-more of electronics. So with electronics being used in automotive, we are seeing a totally new segment opening up for us. And traditionally, we work with semiconductor companies only, now we can work with automotive companies and industrial houses, wherein we bring in electronics into these domain. So this is our growth area.

Moderator:

Thank you. Next question is from the line of Dhruv Shah from Ambika Fincap. Please go ahead.

Nishid Shah:

This is Nishid Shah here. First of all, congratulations on a good set of numbers to the team, and hi, Arun. My question is on, can you give some color on key accounts that you would have added in the ER&D space and the number of clients that we have, which are above \$1 million, etcetera, whatever we can share?

Arun Krishnamurthi:

Yes hi, Nishid. Good to speak to you again. So we had, like I said, very good progress when it comes to new verticals, both in automotive as well as in energy. And actually, we also had some good additions in PES. Unfortunately, pardon me, but I don't think I'll be able to name some of these clients because of confidentiality reasons. But I can give you a profile of some of them. So in automotive, one of the clients we started work about two quarters back is a very large OEM based out of the UK, who makes sport utility vehicles and off-roading vehicles.

We also worked with one of the largest American OEM players who have a presence in India, but also globally. In addition to that, we work with two Tier 1s. One of them is a Japanese Tier 1, again, multibillion-dollar company, more than \$15 billion in revenues. We also have started work with another Tier 1, which is UK-based and they're actually developing some algorithms in things like driver drowsiness systems, etcetera. So that's the kind of profile that we have signed up in the automotive space.

When it comes to energy, as you are aware, we work with one of the largest Tier 1 subsea surface providers. In addition to that, now we are casting a leg into the Middle East and we are looking at starting relationships with, again, some Tier 1s and some providers who, I would say, provide

their services to some of the largest oil and gas manufacturers in the world in the Middle East. So that is also looking very positive. And going forward, we feel that we can do a good job on that.

In terms of clients, Shashi, can I hand it over to you in terms of the profiles of clients, new clients, over \$1 million?

SK. Shashidhar:

Yes. So basically, all of these clients, as was earlier mentioning, even though they have not actually reached that \$1 million mark, all of these are heading out to be strategic logos for us in the next one to two years' time. But one thing which I can tell you is the pace at which they are going in terms of our revenue share as earlier explained and what I just now mentioned, the growth in terms of all the new clients that pace is about 40% as compared to Q1 of FY '23. And going forward, quarter-on-quarter, this will continue to accrue in terms of incremental revenue.

Nishid Shah:

Yes. Great. So Arun, my next question is on the capabilities. In the ER&D space as well as now the energy vertical, are we growing the capabilities? Are we hiring the industry specialist people? I mean can you give some color on that area?

Arun Krishnamurthi:

Yes, absolutely. So actually if you look at each vertical and I can probably just give you a little bit of an extended answer. If you look at Aerospace, for example, traditionally, we've been very strong in the mechanical engineering structure and engineering part. But our focus now is we are looking at digital. We are looking at avionics. And again, we do a lot of avionics in the defense space. So we're looking at how we can get avionics into the commercial space. So that's an area of focus for us.

In addition to this, we are looking at manufacturing engineering. So we have now started some work which we traditionally used to do in Heavy Engineering. But now that has started in Aerospace. So we're looking at avionics, we're looking at digital and we're looking at manufacturing engineering and we have built our capabilities. We are hiring people. In some cases, we are cross-leveraging capabilities from AXISCADES' Aerospace as well as Mistral from the defense space.

If you look at transportation and here, I would say, automotive and Heavy Engineering is similar to an extent. But the focus for us is that since we are starting these new verticals, we want to focus on the embedded and the software part because clearly, a lot of the mechanical engineering part is quite commoditized. And the rates are obviously also much better when it comes to digital and embedded. So we are very keen on developing in automotive, for example, autosar capabilities. We're looking at software testing. We're looking at HMI testing. We're looking at getting into the whole connectivity aspects of it.

