

# AZAD

February 20, 2026

To,  
The Listing Department  
**BSE Limited**  
Department of Corporate Affairs  
Phiroze Jeejeebhoy Towers, Dalal Street  
Mumbai, Maharashtra - 400 001  
**Scrip Id-544061**

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

Dear Sir/Madam,

**Subject: Transcript of the earnings conference call organized on February 14, 2026.**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed the transcript of the earnings conference call conducted on Saturday, 14<sup>th</sup> February 2026 at 11:00 a.m. (IST).

The transcript of the earnings conference call is also available on website of the Company i.e. <https://azad.in/quarterly-financial-results/#earning-transcripts>. You are requested to kindly take the aforesaid on your record.

This is for your information and record.

Thanking you.

Yours truly,

**For Azad Engineering Limited**

**G. Praneeth Abhishek**  
**Company Secretary, Compliance Officer and Head Legal**  
Membership No.: A35583

Encl.: As above

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## Azad Engineering Limited

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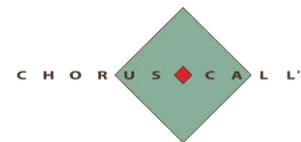




“Azad Engineering Limited  
Q3 FY '26 Earnings Conference Call”

February 14, 2026

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on February 14, 2026, will prevail.



**MANAGEMENT: MR. RAKESH CHOPDAR – CHAIRMAN AND CHIEF EXECUTIVE OFFICER – AZAD ENGINEERING LIMITED  
MR. VISHNU MALPANI – WHOLE TIME DIRECTOR – AZAD ENGINEERING LIMITED  
MR. RONAK JAJOO – CHIEF FINANCIAL OFFICER – AZAD ENGINEERING LIMITED  
SGA, INVESTOR RELATIONS – AZAD ENGINEERING LIMITED**



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**Moderator:** Ladies and gentlemen, good day, and welcome to Azad Engineering Limited Q3 FY '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 you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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. These statements are not the guarantees of future performance, and it may involve risks and uncertainties that are difficult to predict.

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

**Rakesh Chopdar:** Thank you. Good morning, everyone, and thank you for joining us for the Q3 and 9month FY '26 earnings call. I'm Rakesh Chopdar, Chairman and CEO of Azad Engineering Limited. On the call with me today are Mr. Vishnu Malpani, Whole-Time Director; and Mr. Ronak Jajoo, our CFO. The results and investor presentations have been uploaded on the stock exchange and the company website. I hope everyone had the opportunity to review them.

Let me begin by saying that this quarter reflects disciplined execution across all fronts, revenue growth margin stability, new customer onboarding, contract expansion and steady progress on our capacity creation road map.

Let me talk about the performance overview. For Q3 FY '26, we reported revenue of INR155.8 crores, registering growth of over 31% year-on-year. EBITDA for the quarter stood at INR60.1 crores, registering growth of over 40.7% year-on-year. Profit after tax was INR34 crores, registering growth of over 40.1% year-on-year. Despite expansion-related costs and ongoing ramp up activities, margin remained strong and stable. This reflects operating discipline, product mix strength and execution consistency.

For 9 months FY '26, revenue has grown nearly 32% year-on-year. EBITDA and PAT have shown significant growth over last year. Importantly, our 9-month profitability has already exceeded the full year of FY '25 level. This demonstrates the structural strength of our business model.

Our focus continues to remain on profit growth. We are not chasing scale at the cost of margins. Every growth initiative is aligned with long-term sustainability and value creation. Order book and customer engagement. Our order book remains strong at over INR6,500 crores plus, providing multiyear revenue visibility. Since listing, we have consistently grown our order book



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quarter after quarter. This reflects increasing trust from global OEMs and the expansion of wallet share across both new and existing customers.

A key highlight this quarter is our engagement and contract progression with Safran and Pratt & Whitney for highly engineered critical rotating aerospace components. These partnerships are built over years of engineering validation, qualification and performance consistency. They represent high entry barriers and deep integration stickiness into customer programs.

Energy and oil and gas continue to contribute the majority of revenues. At the same time, aerospace and defence is steadily increasing its share and will play an increasingly important role over the medium term in creating a well-diversified business mix.

On the capacity expansion, as we have stated in previous calls, FY '26 is a year of stabilization. The new plants dedicated to GE, Mitsubishi, Siemens programs have been capitalized. Each plant is currently at a different stage and under-stabilization, qualification of both facility and products while scheduling the customer demand. It is important to understand that stabilization in our industry is not immediate. Aerospace and energy components require stringent validation, certification and customer audits before full capacity utilization is achieved.

