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Listing Department
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Bandra Kurla Complex,
Bandra (E),
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NSE Symbol: AXISCADES

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BSE Scrip Code: 532395

Dear Sir/Madam,

Sub: Transcript of the Conference Call with Analysts/Investors

Further to our intimation dated December 05, 2024, please find enclosed the transcript of the Conference Call with the Analysts/Investors which is hosted on the website of the Company at www.axiscades.com

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

Yours faithfully,
For **AXISCADES Technologies Limited**

Sonal Dudani
Company Secretary & Compliance Officer

AXISCADES Technologies Limited

(formerly AXISCADES Engineering Technologies Limited)

CIN No.: L72200KA1990PLC084435



“AXISCADES Technologies Limited
Strategic Business Update Conference Call”

December 05, 2024



**MANAGEMENT: DR. SAMPATH RAVINARAYANAN – LEAD DIRECTOR
AND CHIEF MENTOR – AXISCADES TECHNOLOGIES
LIMITED**

**MR. SHASHIDHAR SK – GROUP CHIEF FINANCIAL
OFFICER – AXISCADES TECHNOLOGIES LIMITED**

**MR. RAMANAN – AXISCADES TECHNOLOGIES
LIMITED**

**MS. SANGEETA TRIPATHI – HEAD INVESTOR
RELATIONS – AXISCADES TECHNOLOGIES LIMITED**

MODERATOR: MR. SUMEET KHAITAN – ORIENT CAPITAL

Moderator: Ladies and gentlemen, good day and welcome to the AXISCADES Technologies Limited Strategic Business Update Conference Call hosted by Orient Capital. 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 this 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. Sumeet Khaitan from Orient Capital. Thank you and over to you, Mr. Khaitan.

Sumeet Khaitan: Thank you, Neerav. Good evening, everyone. I welcome you all on the AXISCADES Technologies Strategic Business Update Conference Call.

Today on the call, the leadership team of the company will take you through the business update, post which we shall open the forum for question-and-answer session. Before we begin the call, I would like to mention that this conference call may contain some forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. The actual results may differ materially.

These statements are not guaranteeing the future performance of the company and involve risks and uncertainties that are difficult to predict. With this, I now hand over the call to Mr. Shashidhar SK, Group CFO, AXISCADES. Thank you and over to you, sir.

Shashidhar SK: Good evening, everyone. It's my great pleasure to welcome you all to this call where we will discuss the strategic restructuring of the AXISCADES defense-focused subsidiaries, namely Mistral Solutions and AXISCADES Aerospace and Technologies. We have spoken at length on the synergies between Mistral and our various engineering service verticals earlier on our investor calls and investor meets.

A number of investors and analysts have been asking us for a special briefing on Mistral and ACAT with focus on defense, which is what we are aiming to do today. For your information, we have already shared a press release on this topic, which is available at the stock exchanges for your reference. It's my pleasure and privilege to welcome on this call Dr. Sampath Ravinarayanan, our Lead Director and Chief Mentor. He will take us through the rationale behind this restructuring and share insights into the opportunities, outlook, and strategy for these entities.

Our group CEO, Mr. Arun Krishnamurthi, has traveled to Europe on business and is unable to join the call today. We also have with us Ms. Sangeeta Tripathi, our Head of Investor Relations on the call. Before I hand over the floor to Dr. SRN, as we respectfully address him, I will take a moment to formally introduce him to all of you. Dr. SRN is a pioneer, renowned leader, and a technocrat in the Indian aerospace and defense industry. His illustrious career spans more than four decades, during which time he has contributed immensely to government policies, foreign partnerships, large deal wins, and also their seamless execution.

He pioneered and implemented the concept of private participation and defense programs in India when such a concept was unheard of in this country. Dr. SRN established Airbus Engineering in India as a Founder Director. Dr. SRN was also one of the youngest professionals

to serve on the Board of Directors of both Air India and Indian Airlines. He also served as the Chairman of the FICCI Defense Task Force.

Dr. SRN has played a pivotal role in the acquisition and execution of several large contracts for AXISCADES. These include the Airbus Fuselage Development Center and the Mirage 2000 mid-life extension program awarded by Thales of a total contract value of USD100 million, which was one of the largest defense offset programs during its time.

During his leadership of AXISCADES between 2008 and 2014, as the CEO Chairman of the Board, AXISCADES made consistent and significant progress in business performance, which was reflected in the market valuation. Dr. SRN is also the recipient of very many industry awards, including CEO of the Year Award.

In recognition of his remarkable contributions to the industry, Dr. SRN was awarded an honorary Doctor of Philosophy by the National Institute of Technology Kurukshetra in 2020. With his extensive knowledge, expertise, and robust relationships across the entire ecosystem of Indian government agencies, foreign OEMs, and the private sector, Dr. SRN's contribution will be invaluable as we work towards expanding our domestic and global presence and enhancing our technological capabilities in this sector. Please join me in welcoming Dr. SRN.

Dr. SRN, I request you to kindly walk us through your views and vision for Mistral and ACAT. Following your remarks, we will open the floor for questions.

Sampath Ravinarayanan: Thank you, Shashi. Good evening, everyone. Thank you for attending this call. I am Sampath Ravinarayanan. I took over as Lead Director and Chief Mentor less than six weeks ago, to be precise, from October 25th. The mandate given to me was take Mistral and ACAT to the next level, overall defense business to the next level, and integrate Mistral and ACAT seamlessly.

So, I would like to call it as providing a sustainable growth on steroids. Want to grow fast in a short time, in a sustainable way. So, with that in mind, we had to revamp the leaderships because we had to let go of the legacy mindset.

I have to have the leadership team should have a shared vision, focus, and the team that should mutually trust each other, respect, and work with each other, in sync for this accelerated growth. Okay. If I am the coach, sitting with me are my playing XI.

So, first of all, these XI are my core leadership team, and they are all not outsiders. They are fully picked up from AXIS Mistral ecosystem. Everyone here is part of AXIS, at least served five years in AXIS or Mistral.

So that is what. So, there is no outsider because that also helps for a faster understanding and growth that I just want to tell you. So, let me just introduce Murali here. Murali Krishnan would be our new CEO and Mistral CEO. And Mr. Murali used to work in AXISCADES with me about between 2009 and 16. He built the complete Caterpillar account from scratch to about \$20, \$22 million.

And he built the Chennai and Hyderabad facilities. And also, he is an extremely good leader and a wartime general. And currently, he is working for a big company just under his handling about 4,000 people in a major activity that with a P&L of about \$200 million.

So, Murali is going to be your nodal point for the future. And he will take care of the investor relationships along the CFO in this. So, he is going to be the single point contact. And Murali is going to be the go-to person. Okay. So along with me, we have Sharadhi Babu, who is a veteran of AXISCADES, joined in 2008, has been in various positions and was with me in winning the Airbus deal, largely signing the Airbus fuselage deal and also Mirage upgradation program. And also, he is doing the direct D2D, the direct to defense programs and so on. And right now, he is handling various other activities, especially with the foreign OEMs and direct to defense.

And Mani, who is going to be the CTO, Mani has implemented the Mirage 2000. Mirage 2000, by far, not only that time, it was the biggest program, one of the most successful programs in Indian defense, especially mid-life upgrade. As you all might know, the upgraded Mirage were used in the Pulwama attack successfully.

So, it's one of the few programs which not only was upgraded well in time, but also was used and proved with merit. And Mani was the program leader and program manager for the Mirage upgrade. And I am associated with him for the last 34 years.

And Mani is an extremely good technology person. So, here, are the veterans of Mistral, Selva and Ramanan are there. They are the core pillars of Mistral. Selva is there almost from the since inception, both of them are there, providing the products and solutions respectively. They have been here for a long time and they built this team, built everything technically for Mistral. So, they are going to be here, driving the core business of Mistral.

So, also with me, is also Vijay Bharat, who is running currently the Mistral's defense division, as Head of Defense Division, a along with him is Sunil. Sunil is an excellent Marketing Business Development person, defense focused, and he is Mistral's top business development person. So, they will form a team for Mistral part of defense business. Okay. Along with me also, so, we have Satish Rao. He's from Bay Area.

Basically, he's handling the chip to product strategy for me, for the whole thing, which we have elaborated in our note previously. And Gopal Kamath, who is taking care of the core semiconductor business. So, there is a lot of synergy.