So these are the areas that we're looking at. We have also started some digital projects which are clients, both in the supply chain area as well as in inventory management. And again, because of the fact that both these industries have been exposed to some of the cyclical aspects of semiconductor chip shortage, etcetera, in addition to, of course, upgrading the vehicles with electronics, they're also looking at the entire ecosystem in terms of how they can digitize their supply chain, how they can make provision of these much more predictable. So there's a lot of

investment going there. So we're looking at the whole the sales management of the inventory management and the supply chain and we're looking at digital solutions for this.

If you look at energy, it's a very asset-heavy industry. So the focus that we have is, of course, we're looking at the mechanical aspects of it. We're also looking at especially the climate control, a lot of the large refineries need to build out carbon capture, sulphur capture plants, and there's a big investment going into that. And there's a lot of construction. There's a lot of project management. We are looking at that particular aspect of energy.

In addition to that, because it's very asset-intensive, one is we're also looking at things like predictive maintenance strategies because all these assets need to function, they need to be maintained, needs to be done in an optimal way so that the budget is sort of managed. So that's where we are focusing as far as energy is concerned. And like I said, in energy, we're looking at tying up some very good partnerships in the industry. But of course, we're also hiring some people on our own.

When it comes to PES and the semiconductor business, again, we have signed up some, I would say, two logos which are very, very marquee logos. One of them is a client, who doesn't like to be named at all, but we have started some work with them. And we are very, very confident that, they are investing a lot in India and they're also looking at the variable space in a significant way. And obviously, there's going to be a big semiconductor play out there. So that's one area. And then we're also looking at automotive. Like Muju said, there's a huge play for the PES business in automotive.

And some of the, I think there are two or three new logos that we signed this quarter itself. They're still small engagements, but we want to sort of have the convergence of automotive and PES so that we can grow that. So in summary, this is where they're sort of looking at Nishid. Each vertical, we're looking at specific capabilities as well as hiring some senior leadership talent. And as we progress the company, maybe when we get into FY '25, etcetera, we will then look at reorganizing ourselves along BUs, where we can have a vertical strategy. We still feel that at the current level, there's probably suboptimal because when you move into verticals, you need separate cost structures, you need separate functions, etcetera.

But we believe that, with the current growth rate that we have, we are well-poised to maybe enter next financial year, look at a vertical-based structure, which will bring in much more focus and depth into each vertical that we want to grow.

Nishid Shah:

Great. Thank you for a very detailed explanation. And once again, a very smart acquisition, that add solution. And can you give some color on the number of clients that add solution would be having without naming the clients? And how is that going to help you in penetrating into the larger auto giants?

Arun Krishnamurthi:

Sure. So if you look at add solution, they have one big client. So I would say a substantial portion of the revenues with that one big client. And that's the reason, we are interested because there's certainty of revenue. So unlike, so the thing with acquisitions is sometimes you can make a great

acquisition on capability. But then if contracts run out, then you sort of have to stand around for new business.

So, the good thing about add solution is that, they have a long-standing relationship with one big client and they have contracts. So we had good revenue predictability for the next two financial years because the contracts run into that. Having said that, beyond this, they have supplier code with 10 other big automotive as well as Tier 1 companies in Germany. And the thing with automotive in Germany is that, it's virtually impossible to get a new supplier code.

The only way to get in is to make an acquisition. So we are very confident that, through this and given the presence that add solution has a legal presence of supplier code, we will be able to put in a sales effort, build out capability, be more aggressive and sort of grow the business with the other clients as well.

Moderator: Sorry to interrupt you, Nishid, I request you to join the queue again for a follow-up question. Next question is from the line of Arun from Subh Labh Research. Please go ahead.

Arun: Yes. Thanks for the opportunity, sir. Congratulations for the good set of numbers. Sir, my question is with regard to your order pipeline, that earlier, we faced the issues of the smaller orders and the duration of that was also not that big. So if you can show some color on that order pipeline, the size and the average duration that will be quite helpful?

