

November 8, 2025

To,
The Listing Department
BSE Limited
Department of Corporate Affairs
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai, Maharashtra - 400 001

To,
The Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (E)
Mumbai, Maharashtra - 400 051

Dear Sir/Madam,

Subject : Transcript of the Earnings conference call organized on November 3, 2025.
Reference : ISIN - INE02IJ01035; Scrip Id-544061; Scrip Code-AZAD

Referring to our letter dated November 3, 2025, we are enclosing herewith the Transcript of the Earnings Conference Call organized on November 3, 2025, post declaration of the Unaudited Financial Results of the Company for the 2nd quarter and half year ended September 30, 2025.

Please take the information on record.

Thanking you,

Yours truly,

For Azad Engineering Limited

Ful Kumar Gautam
Company Secretary & Compliance Officer
Membership No.: F13688

Encl.: As above



“Azad Engineering Limited
Q2 H1 FY'26 Earnings Conference Call”
November 03, 2025

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on November 03, 2025, will prevail.



MANAGEMENT: **MR. RAKESH CHOPDAR – CHAIRMAN AND CHIEF EXECUTIVE OFFICER – AZAD ENGINEERING LIMITED**
MR. MURALI KRISHNA BHUPATIRAJU – MANAGING DIRECTOR – AZAD ENGINEERING LIMITED
MR. VISHNU MALPANI – WHOLE-TIME DIRECTOR -- AZAD ENGINEERING LIMITED
MR. RONAK JAJOO – CHIEF FINANCIAL OFFICER -- AZAD ENGINEERING LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Azad Engineering Limited Q2 and H1FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should



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you need assistance during the conference call, please signal an operator by pressing star then 0 on your touch-tone phone. Please note, this conference is being recorded.

Before we begin, a brief disclaimer. This conference call may contain 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 statements are not the guarantees of the future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Rakesh Chopdar, Chairman and Chief Executive Officer. Thank you, and over to you, sir.

Rakesh Chopdar:

Thank you. Good morning and seasons greeting to everyone. Welcome, and thank you for joining us today for the Q2 and H1 FY '26 earnings call. On this call, we are joined by Mr. Murali Krishna, Managing Director; Mr. Vishnu Malpani, Whole-Time Director; Mr. Ronak Jajoo, CFO; and SGA, our Investor Relations Advisor.

The results and presentations are uploaded on the stock exchange and on the company's website. I hope everybody had a chance to look at it.

In Q2 and H1 FY '26, our performance has been financially assertive and strategically pivotal, driven by robust order inflows and progress on our planned capex, setting a strong foundation for sustained growth and long-term value creation.

Financially, this has been our best ever quarterly and half-yearly performance with Q2 FY '26 revenues reaching to INR143 crores, up year-on-year by 28.1%. Our reported EBITDA margins improved from 35.7% in Q2 FY '25 to 36% in Q2 FY '26, while the PAT margin increased from 18.9% to 23.1% during the same period last year.

Looking at our half-yearly performance, we reported a revenue of INR277 crores in H1 FY '26 compared to INR210 crores in H1 FY '25. Reported EBITDA margin was 36.0%, while PAT margin was 22.7%. On the business front, we are steadily advancing with our capex plans.

We recently inaugurated one of a new lean manufacturing facility for Siemens at our Hyderabad plant. This state-of-the-art facility will support and supply of highly engineered complex rotating and stationary airfoils, along with critical components of assemblies and assemblies for advanced gas, industrial and thermal float turbine engines.

Through this expansion, we aim to meet Siemens Energy's global demand in the power generation and essential industrial sectors. With this, we now have three dedicated lean factories inaugurated at the new site.

Our plant expansion is underpinned by a robust order book, reflecting the deep trust our customers place in us and reaffirming the consistent value we deliver through precision engineering and innovation. Looking ahead, we see opportunities emerging within the



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indigenous engine manufacturing ecosystem as a key part of the global supply chain serving major engine manufacturers.

We are well-positioned to capitalize on the government's push for indigenization, particularly through co-production and co-development programs for engines powering the other platforms. With production at our new facilities steadily ramping up, we anticipate a significantly stronger performance in the second half of FY '26 and remain confident in achieving as projected 25% to 30% top line growth for the year.

Now I hand over the call to Mr. Murali Krishna Bhupatiraju, our Managing Director.

Murali Krishna B.:

Thank you, Mr. Rakesh Chopdar.

Over the years, our strength in engineering, innovation and advanced manufacturing processes has enabled us to build deep and long-lasting partnerships with our key customers.

These partnerships have transformed into repeat business, long-term contracts and strong revenue visibility, reflecting the confidence of our customers place in Azad's capabilities. Our success is deeply rooted in the trust and collaboration we share with our OEM partners.

This quarter, we achieved several important milestones. First, with Mitsubishi, we received a Phase 2 of the contract to supply highly engineered complex rotating and stationary airfoils for advanced gas and thermal power turbine engines. With this expansion, the combined contract value with MHI now stands at INR1,387 crores, a strong testament to our technical excellence, our growing strategic relationship with the company.