Other two here are Venkam and Vivek, who is going to drive the drone, that is anti-drone products. And Manjunath, who is going to do the test benches and drone systems. And two other important people who are going to support in everything, along with Shashi, our CFO.

And so, Suresh has been a veteran of AXISCADES. We worked together for a long time. And Suresh understand's defense domain very well for a CFO. He's been associated with ACAT for a long time. So, he'll be ACAT plus the Mistral combined CFO. And the mandate for Dinesh Krishnamurthy is sitting here.

Dinesh is again a Chartered Accountant and a Finance person, but he has got a specific mandate from me to integrate the Mistral and ACAT on or before March 31st, completely seamlessly. Also, move certain activities from here to Electronic City and so on. So, he'll be taking care of the integration. And also, we are planning certain other new activities. He'll be doing that. So, this is my team.

And these are all, they've got specific tasks. So, before that, I'll tell you that, as I told, it is six weeks since I took over. So, I've done , a lot of things in the past six weeks. So, specifically on six different areas. I'll just go through what all I have done. So, then you'll find out the rationale behind , what we have so far done.

So mainly first major activity. Each category, I'll subcategorize into three activities, at least not more than that. So there will be totally six activities and three sub-activities, totaling to 18 activities. I've done since the last six weeks. The first one is to evolve a clear unmanned combat focus for us. So you might know already that we are the first and only supplier to have given the anti-drone systems to Ministry of Defense

And already 75 have been delivered. And December 27th, we are planning to deliver another 27. With that, we'll be the only company to have delivered more than 100 anti-drone systems to Indian Defense, which has already been deployed.

Customer is extremely happy. So, these are all portable with smart jammers. So, we can go up in the value chain. Defense wants much more in the unmanned combat. Basically, they want added value in each of the anti-drone systems, which include spoofers, directed energy weapons, and the EW class RF deductions, and 3D radars, etcetera, etcetera. So, it is going to get bigger and bigger in terms of value.

So being the first mover, and probably at this point of time, we are the market leaders. We want to maintain that if possible, and want to grow. We are targeting a significant portion of defense spend on the anti-drone system in the next couple of years. That is our first major strategy within the unmanned. Second is developing the drones. As you know, Mistral has developed a fantastic mid-sized drone between 30 kgs, which can carry up to a payload of 30 kgs to 70-80 kgs, and meet the defense requirements of high altitude.

It has not been certified yet. Our focus is to get it certified ASAP. And then, both, we need a CEMILAC certification and DGC certification, and totally find a way to assemble them and supply to Indian defense.

It is a competitive area. There are quite a few players already moving, but we feel our product is good, and we can get a sizable share in this market, especially for the defense logistics. And also, it can be used for the combat also at some point of time, and we will probably redesign for that also.

So, Murali here, our CEO, because of his vast experience in mechanical and system integration, he will drive this project and also take care of the business development of drone programs. In the previous anti-drone, as usual, Babu and his team will take care of the anti-drone program.

As far as one more thing, the third thing in the drones, and third thing in the unmanned is drone controller we have built.

We built, according to us, probably one of the world's best drone controller, which can handle up to 16 motors, and it is very comprehensive. So, this drone controller is now going to be used as a first responder, in first responder drone. The company, which we can call it as a Tesla of drones, basically, an American company.

So, it is going to be deployed as a first responder drone. So, this is going to be a feather in the cap that gives us an endorsement of what this product can do. Apart from that, this product is going to be used in the world's largest supply chain and logistics company in the world.

And so, this drone controller is one thing which we are trying to build our focus on. Maybe we are going to sell it as a separate product across the world, and we are going to get it NATO certified, and that is one of the focus again, and sell it across the world to various OEMs. In fact, Indian OEMs are also showing some interest in this. So, this is one.

So, in summary, we are having in an unmanned combat, we are having anti-drone, drones, and drone controllers. So, two of this will be mainly will be handled between Babu and the new CEO, Murali. Okay.

Then the next focus, this is first, the second one. Second one is, we traditionally, during my time, a lot of things we did, our total success came from foreign OEMs, less from the Indian side, like Thales, MBDA, and that time DCNS, we had several accounts of foreign OEMs whom we worked with, large contracts, large offsets, and so on. Of course, those offsets were totally fulfilled, so there were no new offsets coming in.

So, one of the tasks I did as soon as I came is to focus on the foreign OEMs, met them individually, and asked for the work. Now, I'm happy to say, as far as weapon systems are concerned, for the new Marine Rafale, we could be the preferred offset partner for the weapon system, weapon package. So, we have already, I think, I have a handshake on that, but we have to get it signed the moment the Rafale, new Marine Rafale is signed.

And another thing is on the avionics. Previously, we worked in avionics, so we are trying to see the same company will work with us as an offset partner, again, for the Marine Rafale. And also, as you know, there's a large, one good submarine program is going on. We earlier partnered with them. Currently, we are in the process of renewing our partnership. Again, as I say, we are not there, we have not signed anything yet, but again, we are well known to them.

We say that probably it's for us to lose that. So, we are trying to focus on and get that. So, again, in the OEMs, we have a three-pronged, that is, weapon package, submarine, and avionics. So, we're working on the three world's major companies, trying to get there. One company, we are fairly comfortable, other two, we are not well within the reach. Just I want to tell you, at least we are making the attempt.

Next, third one, we are focusing on new programs. So, my passion is, of course, missiles, and apart from the aircraft and military aircraft and so on, but missiles, basically, we are not into any

major programs so far. Actually, the major program is shifted. From the past, you would have heard, so-and-so missile was there and so on. Now, the government is rethinking the missile strategy after the two wars, Russian war and Israel war. So, missile focus has been shifted right now.

Right now, the hottest program is a different program, okay? So, I don't want to name it. We are trying to be part of that program, okay? It is the largest missile program at this point of time. So, we had the program director and his team visiting us, and probably they were happy to what they saw. So, we are trying to get a sizable program, sizable project in that, okay, at this point of time. So, this is a new program we are going to add. I'm very confident about this program.

Second is another missile program. You all will know about one of the famous programs, but it goes through an upgradation. So, we want to be part of the upgradation. We have certain compelling value to that program. So, we offered that. We'll see what happens.

The third one is, of course, ground systems. We are not there. With the advent of Murali coming in, with this mechanical expertise, system expertise, we are pitching hard for certain important ground systems, vehicle mounted ground systems, which has huge value in each missile program. So, these are the three.

Again, I'll repeat, in the new programs, all our missile programs, one is the largest missile program in India, another is an upgrade of the existing missile program, another is ground system for key programs. So, these are the three things, and again, this will be driven by Murali. All the three will be driven by Murali because originally he's from, now he's from Hyderabad, and he knows the ecosystem very well, plus a lot of things, these things are mechanicbased, so he'll be able to do it much better.

Okay. Then the fourth one. Fourth one is our product focus. As I said, one of my goals of restructuring is product focus because we want to be a non-linear company. We want to be a global company. We want to have a scalable quality. These are all the basic mantras we have when we are trying to redefine this company.

So, product focus, we already have three fantastic products, direction finder, you might know, you would have heard about in various discussions before. We have a very, very successful direction finder product. At this point of time, it goes into every major program, airborne program. But what excites me is the second, which is direct RF, which we are doing with one of the large major chip manufacturers in the world. We are making, and it's very successful.

The direct RF eliminates few stages in the radar signal processing. That means it will make it lighter, better, and the real estate will be small. Then it will be lighter and it will be cost effective. We don't see a reason why defense would not, defense would definitely use it for upgradation of their existing, their legacy systems, plus probably include this technology in every future RF program. That's what we think. It could be a killer product in the future if it is done right.

And the product will be unveiled in January. We are having our hopes on that particular product direct RF. Then there is, of course, our product X-band radar, which is primarily used in the submarine and marine systems. And we have successfully demonstrated that with the Indian

defense. And we are hoping to get a bigger pie, both with India and foreign OEMs. We are pitching it. Currently as we speak, we are in the discussion stage.

As I again say, nothing is sure. We are all in the discussion stage. I'm just giving you a picture of what all we are trying to attempt. Okay. What is going to be our focus? Which are the areas we are going to be focused?

The next one, that is the fifth one, focusing again three things in that, is as you know, we have a strong relationship with Airbus. I have a strong relationship with Airbus because Airbus engineering was started by me here. And Airbus, I had almost like 20 plus years, 30 plus years of relationship with them.

