

TRANSCRIPT OF 30TH AGM– AXISCADES ENGINEERING TECHNOLOGIES

AGM HAPPENED ON 29.09.2020 AT 5.00 PM through Video Conferencing

Ms SHWETA AGARWAL – COMPANY SECRETARY:

Good Evening Ladies and Gentlemen

I, Shweta Agrawal, Company Secretary, have great pleasure in welcoming you to the 30th Annual General Meeting of the Company being held electronically for the first time through Video Conferencing mode, in compliance with the circulars issued by Ministry of Corporate Affairs and SEBI. I hope you and your family members are safe and in good health.

Before we start with the main proceedings of the meeting, I want to introduce Directors & KMPs on the Board of the Company who have joined this meeting through VC.

1. Mr. David Bradley, Chairman and Non Executive Director
2. Mr. Sudhakar Gande,-Non Executive Director
3. Mr. David Walker, Non executive Director .
4. Mr. Kailash Rustagi- Independent Director-Chairman Audit Committee & Stakeholders Relationship Committee
5. Mr. Pradeep Dadlani, Independent Director, Chairman Nomination & Remuneration Committee & CSR Committee
6. Ms. Mariam Mathew, Independent Director
7. Mr. Sharadhi Babu, CEO & Executive Director
8. Mr. A Srinivas, CFO
9. We also have Mr. Sunil Gaggar and Pradeep Agarwal, representing SR Batliboi & Associates LLP Statutory Auditors
10. Mr. Anant Khamankar from Anant Khamankar & Co. Secretarial Auditors,

We have the requisite quorum present through the Video Conference to conduct the proceedings of this meeting. Participation of members through Video Conference is being reckoned for the purpose of quorum as per the Ministry of Corporate Affairs circular and Sec 103 of the Companies Act. The quorum being present, I call this meeting to order.

As the members are aware that this AGM is being conducted through Video conferencing in compliance with all the applicable Regulations and circulars the Company has taken all feasible steps to ensure that the shareholders are provided with an opportunity to participate and vote hereat. The soft copy of the Annual Report has been sent to all the Members holding shares in the dematerialised mode and whose e-mail addresses are available with the Depository Participant(s) as well as to all the Members holding shares in physical form who also have their e-mail registered with the Company / Registrar and Transfer Agent for communication purposes.

The Statutory Registers as mentioned in the notice to the annual report are available for inspection of the members and members seeking to inspect such documents can contact the Company Secretary and Compliance Officer for the same.

KFin Technologies Private Limited

(Formerly known as "Karvy Fintech Private Limited")

Registered & Corporate Office

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As mentioned in the Notice convening the meeting, since the meeting is being held electronically, the proxy related procedures have been dispensed and hence the proxy register is not available for inspection.

The Company has received requests from few of the members to register them as speakers at the meeting. Accordingly, the floor will be open for these members to ask questions or express their views. The Moderator will facilitate this session once the floor is opened for questions and answers. Members are requested to refer to the instructions provided in the Notice for appearing on the Video Conferencing page or else may reach out to the helpline numbers given in the notice.

The Company had provided the facility to cast the votes electronically on all resolutions given in the Notice during the period 25 September 20 till 28 September 20. Voting will be in proportion to the shares held by the members as on the cut-off date, i.e. 22 September, 2020. Members who did not or could not avail the remote E-voting facility and who are participating in this meeting, will have an opportunity to cast their votes electronically during this AGM on all the proposed resolutions through the platform provided the KFIN'S Instapoll mechanism. The Instapoll facility will be activated at the end of the meeting. Once the opening of e-voting is announced, members can click on "Vote" tab on the video conferencing screen to avail the feature. Members may please note that there will be no voting by show of hands.

Now, I would request our Chairman to please deliver his message to the shareholders.

MR. DAVID BRADLEY- CHAIRMAN:

Good evening to all of you.

I obviously would like to be here with you in person as we've done in previous years. But obviously with this global pandemic, it's impossible for us to do that. I'd also like to talk about the excellent work the management team had done during the last fiscal year, and the huge turnaround they've achieved in the performance of the company.

But I believe I need to address the topic of the COVID 19 impacts on the company and really what our views are for the short to medium term. Firstly, I would like to say that the board is given the management, every support, and I thank all members of the board for their support and activities during this very difficult time. But our priority has been to support our staff, the safety of our staff, and our suppliers and continues to support our customers in the best possible way we can.

And this and in my opinion has been a huge success. Even with the vastly reduce demand that we've seen in the first quarter of this fiscal years. We found ways to move work, to move people to the safest possible locations for them. And with the support of our customers who have been excellent during this period of time, we've maintained healthy cash flows to the business, which is vital for our future and which enabled us to retain and continue to develop the talent we need for the future.