Second, we inaugurated a dedicated facility for our client, as pointed out by Mr. Chopdar. Third, among others, we signed a memorandum of understanding with Safran Aircraft Engines, making our first long-term collaboration with this global leader.

This agreement sets the framework for cooperation in developing critical rotating engine components for strategic defence platforms. This is an important step forward in strengthening India's aerospace ecosystem and reinforcing our position as a trusted partner in global supply chains.

Our long-standing client relationships, deep industry insight and expanding manufacturing capabilities continue to drive both repeat business and new orders.

With that, I now hand the call over to Mr. Vishnu Malpani, our whole-time Director, to discuss.

Vishnu Malpani:

Thank you. Mr. Murali Krishna, for the update. Good day, everyone. My name is Vishnu Malpani, and I will share some operational insights and business insights about the recent quarter.



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This quarter has been a defining one for Azad. We've delivered our highest ever half-yearly and quarterly performance, setting new benchmarks, not just in growth, but profitability and execution excellence as well. Our focus remains very, very clear. We want to build a future-ready Azad across all business segments that we are operating in, energy, aerospace and defence and oil and gas.

Each one of our segments is seeing strong tailwinds and Azad is positioned not just to participate, but to lead our journey in these sectors. In energy, like Mr. Murali Krishna mentioned about the recent contracts that we've signed with our global OEMs, we continue to strengthen our partnerships and scale our capabilities to meet rising demand.

In aerospace and defence, along with the other initiatives, we've recently signed an MOU with Safran, which also gives the business opportunity to grow on the engine manufacturing side and affirms our credibility on the global stage. And in oil and gas, our precision components and qualifications continue to play a vital role for our growth of the future.

Now I will take a moment to zoom into our stand-alone segment-wise business performance. The Energy and Oil and Gas segment contributed INR117 crores in quarter 2 of FY '26, accounting for 81% of our overall revenues.

On a half-yearly basis, the contribution to revenue from Energy and Oil and Gas reported 81.5% . With a strong order book from major OEMs, Mitsubishi, GE, Siemens, we remain optimistic about the growth of this segment for the longer term.

Turning to our Aerospace and Defence segment. This segment contributed 16.9% of our revenues for Q2 FY '26 at INR24 crores approximately, representing a 34% year-on-year growth. Our half-yearly performance reported an increase of about 30% as compared to H1 of FY '25. We anticipate healthy sustained growth in this segment in the years ahead.

I'm also pleased to share that Azad VTC Private Limited, our subsidiary has achieved NADCAP accreditation for coatings. This prestigious certification validates our commitment to meet the aerospace and defence industry's most stringent quality standards and positions Azad and its subsidiaries on the qualified manufacturers list.

We are gearing up to capture opportunities across our business segments by setting a strong foundation for the next phase of innovation with our upcoming center of excellence. We are investing in technology, talent and capacity, the foundations that will define the next phase of Azad's journey. Azad's story is one of precision performance and purpose, and we are just getting started.

Thank you. I will now hand the call to Mr. Ronak Jajoo, our Chief Financial Officer, to talk about our financial performance in detail. Thank you.



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Ronak Jajoo:

Thank you, Vishnu. We are pleased to present the outstanding performance for quarter 2 FY '26 and first half of FY '26, making a record breakthrough quarter and H1. Let me take you through the quarterly highlights for quarter 2 FY '26.

On revenue side, we have achieved the highest ever quarterly revenue of INR142.67 crores, reflecting a robust market demand and successful execution of our growth road map. On EBITDA and EBITDA margin side, EBITDA stood at INR51.36 crores with EBITDA margin of 36.02%.

The margin stabilized indicates effective cost control and amid operational expenses. Taking you a bit deep into the cost dynamics. Raw material consumption has reduced during this particular quarter because of onboarding of domestic suppliers and enhancing our supply chain excellence.

Employee cost experienced a slight uptick driven by ongoing expansion efforts and the strengthening of our management team.

Other income increased mainly due to interest income on fixed deposits from the unspent QIP funds contributing positively to the bottom line. Profitability, net profit stood at INR33 crores, showcasing a 57% increase compared to INR21 crores in quarter 2 FY '25, this emphasizes our improved operational efficiency and revenue growth.

Let me take you through half yearly numbers. In H1 FY '26 revenue growth. The revenue from operation rose to INR277 crores, making a 32.1% increase over H1 FY '25. Profitability enhancement. EBITDA margin it has improved to 36% from 34.71% in H1 FY '25, driven by better cost management and optimized consumption.

PAT growth, a remarkable 65%, underscoring our financial strength and capacity to scale. On the working capital side, receivable and inventory level are in line with FY '25 based on annualized data. Let me take you through our last discussion on working capital initiative.

On the supply chain side, we are progressing well on establishing a robust supply chain to facilitate raw material sourcing via our distribution network. The initiative aims to resolve the minimum order quantity challenge, improve procurement agility and ensure timely availability of raw materials with lower inventory cycle. This should be start from quarter 4 of this particular year, and we will update more once we move during the quarter 3 FY '26.

This is all from my side now, and would like to open the floor for question-and-answers. Thanks a lot.

Moderator:

The first question is from the line of Amit Dixit from Goldman.

