

Transcript of 33rd Annual General Meeting of AXISCADES Technologies Limited held on Thursday, September 28, 2023, at 02:30 p.m. (IST) through Video Conferencing

Moderator: Good afternoon, Madam. This is your moderator for the day. The Quorum is present. You can proceed with the meeting, Madam. Thank you.

Sonal Dudani: Thank you, Mr. Rajkumar. Good afternoon, ladies and gentlemen. I Sonal Dudani, Company Secretary and Compliance Officer have great pleasure in welcoming you to the 33rd Annual General Meeting of the company. 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 the Directors and KMP's on the Board of the Company who have joined this meeting through video conference.

Mr. David Bradley, Chairman and Non-Executive Director.

David Bradley: Good afternoon

Sonal Dudani: Mr. Arun Krishnamurthi, CEO and Managing Director.

Arun Krishnamurthi: Good afternoon, everybody.

Sonal Dudani: Ms. Mariam Mathew, Independent Director and Chairperson of Nomination & Remuneration Committee.

Mariam Mathew: Good afternoon, everybody.

Sonal Dudani: Mr. Desh Raj Dogra, Independent Director and Chairman of Audit Committee and Stakeholders Relationship Committee.

Desh Raj Dogra: Good afternoon, everyone.

Sonal Dudani: Mr. Dhiraj Mathur, Independent Director and Chairman of Risk Management Committee.

Dhiraj Mathur: Good afternoon, everyone.

Sonal Dudani: Mr. Venkataraman Venkitachalam, Non-Executive Director, Dr. S Christopher, Non-Executive Director, Mr. Sharadi Chandra Babu, Non-Executive Director and Mr. David Abikzir, Non-Executive Director who would be joining us shortly.

We also have Mr. Shashidhar, Group CFO, Mr. Sunil Gaggar and Pradeep Agrawal representing S.R. Batliboi & Co. as Statutory Auditors. Mr. Anant Khamankar from Anant Khamankar & Co., Secretarial Auditors who have joined this meeting through video conference.

We have the requisite quorum present through 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 MCA Circular and Section 103 of the Companies Act 2013. 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 issued by MCA and SEBI from time to time, 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 dematerialized mode and whose e-mail addresses are available with the depository participants as well as to the members holding shares in physical mode whose e-mail addresses are registered with the Company and the RTA for communication purpose.

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.

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

The Company has received requests from few members to register them as speakers at the meeting. Accordingly, the floor will be open for these members to ask the questions or express their views. The moderator will facilitate this session once the floor is open for questions and answers. Members are requested to refer to the instructions provided in the notice for appearing on the video conference page or else may reach out to the helpline number as provided in the notice. The Company had provided the facility to cast their votes electronically on all resolutions given in the notice during the period 25th September 2023 till 27th September 2023.

Voting will be in proportion to the shares held by the members as on the cut-off date, this being 21st September 2023. Members who did not or could not avail the remote voting and who are participating in this meeting will have an opportunity to cast their votes electronically during the AGM on all the proposed resolutions through KFIN 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 the vote tab on the video conference screen to avail the feature. Members may please note that there will be no voting by show of hands. Now I request the Chairman, Mr. David Bradley, to deliver his speech.

David Bradley: Thank you Sonal and welcome to all our shareholders and fellow colleagues. I am delighted to address that 33rd Annual General Meeting of AXISCADES. As we all know, the past year, FY22-23 has been covered with the global events from Russia invading Ukraine to unprecedented levels of inflation and the consequential economic slowdown that we have seen across the globe. And there are several other factors that have made the year challenging.

Despite that, I am delighted to announce that we have really hit the milestone we have been striving for over the four years of my tenure as Chairman and we have achieved the magical \$100 million revenue target which is a significant growth on the prior year in excess of 24.3% in USD terms and in INR terms this is over 33% growth. It's been an incredible achievement by all of our operational teams and I thank them and I thank our customers for their continued support after the difficulties we have had with the pandemic some years ago. The growth has come from our core sectors as well as our new endeavours into new markets. Aerospace, defence, energy and automotive have all seen growths in excess of 50%, which is again an incredible achievement and the testimony to the capabilities and qualities that we managed to retain during those difficult years behind us.

The performance is excellent and it's giving us a really good platform for future growth and to build upon the initiatives that we have had to open up new sectors so that we have a diverse range of customers,

geographical presence as well as industry spread to ensure that we can ride any future volatility in individual sectors the best we can.

I think the Company has got itself into an excellent position. The moves to really put Digital 1st and to update our services have been well received by both core clients in Aerospace, particularly with Airbus as well as in those new sectors where we are using this as a spearhead to find new growth. So I am comfortable to see that the Company now has a balanced portfolio of sectors, is really pushing forward in the new digital age and this will give us the platform for future growth.