Arun Krishnamurthi: Okay. So I can probably give you some qualitative feel, Arun, in terms of our order pipeline. So obviously, we have taken a certain target for the year. And like I said in the past, we are looking at industry-leading growth. I would say that, when we started the year, as far as our annual business plan was concerned, we had factored in about 30% of new business. I'm glad to say that after quarter 1, the new business that, we need to win in order to achieve our business plan is about 18%.

So I can just give you that, I don't want to get into too many specifics because obviously, this is confidential information. But the focus for us is to look at project-based business. We are not very keen on staffing business. Unless staffing is an entry point into a strategic customer, then we'll start that way. But we are very keen on making sure that, we get larger contracts. We have more project-based business because that is a sustainable level to grow.

So sitting at where we are, I would say that, to achieve our business plan, we need to get about 18% of new business. And actually, as far as defence is concerned, I would say that, most of the order pipeline is already in the bag. So the defence like, we talked in the past, again, there is some lumpiness because there is a lot of dependence on inspections happening on time, certifications happening on time. But as far as the pipeline and the order book is concerned, that is all there. We just have to make sure that, the spillover doesn't happen and we have to sort of try and close it within a certain quarter.

But the best way to measure our defence business is a year-on-year basis and we are very confident that, we have the right revenue profile for the year-on-year growth as far as defence is concerned.

- Arun Maroti:** Okay. That is quite helpful. Thank you, sir. And my next question is that in the last concall, you mentioned that, you are looking for a partner in Europe or North America to enhance the capability in the automotive segment. So by the acquisition of add solution, whether that purpose is fulfilled, or you'll look for some more partnership also?
- Arun Krishnamurthi:** Yes. So Arun, with add solution now, we have a partner in Europe with strong capabilities. So for the moment, we will not be looking at any more acquisitions in automotive.
- Arun:** Thanks a lot, sir. Best wishes from my side. Thank you.
- Moderator:** Thank you. Next question is from the line of Rajendra Shah from Fidelity Management. Please go ahead.
- Rajendra Shah:** Good evening, Arunji. As you grow rapidly, what issues or factors or parameters do you track to make sure that, this doesn't make things go out of whack or off-track? Just how do you manage this if something goes wrong?
- Arun Krishnamurthi:** Yes, Rajendra, thanks a lot for your question. So I would say that one is, of course, the macroeconomic situation, we are still not completely back to normal. I would say there is still some unpredictability. Certainly, when it comes to our PES business, what has happened with the semiconductor industry is that with COVID, there's a huge shortage of chips and kits. And soon after that, a lot of people overstock and some of the production softness, we're seeing is because we're waiting for that inventory to run out.
- So, that is certainly something we need to keep an eye on. Secondly, on Heavy Engineering as well, now we are starting to see the demand coming back in. So I would say, one risk for us is obviously to keep an eye on macroeconomic factors, especially some of the verticals that we are placed in. So for example, Aerospace now is extremely robust. But three years back, I would have said that was a big risk for us, especially going through COVID. So one is that.
- The second, I would say is that, availability of talent is always something that is important for us. We are a services company. And of course, the defence part because it is a lot of it now will be production-based, reliance on resources and people will be a little bit less as compared to when, we're in the R&D phase. But when it comes to the rest of the verticals, all the nondefense commercial verticals, availability of people and the ability to ramp them up quickly, that is secondly another aspect that we keep an eye on.
- Now, I won't say it's a risk in the sense that things have got better. It was a very tight situation six months back. It is still not completely eased out, but I would say it's better now, than it was some time back. And the third aspect, I would say is for a lot of our clients, availability of materials and supply chain is a concern. In certain cases, like, for example, Aerospace, there's a lot of dependence on certain raw materials and rare earth coming from Russia, from Ukraine.
- And obviously, the prices out there has implications of that. Similarly, when it comes to energy, especially in Europe, we went through a period that there was a bit of energy crisis, but now it looks like the situation wasn't as bad as what it could have been. So some of the inventory, some of the supply chain aspect is something that we need to keep an eye on. And that could be a

potential risk. And again, when we talk about softness in PES, it is typically a supply chain kind of issue.