So quickly in Airbus, we have major programs running in India, but we are not there in any part of it. One is, as you all know, it is C295, and which is going to be transportation aircraft. We are not there. Then other thing is MRTT, Multi Role Transportation Tanker, which is going to be 330 based. It is there and we are not there. Okay.

And maybe it's still time to be there. And AVEX, of course, 319 based. So we are not in any of the Airbus military programs at this point of time. And so we are trying to work with the Airbus top management. Why not? Try to see whether we can find a way to get into these military programs. Get some pie in that. Okay. Some portion of the pie in that.

I've already met the people, voiced my request. So we have to see. Again, we are in a very, very preliminary stage. I cannot assure, but at least we are making attempt in these directions. Okay. Sixth, PR space. We want to get into Department of Space. Again, what I like about this defense and aerospace is they stretch the technology to the limits. Okay.

That means if you are able to make a product for these two, you can make it for anything. Space is even more difficult. So that is why we just want to get into space. Space presence is almost negligible, or almost not there. I don't think we have built anything for the space in the recent times. So we ourselves cannot do it on our own. So we tied up with one of the exciting companies, all of you would know, new chip in the block, AgniKul.

So we are tying with AgniKul, having an MOU with them, and approaching the ISRO, ISRO and other space agencies for two major things, NGLV, New Generation Launch Vehicle, and Bharatiya Space Station. So we want to add value to them significantly, and there could be opportunities in 3D additive manufacturing, and designing of certain subsystem blocks, etcetera.

Then there is also chances for electronics-based algorithms and advanced systems, and for the guidance and navigation, that product we'll be able to make. The third one is AI-based anomaly detection in the launching. So we are working with specific requests for space. This is my sixth with certain requests, and we are pleased to say that we are at least in the, ISRO chairman has agreed to talk to us and listen to us what we have to offer.

That is where we are. We are in just in the meeting stage at this point of time. I just want to say, we are absolutely in an initial stage. Nothing is here. So I would say, these are the 18 initiatives have been launched by me in six different categories. And so this, at this point of time, and here

I want to tell you, you all know that you have been part of various investor briefing in the past, and maybe every three months, once you are listening to them, maybe 10, 15 days back, you listened to them.

So currently, you know, in and out, what are their goals, financial goals, targets, their current programs, etcetera.. So I want to reassure you, everything is intact. Whatever has been promised until now, whatever the commitments made on the existing programs, not only will be met, it will be marginally more than what you want.

So we are working hard to do that. A team here, Selva, Ramanan, and Vijay Bharath, and Sunil, along with Brigadier, that is, along with Wing Commander Vivek, and Manju, their job, this job of these six to deliver you that complete, whatever, we call it as a core. Our core activity will remain intact, and the growth activity is what I was talking about.

So the core will be delivered without anything, not even a penny less. We'll probably give a better result if possible. That is what we are planning to. So the growth, what I talked about, the 18 items are on the top of the core. So that is what I'm talking about. And let me move to the C2P strategy, that is, chip to product.

That is Mistral's non-defense activity, or our group's non-defense activity. See, I always believe, one of the reasons, rationale behind, as Shashi said a lot of good words about me, certain bad things he didn't tell, I lost everything in defense in 1998, because of the sanctions. 1998, May 12th was a black day in my life, 11th was Pokhran, 12 sanctions was announced.

I lost almost everything. Every single defense order was canceled. Six years, I was running from pillar to post to just save myself and the company. So basically, I don't want to put everything on defense. Even when they started at AXISCADES, I said, first I'll focus on commercial aerospace, then we'll do defense. We are anyway, as a person passionate about defense. I want to reiterate, we are a defense-first company, whether it is AXISCADES as a group or Mistral.

We are a defense-first company, there is no doubt about it. But do you want to put all our eggs in defense basket? No. We want to have 60 robust, two-thirds in defense, and about one-third in other activities. Not only because, once for my growth, we are talking about non-linear, scalable, but also global. We want to have global presence.

We want to have knowledge from the outside the world, because we want to bring in a lot of things, what we have to learn. We have to have several other verticals for us to learn, and then use it in the defense. So we need that. We need a strong global presence, and 40% of our activities will come from these.

And because we have an extremely good team in the semiconductors area, chip-to-product area, we have a clear strategy. You would have heard about what we did in defense I just want to add. There are six verticals, again, in the chip-to-product, apart from defense and aerospace. Then we have automotive, healthcare, consumer, industrial, and hyperscalers.

Defense, we already mentioned to you. Defense, we are already doing. The company we are talking about, we are doing for drone controllers, is an American company. It is a homeland

security company. You can categorize in the defense category. Such products can be used in the Indian market also. So we are learning from them.

Probably we will implement. But the more exciting news comes from the other five activities. One is automotive. We are working with the world's major intelligent, automotive intelligence company for autonomous driving. It's going to be a big thing. They are already working with the world's largest automotive company.

We are the tier two, tier three for them, already. And also we are working with one of the most exciting automotive company for the same group of customers for autonomous driving, then the SDVs and so on. So this is in the automotive side. We really have a good starting point.

As far as healthcare is concerned, we are now doing a protein synthesizer using our chip-to-product along with AI-based analysis, etcetera. And also we are doing something for the kneecap surgery, etcetera. So from this to that, we have a good product range in the healthcare with which we can develop our strategy.

And consumer electronics, consumer products, C2P, we are doing variables. And we are also doing one exciting project, for example, Skidco. We are doing where it's kids' product. It's more of a product we'll teach kids in the fifth age using AI. So that product is developed on the board, etcetera.

And then we are putting the ESLM and all on the top of it. Of course, industrial, we are extremely good in sensor fusion. So with that, we are trying to develop a few products for industrial industry, especially MES manufacturing execution system, automatic data collection, etcetera. And that has been very successful so far. We have an anchor customer to start with. We've been doing that.

Hyperscalers, I just want to tell you, we are working with, currently we have engaged with the topmost logistics company in the world. Topmost vehicle, that is automobile company in the world. The best and biggest automobile company in the world. Topmost biggest tech company in the world. Topmost and biggest semiconductor company in the world. Okay.

These four, not only are topmost in their category, if you will take topmost companies, these are the four top companies in the whole world. Okay. So we are pleased to say, we are engaged with all of them. And three of them directly, one of them indirectly, through tier one. The other three, we have a direct PO from them. We are MSAs and we are working directly with them.

So we are trying to build on that. So with the focus in mind, we are shifting the center of gravity of C2P to US. Basically it will be driven out of US. We'll have a small team there and driving the offshore team here. That's the strategy. So we are planning to grow. We don't know whether we can grow fast as the defense business, but we are going to put all our energy to grow and be there. That's what we are going to do

You may think I'm talking about a lot of things. I'm not spreading too thin. If you carefully listen, they're only talking about two areas, defense and semiconductors. Our core areas as always. And we are only talking about six of the core expertises.

What are they? RF. We are a very, very good RF in RF. We consider we are among the best in India for RF. RF and RF activities. Second is probably we are one of the best in handling mixed signals. We can handle analog, digital, RF, everything together. That is one of our forte.

Third is sensor fusion. We can handle multiple sensor. Sensor fusion comes very, very handy when you deal with multiple sensor in a new AI environment, in new robotics or auto-driven and those kinds of things. We are extremely good in both. Then we are very good in ruggedization. We are especially because we are very defense focused. We can ruggedize any product and do that.

And finally that we are very good in the chip, chip level, post-silicon, whatever it is, validation, verification, and take the chip to the product and then product to the customers. So if you look at it, our major focus, how are we going to scale up? That is a big question because currently we are working with the major three or four silicon manufacturers.

We want to scale up with a number of others. Last two weeks we have been meeting the world's some of the largest silicon manufacturers and we are already trying to talk to them. Maybe we can start getting some pilots from them. Apart from that, we are trying to climb the value chain. So far our chip to product strategy, we take a chip and then make a board out of it. Okay.

And for different purposes, pretty much a hardware job. Then apart from that, we used to add sometimes the embedded and systems software and so on. Right now we are trying to add the SLMs. That is small language module, make it AI ready. Okay, AI compatible. So we are going to climb all the way to the value chain.