I am particularly pleased that we have managed during the difficult times to remain loyal to our core value in protecting our employees, giving them future skills, future career opportunities as well as directly supporting shareholder value creation by doing this. We are a Company that is moving forward with a dynamic platform supporting everybody we interact with, our clients, our shareholders, stakeholders, our suppliers and as I previously said, our core staff and capabilities of the of the Company.

The year has also seen the acceleration of the integration of the very important acquisition that was initiated many years ago at Mistral. This really now is taking pace and it is really giving us the belief in the strategic value of that acquisition that we took many years ago. Mistral is becoming an integral part of the Company and I can see the business now acting as one team. This acquisition has also helped us grow in this product and solutions area, which in itself has had growth in the defence sector, particularly of over 50%. This is helping add that diversity of clients, diversity of skills, bringing us into this industry 4.0 world, not just in in theory but in real hard practical terms. This is making us more attractive to customers, more attractive to new members of staff and you know that really bodes well for the future.

We are interacting with new customers all the time and at each Board meeting we have had evidence from the CEO and his team that we are now making in rows into new customers globally which bodes well for the future. I may have had a 15-minute slot that is over as always I keep things brief. Hopefully we will have more interactions during the question-and-answer session but before concluding, I really want to give my gratitude to all of the shareholders, all of the stakeholders, employees of the Company, clients and partners alike, because without that support, we wouldn't be where we are today. I thank you for your confidence that you have shown in the Company over the years. And I hope now we are starting to deliver what we promised to you years ago in terms of shareholder value. Without any more of the do, I will pass over to Arun, your CEO, to give us a little bit more detail into how we have achieved these things over the prior year. Arun thank you.

Arun Krishnamurthi: Thank you very much Mr. Bradley. Again, a warm welcome to all our shareholders. We are really grateful for your support and all of you are our well-wishers and you have been very supportive of the Company of the management. I want to thank the Board for their wholehearted support in the success of the Company. I want to thank Mr. David Bradley for his tenure as Chairman and for giving us guidance to the to all the board events that he spoke about which happened last year. I will present a few slides just to talk about some of the achievements in FY 23 and also a brief road map in terms of what we are looking ahead in FY- 24. So Mr. Moderator if you could bring up the slides, please. Thank you. We go to the next slide. Yeah.

If you look at the financial highlights, I will just go through this fairly quickly. Most of you must have gone through this, I am sure. Consolidated revenues of \$101.8 million, In INR terms, it was 813.6 crores. In dollar terms, we grew 24.3% year on year and in rupee terms, 33.7%. Our EBITDA was at 137.5 crores with a

margin of 16.9%, which improved by 561 basis points year on year, the EBITDA has doubled compared to the previous year in absolute numbers. That's something that obviously we are very happy about. Adjusted PAT was at 63.2 crore that improved by about 159% year on year and the cash and cash equivalents were at 99.6 crore against 105.4 crores for the previous year.

In terms of business highlights, Mr. Bradley touched upon some of them, but one of the things we talked about was client diversification. We made very strong headway into customer diversification by acquiring new logos in FY-23, 5% of our revenues in FY-23 were from new customers, which sets the stage for further growth into the following year. Again, like he said, concluded the acquisition of Mistral Solutions and this is a big flip for us when it comes to our defence capabilities and also our product engineering and embedded semiconductor capabilities.

We rolled out an integration plan with Mistral which is getting executed in FY 24. We also made significant strides towards Digital 1st and this will start showing return on investment in this year, this financial year which is FY 24 and of course through FY-25 onwards. The three strategic levers that we had was customer diversification, vertical diversification and digital and embedded first. We are well on the track of all three of those. In terms of some of the verticals, very specifically in aerospace from a largest customer Airbus, we have done a press release, we had won a \$75,000,000 contract and that is ramping up as we speak in this financial year. Aerospace grew by 44.3% year on year. Heavy engineering was a little bit muted at about 2.2%. We saw that some of the macro situations were having an impact on some of the infrastructure spending, but we are starting to see recovery happening in FY- 24. Our product engineering services or semiconductor that grew at about 33.5% and of course the semiconductor space is strong and you know there's silicon everywhere so we expect that to be a core competency. Automotive which is the fastest growing vertical amongst all verticals in ERND we are very glad that we made inroads into automotive, and we acquired some new logos there and we grew at about 65.2% on the back of new logos.

Energy again was a new vertical that we diversified into again a 51.1% year on year growth. And we expect both automotive and energy to provide us the fuel for further progress along with obviously the existing verticals that we have of aerospace, heavy engineering, semiconductor and of course strategic tech solutions, which is the defence business for us that grew at about 51.3%. The defence spending in India strong. We have very good positioning both from ACAT, which is a AXISCADES subsidiary, as well as from Mistral. And we are looking at combining both and bringing some complementary skills which will make us the best in the industry. Go to the next slide.