Amit Dixit:

So, first of all, congratulations for a good set of numbers and sustained good performance. A couple of questions from my side. The first one is on -- if I look at the gross margin, so



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consumption expenses as a percentage of revenue have been going down quarter-on-quarter, year-on-year.

In prepared remarks, you have mentioned that due to the efficient cost, I mean, negotiations and domestic suppliers, this has gone down. So just wanted to understand, a, if you can explain a little bit more on domestic sourcing and price negotiation. Also, how much of it is sustainable? I mean, whether we will see it further going down or this is pretty much at the level that we are seeing now? So that is my first question.

Vishnu Malpani:

Right. So thank you, Amitji, for the question. The response to this question is, this is our efforts to indigenize the supply chain. So, if you look at our working capital cycle, we have been constantly working because most of the raw material gets imported across our verticals. So there was an attempt that we were trying to do to work with our customers to indigenize raw material supply chain in India.

And over the last few years, we've been able to do that with energy. So we've gotten Sunflag and Star Wire approved for a few grades, qualified for a few grades. And this reduction that you see is primarily a result of this. So this will only ensure us that we have a better control on the supply chain, and this should sustain for us.

Amit Dixit:

Okay. Just a follow-up on this. Now since we are also seeing some of the companies coming up with aerospace-grade titanium and they are also getting qualified or in the process of getting qualified with the same set of suppliers. So do we expect that in aerospace as well due to the indigenous procurement, we can see this further coming down in future?

Rakesh Chopdar:

Hello Amitji, Rakesh this side. So the question on the super alloys, right? This is something quite tricky. Unless and otherwise, our OEMs agree to take that task of qualifying the supplier, we would love to buy the material domestic, but we are bound to go through the process.

The OEM -- we should have a clearance from our OEM that we can buy the material from the local -- the indigenous material. So we are in talks with our OEMs so that we can propose these Indian mills and then we can see that. We look forward to it. We have full support. We would like to support that.

Amit Dixit:

Great. The second one is essentially on Safran MOU, again, a big step, I would say. So does it mean that now we are qualified with all the -- sorry, I mean, we have an MOU/ contract with almost all the global manufacturers because I believe only Safran was missing from that list that you had.

So what does it mean for us in terms of domestic ecosystem? If we look at it, Safran is getting quite active procuring material for both the LEAP-1A, LEAP-1B engines. Also, Safran is one of the front runners for AMCA engine program. So how do we see this going forward with Safran?



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And the part B of the question is that with AMCA now getting in traction, do you see our parts getting supplied over there? I mean, basically, your involvement in the domestic engine ecosystem?

Rakesh Chopdar:

Okay. So on the Safran, yes, this is the first relationship kicked off with Safran. And as everyone is aware, Amitji, that Azad is specialized in the finish of the engines, the rotating and stationary components. And if you try to see getting the recognition from these large OEMs, so the first OEM which we could break in was the Rolls-Royce.

We got into both commercial as well as the defence engine programs. And that thing, we initiated the discussion initially. We had an assessment. We signed MOU, then we -- technical assessment happened and then we got into the contract. So this is a basic step which everyone has to follow.

So with Safran, this is the second step. The assessment is done and MOU is signed. And definitely, this is one of big breakthrough, which is going to get ultimately turned into a contract. Right? That's with Safran.

And there's one more OEM, which we are expecting very soon for a similar part, the pattern which we would like to get into. So as you rightly said, all the major OEMs, we should have it very shortly.

Amit Dixit:

Okay. And the involvement in the domestic engine ecosystem?

Rakesh Chopdar:

Sorry, yes. So yes, you're right. We are in discussions with a couple of OEMs for sure, for particularly the project you mentioned. And we are having very advanced discussions, which we are very hopeful to get into -- we are already engaged with them, to be honest with you, we already engaged with them.

And I think the way it will go because it's not really sure, it's the engine with AMCA has gone to Safran or Rolls-Royce or we are not sure. And either ways, all the OEMs are with us. It doesn't matter wherever it goes for Azad's prospective for AMCA, whether it's Safran or Rolls-Royce or anyone else, we are there in the race with all the 4 OEMs.

Amit Dixit:

Great. That's nice to know. Just a follow-up on this, sir. This Safran MOU, you mentioned that the assessment has happened. So typically, how much time it will take for you to get the final contract?

Rakesh Chopdar:

Very soon, Amitji, very soon, not only with Safran, other OEMs also, you will come to know very soon about more details as this is a defence application program. So I cannot speak much on this.

Moderator:

The next question is from the line of Jai Chauhan from Trinetra Asset Managers.



Jai Chauhan:

So, sir, I have a question regarding the growth strategy and the ramp-up of the new facilities. Like in the FY '24 earnings call, management has guided that FY '26 would be a big shift and an inflection point for revenue growth.

And more recently, in the Q4 FY '25 and Q1 FY '26 calls, the commentary has shifted to describing FY '26 as years of stabilization, consolidation. So with the ramp-up being -- and with the ramp-up being challenging and shift expected after this stabilization is complete. So could you help us reconcile this change?

Rakesh Chopdar:

Yes. Jai, I think we are very consistent in the guidance what we are giving, and we are very consistent in the achievements what we are achieving versus the guidance. And if you see the last not one, two, you can see many quarters. And the guidance versus the achievements are definitely matching.