We expect stable operating levels by FY '27 and maximum utilization starts by FY '28. The capacity we are creating is substantial. These are not incremental expansions. We are building multifold scalable infrastructure designed to support long-term growth visibility already secured through firm contracts. Managing simultaneous construction, equipment commissioning, workforce training, certifications and deliveries is complex. However, our team has executed this phase with discipline and focus.

On the growth outlook, based on plant readiness, secured order book and customer demand visibility, we remain confident of achieving 25% plus revenue growth over the coming years. FY '26 remains a transition year where stabilization efforts continue. The larger operating leverage benefits will be more visible from FY '27 onwards as capacity utilization improves. We are building capacity against firm contracts and long-cycle programs. There is no speculative expansion.

With that, I will now invite Mr. Vishnu Malpani to provide operational insights. Thank you.

**Vishnu Malpani:**

Thank you, Chairman, for an insightful discussion on the quarter results. Now I'm Vishnu Malpani, Whole-Time Director of Azad Engineering. I will take you through some additional information of our operational performance this quarter.

From an operational perspective, Q3 and the 9-month period have been about disciplined execution, like Chairman mentioned, and structured ramp-up. This also -- this quarter also represents our highest-ever quarterly and 9 monthly performance. We've delivered revenue growth across all our business segments.



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During this quarter, our operational efforts have been focused on strengthening execution and discipline across the organization. We have continued to embed lean principles into our newly built facilities. These manufacturing facilities that have been designed with absolute precision around workflow-based layouts, monitoring systems and world-class infrastructure.

As our volumes build and operating leverage comes in, we will improve through natural fixed cost absorption and cycle time optimization. At the same time, we are also strengthening our supply chain reliability. We are seeking customer approvals and progressively improving our domestic sourcing to improve agility and reduce our lead times, also helping us manage our working capital better. However, all such initiatives remain fully aligned with OEM qualification requirements, traceability, compliance and quality integrity remain non-negotiable.

Equally important has been for us to build capability, scaling infrastructure without scaling human resource or people is unsustainable. We've added in this financial year, skilled engineers, machinists, quality professionals across the organizations, across levels and training still remains an important part of our entire employee journey. Aerospace and energy manufacturing demand, repeatability, documentation discipline and audit readiness, operational capability is therefore, a structural investment and not a tactical one.

From an operational standpoint, FY '26 remains a year of calibrated ramp-up. Stabilization will continue through the year. And by FY '27, we expect these facilities to start operating at stable levels, enabling stronger operating leverage.

Our approach remains measured. We're scaling against firm contracts, long-term revenue visibility. We are maintaining quality leadership and ensuring that our growth is both disciplined and sustainable.

With this, I will now hand over the call to Mr. Ronak Jajoo, our Chief Financial Officer, to give us a quick overview on financials. Thank you. Over to you, Ronak.

**Ronak Jajoo:**

Thank you, Vishnu. From a financial standpoint, quarter 3 and 9month '26 reflect both strong growth momentum and margin stability even as we continue to execute one of the largest capacity expansion in the history of the company.

Let me walk you through the key highlights of the results. For quarter 3 FY '26, revenue stood at INR155.8 crores, reflecting over 31% year-on-year growth. For the 9-month period Revenue growth remained close to 32%, supported by the strong execution across energy program and steady scaling within the aerospace segment. Importantly, this growth is broad-based. It is not dependent on single customer, geography or a segment. That diversification provides resilience and visibility.

EBITDA for quarter 3 was INR60.1 crores. On a sequential basis, this represents growth of approximately 16.9%. And for the 9-month period, EBITDA had grown by approximately



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38.4% year-on-year basis. Despite the initial ramp-up cost associated with the new facility and higher depreciation from recent capitalization of assets, margins have remained stable. This stability reflects a combination of improved product mix, pricing discipline across long-term contracts and better absorption of the fixed overhead and ongoing supply chain optimizations.

As utilization level improve from FY '27 onwards, we remain confident our long-term EBITDA margin profile is in the range of 33% to 35% is sustainable over a longest period of time. Profit after tax for quarter 3 stood at INR34 crores, reflecting a strong year-on-year growth. For 9 months '26, PAT has grew by 55% year-on-year basis, significantly outpaced revenue growth. This is primarily driven by operating leverage, stable margin and interest income from fixed deposits of QIP profits.