Overall as I say, demand is, is vastly reduced, and especially one of our key verticals of the aerospace sector. However, even though it's difficult, and we've got reduced volumes, we're still winning new engagements, and continuing to support clients in new areas endeavour where many of our competitors are not doing. So this shows the strength of our customer relationships, which we're an engineering services company is vital for our future, and gives us the platform for future growth, when there's new norm, whatever the new norm is, emerges. Whilst aerospace and heavy engineering sectors and automotive have been suppressed, we've actually seen growth in some areas, such as defence, where National Governments are injecting money and generating new opportunities, which I believe will be an important part of our future, going through this global pandemic.

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Global R & D is huge. It's a massive market. And the appetite for new functionality, and more efficiently produce products and efficient to use products is going to continue to grow human demand for new innovations, new functionalities will be the bedrock of R & D investment for the future. So I'm confident that the demand for our service will grow, especially in the areas of digitalization and new functionality that we bring to our clients. And during this difficult time, this is where we've actually seen an acceleration of those services, the digital world, out of necessity, has been the area where we've met, we've managed to continue to grow and develop our services and capabilities that have been appreciated by our clients.

We don't know when or what the new norm will be. But I think some of the changes that we've had to endure, during the last six months, will actually give us a spark of innovation, for how we work when we do the work, so I think we will see a change to the business, and I'm really encouraged of how the management team have adopted to relocating staff to the safest possible locations, finding different ways of working remotely and which when we get this new norm will actually give us a more flexible way to operate in the future, and even at a lower cost base than we've seen in the past. So the capabilities that the company has are in huge demand. Even though there is a short, I hope, a short blip in the demands which you've seen in our Q1 results.

The work that we did, during the last full fiscal year has put the company in a far stronger position than it's ever been in its recent history. And this will allow us to drive through this global pandemic. So I'm confident with the continued support of our shareholders and the board and our customers and as importantly, our staff. We will come out of this in a stronger and more vigorous position that we've been in the past. So I wish you safe and prosperous future and confident about the ability of the company to drive its way through this pandemic. The management team and the Board are constantly alert. This is not a stable position, things will change and we will have to ensure that we adapt, but it's important that we keep the fundamentals of the business strong. We make sure we are in a position to innovate and to take advantage of these new and growing opportunities in this very rich market in which we serve.

So, thank you again for your attention. This way of communicating is becoming more common to us all now. But it's still not the same as having the human interaction, which will return because that's what triggers innovation and the richness of how we solve problems, and how we take advantage of opportunities that are available in the world today. So thank you. And I will ask CEO, supported by the CFO to take you through the figures for the last fiscal year, which I think you will see has been a major turnaround, and I think every single employee and the leadership team, to what they achieved.

Thank You.

Sir, we are putting up the presentation; it may take some time.

Mr. Sharadhi Babu, CEO & Executive Director:

Thank you. Good evening, ladies and gentlemen. This is Sharadhi Babu, CEO and Executive Director of the company. I'm very, very pleased to interact with you today. I would like to highlight the following points in my communication this evening.

First, the performance for financial year 2020; second, the COVID impact and what is our response and the third one, what is our focus moving forward in this financial year and subsequent years.

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First of all, I would like to congratulate all the shareholders that your company has done extremely well during the financial year 2020. The highlights are that, the operating revenue has grown 7.3% in the dollar terms and 10.7% in rupee terms. The cost base almost has remained flat at 6422 million in FY20 in comparison with approximately 6391 million in FY 19; we have achieved the increase in revenue with almost a flat cost base. The EBITDA has grown 4.7 times to approximately 993 million at 14.6%. The cash generated from operations grew 1.75 times to INR 649 million. The PAT also has grown multi fold to 303 million and EPS was rupees 7.87.

I would also like to give you some business highlights, where the year has been very fruitful. We have seen two multi-year multi-million contracts having been signed and initiated. The Company has also received additional orders from one of the major European systems OEM expanding our relationship by \$10 million dollars.

We also added three new clients in the digital domain which is very important for us. And we have added nine new customers during the year, which was focused on heavy engineering, automotive and other segments. I'd also like to highlight that in the strategic technology solutions, we have secured orders, worth 1400 million and we have registered the growth of revenue at 21.9%. Heavy engineering also has seen a growth of 15.5% with new customer acquisitions. And the aerospace also saw a growth during the last year of 10.7% compared to the FY 19.

Coming to the COVID impact and response. We all know that the entire globe was hit by the COVID and may I request move to the next slide.

Thank you. So we all know that the COVID has impacted the entire globe. And especially the aerospace and automotive verticals were heavily impacted, the automotive is almost recovering, whereas the aerospace may take a while to recover. This has been due to restrictions laid on the travel and for various other situations, which we all know.