Now coming to the growth trajectory, it's just December '23 is we have done the IPO. And technically, it's been hardly 17, 18 months, we have the fund and the amount of what's been happening on trying to build these facilities, okay, the facilities which we are building are massive. They are not something small like we add 5 machines, 10 machine or 50 machines. That facility is coming what we are, to be honest, is 10x what we are in.

So, if we try to just build the infrastructure of 500,000 to 600,000 square feet, that itself takes not less than -- if you go super speed, not less than 2 to 3 years. But we appreciate -- I appreciate my team, which is parallelly taking care of the existing growth, parallelly taking care of the machines and planning, parallelly taking care of the constructions of the facilities. And this is a huge amount of work which happens.

And if I talk about the time line, I think the team has done a great job in such a short time, they inaugurated three facilities and stabilizing them, getting the machines inside, arranging the manpower. And we are not talking about two-digit things. We're all talking three digit.

If you talk about manpower or square feet or the construction or the machines and everything is an important stuff where we have to find the logistics, the 5-axis machines, the training program. And it's not -- it's a big marathon task, which is happening.

So in this context, we would say we are struggling at the moment to manage the growth, to manage the facilities, to manage the customers, to manage the contracts, quite a job. That's the reason we mentioned that the team is doing a great, great, great job.

So the stabilization means all these activities as these are all -- it doesn't continue all long. Once for all the factories will be done, once for all the machines will come and then we finish up and then we go ahead with the productions and then we call, okay, we are now stabilized.



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Jai Chauhan: Understood, sir. Makes sense. So is it fair to say that full nonlinear growth impact from the new capacity is now more of an FY '27 story with FY '26 being, year focused on commissioning of this new dedicated lean factories?

Rakesh Chopdar: Yes. So, Jai, this is not -- again, this is a parallel activity going on. Whatever value-add creation happens, it's just supporting -- it's just supporting the stresses, which is being made within the team where we all are working 24/7 to stabilize the new facility, to stabilize the existing growth, to stabilize the existing facility here, right? So everything is going in parallel.

That's a beautiful planning happened in Azad. In such a short time, I request you to please visit us and then you can imagine the amount of work being done, and it is substantially great. We are building one of the world's best Best factory, the most innovation center you can see highly -- you will see some great technology under the roof built in such a short time, which is really, really remarkable. So I request you to please visit our new facility. You will have an idea what I'm speaking.

Jai Chauhan: Sure, sir. We'll definitely try to set it up after this call. And sir, I have one more question on the contract part. So you have mentioned the margins are largely stable due to long-term contracts and fixed pricing with customers, but you have some exposure like to high-value alloys and foreign exchange fluctuations. So how does the company mitigate this raw material price volatility and currency risk? And is there any clauses or hedging mechanisms in place to protect.

Rakesh Chopdar: So if you notice Azad's exports are 95% -- 94%, 95% and so hence, we have a natural hedge, okay? The inflows and outflows are natural hedge. And it's been years we have been working in this and 90% plus was always Azad's revenue was exports, right, from inception. So today, we can say 93.9%, to be precise, is exports. So the risk of that factory is always covered and it is covered.

Jai Chauhan: So sir, this is for foreign exchange fluctuations.

Rakesh Chopdar: Yes.

Jai Chauhan: But for the fluctuation in the raw material prices, do we have any clause for the sale?

Rakesh Chopdar: Yes, we have. We have. So as I mentioned to Amitji also, he was the last question that we have approved sources from our OEMs. So we are only supposed to buy raw material from their approved sources. So when the price agreement happens, it is a tri-party price agreement, right? So we have no choice. We have to go to the only supplier they send us, correct? So they can dictate terms.

So what we show is, okay, this is, say example, \$10 or \$1 a kilo price is fixed and the contracts are long term and we see a 5 year, 7 years contract. So what we do is we have a cap of 5% fluctuation. A 5% fluctuation, we write them, we tell them Azad is going to bear the 5%, absorb



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5% fluctuation plus or minus, we'll do it. Above that, either you increase the price or ask your supplier to reduce the price. So that's also covered.

Jai Chauhan: Understood, sir. Understood. And sir, also, like since you have long-term contracts with global OEMs, do these contracts include any termination or cancellation clauses as we invest a lot in our capex and we have a huge risk there. So is there any safeguard or lock-in mechanisms?

Rakesh Chopdar: Every contract has that. Every contract has you know, that we can cancel. So if you don't perform, definitely, they can cancel the contract, right? Yes. So these are very standard contracts, which are favouring both of them.

It's a win-win situation for both. And we are talking with the large OEMs. There are some companies which we see every day, okay? We -- if you see our customer base, they are like very reputed companies, right? So, they honor and we also honor what they do to an extent. It's not new to us now, right? So we have some history with every OEM, and they have their own experience.

Jai Chauhan: Understood, sir. And sir, one on the product side. We are mostly in the compressor airfoils, you would say, right? And the company is part of --.

Rakesh Chopdar: Not exactly. We started with that. Now we have expanded our portfolio in and around the entire engine. So compressor, combustion, exhaust, we are there everywhere.