Other than that, earlier we used to do only one prototype or two prototype and be with that. But we were never hand-holding the end customer. Right now our plan is to go all the way. Basically whole nine yards basically. Right now we'll build a board, add software. Then we will make the prototype ready fully. And then we will go through the validation and certification.

Then we'll do the batch production. That's what we plan to do. So we will go all the way so that until the customer raises money, the small guys, for example, in the example, I don't know whether I can talk about it or not. So basically we are planning to at least attempt to do things. Okay. So this is what we are planning.

So we are trying to increase our engagement vertically and horizontally and want to multiply this. So this is the total plan. And in this mission, the person who are helping me are of course Satish Rao and then Gopal Kamath who's sitting here, who has done an excellent job in that.

And Mani here, our CTO, is going to be focused totally, razor sharp focus on the growth areas. He's going to build the SLM team, software team. He's going to support the backend for whatever they want. A complete growth strategy, a complete C2P strategy will be driven by Mani. Apart from trying to sort of get the technical, fill the gaps in the technical parts and then adding more team strength, etcetera. So that's what Mani's role and activity is going to be.

So everybody has a defined role and we found a lot of common things and synergy. And as I said, others, they already defined the roles such Dinesh and Suresh. Suresh will drive the P&L, ensure that whatever we commit is happening and so on.

So this is what I wanted to say. And okay. So one more thing, we want to sort of have , this is synergy between ACAT and Mistral. Now we are talking about ACTL and this combined entity so that there should be a synergy between ACTL, our current company and Mistral ACAT. So it has to be dovetailed properly. In order to do that, we are bringing a new COO for the ACTL.

ACTL is AXISCADES parent company. So this COO is a veteran of aerospace, well-known and he has delivered everything and the customers love him. The big aerospace company like him a lot. So it'll be a fantastic addition to the team. , he can make a difference once he joins. He'll be added to the team.

Also, we are excited to have him because he understands he has worked with us and so we can work with him a lot and he will understand the synergy and build the synergy. Example, I'll tell you what is. So ACTL has a lot of experience with the Airbus, Airbus standards. But same aircraft is being used. A319, they understand, but the same is used as Airbus. So if we get the program, it has to be implemented in ACTL.

Another thing I'm talking about, for example, I'm just giving an example. If we are going to do a big ground system, which has an antenna mounted on the top of a huge structure, et cetera, it requires a lot of analysis, et cetera. So that ACTL will do.

So we are trying to have somebody who will understand our requirements for extremely strong, knowledgeable, sharp, smart and has mostly commands respect from the all major OEMs abroad. And because as we said that we don't, we are not looking at very, very, we are a long term people, but we want somebody who can deliver also in short term, also in medium term. So this person can do that.

Apart from that, this new introduction, we are also trying to revamp the board. Mistral we are already doing. The reason is we want every board member to be a brand ambassador. We want them to be our salesperson. So they have to really pick up and call somebody, here is the company I want you to work with. He should be that much connected in the industry.

He should also, his name should evoke some respect and acknowledgement from the customer and the people we are going. He should be at least among the 360 degrees. Either she should be known to the customer or his name should invoke respect to the future employees. Okay, this guy is there in the board. I want to join this company. So like that.

So I want to, or subcontract anybody, even for the investors. Today, the focus only is based on the investors, but I don't want, we want to have the other two segments, which is customers and employees also should be inspired by the board. So we are looking that, that's all we are trying to do that way. Whatever we can get. And I don't know, probably ACTL must do the same thing, in my opinion. Okay, so this is what it is. Thank you for listening. Now everything is open, so I'll hand it over to Shashi.

- Shashidhar SK:** Thank you, Dr. SRN. So we will now open the floor for questions.
- Moderator:** Thank you very much. We'll now begin with the question-and-answer session. First question is from Rahul Jain from RJ Advisors. Please go ahead.
- Rahul Jain:** So just wanted to know, like, how will defense and AI go together?
- Sampath Ravinarayanan:** Mr. Jain, I will tell you a few facts. Today, the world's largest defense company is not Lockheed Martin or Northcorp or Boeing. It is Palantir, which is an AI company. Okay, just beaten Lockheed as the largest defense company and contractor. India 2022 unveiled the Indian defense, unveiled the AI plan. Today, it's the intelligent warfare.
- No long dogfight, man-to-man combat. So it's more of an intelligent warfare, especially what has happened after the Israeli war and so on. So much focus is on AI. For example, every EW system is now changed as an AI-based system. So it has to -- now moving to AI, every major, if you want to kill a drone, okay, if you want an anti-drone system, it is totally AI-based today.
- Because today it is going to be fitted with AI-based recognition systems, advanced 3D radars, which are AI-based, and EW class RF detection, which will be AI-based, and directed energy weapons, which will be AI-based. If you look at the new combat system, it'll have a lot of AI. So we want to be AI-ready. We want to learn. We want to implement that.
- So we are proud to say we have a clear advantage in AI, because we are already doing in the automotive and other sectors, we would like to implement the AI into this. So we are AI-ready. We are implementing them into already started implementing our programs.
- Rahul Jain:** Okay. And the second question is like, what will be the investment outlay required? And how are you going to fund the same?
- Sampath Ravinarayanan:** Yes, it's a very good question. So basically, one thing I'll say, the biggest challenge I'm facing here in Mistral ACAT is that lack of manufacturing, okay? -- we are taken as an engineering side and all. Mistral has been doing product solution for a long time using subcontractors, because until now, it doesn't matter.
- Because it didn't matter to the defense, because whether you have manufacturing skills or you have anything, or you have a PCB assembly stations or anything, they don't care. As long as you have the knowledge, your design and you can implement, you can integrate the system, you can prove the system.
- That's what defense wanted. But today being the competition, there is no too much of competition. They are trying to filter out the companies which does not have the manufacturing. So it is becoming one of the excuse of filtering out. In fact, we are missing out on few big opportunities. That's why you could not get into major DCPPs for lack of manufacturing.
- So one thing I want to correct immediately, we want to make an investment, either acquiring a defense class manufacturing company, or we want to build it from the scratch. Building, there is no time. So one of my immediate tasks, I'm interested with the team, of course, with Mani and

Dinesh, is to make sure that along with our CFO, to identify, we already identified a few players, and then get something if possible in the next quarter or so.

So that is something which immediately -- that is an investment we require. Second investment, of course, as I told, that software, we need to build a strong AI-focused software team for defense and all. We identified about, in fact, defense website lists some of the priorities in AI for defense very elaborately. And they have mentioned a lot of non-defense also, but 100 plus items they mentioned.

They have just mentioned like allied development through AI, IOBT, Internet of Battle things, which is going to be AI-based. They have predictive maintenance of gunfire using AI. They mentioned AI-based target identification, then swarm drone AI. So they have given a list of things which they are going to want people to focus on. Many of our competition, currently they are very busy, they are not focused.

So we thought we would set up the team, what the direction MOD is giving. So in this line, we want to set up a huge AI center of excellence that would feed into defense, upgrade all our defense programs with AI capability. So that is one of the things. It requires a lot of investment. That is the second one. Third, we want to upgrade our US operations. We want to have an onshore operations so that we want to be close to the customers.

So we want to keep it. So that also will require another investment. So these are the three major ticket items for me, for us to consider. So this really requires certain investment. We'll approach you at an appropriate time when the investment is required. Okay.

Moderator: Next question is from the line of Darshan Shah from M&A Associates. Please go ahead.

Darshan Shah: Thank you so much for the management and for all your detailed insights. It was really helpful. You mentioned to the previous participant that manufacturing may be one of your key challenges. I just wanted to understand what may be some other key challenges that you foresee in your strategy to take Mistral to the new level.

Sampath Ravinarayanan: See, one major challenge is competition is extremely strong. Extremely strong than 10 years back. Okay. You know the competition. Competition field is strong. It is like an IPL team. Anybody can win on a given day. There are a lot of these things. In fact, we precisely have eight players whom we consider as among, along with us who consider as competition. So that is one thing. So we need to tweak our strategies.

We need to sort of avoid direct conflicts, go to the areas where we play to our strengths. That's what I would say. And play more to the home pitch, basically. Like home advantage, which is our anti-drone, our RF. So we are trying to do that to sort of -- we're not shying away from the competition to just win. There is no point in unnecessarily fighting and losing. So we are looking at certain strength areas.