Notably, our 9-month profitability has already exceeded full year FY '25 level as Chairman has explained. This enforced the exhaustivity of our operating platform. From a capital allocation perspective, capital deployment continue in line with our expansion road map. Every major investment is directly linked to the secured order visibility and long cycle customer programs. We are not building speculative or idle capacity. Each facility has defined demand backing it. At the same time, we remain financially disciplined.

Balance sheet prudence remain a priority even as we support long-term growth. Given the strength of our order book, plant readiness, progressive stabilization and stable margin structure, we remain confident in delivering 25%-plus revenue growth over the coming years with a sustainable margin in range of 33% to 35% at EBITDA levels. Our financial approach remain conservative in planning while enabling ambitious and disciplined operational executions. Thank you. Now floor is open for question and answers.

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

**Vikash Singh:** Good Morning Sir, Congratulations on a very good set of numbers. Sir, my first question pertains to our next 4 sheds, which we are under commissioning. Could you give us the timeline? And is there any more dedicated shed which we have already tied up with any OEMs at this point of time?

**Rakesh Chopdar:** Yes. So thank you for the question. Look, the facilities which are already inaugurated, right, so that -- when we say it's inaugurated, so the building is up, machines are in. And it's ready to start the production wise. But as I mentioned, before we even start the production, though like we were doing in our existing facility here, and the new facility requires a lot of the audits, if they have to reaudit the facility, there are certifications, validations, that took -- that will take some time.

And as we finished with GE, Mitsubishi and Siemens, we have -- we are in progress and almost we are in the finishing stage. So as we finish the validations, we start the production. So not all



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the floor happens together. So it goes with a few machines and a few product lines. And once they are approved, then the production starts.

So that's what we mentioned like it will be done by FY '26 stabilization. And FY '27, we can see that we can -- we can stabilize the operations and maximum utilization will start by FY '28. So it's a process. It's a process that we all have to follow.

**Vikash Singh:**

Yes. Noted, sir. So sir, second question pertains to now we have tied up with Safran and there is a huge possibility of that Indian manufacturing ecosystem for Rafale to get developed in India. How do we see our wallet size with them? Is there any clear idea which you can give? And effectively, given our capacity constraint is the main hurdle for the higher growth, do we -- expecting to now go for that 75,000 square feet third facility simultaneously? How should we look at your growth plans from here onwards now?

**Rakesh Chopdar:**

Yes. If you speak -- if you talk especially about Safran, just to remind you, any of the OEMs which Azad is working today, it's not on the offset policy we work with them. We are a global supplier, right? So if Safran or GE or Mitsubishi or any OEM are giving business to Azad, that's not under obligation of the offset policy. We are a global supplier. So whatever requirement comes in, it goes to the global benchmark, right? So we will not know which country is using our product line and which country they are selling their engines.

However, now Safran coming to India, that gives an additional boost to Azad, companies like Azad, where we have extra benefits coming in. So Azad is playing global as well as we'll benefit from the obligations what Safran must be having of doing business in India with the domestic suppliers. So this is nothing but a bonus. So that way, I would clarify, Azad is just not a domestic supplier, it's also a global supplier.

**Vikash Singh:**

Noted, sir. And sir, lastly, on the development of that small engine, which you were doing, any update on the same?

**Rakesh Chopdar:**

Yes, that's still under progress. We have finished, I think, good progress. We are around 70%, 75%. We are -- as you ask me the progress scale, we are around 75% on that.

**Vikash Singh:**

And by when you can expect the 100%?

**Rakesh Chopdar:**

We are planning very soon. I mean, a couple of months, I think we should be able to be positioned to deliver the engine.

**Moderator:**

The next question is from the line of Amit Dixit from Goldman Sachs.

**Amit Dixit:**

Good morning, everyone Congratulations for a very good set of numbers on all the fronts. A couple of questions from my side. Now if we see the overall ecosystem, I mean, Mitsubishi, GE, all are raising their guidance on energy front. Safran reported a couple of days back, again, a very good set of numbers and increase in guidance. Even some of your peers like Arrow Edge,



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for example, has given -- has increased its guidance on the LEAP engine -- LEAP components delivery?

So in this context, I mean, how do you see the traction in your line of business since we are -- also now we have a foothold in most of these key accounts. So how do you see actually these foreign OEMs kind of coming to you, the engagement with them, has it increased?