Jai Chauhan: So because I think we are not in single crystal blades, right, which is in the Stage 1 of the...

Rakesh Chopdar: No, not yet

Moderator: The next question is from the line of Vikash Singh from ICICI Securities.

Vikash Singh: Congratulations on a good set of number. Sir, now that we have now three dedicated plant to our three biggest clients, I just wanted to under how much more business opportunities we can actually get from them considering our existing production portfolio and as well as -- or we need to increase the approval process for the more number of parts to get the business higher from them on a steady state annual basis perspective, I'm talking about.

Vishnu Malpani: Yes. Thank you, Vikashji, for the question. So if you look at our wallet share with respect to our customer spend, whether it is energy, aerospace and defence and oil and gas, we are at about 1%, 1.5% of where if we could be. So our wallet share is only about 1.5%. So the headroom for growth is definitely massive which is also visible in the contracts that we're signing, right?

So if you look at Mitsubishi, we signed Phase 1 of the contract in November 2024. and then we inaugurated the facility in March 2025. And then now just a few weeks ago, we signed Phase 2 of that contract. This is a clear sign that the demand for the products that Azad is making is very, very high, and this should continue for a longer period.

So when we talk about our growth guidance and when our Chairman spoke about growth guidance of 25% to 30%, that is taking into account the massive demand that we see across each of our customers. And one of the reasons we are building dedicated plants is because each of these customers can take us to the consolidated revenues that we are delivering as a business over time.

Vikash Singh:

Noted. And sir, these plants that you have commissioned right now, so can you just give us the peak utilization time lines for the already existing commissioned plant and the next three or four sheds which are -- would be coming?

Vishnu Malpani:

So this is something that's happening in parallel, right? So while the existing facilities that have been inaugurated are getting operational and the facility that has been operational is ramping up production. So our sense is that over the next about 12 months, we would want to finish the entire plant in terms of construction, including move our manpower base to there.

We are building a housing colony for our employees so that we are able to stabilize operations there. So in about 12 months, infrastructure should be up and running. And then slowly after that, you will see each of the plant reaching its max capacity, right? But this should happen progressively.

Vikash Singh:

So should we take 18 to 24 months as a peak utilization for the new plant?

Vishnu Malpani:

I would urge you to look at it from a revenue guidance perspective and not from a utilization perspective. So I would urge you to think of our business from that and look at 30% -- 25% to 30% growth year-on-year across our segments and then you'll be able to derive it, which is very, very good, right? So -- and we've maintained the guidance. We've beaten our guidance.

So don't look at it from a utilization of capacity perspective, look at it from this perspective, otherwise, because we are working on different product lines, different machines. So if you look at it from a utilization perspective, it may not give you the correct direction, but look at it from a revenue guidance that we've shared with you.

Vikash Singh:

Noted. And any update on this for -- your forging plant basically?

Vishnu Malpani:

I'm sorry, can you repeat that again?

Vikash Singh:

Any update on that forging plant basically?

Vishnu Malpani:

So yes. So out of the sheds that we've inaugurated factories that we've inaugurated for customers, there were 3 factories, one for Siemens, Mitsubishi and one for GE Steam. We've also had our forging plant, which is already in operation partly. So we are setting that up. And while the other plants get operational, this should also come up.



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So there are a few equipment that have been installed, deployed and are running and the others are work-in-progress. See, we are trying to -- it is important that everybody appreciates that this is a very complex project management exercise, right? Mr. Chopdar touched upon it. We are building factories which are 10x the size.

We are deploying machines which are equivalent to what we have. We are hiring people, training them, ensuring that our machines are not idle. And all of this have to move parallelly while we have to grow at 30%, 35%, we have to not compromise on our margins. So this was a pretty complex project management, and I think we should credit Azad's vision and execution for it.

So I would say that we are on target to achieve all the operational milestones that we have for the business. And this is massive, right? You've seen the facility firsthand to see the scale that we are looking at.

Moderator: The next question is from the line of Rakesh Roy from Boring AMC, Omkara Capital.

Rakesh Roy: My first question is regarding your Siemens plant. This is the Siemens plant that you have already completed.

Moderator: Sorry to interrupt, sir. Your voice is cracking.

Rakesh Roy: My first question is related to the Siemens plant. As you mentioned, your Siemens plant is already completed. So can we expect number from Q4 or Q1 next year?

Vishnu Malpani: Thank you for your question. I think we attempted to address it in the last call as well -- in the last question as well. See, we are inaugurating plants, deploying machines and slowly ramping up production. So obviously, in the H2 of this year, there will be contribution that you will see. But to what extent we'll be only able to talk about it in the next quarter, right?

Because the machines have -- are in the process of getting deployed and employees are being deployed in that. But we will hit our revenue guidance that we've spoken about. We've already delivered INR277 crores, and we are on -- if you look at our ARR, we are on an ARR of about INR577 crores today. So we should look at it, whether it comes out of the Siemens facility or the other dedicated facilities, we should hit our revenue guidance.

Rakesh Roy: Okay. Right. And regarding, sir, your Safran MOU, as you said, this is the first relationship with your company. So in what product we are going to make and how much time to take to validate our product?