Whatever I mentioned here is strong areas where we are either number one or number two or maximum number three. We are trying to avoid the areas where we cannot -- we are not immediately at that level. So that is one big area of competition is a big challenge. And of course,

second, I just feel that is one major challenge we have to see. And of course, the facility and infrastructure and investment and those things.

I'll just put these two are the main key things.

Darshan Shah:

So I think going on to your competition, I think this was around my second question also, where you mentioned in your speech that you, despite competition, you see strong prospects in your defense logistics. And also I think a lot more companies in the recent transcript as one of the companies has also announced that it's also getting into anti-drone business. So what sets AXISCADES is and your experience apart with your current competition?

So any four or five qualitative metrics, if you can just help us, that'll be much better. Thank you.

Sampath Ravinarayanan:

So one is, see one is, as you know, the now defense with anti-drones are mostly emergency purchases. When you go to emergency purchases, the limit to somebody has already proven, been there, done that. So we have a huge advantage because we are the -- been there, done that. So competition can aspire, but we are already there.. So that means, what does it mean?

We'll definitely get, if only three people have to get a RFP in a particular program, we'll be one among, okay. The other two can be anybody, but first will be us because we have the proven track record and we are in this. So if it is for us to lose, if we are one among the three and not even able to get 33%, I should not be in this job, okay. So, and that's what is my optimism.

And I'm not saying no arrogance, but at least we are there. In some place, we are in a pole position and that is a, fortunately for us, that is something is the grow area. It is hyper growing area and there is a lot of demand and an emergency purchase, EP area. EP area is something, not a open tender where it goes only for a limited handful of people.

So we are happy to be in that club. That's the optimism I have, okay. And of course, I'm backed by a fantastic team and product range. One more thing, maybe I'll go a little technical, okay. The anti-drone systems today are looking at various other things. As I said, currently, they are only making it as a portable and non-portable.

Now they are wanting it as a vehicle weapon mounted, then air and ship mounted, even drone mounted. So if you look at it, where it is being mounted is one differentiation where we are already there. We can do things with air and ship and drone. We are already there. And vehicle mounting, we are talking about drone systems.

The similar programs you are talking about, that we have a certain differentiators. And the future anti-drone system will be based on a strong RF knowledge because it's all about jamming. It is all about identifying through pro-RF, advanced RF detection. So 3D radars will be required. We already have certain things.

Some EW class RF detection will be required and location finding will be required. Spoofers will be required. As I said, you need AI to do the directed energy defense. Not only we are doing soft skills, we should do hard skills. When it goes to hard skills, there will be a lot of AI required. So go very technically.

So we are trying to gear up to meet the challenge. Either way, we should be definitely among the top three in terms of technology, market placement, etcetera. At this point of time, we should not allow any other to overtake us. That is the biggest challenge. Okay.

Moderator: Next question is from Sanjay Kumar from iThought PMS. Please go ahead.

Sanjay Kumar: First, excellent articulation of your vision. Appreciate it for the detailed explanation. But it was more about the future. We were worried about the near term and a bit of medium term. So I have some questions around it. Given the leadership changes or the transition, if you were to put it that way, are there any changes to our existing pipeline of INR4,000 to INR5,000 crores kind of design wins that we have won so far, be it awaiting production or be it under development?

And what would be the impact of the transition with the large PSUs given defense is people first, you know, relationship-based business more than capabilities? So any impacts to approvals for any of the programs that we are already part of? Or simply, is the INR4,000, INR5,000 crores design wins numbers still intact?

Sampath Ravinarayanan: You asked for a change? Yes, there is a change. It's upward change. It's going to be better. Let me tell you, everything, every single production is intact. There is absolutely no collateral damage. Absolutely no collateral damage. Q3 will meet or exceed the number. Q4 will meet or exceed the number. I'm not supposed to, Shashi told me, warned me not to give any good thing. Because you asked me, I just want to make sure you understand that.

Absolutely, there is nothing. You mentioned that there is, yes, relationship-based. There are certain relationships they cannot and we have much better relationships. Okay. So I have also built everything – and relationships. We have taken this and we have discussed with our customer before making this decision. We have to be -- because I'm answerable to the Board, answerable to my investors, we were making every decision.

Even when I want to change a small local level engineering person, and I'm talking about mid-level engineering person, I'll think twice. When we are going to make sweeping changes, I need to take our customer into confidence, meet all of them, talk to them, find out. And I assure you, absolutely there is no collateral damage.

If at all, there is an increase. The morale is better. Customers are generally happy because we are directly connecting to them. No offense to the people. But what I am saying is, we have a, working as a team, things are much better. And the PSUs you mentioned about DRDOs, they have equal connects and much better connects, I would say.

And don't, please be assured that everything will be delivered. The old programs, as I reiterated, they are intact. And we are actually trying to increase the number of programs and also value per program. So we are on track to do that. In fact, I can say, since this decision has been taken, October 25th, and the team, our defense team, led by Sunil, Vijay and also Mani, met at least four Director Generals of defense, DGs, which handles different departments. They were very happy to receive and provide all the supports.

In fact, one of the lab now wants to give some kind of TOT which never they gave before. And our major PSU customer, a couple of them are extremely happy. They are trying to sort of work more engagements with us. So everything is intact. I will reassure you, there is not a single upset in this whole thing. And you will see that in the results, Q3 and Q4.

Sanjay Kumar:

Got it, thank you for that. That gives confidence. Just an extension. In the Q2 call, Shashi and Arun sir announced their ambition of 60% revenue from defense business over the next, say, 18 months. Now that implies that our defense revenues will double from the current levels in the next 18 months. I'm just trying to develop confidence if this is possible or is there any delay in those targets? Can we get to 60% revenue from defense in the 18 months? Or should we look at a much longer time period?

Sampath Ravinarayanan:

See, I'll put it this way, basically. And currently, our aerospace and defense, and that's a group put together, we are at more than 60%. 60% or more. Aerospace and defense put together will go to 66% or so on. Capabilities, everything is similar. And defense, will it increase? Yes. It'll increase in a big way.

More than robust. I can assure you, the target for me, I've given to myself, it should be much more than the industry average. That is what I am telling to myself. So I don't know the ratio because we are talking about, not about me. It can happen in three different ways. One is ACTL. I don't want to undermine ACTL performance because ACTL also will perform. What if they perform much better than this? Then my 60%, that is a moving target for me.

So what I would say is independently of what you are asking, defense will have one of the best growth years for AXISCADES, Mistral, ACAT in the next two years. That I can assure you. In the history of our company. And it would be, if you see our competition and our peers, I want to be more than the average. Much more than the average. These are the two goals I've given to myself. Exceed ourselves, exceed the competition. Let me put it this way.

Sanjay Kumar:

Got it. And I have two program specific questions...

Sampath Ravinarayanan:

Only one request to me, because I don't want to see. I'm a little uncomfortable on program specific. So what we are trying to do is to help you. We are going to open a IQ at mistrals.com. Okay, mistralsolutions.com for the query. Because we need to reveal. I don't want to be revealing too much about the program information.

Actually, there are a lot of things that have been done. What happens is once we say that the competition goes there and tries to do this thing and so on.

You are an investor. You have every right to know what we are doing.. So please write to us on IQ at mistralsolutions.com. We'll give that.

Our coordination will do that. We will give a detailed reply with program specific information to you. Anybody please listening, please come to us. We will tell you exactly what we are doing in the program specific. You are free to ask. Keep it confidential. It will be only to you. Okay. Of course, we need to get the person's background before we answer that.

It should not be some customer or competition posting or competition posting and asking that question. So we need to do some scrutiny and do this. Kindly put up with this, but we definitely want to answer you. We value you and definitely we'll do that. Okay. And we'll do it quickly. I've assigned all the prospective team leads. Kumar, it'll just go to them and they will answer it comprehensively.

Moderator: Thank you very much. Sanjay Kumar, I'll request you to come back for a follow-up question. Next question is from Darshil Jhaveri of Crown Capital Partners. Please go ahead.

Darshil Jhaveri: Hello. Good evening, sir. Thank you so much for taking my question. So firstly, thank you so much for explaining everything in such details. Hope I'm audible, sir.

Shashidhar SK: Yes, you are.

Darshil Jhaveri: Yes, yes. Hi, sir. So I just wanted to know, like now, I think we are very bullish on our defense. So just wanted to know, like in Q2, our margins have suffered a bit comparatively. So just wanted to know, going ahead, how do we see H2, right? Like we wanted to get like around INR150 crores, INR160 crores of EBITDA. So what will be our target for H2 as well as FY '26, sir?