And in that sense, I just wanted to ask that this order book that we are having INR6,500 crores, how do we see the trajectory of this, let us say, in the next couple of years? I'm not expecting a quarter or a 6-month view. It's like over a couple of years kind of view?

**Rakesh Chopdar:**

Thanks, Amit. Thanks for the question. And if we talk about the engagement with the OEMs, right? So if we see -- when we started with energy, Mitsubishi or GE and Siemens or any other good, great customers we have. And in the years 2010 and '12 and '14, what we remember as we started engagement with these -- all these OEMs, and we were at exactly the same stage what we are with -- today with Safran or Rolls-Royce or GE or Pratt & Whitney.

So I would say as we progress, it's with the qualifications we are doing with the existing -- the customers which are in hand like we signed up with Safran, we signed up with Pratt & Whitney, we signed up with Rolls-Royce. And as we move forward with the contracts which we have signed and the product line which we have already secured, all right, but that gives us an edge that we are not new to them now.

It's not that knock, knock, here we come, we are Azad, to introduce and we start a thing. It has already started. It has already started and it has started taking a shape. Once this is established, the best part is Azad has got a beautiful track record of delivering the most complex solutions. We can -- any OEM is seeking today, they come to Azad. That's the beauty of Azad here, that we can give all kind of solutions that a customer needs. So that has been established.

So what are we waiting for is to just finish the cycle of this qualification. Once this tick in the box is there and then the door opens and it's already open for us. And we know what's coming. We know what are the pipelines they have. We know we have the visibility, what each and every OEM is looking at. As you know, that these parts are not quarter -- as you rightly said, we cannot gauge this by quarter-to-quarter.

This goes in a very long strategy, right? They -- we plan it very -- we look at a very -- look at forward-looking thing, which has to be very well managed before they even give us the production order. So all these preparations are going on well.

**Amit Dixit:**

Great. The second one is essentially, there were a lot of, I think, concerns on the investor side on the possible tariffs by the U.S. But with now U.S.-India deal mostly done, I believe those concerns would be over. Now in that context, how do you see the opportunity for us shaping up,



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both in terms of U.S. and in terms of Europe, of course, with EU-India FTA also in place. I'll give you context. I was speaking to the India Head of Pratt & Whitney the other day.

And he made a remark, which was very interesting that they are looking to increase their delivery from India by 10x. Earlier, it was 6x, by the way. But after U.S.-India trade deal, they are looking to increase it multi-fold. So how do you see the U.S.-India trade deal as an enabler for your business? Of course, in all the con-calls, you have maintained that this doesn't really matter for your kind of product. But just wanted to get your thoughts on this?

**Rakesh Chopdar:**

Yes. I mean, I was about to answer that, that in my previous calls also, I mentioned that these tariffs won't affect the products what Azad is holding because they are essential. They are something long, long, very long qualification products where even the tariff goes double, it will not -- it will just not go away from Azad because it takes a lot of time to develop any other supplier.

So in that angle, there's no effect before, there is no effect after. However, the customers at ease, they are more happy that, "Okay, we don't have to pay the tariff and we are back on track with Azad." So that is where the best part what having is happy environment. That's what that has only changed. Nothing else has changed.

**Amit Dixit:**

And in terms of cost competitiveness, now earlier, there were some lingering, I would say, doubts that, okay, with 50%, 55% tariff, maybe the cost competitiveness of Azad could be compromised. But with now 18%, I think you should be very, very comfortable?

**Rakesh Chopdar:**

Yes, yes, exactly. That's what I'm saying. Customers are very happy now. Before they were like, "Okay, we are paying some tariff, but we have no choice. But now we are happy that we are back with Azad and we are happy with Azad." And we are -- nothing has -- it is back to the Golden days where how we used to work and they were more happy than working with Azad on the pricing, the quality, the deliveries. So I think it has turned around more positive.

**Moderator:**

The next question is from the line of Manish Ostwal from Nirmal Bang Securities Private Limited. Please go ahead.

**Manish Ostwal:**

Yes, sir. Thank you for the opportunity and good set of numbers and maintaining the extraordinary execution track. Sir, I have a slightly longer-term question on the company's growth and the capital decision making.

So I was checking like since the IPO the company have built a formidable customer profile and 39% revenue CAGR which is quite impressive. And we have raised money through QIP and the IPO almost INR940 crores and for the funding our capex program as well as the some deleveraging because of that.