Just in terms of synergies between AXISCADES and Mistral, So AXISCADES like I mentioned aerospace and defence, Heavy engineering, automotive and energy. These are verticals in which we are very strong. We have marquee clients with all of them and we are seeing very good traction. Mistral is in three areas. One is product engineering, which is pretty much the semiconductor space that we operate in. And again, we work with some of the worlds best semiconductor companies, aerospace and defence. We have a very, very good capability here. We have end to end product engineering skills right from RND to production and this is going to be a strong growth lever for us and of course homeland security. Again, with the advancement of technology with drones coming in, the Homeland Security space is becoming very exciting and that's the area that we have a lot of focus as well. So in addition to of course bringing in these core focuses, we are also looking at how we can cross leverage the capabilities of Mistral where they have very good embedded capabilities into some of the clients through AXISCADES and as far as AXISCADES is

concerned, the company has very good foothold into marquee clients globally so the international client roster is really, really good and that provides a very good opportunity to take some of these capabilities there. I believe that these two coming together is a force multiplier and we are very confident that as we integrate and as we synergize and as we work together, we will be able to add much, much more value to our customers and to the industry. Next slide please.

I just wanted to give you an update on CSR. So, we worked with three foundations last year, Sriniketna School, Sneha Deep Trust and Akshara. We donated a lot of our old laptops and desktops which we refurbished along with keyboard and mouse so that students could use that for primary computer education. For the Sneha Deep Trust, we donated food and medical expenses for visually impaired students and to Akshara Foundation support towards Akshara's program for scaling up maths learning and primary education. The focus is really to focus on children, on primary education, providing support in terms of infrastructure as well as expertise and time. And as you can see, we also contributed to renovation of some schools. So, you can see the photos on the top which are before the renovation and photos which are after the renovation. And as part of this, sorry, was there a question?

Moderator: No, Sir, you can proceed, Sir.

Arun Krishnamurthi: OK. All right. As part of the renovation, what we also did is that in some of the schools we constructed toilets for girl's students. So this is something, you know, where we want to give back to society from the business that we generate.

Going to the next slide, I will talk about some of the updates on our strategic road map as well as you know a brief road map on what we are looking at in FY 24 which is this financial year. So like I said vertical diversification, our strengths have been in aerospace, semi engineering and defence. We included automotive and energy and I am glad to say that if we are starting work with, we have started work with some very good logos and these are world renowned organizations, they have market leadership and it's a great reference and a great case study for us as we go ahead. We had also plan to make an acquisition in the automotive space in FY-23. That is something that we completed. This is add solutions in Germany. They are a company which is headquartered in Wolfsburg with about 100 odd employees. They have capabilities in two areas, one is the battery wiring harness, and the 2nd is software testing and HMI testing. Now both are good areas for growth. The wiring harness obviously is critical with the whole electrification and EV push and the HMI testing, and the software testing is really important because now in automotive there is a move towards a software defined vehicle and most of the features and most of the upgrades which happen to a vehicle are not on hardware but actually on software so this is a great capability. Focus on the energy sector so we have focused both on renewable sector which again because of climate change considerations, COP 27, etc., there's a big focus globally to move towards more and more renewables as well as in the oil and gas sector, because we still believe that oil and gas is going to be alive for at least the next 15 to 20 years. So that is not a sector that we want to ignore. And especially after the Ukraine crisis, which Mr. Bradley talked about, there has been energy security issue in Europe and that is driving a lot of investment. So, renewables is a focus for us as well as oil and gas. In terms of customer diversification, we are looking at how we can, like I said, synergize between AXISCADS and Mistral. The strong competencies on AR, VR and radar and avionics, which we are taking across to our defence customers as well as to our commercial customers and things like autonomous driving and then automotive, for example, are all on the back of radar technology so some of the very good radar capabilities that we have is now directly relevant to sectors like automotive, sectors like Heavy engineering. So that's a focus area. We are looking

at making inroads into automotive customers both through AXISCADES, through add solutions and through Mistral. So, we are looking at both hardware, we are looking at embedded electronics and software so all of these three are areas and of course we are looking at cost optimization to customers with automation, best cost location, ad solution architecture, etc.

Digital 1st and embedded first is a very key focus area for us. I would say, both from two perspectives. One is that there are a lot of industry use cases. A lot of our customers are obviously adopting digital to look at how they can offer a better customer experience and also better design their engineering products so that is a big focus area for us. We are working with some of our marquee customers on those use cases. So these are very industry relevant scenarios.

The second of course is that within AXISCADES and within our subsidiaries were looking at how we can replace our delivery with more automation. This obviously is something which will benefit us significantly from a from a cost perspective, make us much more profitable and make us much smarter and beyond that it will also make a delivery more predictable and that the quality of the delivery improves as well. So, we are looking at things like Gen AI and I will talk about some of that later in terms of how we can look at specific use cases where Gen AI can come in and where we can optimize our delivery as well as add value to our customers. Next slide please.