And again, when it comes to defence as well, we are very, very dependent on components and we are dependent on our suppliers. So to be able to stock our inventory in time to make sure that we don't have obsolescence, that is the other risk that we need to keep an eye on. So these are the three or four things that we constantly monitor.

Rajendra Shah: Thank you.

Moderator: Thank you. Next question is from the line of Nirali Gopani from Unique PMS. Please go ahead.

Nirali Gopani: Hi, Sir. Thank you for the opportunity. Sir, my first question is...

Moderator: Ma'am, your voice is not coming clear. Can you please speak through the handset?

Nirali Gopani: Sir, my first question is on the presentation on Slide 10, where under Aerospace, we mentioned about synergies between AXISCADES and Mistral and the progress on supporting Indian defence project on mechanical side. So just highlight on this point?

Arun Krishnamurthi: Yes. Just give me a second. Yes. So this is basically, we have a lot of capabilities in Aerospace, clearly, through AXISCADES that we've been working with a large OEM for the last 14 years. So we understand structural engineering to a large extent. And of course, through both Mistral and actually even through AXISCADES Aerospace, there's a lot of work we do on Avionics, Test Bench, etcetera.

So we are looking at how we can synergize both of these. So there's obviously a lot of defence opportunities that we want to address both in India as well as overseas. So we are bringing together the structural aspect in some cases, in Indian defence. We don't work on the structures aspect. So, we're looking at how we can leverage the AXISCADES' capabilities. In other cases, like I mentioned, when it comes to global OEMs, we are looking at leveraging Mistral's avionics and radar capabilities to take it through commercial. So that's really the synergies that we're looking at, how we can take capabilities from each organization into the other and into customers.

Nirali Gopani: Right. And you also briefly touched about the new business wins. So I just wanted to confirm that, you had planned to onboard four strategic accounts in FY '24, two in automotive and one in energy and one in oil and gas. So have you started working on that direction or we have already on-boarded them? And what do you mean by the strategic accounts? Like is it the size of the business that they have to offer? Or if you can just share some thoughts.

Arun Krishnamurthi: Yes. Nirali, definitely strategic accounts for us, is it depends on the size of the business. So for the size of a company, we would say that, when we start a new account, which is strategic, getting to about \$3 million annual revenue would classify that to be strategic. So as we speak, we have two automotive clients and we have one energy client and these are accounts that we won in FY '23. So it's about three quarters now.

And all of them are progressing well. I would say head count-wise, the largest would be somewhere in the 75 to 80 head count region. The smallest one is about 20, 25. So we are well on track of sort of growing this to be strategic and we hope to sort of get them to that \$3 million mark as much as possible.

Nirali Gopani: Okay. And sir, lastly, we had a strategic alliance with Mangal Industries. So any update on that part?

Arun Krishnamurthi: Yes. So the objective of tying up with Mangal Industries was that, they have very good manufacturing capabilities. And we have seen that, obviously, there's a lot of manufacturing, definitely in Aerospace, Heavy Engineering, etcetera, that's coming to India. And given the fact that, we have relationships with these customers and OEMs, this was our way of trying to get a foothold in the manufacturing space, where we could possibly look at some manufacturing coming to India, where we could program manage it, where we could do the engineering aspect of it. So that's the objective of the relationship.

So as we speak, we are obviously socializing this with our clients. And the attempt is to try and see how we can get some of this to India. Having said that, these are long-cycle things. It's easier to get services, but getting manufacturing of a component or a part to India takes much longer, but we are in a phase, where we are sort of talking about these capabilities and trying to build out a couple of pilot customers and sort of grow it from there.

Nirali Gopani: Great. That's it from my side. Thank you.

Moderator: Thank you. Next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much, sir, for the opportunity. Sir, just wanted to understand, first, on the interest cost, is there any --the refinancing that we have done this quarter, so any additional cost that has come in this quarter? And what would be going forward interest cost?