Vishnu Malpani: Can you repeat that question again?

Rakesh Roy: Regarding Safran MOU, what product we are going to make and how much time it takes to validate the product from the Safran side?



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Rakesh Chopdar: Actually, Safran is a defence division. So we can't reveal any more details on the -- as it's a defence project for Safran, it is a defence military engine. So we can't -- we are not supposed to speak to anything like that.

Rakesh Roy: Okay. And how much is time take to validate the product or same thing. Is it titanium or superalloy product, sir?

Rakesh Chopdar: We can't reveal anything. Sorry for this, but it is a defence thing, and we have signed an NDA with them.

Vishnu Malpani: See, I think the point -- so Mr. Rakesh, I think the point that you need to look at is, I think from an opportunity perspective, Azad today has relationship with all the engine -- aero engine manufacturers globally, right? And so that is important. And we are also, like we said, we operate in highly engineered and critical parts, which are mission and life critical. So we are going to be making critical parts for their platform.

So this is an opportunity that will obviously convert from MOU to contract, qualification, production and then ramp up. So this is the normal cycle of how every OEM's journey happens with a supplier like Azad. So it should follow the same thing.

Rakesh Chopdar: Another point I would like to add, please make a note on these engines. These engines are not an easy subject. These engines are the heart of an aircraft, whether it's a military or a civil. If these giants are signing up with Azad, definitely, it's a big validation. That's the key. That's the key.

Once these validations, it's a big validation of companies like Safran or Rolls-Royce coming in, working with Azad for these life critical components, it's one of a big thing. It's one of a big thing. And definitely, they find value in that. Definitely, they find the capability. That's the reason we are there in the picture.

So when we talk initially what you signed up and how much time it takes, this is not -- this is the point where this takes a lot of time -- it takes a lot of time to get these products in the engine. It doesn't just -- we have a contract and we just start supplying the parts like that because this business is different. They have a lot of qualifications in it. There are a lot of approvals involved in this. So it takes its own time.

So I request you, gentlemen, so please visit us, and we can show you more in detail.

Rakesh Roy: The last question, Mitsubishi second contract, as you said the total value is now INR1,387 crores. So how much time to take this, complete this order? And any outlook for our figures.

Rakesh Chopdar: Right. It's a 5-year contract. We have to finish this in 5 years.

Rakesh Roy: It's 5-year contract. Or any idea to get third phase also from Mitsubishi?



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Rakesh Chopdar: As we ramp up capacity, we are always open. As my colleague Vishnu mentioned, we are increasing our market share and this is evident that we are increasing our market share.

Moderator: The next question is from the line of Pratik from Union Mutual Funds.

Pratik: Many congratulations, Rakesh and the team for a stellar set of numbers. A couple of questions from my end. As we start commercializing our new capacities going ahead, maybe from next year onwards, do you reckon there can be a step-up to the revenue growth momentum, which we have already seen of 25%, 30%, which we have been guiding. Already first half has been north of 30%. With new capacities getting commercialized, do we sense a leg up in the revenue growth momentum going ahead?

Rakesh Chopdar: Yes, I think this is exactly -- thank you for your question. This is exactly we are telling. It's not a small thing we're attempting. It's evident of having a 10x capacity in less than 16 months. We can't expect that we can jump from day 1.

So that's the reason in the last con call also, I said and even in this, I say that FY '26 is key for stabilization. We need to stabilize first. We need to put things in place. We have signed up contracts. We have committed the customers.

So our focus should be more in stabilizing the factories, stabilizing the manpower machines, process because this is not something a normal 2-axis, 3-axis a lathe machine or something that we put up in somewhere. It's a 5-axis machine, high technology and there are many, many processes involved.

As I mentioned every time that these products are not easy, they're life critical. So everything related to that stands to be very critical, right? We have to be very cautious in going ahead. So my humble request is FY '26 is where I can see that we will stabilize. And I tell you, FY '26 stabilization is a great marathon task achieved in a very, very, very challenging short time. I can assure you that. It's not easy. Yes.

Pratik: Fair, fair. Totally agree with you. But once the things get stabilized, maybe a year down the line, there is a lot of scope, right, to accelerate our growth journey from being 25%, 30% because the opportunities are humongous across sectors. Aerospace, defence in itself can grow materially over time. Or you would be comfortable with this 25%, 30% range over a medium term?

Vishnu Malpani: So, -- Vishnu Malpani here. So we'd urge to stick to the guidance that we're sharing, which is 25% to 30%. Like we have always done, we strive internally to beat our guidance. And internally, we are chasing higher numbers. But for everybody, I think 25% to 30% is the guidance that we'd want to stick to the near-term and medium-term.

Pratik: Got it. And on the margins front, as you mentioned, more and more indigenous stuff, which we are trying to do, which is helping our margins trajectory. Is there room further for margins to improve from here on or the...