Just a 12-month road map in terms of how we charted it out for this year. So one is the business integration. This is like I said integration of Mistral into AXISCADES. That is well on its way. We have this year strengthened the team. We have added a few key hires. We have made addition in sales. We got a new CHRO, Chief Human Resources Officer, we have a new Chief Risk Officer, a new controller. So there is lot of investments were making in augmenting the team and a key leadership and these are people who come from very, very reputed organizations. So, they are bringing best practices and great experience. So we believe this will be a catalyst for change as far as the company is concerned. Acquisition of add solutions, I talked about, this is something that we believe will give us in obviously access into the very, very important German automotive market. Because if you look at automotive, Germany is a Mecca of automotive and its very hard to get into automotive in Germany unless one makes an acquisition. The good thing is that add solutions works with the world's largest RND OEM but they also have supplier codes with at least six to seven marquee names in Germany. So, we are very bullish that we can work together with them to actually realize the potential of these supplier codes and make sure that we grow the business there. Of course, in addition to that, we will look at how we can offshore some of the work that they do so that we can increase the scale and also make it much more profitable.

In terms of customers and partnerships, we are looking at how we can tie up with industry partners, how we can have partnerships. Cantier for example, Cantier is an example where in the industry 4.0 space, they are a company who have a MES product, and which is on the cloud and there is a lot of focus to bring in the smart factory solutions. So this is something that we leverage. There are more examples like this where we are tying up with institutions so that we can take this forward. The other example is with the Amar raja Group where they have a lot of manufacturing capabilities and so far we have been present with our customers in services and in engineering but we along with Amar raja now can look at tapping into manufacturing and tool design and product design as well. So that is something that we will look at.

Employees under the leadership of our new CHRO. We are looking at how we can re revamp and re invigorate our employee experience program. Engagement with employees is key for us. We are happy to say that you know post COVID and through the year we have seen a lot of motivation, a lot of positive

feeling within the employees and for us in the services company, our assets walk in and walk out every day is really our employees. So, there is a big focus for us to make sure that we look at employee well-being, provide them the right training, provide them career opportunities and make sure that we have succession planning plans, etc. So this is very important focus for us and of course internal digitization so this is some of the automation I talked about, but also looking at our enabling functions, so looking at HR tech, looking at finance tech, how we can get smarter in terms of how we close our books, some of the HR policies that we have, the recruitment, how we can tap into more technology and algorithms such that we zero in on the right candidates as well as become more efficient in managing a workforce. So this is again a focus for us, which we believe will make us much more efficient and will make us more process oriented and less people dependent. So, this is in brief FY 24 road map. I will probably just stop with that and I am sure you will have some questions which I will be more than happy to answer. Thank you very much.

Sonal Dudani: Thank you, Sir. Dear Shareholders, the notice dated 5th September 2023 convening this meeting along with the copy of the Annual Report for the financial year ended 31st March 2023 has already been circulated and with your permission I shall take them the same as read.

The Auditor's report on the financial statements of the Company does not have any qualifications or observations, comments on the financial transaction or matters as having any adverse effect on the functioning of the Company. There are no qualifications or adverse remark in the Secretarial Audit Report too. Accordingly, the reports are not required to be read out at the meeting. We now take up the resolutions as set forth in the notice.

We will open the floor for any questions by members. After all the resolutions are tabled. The ordinary businesses set out in the AGM notice pertain to

Item No. 1 Adoption of Audited Financial Statements

To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2023, including the audited Balance Sheet as on March 31, 2023, 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 Director in place of Mr. David Bradley, who retires by rotation and being eligible, offers himself for re-appointment. Mr. David Bradley has expressed his intention to step down from the position of Chairman and Non-Executive Director effective as of the close of this Annual General Meeting. Consequently, this resolution seeking reappointment has become infructuous and voting for the same won't be considered.

Item No. 3, Mr. Sharadi Chandra Babu, Director liable to retire by rotation, who does not seek re-election.

The special businesses set out in the AGM notice pertain to

Item No. 4 Appointment of Dr. S. Christopher as Non-Executive Non-Independent Director of the Company.

Item No. 5 Payment of Commission to Non-Executive Directors

Item No. 6 Approval for borrowing limits of the Company.

Item No. 7 Approval for creation of charge on the assets of the Company.

The resolutions and the explanatory statement in respect the above proposals 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 announced, kindly unmute yourself and proceed to ask your question. Please mention your DP ID and client ID or the folio number and the location from where you are joining the meeting. 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 may 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 the questions or making suggestions depending on the availability of the time. Now the floor is open for the shareholders for Q&A.

Moderator: Thank you Madam. We will start the speaker session now. The first speaker for the day is Mr. Vinay Vishnu Bhide. Sir Vinay Vishnu Bhide. Mr. Vinay Vishnu Bhide is not available at present in the meeting. So, we will move on to the second speaker of the day, Mr. Ankur Chanda. Mr. Ankur Chanda please unmute yourself switch on your camera if possible and speak please.