Shashidhar S K: So as I mentioned earlier, the total finance cost for the quarter is around INR20 crores of which around INR7 crores is the onetime or I would say, the cost, which we have to incur to prepay the borrowing from Anicut Capital, which was earlier a lender. Now going forward, the per quarter interest cost or the finance cost will be moderating to around INR11 crores to INR12 crores per quarter.

Deepak Poddar: INR11 crores to INR12 crores of interest cost going forward, right?

Shashidhar S K: Correct.

Deepak Poddar: Understood. Sir, I understood. And then secondly, on the margin front, you did mention that, this product business, you expect it to grow at a much faster rate, right? Even quarter-on-quarter, we should grow. So I presume that would, attract a better margin as compared to the margins that we would be clocking at the company level, right?

- Shashidhar S K:** Yes. The defence business when it gets into the production mode carries a much higher margin as compared to the prototype, which has not come.
- Deepak Poddar:** Correct. So what would be our aspirational margin that we may look at, let's say, next one years to two years?
- Shashidhar S K:** On the defence, I would say business, which gets into production to be upwards of 20% in terms of the EBITDA margin.
- Deepak Poddar:** On an overall basis?
- Shashidhar S K:** You're talking about the enterprise level?
- Deepak Poddar:** Company level, yes?
- Shashidhar S K:** Yes. So we are at about 15.4% as we see, we are consistently maintaining that margin. And our objective and aspiration is to reach the industry best metric of around 18% to 19% in the next couple of years. So we need to bridge that gap of between 15.5% to about 18% to 19%, and that is the journey, which we are all currently taking.
- Deepak Poddar:** Correct. And, at the company level, how fast are we looking to grow? The industry is growing very fast, right? And, we have maintained in the past that, we would like to beat the industry. But because of your inorganic acquisition as well, Mistral coming in and then this add solution, so the trajectory of, let's say, 15%, 20% revenue growth for us, can it go beyond 30%, 35%? Can we have that kind of trajectory because of the growth that, we are seeing in the industry as well as your inorganic acquisitions that we have been doing, right? So sir, any comment on that would be helpful, sir.
- Arun Krishnamurthi:** Yes. So I'd like to comment on that. So, the industry average is anywhere in the 15% to 18% range. And of course, some companies have given an outlook. All we'd like to say that we definitely like to grow beyond that rate. I don't want to specifically comment. As you know, we don't give specific guidance on these numbers. But of course, the objective of making these acquisitions and we call it a string of pearls strategy. So we are not making acquisitions for the purpose of just for aggregating the top line.
- The reason is that, we want to acquire specific capability, which we can then organically take to our customers. So it is for us a long-term game. We believe that, with these acquisitions, of course, there will be short-term benefits, when you consolidate revenues into the enterprise. But longer term, these capabilities are bets that we place in the industry. These are specific areas we believe will grow faster than other areas.
- So that will then put us into more industry-leading position. So I don't want to comment on specific percentages, but we believe, we are in the right direction with some of these capabilities that we are requiring.
- Deepak Poddar:** Correct. That's very helpful, sir. That's answers, all my queries and all the very best. Thank you so much.