As I model or visualize Azad Engineering towards a journey of INR1,800 crores to INR2,000 crores company by 2030 given our order book and the growth trajectory which we guided in the



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past and the current quarter. The growth trajectory achievable without any equity dilution that is a question and the financial leverage can increase that is a question sir in the investor minds and when we interact with the investor that the question is when the Azad business will move from capital consuming growth model to self-sustaining growth model. And I want your comment on the management commitment on that trajectory. How we should think, how we should build our expectation for that journey for Azad? Thank you.

**Vishnu Malpani:**

Yes. Thank you. Thank you for your question. So let me start by saying. see we raised INR240 crores in IPO but out of that INR180 crores were towards debt reduction. And hardly any capital from IPO proceeds was used towards building capex. Right? So we started deploying capital in the newer facility only with the proceeds of -- largely through QIP where we had raised about INR700 crores.

Our guidance to the market has always been that we are investing roughly about INR200 odd crores in infrastructure, INR200 crores to INR250 crores in infrastructure and the balance INR450 odd crores to INR500 crores will be deployed towards actual plant and machinery. Right? Which will be leading towards an output.

From an asset turn perspective blended across our business, we believe that we should be able to do the journey of -- so we were already doing about INR450 crores which we delivered last year through our existing facility and through this incremental deployment of INR500 -- INR450 crores to INR500 crores in machines, we should be able to generate anywhere around 1.7 to 2 asset turn of INR500 crores.

So if you look at that, so that gives us another you know easily between INR800 crores to about INR1,000 crores sort of a visibility incremental to the INR450 crores that we delivered last year. Now if you add that, it gives you the entire roadmap from INR400 crores to say INR1,500 crores, INR1,600 crores and beyond.

**Manish Ostwal:**

Yes. The second I think sir, I just looking the QIP proceedings notes to accounts of our filing where you mention that there is a use of general corporate expenses of INR156 crores which is almost 34% of our revenue. So can you just brief about the nature of this expenditure, where we spend that money and how the company will benefit out of that? Can you just highlight for us?

**Ronak Jaju:**

Yeah sure. Sir. So where as Vishnu mentioned that we are deploying around INR450 crores, INR500 crores in plant and machinery, that required around 15% -- 10% to 15% has to be deployed toward the ancillary which required your installation cost and all those things which amount to around INR100 crores, INR150 crores. Out of INR250 crores, INR100 crores, INR150 crores has gone toward the debt to stabilization debt and balance has gone toward the long-term working capital and few of the machines which are not part of the QIP we have funded debt.



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**Manish Ostwal:** All right. And what is the capex in nine month and the capex guidance for next couple of years for our business?

**Ronak Jajoo:** So for nine month we have capitalized plant and the machinery as we have mentioned that we have capitalized MHI, GE and Siemens plant during the last nine month which amount to around INR250 crores on the plant and machineries side. And going forward as Vishnu mentioned that balance QIP money has to be deployed over the next one to two years going forward from here in between FY '27 and 28.

**Manish Ostwal:** All right sir. Thank you very much for answering my question. All the very best for the future execution.

**Ronak Jajoo:** Thank you.

**Moderator:** Thank you sir. The next question is from the line of Mulesh Savla from Shah & Savla. Please go ahead.

**Mulesh Savla:** Thanks for taking my question. And heartiest congratulations to team for the excellent numbers especially when we are ramping up the production facilities, plant and machineries are being installed, employees and people are being hired, and there are a lot of other expenses.

Sir, this my first question is to Mr. Chopdar. We have excellent product profile. We have long standing customer relations and our manufacturing additional manufacturing facilities are being ramp up. We have already grown at about 30% plus in the past, recent past. Still what is restricting you to guide us for the 25% plus growth on the top line and not 30% plus? That is my first question.

**Rakesh Chopdar:** Good question. Thank you for the question. As I mentioned, that stable -- the stabilization is very important, right? So FY '26, I want to stabilize. We want to stabilize Azad. FY '27 is where we start the operating levels, as I mentioned in the earlier statement also, that qualifications, audits, product qualifications, that's going to take time along with the execution and the ramp-up. And when it comes to maximum utilization for FY '28, I'll change my statement of the growth. That time, it will be nice to give that -- this statement at that time, what do you say?

**Mulesh Savla:** Right, right, sir. I appreciate your conservative guidance and overdelivering, but still I feel that we are too much conservative because during all these years, we have been facing these challenges of expanding capacities and all and still we have delivered 30%. And with these specific dedicated facilities and other facilities coming up, I'm sure we should be able to cross 30%-plus guidance, so...