Ankur Chanda: Am I audible?

Moderator: Yeah, you are audible Sir. You can proceed with your question please.

Ankur Chanda: सर मैं यह पूछना चाह रहा था कि (31:38-31:48) not audible

Moderator: अंकुर जी आपकी आवाज बहुत धीमी आ रही है can you be little loud please.

Ankur Chanda: सर मैं यह कह रहा था सर मैं ये कहना चाह रहा था कि हमारी जो कंपनी है वह लगातार losses पर चल रही है पिछले चार-पांच साल से अगर last year की हम बात करें तो उसमें थोड़ा सा moment है नहीं तो लगातार loss में चल रही है और dividend कब आपने, कभी दिया ही नहीं है सन 2000 से तो मैं देख रहा हूं कि dividend कोई नहीं दिया हुआ है ठीक है सर तो इस तरह कब तक चलेगा अगर ऐसे कोशिश करते रहे तो एक दिन तो हम company बंद करने पर आ जाएंगे तो आप मुझे इस बारे में बताइए कि हम का profit में आएंगे और दूसरा हमारा जो CS department है वह कर उनको instructions भी दीजिए कि सर अगर कोई share related कोई inquiry है या फिर कोई grievances होती है या फिर कुछ भी है मतलब वह कुछ मतलब वह हमारे से communicate ही नहीं करते हम कोशिश करें तो हम कर नहीं पाते हैं उनके पास और वह जो है उन्होंने हमारी तरफ हाथ बढ़ाया ही नहीं है आज तक उन्होंने कभी किसी shareholder को तो मुझे थोड़ी सी यह बातें बताइएगा और कुछ नहीं कहना चाह रहा हूं धन्यवाद।

Moderator: Thank you, Mr. Ankur Chanda for your questions. We will move on to the next speaker, third speaker of the day, Mr. Manjit Singh. Mr. Manjit Singh, may I request you to unmute yourself, switch on your camera and speak please. As there is no response from Mr. Manjit Singh. We will go to the 4th speaker,

Sarvajit Singh. Sarvajit Singh, No response from Mr. Sarvajit Singh. We will go to the next speaker, Mr. Gagan Kumar. Mr. Gagan Kumar. No response from Mr. Gagan Kumar who will go to the next, sixth speaker of the day Miss Celestin Elizabeth Mascaranas. Miss Celestin Elizabeth Mascaranas No response From Madam we will go to the next speaker Ashok Kumar Jain. Mr. Ashok Kumar Jain No response from Mr. Ashok Kumar Jain. We will go to the 8th speaker of the day Chetan Chadha. Mr. Chetan Chadha No response from Mr. Chetan Chadha. We will go to the next speaker. Krishan Lal Chadha, Krishna Lal Chadha. No response from Mr. Krishna Lal Chadha. We will go to the next speaker, 10th speaker of the day Praveen Kumar, Praveen Kumar. No response was from Mr. Praveen Kumar. We will go to the 11th speaker of the day, Shree Pal Singh Mohnod, Shree Pal Singh Mohnod. No response from Shree Pal Singh Monod. We will go to the representative of Naveen Bothra and sons HUF. Naveen Bothra and sons HUF. We request you to unmute yourself and speak please. Yeah, I can see you unmuted Sir, you can speak now. Sir, we are not getting audio from your side. Sir, can you press control R on your keyboard and refresh your screen, please? Yeah, without switching the video. You can speak, Mr. Naveen. No, still we are not getting your audio. Mr. Naveen Bothra and sons, we will come back to you Sir. You can like do the testing part done. We can come back to you. Mr. Naveen bothra and son's HUF. Meanwhile we will go to Swaran Latha. Next speaker is Swaran Latha. Swaran Latha also no response. We will go to the next speaker. 14th speaker of the day Vinayak Rao Saheb Patil. Vinayak Rao Saheb Patil.

Vinayak Rao Saheb Patil: Am I Audible?

Moderator: You are audible Sir, you can proceed with your question please.

Vinayak Rao Saheb Patil: Yeah. Hi, this is my question. I have been following the company's performance, the recent performance and it is evident that there has been a remarkable turnaround. Yeah, under the new leadership, yeah. So, it's really impressive to see the kind of positive results, the positive trends, what you see. So as a shareholder, I am eager to understand the factors driving this remarkable transformation.

Moderator: Yeah. Thanks for your question, Sir. We will move on to the next speaker, Vinod Kumar Rajagopalan from Bangalore. Mr. Vinod Kumar, you can unmute yourself, switch on your camera if possible and speak please. Mr. Vinod Kumar Rajagopalan, you can ask your question please. I think there is a problem with Mr. Vinod Kumar Rajagopalan. We will go back to him once again after all speakers are done. 16th speaker is Manjunath S from Bangalore. Manjunath S from Bangalore. No response. 17th speaker is M Shanmuka Anjaneyulu.