In the pandemic, the most important for us, as our chairman highlighted was number one, to stay healthy and stay safe, it is very important for us to take care of our employees, and their health and safety was the utmost important. Number two, was to see the operational continuity, where we resumed working from home almost within two weeks, and we are very, very strong going forward on the working from home. Number three, was to ensure the overall business continuity and to hold on to the business that was on hand which we have successfully achieved. Going forward, we are actively optimizing our resource base, and also to blend of skill and scale to exactly match and align with our client's requirements. We would like to increase our focus on automation and digital engineering, which will help both our existing clients and to acquire new clients. We are building portfolio of services, which is well suited to the current context with dedicated offerings to help our clients cope with the current challenges. And we are also looking at new opportunities that is arising out of this pandemic, including healthcare, medical devices, and certain other designated verticals. Expansion and resilience are the two key things which we are focusing on. And what you can see is in this year, and moving forward, it's very important for us to integrate our core capabilities of mechanical engineering, electrical engineering, electronics, and software.

We are strengthening the industry 4.0 offerings, and the digital offerings, where we create a very, very strong digital engineering solutions for each of the verticals that we address. This will help grow our existing clients and will help us to acquire certain new clients. We are tapping opportunities in medical devices, health care, and defence and homeland security verticals. We have embarked upon expanding our sales, our footprint across US, Europe, and while creating new opportunities in Asia Pacific, which includes India. With this, I would like to end my communication. I'll be very, very glad to answer any questions later in the question and answer session. Thank you. Thank you everybody.

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Ms Shweta Agarwal, Company Secretary:

Thank you, Sharadhi for your wonderful roadmap. Now ladies and gentlemen, we will take up the notice and agenda. The notice dated 26th of August convening this meeting along with a copy of the annual report for the financial year ended 31st March 20 has already been circulated and with your permission, I shall take the same as read. The auditor's report on the financial statements of the company does not have any qualifications or observations on the financial transactions or matters as having any adverse effect on the functioning of the company.

There are no qualifications observations or comments in the secretarial auditor's report too, accordingly the reports are not required to be read out at the meeting. We now take up the resolution as set forth in the notice. We will open the floor for any questions by the Members after all the resolutions are tabled.

The ordinary business set out in the AGM notice pertains to:

Item No.1

Adoption of Audited financial statements:

To receive, consider and adopt the Financial Statements of the Company for the year ended March 31, 2020 including the Audited Balance sheet as on 31st March 2020, the Statement of Profit and Loss and Cash Flow Statement, for the year ended on that date (including the consolidated financial statements) together with the report of the Board of Directors and Auditors thereon.

Item No.2

Appointment of a Director in place of Mr. David Bradley (DIN No:8380717), who retires by rotation and being eligible, offers himself for re-appointment

The Special businesses set out in the AGM notice pertain to:

1. Appointment of Mr. David M Walker as Non- Executive Director
2. Appointment of Mr. Desh Raj Dogra as an Independent director
3. Appointment of Mr. Dhiraj Mathur as an Independent director
4. Approval for Change of Name of the Company

The resolutions and the explanatory statement in respect of the above proposed resolutions wherever applicable have been provided in the Notice.

Now before we go live with the Q&A, here are some points to note for your convenience.

Members are requested to keep their questions brief and specific.

The moderator will facilitate the questions on the video feature. When your name is pronounced kindly turn on the video so that your video can be played on broadcast screen. Kindly unmute yourself and proceed to ask the question.

Please mention you Name, DP id and client ID / folio no. and the location from where you are attending the meeting.

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Each shareholder will have two minutes for their question. To avoid repetition, the Board will respond to all the questions at the end. Once you have asked your question, you must switch off the video, mute yourself and continue to watch the proceedings. Members may also note that the company reserves the right to limit the number of members asking questions or making suggestions depending on the availability of time.

Now the floor is open for shareholders Question and answer session.

I would request the moderator to take up the speakers.

The first speaker is Ms Rekha B A from Bengaluru.

We have not got any response from Ms Rekha.

Then second speaker is Nama Shivaya Renukuntla: He is not available.

The third speaker is Mr. Vinod Kumar Rajagopalan:

A very good evening to you sir. And everyone there.

My name is Vinod Kumar and I hold 810 shares of AXISCADES. My question was the Q4 20 was extremely strong quarter and it showed very good cash flow generation and operating margins. But in a normalized environment, how sustainable would this be?

The next speaker is Mr. Daljeet. Singh: Mr. Daljit Singh, is not available.

The next speaker is Mr. Dinesh Amritlal Kotecha: we are not getting any response from Mr. Kotecha.

The next speaker is Prakash Singh Ganesh Shenoy. We are not getting any response from Mr. Shenoy.