Shashidhar SK: Yes. So essentially the Q2 margins were a bit compressed. The reason being that our automotive vertical, which essentially is the result of the acquisition which we made in Germany and their relationship with Volkswagen has taken a degrowth. And that is the reason why there was a bit of a compression in EBITDA margins.

And the automotive vertical will continue to be a kind of a tepid growth or a bit of an undergrowth sector in this year. And with respect to the H2 numbers, you see, what happened in H1 with respect to the production of, the production revenues of defense was around INR78 crores.

So a majority of the production revenues with respect to defense is going to come in H2. And that's how we are going to bridge the gap as far as revenue and margins are concerned. Usually H2 is a growth sector, growth, you know, I would say half year for us.

Darshan Jhaveri: Okay. So have we given a guidance outlook of INR160 crores, INR170 crores earlier for EBITDA for this year and next year around INR160 crores, INR180 crores PAT. So will we be able to achieve that or how would we look at it, sir?

Shashidhar SK: Yes, we have given that guidance and we hope and we are working towards meeting that guidance. But with respect to the, I would say, as I said, the automotive vertical, which is, which kind of came as a surprise in terms of how it de-grew. Perhaps it may move by a year, but we are sticking to that guidance.

Sampath Ravinarayanan: See, I will just add something because Shashi may not like that. But in this year, that is H1, H2, whatever Shashi said, I can only say defense portion, that is Mistral plus ACAT. Whatever guidelines Shashi has given, we'll try to honor. Definitely. And whatever guidelines he has given for the next year, our overall, for the overall, we'll try to honor, basically.

We'll not try to honor. We have planned to honor. We have honored, meet that and exceed. I don't know the number, but you mentioned it. So I believe that in our internal strategy, it's reachable. So I don't want to get into this, but basically I would like to say, you can be rest assured. We can, we are in the right path.

Darshil Jhaveri:

Okay. Fair enough. I just like, wanted to know, like in terms of defense, what margin do we typically have? Like if it's going to constitute, like around 60% of our business. So we can see a lot of leveraging of growth, right? So I just wanted to know, what margins do we have? And because there might be some competition heating up, can we maintain those margins?

Sampath Ravinarayanan:

There are three aspects, I would say to the margin. One is which stage, what is our constant? What is our BOM? Bill Of Material or what is that? Is it our product or which is a product we buy from outside? Wherever our product is used, for example, direct RF, or direction finders, or this X band radio, the margins will be very high.

Normally much higher. It can be something very big because you already have the product. IPs are factored in. So we are to sort of leverage the technical edge we have. There, the margins will be quite high. And also it's a differentiator. Competition won't come in. So we will not be able to face much competition and so on in these cases.

And whereas if there is a, the same thing holds good for the new areas, emergency procurement areas, where there is a lesser amount of field, there is also a competition. Of course, majority of the items will be highly competitive. We need to sort of see the field and ensure that because winning is everything. So we'd like to rather win that and so on. So overall, it will be healthy.

Shashidhar SK:

There are two aspects which have been repeating in all the Earnings Calls. You see, there is a prototype production which happens, which is essential for us to get into future programs. And that is a highly competitive area. And usually do about anywhere between INR70 crores to INR90 crores of prototype revenues, which essentially is taken at a loss.

The reason being at that point in time, our only objective is to get into the program, which will kind of play out over five to six years. Now, the other one is with respect to the production revenues, which result out of the entire prototype certified, it's a pipeline as somebody talked about, which is about INR4,000 crores, INR5,000 crores.

If you look at that, that comes at a high margin, upwards of 24%. And that is where the, you know, it is, which is the production revenues are gathering pace. If you look at FY '23, the total production revenues were INR38 crores and the prototype revenues were INR109 crores.

And if you look at FY '24, the total production revenue went up from INR38 crores to INR112 crores, which came at about 24% to 25%, you know, say EBITDA margin. And if you look at H1 of this financial year, in the very first half year, we have done about INR78 crores in production revenue, which again came at an EBITDA margin of upwards of 25%. So going forward, the blend between prototype and production revenue, the production revenue is going to gather pace, which is going to, kind of improve the blended revenue.

At the same time, we cannot stop the prototype, say production to, you know, kind of cease altogether, because it is the one which feeds into the future order pipeline for us. So going forward, because of the fact that the blend between prototype and production revenues are changing and production revenues gathering pace, the blended margins will keep on increasing.

Sampath Ravinarayanan: Another one thing I want to add is the biggest EBITDA or the profit earner in the defense systems are the OEMs. No, nobody to beat OEMs. There is no competition, nothing. Always the reference prices are foreign prices. So in the past, we had major margins through the OEMs. One challenge is to increase our engagement with the OEMs.

So we are working on all the, all pronged, as I said, we are also engaging with the OEMs and see how the profitability can be increased. Not because of anything that gives a leverage to get R&D, allocate R&D budgets for more and more programs.

So as Shashi rightly said, we keep the blended above certain targets, but the major profit earners are, I'll say, number one is the OEMs followed by the proven production orders. Then the R&D order. And one more could be is a TOT converter. That also we are working on. Please go ahead.

Moderator: Thank you. The next question is from the line of Aman Vij from Astute Investment Management. Please go ahead.

Aman Vij: Yes. Hi, team. So, sir, I understand you are -- you don't want to talk about program wise, all those things, but I just wanted to understand a broad number, which is in terms of order in flows. So that is an important metric that all companies share, irrespective of whether they are in any segment or another. So if you can talk about what kind of order inflows are we expecting for FY '25 and '26?

Sampath Ravinarayanan: Shashi, can you talk about the already projected for FY '26?

Shashidhar SK: If you look at our Q2 earnings call, we talked about the order inflows of INR121 crores as our total order booking for Q2 and we switched on an order book, confirmed order book of around INR450 odd crores which is going to get executed between this year and next year and more orders are getting booked as we speak.

Sampath Ravinarayanan: And I can add to this, this may not have factored the anti-drone.

Shashidhar SK: The new orders which are getting. These are orders in hand.

Sampath Ravinarayanan: The orders in hand, the new anti-drones are not added in that. If you add that, you can safely assume at least a 30% for and above this. That I'll say even that is a very safe assumption to have.

Shashidhar SK: So just to again kind of say, I would say, give a flavor to the numbers. We started the quarter, on the 1st of July at INR322 crores. We execute - the order inflows for Q2 was INR121 crores and then we executed about INR66 crores of those orders. And we are sitting on an order book of around INR377 crores as of 30th September.

Aman Vij: Yes sir. So those numbers you had shared in the call also. So I was looking for a number in terms of order inflow is expected for the remaining of this year and for FY26 because you would broadly have understanding in terms of programs and timelines and all those things. So for example, two of our big peers, everybody might have shared this in terms of range is also okay. The order inflow is expected for the remaining year and for next year. This is the question?

Sampath Ravinarayanan: So let me answer this. We are having three low-hanging items at this point of time. One, of course, I've been repeatedly telling about anti-drones. The addressable market is about currently up to FY26 is about INR900 crores that is what we have visibility of. This include the new repeat orders of what we already have possibility. They are similar. I will not say repeat. It's not assumed.

So there is a possibility of similar orders, upgradation for the existing thing, that is almost very low-hanging for us because we already delivered. So they're looking for upgrade and we should be the first choice and there are new programs which is coming in. So currently as of now today, my estimated market or visibility numbers for the anti-drone system are INR900 crores. I would say filtering out everything, there are three very serious competition including us.

That is we are three in the field. Maximum three will get to quote . So it is - it is fair to assume that we get one third of this, we're looking at a INR300 crores order book for the FY26 to be implemented on anti-drone alone. So this is my thing I don't know because as I said, I don't want to talk too much about the numbers, but because you are insisting, but that doesn't mean that we didn't - we have calculated, we are going through every day with our team.

So this is our number as far as anti-drone is concerned. As far as marine rafale is concerned, 26 marine rafales are being done. Offset obligations are there, offsets have to be fulfilled about in a matter of maximum 3 years. So we are looking at the total weapons package plus this, there should be and we are looking at about, at least about INR30 crores per year on the minimum, on the OEM site. Again, there is as I said, there is a moonshot item which is submarines, which comes through.