Manjunath S: Hello.

Moderator: Vinayak Rao Sahab do you wanted to speak?

Manjunath S: No. Manjunath here.

Moderator: Oh, you are talking from Manjunath's ID?

Manjunath S: Yeah

Moderator: OK. Sir.

Manjunath S: Yeah, My DP ID is IN302679. So, it appears that your three pronged approach has been highly successful with phenomenal growth in the European market and solid growth in America as well. I

understand that you have recently opened additional offices in France. Could you please share your future plans regarding geographical expansion and the kind of growth you foresee from the European market?

Moderator: Yeah, you are done with your question, Sir.

Manjunath S: Yeah.

Moderator: Thank you, Sir thank you for your question. So, we will go back to the next speaker, Mr. Gairik Ghosh from Bangalore. Mr. Gairik Ghosh from Bangalore. Garik Ghoshji.

Gairik Ghosh: Yeah. Am I audible?

Moderator: Yeah, you are audible Sir, you can proceed with your question, please.

Gairik Ghosh: Thank you, Sir. Sir at the first, you know I would want to you know convey my congratulations to the management team of AXISCADES for you know the great performance in the last financial year. And in that context, I had a question regarding the defence vertical. You know right now the defence market seems to be you know pretty lucrative for the moment. You know especially with a lot of demand which is coming out from the APAC region and also keeping and you know keeping in mind the making India initiatives and with the backdrop of you know what we just saw, you know the AXISCADES and Mistral having a very strong presence and expertise. So just wanted to ask a question, you know, could you please share some insights into what is the kind of growth that you are, you know, currently going through and what's the kind of growth that you know in this sector that you are anticipating? And the second question is, you know, what's the kind of competitive advantage that you as an organization, you know, you have in this you know, defence scenario in the current scenario?

Moderator: Garik G, you are done with your question.

Moderator: Yes, please. Thank you, Sir. Thank you for your question. So with this, we have completed the first round of 18 members speakers. So, the two speakers who were joined but not able to speak, I will just ask them to join once again Naveen Bothra and Sons HUF. Sir, you can unmute yourself and speak please. I can see Sir, you have unmuted yourself. You can speak. You can speak. Please no need to switch on the video. Sir. In case if your bandwidth is not enough to switch on the video, I think still he is facing problem. So Sir you can write back to the secretarial team of the company so that they will give the reply to you. Sir. Thank you. The next left out person is Mr. Vinod Kumar Rajagopalan, Vinod Kumar, Rajagopalan from Bangalore. I can see Sir; you have unmuted yourself. Can you speak please? OK. There is a problem with Mr. Vinod Kumar, Rajagopalan as well. Sir you can send out your questions to the secretarial team, Sir. With this we have given enough opportunities to all the shareholders who have registered with us. Now the dais is given. Back to you, Chairman, Sir. Thank you.

David Bradley: OK, well, thank you for those questions. The few that we have I think we're extremely good. I have to admit the second one I didn't hear or understand. So I leave that entirely in your hands Arun and I think similarly the reasons for growth, good performance particularly in the defence sector, I think you can reiterate those and also the plans for European growth having opened the French office and more recently second UK office as well. So Arun, if you just unmute and you, you can address those in whichever you order you like. Thank you.

Arun Krishnamurthi: Yeah, sure. Thank you, David. So I will start with Mr. Vinayak Patil's question on what are the factors driving the transformation. So I would say that you know for us, if you look at the Company,

we were into 3 verticals, which is Aerospace, Heavy engineering and Defence. We felt that we needed to get into some fast growing verticals and that's where automotive came in, energy came in, semiconductor came in and one of the things that we are seeing is that the presence in these verticals is driving faster growth. So that is certainly from a strategic perspective and intent competencies that we have built in these verticals as well as hiring people who are leaders and who understand this business that is allowing us to go to customers in these verticals and look at new business. So that is certainly something which is giving us alternatives to the existing strengths that we have which is driving the growth.

The second thing I would say very firmly is that our focus on digital and embedded. So if you look at our digital presence in FY 23 and going into the early part of FY 24, we have now built a digital team which is almost 45 members strong. And now we are in a strong position to deliver very good digital solutions, digital scenarios to customers. And we had some successes with a few projects. But more importantly, like I said, the automation initiatives, the thought process on Gen AI, this is driving a lot of focus for us. So we believe that and of course for every customer, digital is where the mindshare is and you are getting into digital. Getting into the software side of the business is something that we are very keen on. And if you look at engineering industries, there's obviously the bread and butter, which is mechanical engineering, but lot of the pivot is happening towards more of embedded and more of IT and digital. And these are competencies that we are developing. So, we are able to address these new areas which is where customers are spending their money, and which is where you know the profits are also bigger I would say. So, this is the second lever on which we are able to sort of leverage on.