- Moderator:** Thank you. Next question is from the line of Samyak Shah from Dinero Capserv. Please go ahead.
- Samyak Shah:** Hi, sir. Thanks for the opportunity. So my first question was on ER&D. So I wanted to know, what is the share of mechanical engineering embedded and digital would be to our ER&D portfolio? And the margin profile for each?
- Arun Krishnamurthi:** So what I can tell you is that, we don't want to give you a specific slides like breakup. But at the company level, about, I would say, 30% of our revenues fall into the embedded and digital category and about 70% into mechanical. As we speak, of course, they're looking at how we can grow embedded and digital faster than mechanical going forward.
- Samyak Shah:** Okay. And secondly, this quarter, we saw 170 bps expansion in our margins. So what was the reason behind this? And can we sustainably maintain this level in the coming quarters?
- Shashidhar S K:** Yes. See, in Q1 of FY '24, the kind of margin as what we got from the defence business was much more. And I would say as compared to the engineering services business, which was around 12% to 12.5%. And in terms of sustaining these margins, as Muju said, we are getting to the production cycle in terms of defence. And the PES business is what Mistral has is at a much higher margin level. So we are confident of sustaining this margin. And as I said, our journey is between 15% to 19%, 18% to 19% in the next couple of years, and that's what we are traversing this.
- Samyak Shah:** Fine. And then one last question. So when do we expect Heavy engineering revenues to pick up from here?
- Arun Krishnamurthi:** So we are putting in plans to sort of recover this in FY '24 itself, so in this financial year. So yes, that's our outlook.
- Samyak Shah:** And sir, any plans for QIP?
- Arun Krishnamurthi:** Not at the moment, no.
- Samyak Shah:** Okay. Thanks a lot. I will get back in a queue.
- Moderator:** Thank you. Next follow-up question is from the line of Nishid Shah from Ambika Fincap. Please go ahead.
- Nishid Shah:** Yes. Thank for taking question. My question is to Muju. We have a lot of defence orders. We've been working in various fields like in radar as well as in sonar. Can you give some color that, these orders are spread over how many years? And what are the new areas that Mistral is working on? And what is the kind of potential that we are looking at?
- Mujahid Alam:** In terms of radar technology, if you look at any radar which is manufactured, which is in defence phase in the country today, have something of Mistral in it. So we have about seven or eight different radar programs running in the country. And every radar program has something of Mistral, which has gone into it. And similarly sonar programs are done by Indian Navy. Offshore

program have our central processing boards, real processing systems. So we have lot of electronic in every sonar product, which is developed in India.

Nishid Shah: And in terms of new areas, sir?

Mujahid Alam: Yes, we have a lot of things in terms of electronics, which have into LTA and 230 upgrade program. These will see traction in about two years from now, 230 upgrades will happen. As you know, the LTA program is already in manufacturing stage.

Nishid Shah: Yes. So on the drones, I thought we were working on it. Can you give some color on that?

Mujahid Alam: Yes, we are doing some drones. Right now we are in field trials. I am expecting the field trials to be completed by the end of the year. And next year, we should have a product ready with us.

Nishid Shah: Thank you. All the best.

Moderator: Thank you. Next question is from the line of Rakesh Roy from Indsec Securities. Please go ahead.

Rakesh Roy: Hi, sir. My question is regarding your defence vertical. So with the appointment of Dr. S. Christopher as a Director, what is our outlook for the next few years? And do we plan on embedding add solution, GmbH to our defence vertical? And if so, how do we plan on going about with it?

Arun Krishnamurthy: So yes, so let me take that question. So as you know, Dr. Christopher is renowned in the field of defence, he's an ex-Chairman of DRDO. We felt that given that defence is so strategic to us and of course, the market is big, and our capabilities are very differentiated, we've seen a lot of interest from our customers, and we see, like I said, production ramping up. So we felt this was the right time to induct somebody on our Board, who could sort of guide us and give us more advice, who could give us suggestions on the defence business.

And this is just a reflection of the fact that, for us, defence is so important that, we wanted to bring in somebody from the Board. As far as add solution is concerned, that's at the moment, a purely automotive play. At the moment, at least, I don't foresee any synergy with defence. But having said that, famous last words, I don't want to say never say never again. If opportunities do arise, we will certainly look at it. But in the near-term at least, I don't foresee add solution having a play in the defence sector.

Rakesh Roy: Thank you.

Moderator: Thank you. Next question is from line of Saurabh Sadhwani from Sahasrar Capital. Please go ahead.

Saurabh Sadhwani: Hello. can you just tell us about the competitive landscape for the work that add solution does?

Arun Krishnamurthy: Yes. So it's typically, if you look at global companies, it's companies like Ferchau, it's companies like Bertrandt, if you look at Indian companies, KPIT, obviously has a play in that sector, I would think maybe even LTTTS has a play. So these are the kind of companies. So any

engineering services company, who has a presence in the automotive sector, who sort of does work on mechanical as well as embedded and software would be players, who would compete. But having said that, I would again say, I want to stress on the fact that, add solution has been working with this client for many years, like the way, we have been working with our Aerospace and Heavy Engineering clients.