**Rakesh Chopdar:** This is what we expect. This is what we expect because we are struggling. What we are struggling? Building this massive facility, it's not a small facility, making a world-class factory, having these world-class customers, having the world-class product and such thing, I should -- I'm hats off and I'm lucky to have a team what everyone is handling so beautifully.



We have a great coordination going on. So all this, we are still giving us -- we are still on the growth of what we are delivering now, which is commendable at this stage is what I would say that. And as it settles down, then there is nothing that we can be stopped, right?

**Mulesh Savla:** Great. And sir, my second question again to you is that you said that our gas turbine engine is likely to be ready within another couple of months. So I believe it should be before the end of this financial year. So can you throw some light on kind of potential that can throw up for our company

**Rakesh Chopdar:** Yes, I'll tell you this, this will be the first jet engine of India, it was 100% indigenous, right? And this is the first -- and the 100% engine is manufactured in Azad. So when we say it's first and when we try to -- we anticipated that we'll finish off the deliveries in Q4 and -- Q3, Q4. However, there are certain things which are jointly done by Azad and GTRE, correct? So there are certain challenges which comes in back and forth, being the first engine, right?

So we anticipate some kind of challenges, but we don't anticipate the time lines. So these time lines are just -- we are hopeful that we should -- we are in the last leg, right, of the design phase, what GTRE is doing, and we are in the last phase of manufacturing. So I don't see any more delays in this. But however, a couple of months, we never know if we'll see some more surprises. As this is the first engine, so we all should be very happy that we are very near to get the first -- India's first jet engine out.

**Mulesh Savla:** Correct. So that will be our nation's pride. But if you can, sir, just give rough numbers to what kind of business that it can throw up to Azad?

**Rakesh Chopdar:** See, right now, we are not looking at business. Right now, we are looking at to get this engine successful. That's my main focus now. I'm not concerned, because this is the need of the country and we all should be proud of it.

**Mulesh Savla:** Great. Great sir. I wish you all the very best. That's all from my side. If I have any question, I'll join back the queue. Thank you so much.

**Rakesh Chopdar:** Thanks.

**Moderator:** Thank you, sir. The next question is from the line of Gaurav from Avendus. Please go ahead.

**Gaurav:** Yeah hi. Thanks for the opportunity. First question is on the aerofoils opportunity that we have. So given that gas turbines are in very high demand currently because of, from the data centers we have seen globally gas turbine prices have gone up considerably in last one year. So the question is that have you also seen any benefit of that gas turbine price increase as OEM passed on that benefit to you as well, which you have seen in a good margins currently? That's question number one. And second question is that where are we in the qualification cycle, especially for the engine aerofoils and how much time you think it will take for you to get the qualifications?



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**Vishnu Malpani:**

So thank you for the question. Let me answer it in two parts. The first question, I think, see, we are definitely experiencing a lot of demand which is coming back to back from our customers directly. And because we are the only qualified partners in India, we are a direct beneficiary of this and we've been doing it. And plus with the global situation, we are seeing extremely high demands coming to us. Now it's our only -- it's only our ability to be able to build up infrastructure and execute, which will keep growing our wallet share.

In terms of the price, we are not seeing any -- so pricing decisions are not being done. And for us, our contracts are longer term where we maintain our 33% to 35% margins and continue to grow on that front. So we are not looking at short-term gains from this perspective. We are building a very, very robust relationship, strategic relationship with our customers which is not a supplier customer relationship but a partnership. So this is our intent to do. So we -- but we are experiencing heavy demand so as to say. So that's part number one of your question.

The second is, we are aggressively progressing on our aerofoil qualification on the aerospace side as well. In fact, if you see, these developments that are happening with our customers on this side is a testament to the fact that there is progress that's happening and customers are recognizing it. That's why we are becoming a part of not just legacy platforms but also a lot of new engine platforms that will be driving the aviation for the future, right, and across all of our engine manufacturers.

So we've recently done a contract and finalization with Pratt & Whitney which we notified. There's been progress that Mr. Chopdar spoke about on Safran. Rolls-Royce, we started working in 2024. We should be starting to supply something in FY '27. So all of these things are a mixed bag. But let me bring about one point, which is important to understand and I think our Chairman also touched upon it.