The third thing I would say is that our sales and account management, this is something that we have strengthened. We have hired people who can look at new logos at the hunting business and with this we are able to address new opportunities, new clients, new verticals in addition to obviously strengthening our account management. They looked at sales leadership programs, they looked at tools that we have acquired which will enable the salesperson to go out and get the growth. I think this is the third thing that has come in and I think the last and I would say that you know all this is still work in progress. You know, we are in this journey, which is about you know, 18 months now. We still believe that that is a long way to go, but we have made the first few steps and we are addressing them in phases. So I think Horizon One has been about getting into new verticals focusing on digital, building sales team. Horizon 2 will be about scaling up these businesses, about looking at large deals and about looking at how we can get leadership position and get more digital and more embedded as a percentage of our Company's revenues. So these are the factors I would say which have been driving the transformation.

In terms of the next question, which is from Mr. Manjunath S, which is on future plans from a Geo expansion perspective and also what our plans for Europe are. So if you look at our geographical presence, close to 80% of business comes from overseas and all this business comes from Europe and North America. So, we are present in France, in Germany, in UK, in Denmark and in Canada in US and a small part in Mexico. So, our focus will be to continue in this. One new area that we are extremely keen on is the Middle East, especially given our focus of growth in the energy vertical. We are looking at growing in the Middle East. As you know obviously lot of energy companies refineries, tier ones which are Middle East based in the UAE, in Saudi Arabia, etc. and we will be looking at very aggressively growing in the Middle East. So that will come with the Energy business.

As far as Europe is concerned, of course with add solutions' position in Germany is further consolidated. So we will be looking at more German business. In addition to that we have some very good clients in

automotive specifically in UK. So, we see our UK presence going. So, we are going to be opening a new office in the UK sometime next month. We already have one office; we will be opening another office for a customer. We see the UK market growing significantly and with renewables we see growth coming from the Nordics because there's much bigger push when it comes to clean energy from the Nordic countries. So, we will see more focus on the Nordics and of course France for us is I would say our home ground now because we have been working there for the last 15 years and our biggest customer which is Airbus is of course based out of France, Germany and UK. But the big, big base is in France. So, for us, France will always be a very big market. So, this is as far as Europe is concerned.

As far as the next question is concerned, Gairik, this is on your question on defence and you were asking about what kind of growth plans we have and what's competitive advantage. So, for us, defence is a big, big driver. And if you look at the model in which we operate, we bid for projects in defence. We go through a phase which we call RND phase. So that typically lasts on an average anywhere between 2 to 3 years. So, this is where we develop a product, where we develop a prototype, we manufacture it, the prototype that is and we do the certification along with the relevant defence organization, whether it's a lab or the MOD. And once that is done and the part is certified, then we move into production. So depending on where the component goes, the production numbers can vary in certain cases like for example, we do a lot of work in data subsystems in TEJAS or the LCA. The government has placed huge orders on LCA. So for each aircraft that is produced, that will give us significant project orders. Similarly, there are a lot of orders that we have with BEL which is the big manufacturing arm for the Indian government on defence. We also have a lot of orders with NPOL, which is the naval labs. So going forward in this year and the following 2-3 years, we will see a production order ramping up. So, this is on the back of lot of RND wins that we have had, a lot of part certification that we have and we will see the production ramping up starting FY 24 for the next three to four years at least. And we have a very large order book in terms of production over the next 10 years. But we will see production ramping up and the good news with that is that production comes at very high margins because its in the RND phase where we actually put in lot of investment and lot of our effort. In addition to this, we have very good competencies in the anti-drone systems. So, this is something where we have very large orders from the Indian Army, from the Northern Command. So, we are in the process of going through trials and certifications. This is a core competency. I am very glad to say that we are the first company which is able to manufacture and supply anti drone devices at scale. There's obviously been one or two small components which have been available, but this is something which will go into the border areas and which will go in scale. So, this is a core competency that we have. This in addition to the focus that we have on drones where we are specifically looking at tethered drones as well as large payload drones, we believe that makes it a very compelling advantage and gives us a competitive advantage. And in addition to this, we also work beyond Indian defence, we work with the global, some of the major French defence companies like Thales, MBDA etc. Where you know as part of their Make in India initiatives we developed test pinches, we have done avionics upgrades. So, we have very good presence with them and that comes from our AXISCADES defence subsidiary. So, for us the obviously the Indian defence market is large and lucrative, provides many opportunities. But we also have a global footprint when it comes to defence, which is something which is unique to us. And of course, the attempt will be as we go forward in defence to try and see along with India how we can cater to the global defence opportunities as well.