This will change the numbers drastically. And on the large, there is one more low hanging fruit, new program which is not listed in the past. We are also looking at sizable numbers. So what I would say is you know the numbers in the past what has been given to you. I would say there will be a addition of, I'm saying overall addition of about 50% minimum on those numbers for FY26.

Shashidhar SK: So as we explained the quantum of production revenues and the production orders are as a direct result of the certified prototypes which we have won over the last 6 years to 7 years, which is about INR5,000 crores and the pace at which it is getting sweated out and getting into order book has kind of risen. As I told you last year the total value of production orders from this order pipeline was INR112 crores. It may be the various radar subsystems, which we are supplying and various telemetry and solar systems which are supplying.

And this year, the same value of production would be actually double that of what happened last year. So this particular order pipeline is now getting sweated and is resulting in production orders

and it's going to gather pace. Apart from whatever on top of this in terms of what Dr. SRN has just now explained.

Sampath Ravinarayanan: No, there's an A component, B components which Shashi already gave you numbers and all. B is going to be efforts of what we are doing right now and I explained both the numbers. You can add it together.

Moderator: Thank you very much. The next question is from the line of Dhruv Shah from Ambika Fincap. Please go ahead.

Dhruv Shah: Hi team. Thank you for the opportunity and sir really detailed overview on the defense side. Sir I have a question on the semiconductor. You rightly mentioned about the two large US based manufacturers. So how I see it is we haven't scratched the surface and you rightly mentioned that we don't only want to be focused on defense. So can you just elaborate on the opportunity size on the semiconductor side of Mistral?

Sampath Ravinarayanan: It's very huge at this point of time and what we are seeing is currently I think as the old numbers are there to speak. We are doing about roughly around USD15 million roughly on the semiconductor side and we have a chance to double it in the next year if we do things properly. So and we are doing it in two ways. First, we are working only with about four major semiconductor manufacturers at this point of time.

One contributes for the 80% of our 70% and other Qualcomm we are doing mostly with TI and Qualcomm. That is the two major semiconductor players we are working with. And we have just started putting our foot in NVIDIA and we are also trying to work with some other players. Now, of course, with other major player with Intel we are working with. So there are four we are currently working with.

And biggest advantage for us, we are already established, we have references, we are well known in the market. I would proudly say unlike defense, there is no competition here. We are extremely well known. We are a main competition is a kind of a major say company. That is the companies which provide semiconductor also one of the services. It could be HCL, it could be Tata Elxsi, it could be KPIT. I don't want to name names but same.

But these some of them are niche. Some of them are large companies which also have semiconductor practice, but so here we are having a niche and we have unique advantage. So we have we want one of the things we want to do is have a hyper growth in this segment. In order to do that, we need to add more semiconductor players, these companies to start working with us.

So we met about four of them in the last 10 days along with my colleague Satish Rao who is from Fremont and along with Gopal Kamath who is sitting out of Dallas, Texas, and he's in the Bay Area. We are working a robust strategy to take it forward and have a hyper growth on this. So A, increasing the more engagement with the semiconductor companies. B, adding more verticals to that. C, climbing the - it's a cube climbing the value chain by focusing sharply on AI based services, GenAI especially with large SLM and LLM and so on, support and so on. So we do believe strongly we have a good chance or path to grow it to almost double.

At least we are looking at a good growth, reasonably very high growth we are looking at. Of course, it needs investment, it needs development center here for the software, it needs an onshore center somewhere in the US. So there is always time taken for all these things. But I'm saying that with all these things, we are a niche player. This is a very important thing. So we are working to improve this.

Moderator: Thank you. The next question is from Kiran from Table Tree. Please go ahead.

Kiran: Hi. Good evening, sir. Thank you so much. This is a brilliant call explaining a lot of stuff. Sir, one of my fundamental doubts is, I mean, from whatever I'm hearing and maybe I've got it wrong, but basically chips to product and the defense INR5,000 crores order book, all these strong foundations were laid by the Mistral team including the leadership.

So if you could just explain, I mean, it seems like we are delivering more in the next 2 years. And given your push, I'm sure there's a faster delivery in more programs and more value for programs, but if you could just tell me a few couple of reasons why the leadership got changed, because that was one of the prime reasons why we brought them in the first place and we've been in AXISCADES for very long. So just trying to understand the severe disconnect between what happened 5 years back or 3 years back and what has happened now?

Sampath Ravinarayanan: See, as such we speak see first is I say that the Mistral, I think the acquisition process got completed in 2022 December and then there was the main person was running, was already left by that time and we were in the second, the next group came in. If you say, yes, I appreciate Mistral, a lot of strong points, a lot of the people are extremely good. One of the best I work with.

I really appreciate the team building is superb and some of the core areas, the work is very unique and the person who left in the beginning, who was the main founder in the visionary is already left. It is about 9 months back or 1 year back. So since then, there is a gap backup which is there are people who are executing it. We felt they lacked the same drive and vision.

Moreover, all of them are, I'd say, there is no need of because most of the top, the ownership, I'll put it that way. There is no fire in the building because most of them are in terms of financial, they're extremely secured and well off. I would say, I may be wrong, but to have a drive you have a need. There is no need, there is no magic drive. There was a big lack in that drive.

And as you know, there was a better battle in trying to sort of take this thing and so on legal cases took place in the past. That also has left some kind of bad blood or misunderstanding between a little bit of the team level. So all these things led to, if you cannot like, it's a conflict thing and this kind of things I felt.

And anyway, the whole arrangement was that once anybody takes over, they would like to put their own team and run it. It's a fair thing. When I came here, I just even otherwise we should have done it much before. So they should have handled. So we didn't, there is no animosity basically we felt that we want to have a smooth transfer and we should have our way.

And moreover the strategy, I would say, that the chip to product strategy is our strategy. It is not before, though there were elements of the strategy put together as a focus and strategy and trying to expand as purely ours, basically. And go put it on the high growth path, finding the synergies, make things better is us. And also we come with a more larger defense background so we can leverage that base. And I would say I really appreciate, especially the founders, the key founders, contribution to making Mistral. I'll say key takeaways. I would drive to put it on record. We've done an excellent job in, first of all, human resources.

We have probably, arguably, one of the best team in place. And second thing is probably a good relationships with OEMs and others. But having said that, defense going and the focus and so on, I'll put it this way, very interesting. Mistral was made for selling to another. This was not going to be a public company. They always wanted to sell and exit.

Moderator: Ladies and gentlemen, please stay connected. The line for the management dropped. Participants, please stay connected while we return the management back to the call. Ladies and gentlemen, thank you for your patience. We have the line for the management reconnecting.

Kiran: Sure, sir. So, understood, sir. Mistral was made for selling is where the argument ended.

Shashidhar SK: Yes, go on. You see, essentially note, the company completed the acquisition of Mistral in December of 2022. So, at that point in time, the promoters actually requested us to part ways, but it was a project-based company.

We wanted to first look at how to understand the various projects which are going on. Of course, the second line of Mistral, below the promoter, all the senior executives are extremely, extremely, good in terms of every single step of the way, as far as the execution of these programs are concerned. But the time came where, I would say, after close to one and a half years, two years of taking over the company, we thought that we should have a different set of mindset to drive the enormous growth opportunities as what we have, as what was explained by Dr. SRN earlier.

Kiran: Got it, sir. So, sir, then I have a question, not related to the first question, sir. INR5,000 crores order book is primarily like 60% or 70% is on the Sukhoi and the Tejas programs. And Tejas programs, we started with the 24th aircraft, then it became the 37 now we are hearing is the 51st aircraft. Sukhoi, obviously, we have not yet got the approvals and the RPs has now kicked off.

So I'm just trying to understand, outside of these two programs, are we seeing a large delta because Sukhoi and Tejas probably is about INR5,000 -- INR4,000 crores out of the INR5,000 crores order book or order pipeline. So if Tejas continues to get delayed, and Sukhoi obviously keeps getting delayed as well. Then what is our -- is the anti-drone is solution to our order pipeline?

Sampath Ravinarayanan: Yes, and it's not a solution. It is definitely a new program, new big one. So, currently, Sunil, can you explain on what the order built and how you would like to go about and how are you going to increase the core activities? Sunil is with me. Again, he's been there for a long time. He was the main chief marketing person for Mistral earlier and now. So, he's the person who is responsible for all these order books. Sunil will explain.