See, today what journey we are with Rolls-Royce, Pratt & Whitney, Safran and all of these engine manufacturers is what we were with GE, Mitsubishi and Siemens a few years ago, right? So we -- while we are ramping those up, because we finished qualifications, this will be a journey of qualification. We will build qualifications to a point and slowly this will be the next leg of growth for us in the future. But qualifications are progressing really well and you should be able to see some revenues coming out of the aero engine department in the coming year.

**Gaurav:**

All right. I have two more questions on the accounting side for Ronak. Ronak, number one is in this quarter have we seen the sales of services going up considerably compared to last quarter which has benefited the gross margins and EBITDA margins? That's number one. Number two, what are the inventory days and working capital days in this quarter?

**Ronak Jaju:**

Yeah. Coming to the first question, the business is quite stable and more or less it's in the same line in the historical numbers. And as I mentioned last time also, we don't track business on that particular front like that. On the working capital side, H1 as I mentioned that we are targeting around 190 to 200 days.



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We have working -- started working on that directions and the results are coming, but it will take some time to stabilize and it will take time to have. And for H2, we are targeting around 140 to 150 days because once we completed all the things on the distribution supply chain and discounting part, we are quite confident it still will come to 140 to 150 days' time.

**Gaurav:** No. But my question is have we seen inventory days going up in this quarter, given the growth that you have got?

**Ronak Jaju:** Not really. Yeah. This is into the WIP and we'll start reflecting this in H1 and H2, as I mentioned. But right now, it's still on the sustainable basis what we have seen in the historical periods.

**Vishnu Malpani:** See, this is progressive change, right? All of these things that we're doing will start reflecting over time. Our endeavour was to finish this by the end of this current financial year. But I think this is -- while the complexity in our business that we spoke about we are in the ramp up phase, transition phase, all of this should -- so probably in the next about two quarters, you will see the first milestone being hit and then it will start reflecting in H2 for the second milestone, and we should be able to do this in our H1 commentary for next year.

**Gaurav:** All right. Okay. Thanks a lot and best wishes for the future.

**Ronak Jaju:** Thank you.

**Moderator:** Thank you, sir. The next question is from the line of Vinayak Kariwal from Xponent Tribe. Please go ahead.

**Vinayak Kariwal:** Hi. Thank you for the opportunity, sir. I just remember Mr. Vishnu Malpani posting about the hiring of at least 1,000 workers for our new plants in the next three months. And on the same post, I remember someone commenting that they hired 100 workers and that took them 12 months to hire. So I just wanted to understand, how is the aerospace and precision engineering workforce situation in the area where we are operating in? And what is the progress on that hiring?

**Vishnu Malpani:** Sure. So I think very good question. So first of all, I think while you can manage everything else with capital, I think capability or recruitment or skill is something that will only be built over time, right? So Azad Engineering recognizes that for us to be able to achieve these goals that we are setting for ourselves, these aggressive goals, we will need a very, very strong team to support this, right? And that's why we are onboarding talent at every level, building the skill, training them to be future ready, right?

So if you look at -- I know you're referring to my post on LinkedIn where I said I want to recruit 1,000 people over the next -- so the idea is that we do not want the business to be deprived of manpower because the cost of having employees versus the cost of not having employees is disproportionately higher in our business, right? So we've built an execution engine today where we are able to source about 150 to 200 people per month.



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We have created a training center internally and a program where we are able to -- in about 50 days, we're able to put a person on the training program and deploy them on the shop floor. We are running several engagement programs in the company, which are interesting, which are helping us train and retain employees as well.

So it's important. And I think, yes, it's not an easy thing to be cracked, but then I think we've taken enough and more measures to solve the entire piece of human resource, and we are well in control given our targets for the next few years.

**Vinayak Kariwal:**

Sure, sure. And sir, how -- on the margins part, do you expect the margins to dip for the next FY considering the fact that we are coming up at this facility and the utilization won't be up to the mark, which will only hit maximum utilization in FY '28. So do you expect a margin dip for the next year?

**Vishnu Malpani:**

Sir, I'll go back to -- like on every call, we say we would want to maintain our guidance to be in the range of 33% to 35%. But even this quarter, you can look at our EBITDA margin, it's been at 38%, right? So I would want to still continue to guide 33% to 35% EBITDA margins in our business for the longer term. But there are always positive shoots that we would want to bring to the market like we did this quarter, fingers crossed.

**Vinayak Kariwal:**

And sir, last question on the requirement from the 3 gas turbine OEMs. The data center compute is expected to get 3x every year for the next 4, 5 years. And that is a similar requirement of power that the data center industry expects to be ramped up.