They have very, very solid relationships. And they have carved a niche for themselves. They have very impressive labs in their offices in Wolfsburg, where parts of the automotive actually come in and there are a lot of the testing, the software testing, the HMI testing is done. So I would think that, what they do for some of those platforms is very unique.

Saurabh Sadhwani: And given that it is very difficult, you said it's virtually impossible to get a supplier foray, it would be very difficult to get into those clients for other peers, right?

Arun Krishnamurthi: Yes, absolutely. I think because the German OEMs already have a rich ecosystem of partners, the only way for a new company to get in, is through an alliance or through an acquisition. And that has been our strategy through add. And some of the companies have done this thing as well as we are aware.

Saurabh Sadhwani: Thank you, that for answering.

Moderator: Thank you. Next question is from the line of Rajendra Shah from Fidelity Management. Please go ahead.

Rajendra Shah: Yes. Given the rapid growth that you're projecting, what would be the capital requirement? And when would you need to raise capital?

Shashidhar S K: You see, the thing at the moment in terms of the debt, which you're right, obviously have taken care of the acquisition as what transferred in 2023. But the company is generating, I would say, at an enterprise level at a consolidated level, sufficient free cash flows, which will comfortably service this debt as well as leave money on the table in terms of the capex plan that we have. The capex is not really that significant and that large for us to look at capital raise only for that purpose. But definitely, capital raise will help in terms of reducing the debt burden and the interest burden, which can obviously feed back into free cash flows.

Rajendra Shah: So would you consider raising money next year, next financial year?

Shashidhar S K: The plan is there. The plan is there in terms of, I would say, raising some amount of primary capital to reduce the debt.

Arun Krishnamurthi: I would just put it this way that, our focus has been on, one is making sure the company is on a growth path. And secondly, that we are an efficient professional organization. So, we have made good steps in that regard. So we want to get to a point, Rajendra, where we are sort of generating cash. We have a good pipeline. We have good growth prospects. And once, we get there, and we are well on track and this quarter has been great and we've seen a good outlook going forward as well.

Sometime in the mid to long-term, we will definitely look at raising capital. But at the moment, our focus is we don't want to get into too many things. We have to make sure that, we optimize the organization, put it on a growth path, build a leadership team, get good marquee customers and then take it to the next level.

Rajendra Shah: And do you think that, the current price is too low, a price to raise capital?

Arun Krishnamurthi: I'm sorry, say that again?

Rajendra Shah: Is the current share price too low a price to raise additional capital given the future outlook for the company?

Arun Krishnamurthi: That we'll leave it to you guys to decide. You guys are the investors, you're experts at it. But we certainly believe that, with better performance, we can certainly improve the market capitalization of the company.

Rajendra Shah: Sure. Thank you so much.

Moderator: Thank you. Next question is from the line of Mohammed Hassan from Fairdeal Investments. Please go ahead.

Mohammed Hassan: Yes, hi. I just wanted to know, what could be the possible tax rate for the financial year '24?

Shashidhar S K: Can you just repeat that, please?

Mohammed Hassan: What could be the possible tax rate for the financial year '24?

Shashidhar S K: It could be around 25%. All entities put together in terms of what we deal with.

Mohammed Hassan: Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, that will be the last question for today. I now hand the conference over to Mr. Nachiket Kale for closing comments.

Nachiket Kale: Hi. Thanks, everyone, for connecting on the call today. I'd also like to thank the management for sparing time and answering all the queries today. Orient Capital is the Investor Relations adviser to AXISCADES. For any queries, please feel free to reach out to us. Thanks, everyone. Have a nice day.

SK Shashidhar: Thank you.

Arun Krishnamurthi: Thank you.

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

Note: This transcript has been lightly edited for clarity and accuracy