Moderator: Sunil, sir, sorry to interrupt you. Sir, there is a slight static from the line. Let me disconnect and reconnect the line, please. Participants, please stay connected while we rejoin the management back to the call. Ladies and gentlemen, thank you for your patience. We have the line for the management reconnected. Sunil, sir, you may proceed.

Shashidhar SK: Yes, so essentially, Sunil, the question is, there are two programs which predominantly make up this order pipeline of around INR5,000 cores, which is about 130 LCA programs and about 250 Sukhoi programs. The question is, if these get delayed, are we still confident of achieving the numbers and what is that which we foresee for this order pipeline?

Sampath Ravinarayanan: That is- Yes.

Sunil: So there are new programs which we have been working on, like AVAX Mark-II and QRSAM. So these will fill in most of the numbers which have been predicted.

Sampath Ravinarayanan: So should I add, basically? Yes, because, of course, I believe in AVAX. But I would say the three programs I talked about leave the- because we are talking about the anti-drone for all direct to defense, because we are working with the MOD. So they are very different kind of programs. These are all through DRDO and PSU. So I'll categorize in a different category.

Most of the pipeline in the past, we have given all the 4,500, 5,000, have been given through the DRDO/PSUs. So in that, you are right, because totally towards aircraft. Two aircraft programs, which is Sukhoi and LCA Tejas. But that is why we are trying to mitigate the risk, not by anti-drones, but through the DRDO PSU process, that is working on large missile programs.

According to me, the biggest missile program which is going to happen or happening now is a different program, which I can share with you if you have an email ID and so on. You all might know, we are very much trying to get into part of this. We will have a few things in that. We already have been considering that. So that should really not only back up for any drop in these two or delay in these two, not only compensate, that will help us to exceed because these are all post these two wars.

This particular missile program is very urgently required. This is an accelerated program. We are proud to say we are very much part of it and we have a good value in that and we are leveraging that. So we are going to sort of, that will more than compensate if there is any delay. So I can send the program details to Mr. Kiran directly to you common id because this is something, a big program which is happening, which has been kind of marked today for the two days. So the other missile programs have taken a backseat and this program has now, most of the funds are going towards this program and we are very much part of it.

Moderator: Next question is from the line of Rupesh Tatiya from Intelsence Capital. Please go ahead.

Rupesh Tatiya: Hello, sir. Thank you for the opportunity. My first question, sir, is over let's say next six months and then FY'26, can you list the programs from which you are expected to receive the order? I know Mistral team is on the call and I mean, where are we on LLT, RSVD? What kind of, one of your competitors is expecting that they will receive an order from radar? So if you can give indication, where are we on that?

Then Adani, I think has been declared L1 for data systems. So where are we on order for that? Then I think X band Radar, Bharat Electronics has received an order for INR800 cores X band Radar.

So if you can, both of your listed competitors give some sense of three or four programs for which they are likely to receive the order. So if you can talk about this, what are you going to receive in FY'25 and what are you going to receive in FY'26?

Sampath Ravinarayanan: See, sir, I'll do it in two parts. One, I'll send you a mail with the details. Definitely I'm going to do. But for the benefit of the other people, I'm just going to say, my feeling is if you look at, as I said, I'm breaking the defense into two parts. One is the DRDO-PSU part, which is development-based. Another part is the integration in bigger parts as a direct to defense part.

So in these two parts, my number one, I would say, if I say to 2026, which will be my number one, this thing will be the new defense. I would say first would be definitely our drone. That is definitely our anti-drone program. That will be our major program, topmost.

Second will be the new missile program I'm talking about. That will be the number two program. Okay, in terms of market share, in terms of value, in terms of absolute value. These two are new programs, not factored in so far. This is a lot of work is coming from our side, the new team, et cetera. It's going to be there.

The third one is already got LLTR, MPR, and DF. All these activities will be growing and that will also be playing a major part. Even if Adani wins, for example, in AVAX, everywhere, they have to buy from us. Because as per the rule, as per this thing, we are the designated seller for that particular product. No matter who becomes the lead integrator, who wins this, we are the subsystem manufacturer notified, so they should get it from us.

Even they have a product in that. Okay, so basically whoever wins the final product, which consortium it doesn't matter, we are the designated subsystem manufacturers for that. And so all the subsystems will be sold intact, so the numbers will be intact. As far as these three products that is for the program, LLTR, MPR, and all other products also. Added to that, I would say the one major difference is the DF. DF is a new program, and DF is the focus right now.

Whatever comes out of the DF will also be there. So if I could say the third major win, apart from anti-drone, apart from the new missile program, possibly if we can get it right, the submarine systems. The new submarine systems, if we get it right. So this will be my top three. The top three will be new, the rest will be LLTR. Okay, that is the plan. And so anything I want to add to this?

Sunil: If you want to add on LLTR, we are expecting around 120 cores. So that's what is in the Q1, Q4 or Q1 of next year.

Rupesh Tatiya: Okay, sir. And then I have maybe a few technical questions. So one, sir, is this submarine. So there is this Samudrika electronic warfare program, which is like an umbrella program for all electronic warfare. And then there are, I think, seven programs within that, I think. Shakti, Nayan, Tushar. And then there are some other Sarang and all that. So are you present in all of

them? I have only probably heard of Nayan in the past, but are you present in all of these electronic warfare program? And what, do you supply direction finding or some other products? This is one question.

And then the other question, sir, is in counter-drone systems, whatever the active and passive radars that are used, do you manufacture them? Does the ACAT manufacture them in-house or within AXISCADES group, or they are procured externally? Because I think this is, I think my understanding is this is one of the competitive advantages on, if you can produce the radar on the quality of the radar, I think is one of the competitive advantages.

So that is another part. And then the final one, sir, is I think in LCA Tejas Mark 2, the ASAR radar I think is moving from gallium arsenide to gallium nitride. So do we have the gallium nitride technology and would we be part of the LCA Mark 2 program also? So these three kind of like technical questions, if you can address.

Management: Mr. Rupesh, good evening Ramanan here.

Moderator: Participants, please stay connected in the line for the management room. Participants, thank you for your patience. Sir, you are reconnected.

Ramanan: Mr. Rupesh, I don't know where we lost the line, but I'll repeat for your convenience. My name is Ramanan, and I will be taking your, the first and third question. I will have to pass on your second question.

To the first question that you asked, under the umbrella of Samudrika, we are now supplying into the for Nayan, and the other programs that we are aware of and which we have prototyped and we have succeeded are the Sarvadhari and the Nikash. The Sarvadhari and the Nikash are programs which are airborne programs, again, but for the Navy. We have prototyped and we have succeeded.

As and when that goes into production, we will again be in the reckoning. There is another part which is called the Shakti, and we have also won that program and we have prototyped it successfully, and we should be looking at production coming in soon for that. So, per se, in the direction-finding side, we are in the Shakti, we are in the Nayan, Sarvadhari, and Nikash.

Now, there was another question that you posted and that was on the LCA side. On the LCA side, we specialize in GaN-based RF amplifiers. So, we will be continuing with that and that shall be the one which will be offered for the LCA mark.

That is our understanding and that is the understanding of our customers also. If there is anything different, we are not aware of that yet. With respect to the drone, anti-drone related question that you had, sorry, was it the anti-drone question that you had asked? Was the second question on anti-drones?

Rupesh Tatiya: Yes, I request, yes, I request...

Management: On the anti-drone radar question, right now, we are working with, we are working with partners for the radar and in the future versions, we are going to, we have a very deep radar capability. So, we are going to have our own radar. Already, we are on the way to TOT and also we will have our own radar integrated into future programs.

Moderator: Thank you very much. Ladies and gentlemen, in the interest of time, we will take that as the last question. Rupesh, I'll request you to get in touch with the management offline. With this, I now hand the conference over to Ms. Sangeeta Tripathi from AXISCADES for closing comments.

Sangeeta Tripathi: Thank you, Dr. SRN and Shashidhar sir for your time and efforts. Thanking all the participants for your thoughtful questions and keen interest in our business and the company's development.

On behalf of AXISCADES, I sincerely appreciate your time and engagement during this update and discussion. If any of your questions remain unanswered, please feel free to reach out to me directly. Also, thanking our investor relations agency, Orient Capital, for organizing this call. You may now disconnect the line. Thank you.

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