The next speaker is Mr. Keshav Garg.

Speaker: So, basically I just wanted to understand one thing that as things stand today, what in your best judgment what kind of top line and an operating profit the company will be able to make in this financial year FY21 and also going forward apart from covid what kind of steady state growth rate in top line, do you expect and what kind of operating profit margins you are expecting? This I'm asking in a normalized scenario, post covid, so that's all thank you very much.

Thank you sir.

The next speaker is Mr. Ashok Kumar Jain.

A very good evening to all. I am attending this meeting from Bangalore. My question is how do we expect the geographical distribution of the company's revenue to change particularly post COVID?

The Next Speaker is Mr. Akash Kumar Bohra:

Yeah, so sir My client ID is 80584361. My question is that how do we expect the geographical distribution of the company's revenue to change particularly post COVID?

The next speaker is Mr. Raja Singh Mahapatra. Mr. Raja Singh Mahapatra not joined the meeting sir.

That's it, sir. We have completed the speaker's list.

Chairman

Okay, so I take few moments now to collate the answers to those questions.

Mr. Sharadhi Babu

Thank you. Thank you, ladies and gentlemen, for your questions. I have listed down and answering each of them one by one.

The first question by Vinod Rajagopal was about FY 20 the strong quarter and then how sustainable it is. So thank you very much for your interest. This question is very, very important. As I mentioned earlier, we had a very good year of FY20. And especially Q4 was a huge test for us for the organization as being the last quarter. And the pandemic struck in the last couple of weeks, it was very, very important for us to provision and ensure the responsiveness and resilience.

At the management level, we had to quickly regroup ourselves and established new ways of working, aligned with our customers and tried to understand the customer's needs and their priorities and realign and be completely responsive to what really customer wants. So, our relationship with the customer has been very strong and customer has always put that confidence in us in addressing their high priority and align ourselves to their roadmap. So, we have spent considerable time and effort in assessing every area and then we have responded accordingly.

So, I would like to highlight that the pandemic has an impact, but we are slowly recovering and in each of the verticals and almost except for aerospace, we have recovered in all other verticals to pre COVID level. So, my answer to your question is that, we will certainly sustain well over the next couple of quarters. So, it will take some time, but certainly the growth will happen slowly and steadily.

Moving on to the next question by Mr. Keshav Garg. So, this is regarding the FY 21 revenue and profitability and what is the steady state revenue and steady state profitability. Keshav having seen the effect of pandemic at this moment, it is very, very difficult for us to really predict the recovery or the growth as you can see, India is yet to recover from the pandemic. And we see Europe and US seeing the second wave of the pandemic. So, at this moment, it will be very difficult for us to predict accurately and give a guidance, because the situation is still yet to come back to normal, but certainly the Q2 will be better than Q1. So and also we expect this trend to happen and to kind of maintain moving forward in the subsequent quarters.

I hope I have addressed your question.

The third question and fourth question are almost similar. So, the question was about, how do you expect the geographical distribution of the company revenues to change particularly post COVID. We have seen that the COVID has interrupted certain verticals, whereas the growth post pandemic, you know, will happen. So, as far as the geography distribution is concerned, the US remains our strong focus. And we expect the growth to happen in the US. And as you have already seen, the engineering R & D spend in the US, almost 45% of the R&D spend is in the US and more than 30% in Europe. And after the recovery, we still see Europe as the one of the growing markets, but US will still remain the largest. And as I mentioned in my communication, our focus on Americas will continue to hold good. And then we continue to grow there.

So I think these are the questions; you can take over Shweta.

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Shweta Agrawal – Company Secretary

Thank you, Sharadhi.

So with this I hope the questions of all the shareholders have been asked answered satisfactorily.

Members may please note that the voting will continue to be available for the next 15 minutes. Therefore, members who have not cast their vote yet are requested to do so. The Board has appointed Mr. Anant Khamankar of M/s. Anant B. Khamankar & Co., Practicing Company Secretary for scrutinising the E-voting process in a fair and transparent manner. Once all of you have cast your votes, the votes will be counted by the Scrutiniser. He will then unblock the results of the remote E-voting which will then be consolidated with the todays results of the voting done today during the meeting.

The Voting Results along with Scrutinizer's report will be communicated to the Stock Exchange within 48 hours and the same will be placed on the website of the Company and on the voting platform of KFIN.

I thank all the shareholders, members of the Board, Auditors and the Management team for joining this meeting over VC.

Thank you all for attending this meeting and I declare the proceedings as closed.

Thank you, Chairman of this meeting. And now moderator will put up the timer screen for the insta poll facility for the shareholders. Thank you.

Thanking you,

Yours faithfully,

for KFIN TECHNOLOGIES PRIVATE LIMITED



Authorized Signatory

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