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- Vishnu Malpani:** No, we are already delivering 36% margin. So -- and I think we want to sustain that. And over time, I think as operational excellence kicks in, we'll have operating leverage that could further improve our EBITDA margin. See, one-off qualification cycle in our business is not capitalized. We expense out the qualification cycle. So we expect to improve our margins in the future. But right now, our focus is to sustain it and grow at 25% to 30%.
- Moderator:** The next question is from the line of Vishal from Bandhan AMC.
- Vishal:** A couple of questions. So could you update on the status of the engine development contract with GTRE DRDO?
- Rakesh Chopdar:** Thanks for asking a very nice question. Super excited. I would say first thing on your question, more than the deliveries, we all are super excited to get this first jet engine of India and being a very prestigious one, and we all are -- especially my full attention is on that. And I would tell you that we are going to deliver it very soon, in a couple of months more. We are going with stable on that, and we are on track to deliver that engine.
- Vishal:** Okay. Could we -- how have the trials been? I mean some of the milestones that you guys would have determined, are we meeting those milestones?
- Rakesh Chopdar:** No. The trial, the first two engines what we're delivering trial will happen within DRDO, okay? Post that, post -- because they will also have to stabilize, being the first engine, they will do their trials in-house. And after that trials and everything is done, then we will shift the test bed in Azad.
- Vishal:** Okay. Okay. And...
- Rakesh Chopdar:** That's what I -- that is what we are guessing. I think that is the process. However, once we will know from MOD only. We will not know now. So that's what we presume. This is what we are thinking that going forward, we may also have to do the testing. But let's see., let's first deliver the first two engines and then that's more key.
- Vishal:** Sure. So in terms of the milestones or the performance of the engine in terms of the thrust and other parameters that you would be monitoring. So is the -- at this stage, is the engine meeting those parameters, those milestones?
- Rakesh Chopdar:** No, no, no. It's too early, Vishal. That's all going to happen in DRDO, not here.
- Vishal:** Fair enough. Fair enough. And my other question is on working capital side. So when we say that we should see improvement in the second half, what will lead to this improvement in the second half?
- Rakesh Chopdar:** I think as mentioned previously also on the working capital, we -- again, we also include that in stabilizing for FY '26. That is also one of the key. And we have been telling right from the IPO



stage that this working capital is a point which we all need to address. And there are specific reasons behind that working capital, which we are addressing, and we are quite successful in solving a few of the issues. And FY '26, I think this also is going to be stabilized, and we are on track on that.

Vishal: Okay. And what are your capex plans for the next couple of years? How does that capex pan out '26, '27, '28?

Rakesh Chopdar: I think we are good with the fundraise what we have done and on track unless we see some more massive opportunity coming, every opportunity is massive here in Azad, right? So what we all -- I urge every investor, I urge every person like please allow FY '26 to go in a manner which we are very confident and we are on track, and I believe that we'll see some very nice journey going ahead.

Vishal: Okay. But in case you have specific plans in terms of if you can quantify the capex plans for this year and the next year, it will be helpful to me.

Rakesh Chopdar: At the moment, I think it's very difficult to quantify because we have we have already for FY '26, FY '27, the capex has already been ordered. And FY '28 also partially we have ordered. And going forward, the company will generate its own good enough cash so that we can balance the other requirements.

Moderator: Next question is from the line of Koushik from Ashika Group.

Koushik: Sir, I just wanted to -- on the follow-up question of the last previous question only. I just wanted to understand till date how much capex have we deployed and how much capex have we invested? So -- and with that investment, then what kind of the top line that we are able to see?

Vishnu Malpani: So thank you for the question. So I think if you look at the deployment in capex, we've deployed roughly about INR213 crores so far that has been deployed. But if you want to understand what is the kind of revenue potential that you will see basis the deployment, so you should look at our QIP raise of INR700 crores and look at the incremental asset turn that we are building for this business, which should be in the range of 1.7 to 1.8, right, and progressively taking it towards 2.

So if you look at that deployment over the next few years, you should be able to understand what is the kind of revenue potential that the business would have with this deployment.

Koushik: Sir, please correct me. Am I right by assuming that 2,500 will be the total top line that we can achieve with the total capex that we are into?

Vishnu Malpani: I mean I would urge you to do the math yourself at 25% to 30% growth year-on-year from here and look at the asset turn deployment of INR700 crores at 1.7x, 1.8x, and you will get the number. So I would not want to talk about what is the number because we are not giving any other guidance, but 25% to 30%, and you should be able to get your answer there.