And the last question from Mr. Ankur Chadda, I think your question in Hindi, this is the one David didn't understand was we have been making losses for the last year from the last few years. When is this going

to stop and how will this continue? That was part one. Part 2 was you know on the CS department, the Company Secretary where they said, I think what he was saying is we are not getting enough outreach to shareholders, we are not getting enough support. So, I think the first part I will Shashi, who's the CFO, can I request you to come and talk about it. There's a lot of remarkable efforts that Shashi's made in terms of refinancing, reducing debt, making the business more profitable but I can request him to talk to that. And as far as the Company Secretary group is concerned, you know, commitment is to reach out to shareholders so we will seek further specific inputs from you in terms of where you think we are falling short. And we will of course make sure that we put in plans that, you know, shareholders feel more inclusive, and they are more in touch with the company. But for the first part, Shashi, can I please invite you.

Moderator: Yeah, he has joined, Sir, but he is not able to unmute himself, Sir. Mr. Sashidhar S. K.

Arun Krishnamurthi: OK, so I will try and answer that question. So, the focus that we have is that we are looking at how we can obviously become self-sufficient from cash generative perspective. As we look at our business going forward, we are making sure that all the deals that we acquire are profitable for us. Of course, because we are a growing Company, we are also looking at hiring more people. So, we need to invest in that because if we need to realize new opportunities, new potential, we will need to hire people and that will obviously take an expense. The other thing which is obviously taken a significant amount of cash is some of the acquisitions that we made and we had raised debt which is at pretty high rates, but in the last two to three months, we have been successful in reducing that. So Mr. Ankur Chadda sahab I think आपके सवाल का जवाब यह है कि हमारे efforts हैं कि जब हम अगर आगे जाएंगे तो हमारा जो नया business है और जो नए deals होंगे वह हम पर positive margin के साथ लेंगे ताकि business self sufficient हो जाए cash generative हो जाए but हमें यह भी बताना है कि आगे जाने के लिए हमें invest करना पड़ेगा हमारे solutions में लोग Hire करने पड़ेंगे और कई लोग जो senior resource है जो overseas higher करते हैं वह काफी expensive है और अगर यह नहीं करेंगे तो जो नया business जो है हमें नहीं मिलेगा तो हमें यह भी करना है but मैं यह भी बता सकता हूँ कि हमारा जो debt है वह हमने काफी अच्छा re finance किया है अभी जो interest rate है वह बहुत कम है और हमारा attempt यह भी है कि आगे जैसे जाएंगे तो हम उसको कैसे बेहतर करें तो यह जो है हमारा I would say एक road map है जो हम हर साल एक plan बनाते हैं और improve करते हैं आप अगर चाहे तो हम एक अलग call भी कर सकते हैं with our CFO Mr. Shashi वो अभी शायद वह बात नहीं कर पा रहे हैं वह unmute नहीं कर पा रहे हैं but we can provide you more details going forward as well.

David Bradley: I think just on that first question, it is always a balance between growth and short term cash generation that will help reduce interest and move us towards distributing profits to shareholders. The one thing I can see now is that AXISCADES is no longer considered a niche offshore what used to be called years ago a low-cost provider. It is starting to move into the core of the engineering service providers for some of these large global OEMs. And that's due to the retention and the development of the capability that Arun has talked about and also about the investment which is needed cash in the new geographical locations and the new hires that again Arun has just explained. I think this is the next phase of we are no longer the offshore provider. We are a core engineering provider and in that the growth opportunities that I can see with the Airbuses of this world, with the OEM tier ones in the in Europe, we are just on the start

of this phase two and when you couple that with the new expertise in the digital area, then I think these investments that we have made and the sacrifices shareholders have had to make over the years will really pay dividends in the maybe not literal dividends tomorrow, but will pay dividends in the future for the real growth of this business. And I think we will look back on this with admiration about what the engineering teams have achieved. Yeah.

Arun Krishnamurthi: I think we have.

David Bradley: sorry, yeah.

Arun Krishnamurthi: I just going to add that we just wanted to confirm that at an EBITDA level we are profitable. Of course, our focus is that at a PBT and a PAT level we improve the metrics. So that is our focus and of course the reason we are not paying any dividends is because we are reinvesting back in the business.

David Bradley: So, I think we are at the end of answering the questions that we can so I will head back to Sonal to continue with the itinerary.

Sonal Dudani: Thank you, Chairman. Thank you, Arun Sir. So we go forward. Members may please note that the voting will continue to be available for 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 Anant B Khamankar, Practicing Company Secretaries, for scrutinizing the evoting process in a fair and transparent manner. Once all of you have cast your votes, your votes will be counted by the Scrutinizer. He will then unblock the results of the remote evoting which will then be consolidated with the results of the voting done today during the meeting. The voting results along with the Scrutinizer report will be communicated to the Stock Exchanges within the stipulated timeline and the same will be placed on the website of the Company and on evoting platform of KFin. I thank all the shareholders, members of the Board, Auditors and the Management team for joining this meeting through video conference. Thank you all for attending this meeting and I declare the proceedings as closed.