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- Koushik:** Got it.. Thanks for that. And second thing, sir, like also, there was another question on that, the GTRE engine part. So once we have this engine completely coming into our existence, what kind of orders that we can see or like what is this specifically mean to India as a country and what Azad will be getting benefit out of it completely?
- Vishnu Malpani:** Sir, this is a strategic defence contract.
- Rakesh Chopdar:** The first question, the answer I would give to this is I will feel very proud for the country, not for Azad because this is the need of hour -- of the country, of the jet engine, and we all should be happy. You all should feel proud once these engines get successful. And rest follows because it's a massive, massive breakthrough.
- And we can't even quantify or imagine what could be the volume or what is the platform because these are all defence strategic platforms, which no one will know. But one thing is that we all should be happy and proud that we will develop our first jet engine.
- Koushik:** And then sir, post developing it, completely the production will happen in our own factory in Hyderabad?
- Rakesh Chopdar:** Own country in Azad.
- Koushik:** And how much value addition will be done?
- Rakesh Chopdar:** I think it's too early questions you're asking. As I mentioned, let's first test the engine and we all wait for the engine to successful, right? However, these numbers are not projected in our projections. So don't worry on that.
- Moderator:** The next question is from the line of Jainis Chheda from Kemfin Family Office.
- Jainis Chheda:** Congrats on the good set of numbers. Am I audible?
- Moderator:** Yes, sir.
- Jainis Chheda:** Yes. I just wanted to ask in terms of tariffs, if you can throw some light as to how are they affecting you, if at all? And what are the countermeasures that you are taking?
- Vishnu Malpani:** So, thank you for the question. I think we've addressed this before. Tariffs as a situation has been ever evolving either for both for our customers and for us. We haven't seen any impact or proactive communications that is changing any -- that is changing the way we are doing business today. Our deliveries have been lined up for the next 6 to 8 months and purchase orders are with us.
- So, we are not seeing any change from that perspective, right? And you anyway know our price differential between Azad and the country. So we only compete with China, Japan, U.S. and other suppliers, and we are maintaining a very healthy pricing delta from that perspective, right?



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And our product line is also very, very niche. So it's amongst the most critical components that are a part of these. So it's very difficult for an OEM that has spent the last 10, 15 years building the supply chain, getting products qualified to just move it because of some cost impact.

The decisions that OEMs take on these mission and life critical parts are not based on cost. It is important to note that. It's based on our ability to supply these or manufacture these parts. So we are not seeing any impact there, and we believe -- and that's why we are very confident about the guidance, whether it is our revenue or margins, right? So we'll stick to that.

Jainis Chheda: We understand that. I think the same thing in the previous calls, you've said the same thing. My question was more to do with like, will it impact in terms of deliveries uncertain that it is very critical and will it impact margins in any sense?

Vishnu Malpani: No it will not.

Jainis Chheda: It will not, right.

Vishnu Malpani: That's what I said. No, we don't see any impact on our deliveries or margins.

Jainis Chheda: Understood. And secondly, in terms of the upcoming lines, when are we expected to get more dedicated lines to get commercial?

Vishnu Malpani: I'm sorry, can you repeat that again?

Jainis Chheda: So there are 10 dedicated lines that you are developing, right? If my understanding is correct?

Vishnu Malpani: Sorry, no. So when you say dedicated lines, do you mean factories?

Jainis Chheda: Yes.

Vishnu Malpani: Yes. So we are building independent factories for our customers depending on the demand that we see for each one of them. So right now, we have done three, and you will see a few more coming up in the next few quarters.

Jainis Chheda: If you can give some ballpark numbers of how much -- how many more are we expecting?

Vishnu Malpani: I'm sorry, we won't be able to share that. But I can tell you that we see a few coming in the coming quarters.

Moderator: The next question is from the line of Nishant Agarwal from Kohinoor Investments.

Nishant Agarwal: Sir, first, congratulations on a good set of numbers. And my question is that have we started the construction for the Phase 2 of our facility that is the second unit?



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- Vishnu Malpani:** So Phase 2, we have not. So we want to complete Phase 1, then start building Phase 2. So this is in pipeline, right? So this is already lined up, but we would want to first finish the construction in the current boundary that we have, move it and then slowly move to Phase 2.
- Nishant Agarwal:** Okay. So the first phase we would be completing in the next 12 months?
- Vishnu Malpani:** Sorry?
- Nishant Agarwal:** The first phase...
- Vishnu Malpani:** Yes. So we will be complete -- so over the next 12 months, we should be completing Phase 1, right? And then post which Phase 2 will start. But any revenue guidance that we're giving over the next 3 to 4 years is not dependent on the second facility coming in.
- Nishant Agarwal:** Okay. Understood sir.
- Vishnu Malpani:** Yes. We are doing that because we see a massive demand, and that's why we'll be moving to Phase 2, but we don't see any impact on revenues with respect to Phase 2.
- Nishant Agarwal:** Okay. And the second contract that we have signed with Mitsubishi, the contract is also for 5 years. We have to complete it in 5 years?
- Vishnu Malpani:** Yes.
- Nishant Agarwal:** Okay. And how are we on the Rolls-Royce aircraft engine component, what the order that we have got. So when are we going to start production for that?
- Vishnu Malpani:** So we are in the process of qualification. Next financial year, we'll start some deliveries.
- Nishant Agarwal:** Okay. Next financial year.
- Vishnu Malpani:** Yes.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraint, that was the last question. I now hand over the conference over to the management for the closing comments.
- Vishnu Malpani:** So I'd like to thank everyone for joining the call and giving us your time. We're very happy to share that we've had a stunning quarter and half-yearly numbers and happy that we've addressed most of the queries that came in. Thank you so much. We are looking for an exciting H2 ahead.
- And we would -- in the next coming quarters, we would be talking more about how we are building and deploying capex and how we are able to talk about the newer contracts and execution. So we'll talk about that in Q3 as well. Thank you so much for joining.
- Rakesh Chopdar:** Thank you. Thanks everyone for joining.



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Moderator: On behalf of Azad Engineering Limited, thank you for joining us, and you may now disconnect your lines.