And the front runners in the power -- on-site power generation are these 3 OEMs, which you are the only qualified in the country -- qualified player in the country. How -- what are the conversations you are having with these OEMs in the kind of ramp-up they are expecting from you? And what is the situation, if you could give us a broad view?

**Vishnu Malpani:**

So, I think you very correctly summarized this, that there's a lot of demand. See, the demand for electricity over the next about 15 years is going to double with what the world needs today. And the only way you can power the world's demand for electricity is by putting up these gas turbines, nuclear turbines, steam turbines and so on and so forth, right?

So this demand is being experienced by all of our OEMs aggressively, right? So if you look at their order books, if you look at their order backlog and how much orders are they taking quarter-on-quarter, there's a lot of pressure for them in delivery because data centers have presented this opportunity and this entire industry has changed structurally, right?

So our conversations are how quickly can we ramp up on the existing product line, how quickly can we move into adjacent product lines, which are also critical and ramp up, right? So our existing Azad is today, right, holding with our existing 100% ramp-up, etc., we will still be doing a single-digit wallet share with our customers, right?



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So if you look at -- this is going to grow, right? And giving you an example, right, if you look at Howmet Aerospace, even at \$700 million worth of scale that they are doing, they're still growing at 25% year-on-year, right? This year, they have delivered a 25% growth. So this is a brilliant time to be in this industry.

And we are constantly just looking at newer demand coming to us, newer capacity. And even the existing business is to be done over the next few years, right? So the backlog is constantly increasing for our customers and so is -- and that is just channel to us directly. And like you said, since we are the only qualified partner in the country and the only qualified partner, this -- we will be a direct beneficiary of this.

So it is in Azad's best interest to sort of keep scaling up and improving our wallet share existing and then also enter into newer product portfolios, which we are -- which we have the opportunity today, right? So these are low-hanging fruits for Azad to get into adjacent categories as well.

And we are also expanding, right? We are building -- while we don't talk about it in our earnings call as much, but there is a lot of capability development that we are doing that will only lead to revenues in the coming years, which is our long-term plan, right? We are entering into combustion from compressors.

So every aspect of a turbine, right, from a compressor airfoils to really complex combustion parts also. For land, sea and air turbines, we are building capabilities. For gas, steam and nuclear turbines, we're building capabilities. So I think Azad is very beautifully present in terms of capabilities that we have and capabilities that we are building right now from our customers' perspective. So yes, these are some of the conversations.

**Vinayak Kariwal:**

So just a clarification. So could we expect like more than like 40%, 50% growth once you stabilize the capacity with the 3 turbine OEMs for the next 4, 5 years...

**Vishnu Malpani:**

See, demand is there, right? There is obviously a load of demand. You see our customers are signing -- so if you look at just the contract that we signed with Mitsubishi, right? So we signed roughly 100 million contract, 70 million to 80 million contract in phase 1. And it was immediately in about 1, 1.5 -- less than a year, we were able to sign a phase 2 of the same contract of a similar value, right?

So the demand is obviously there. But our ability to execute these contracts depends on infrastructure stabilization, all the things that Mr. Chopdar mentioned, right? So all the new plants that we're building up, it's not just about building a factory, putting machines and starting, right? This industry does not have a very linear growth, right?

It -- all the other industries, this needs a lot of time. And then you see in Azad's case also, 2008 to 2020, we did INR100 crores. And 2020 to 2026, we are talking about a number -- like this year, we've delivered 5x of what we were and -- more than 5x of what we were. So definitely,



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the opportunity to grow is there, but it relies on Azad's ability to execute, take contracts and execute at that scale. right?

While you were asking me questions on how are we also doing on manpower. So this is a complex project management, right? So you will have to manage every aspect of the business while you're managing customer expectations, you're building infrastructure, you're ensuring that your current deliveries are not impacted, also hiring, planning for the next year, quarters.

So it's a very complex, and that's why while we still grow at 25%, we say that with absolute confidence, right? And that's why we believe that there is a definitive opportunity in the future to see this demand.

**Moderator:** The next question is from the line of Koushik Mohan from Ashika Group.

**Koushik Mohan:** Sir, I just wanted to understand with the missile engines that what we are trying to do, is those also numbers being considered in the growth rates that we are talking about?

**Vishnu Malpani:** No, sir. Thank you for the question. But -- so see, the number projections that we've spoken about, we've only spoken about the customers what we have in hand today and not something that we have, right, which is in the future. So the engine development that we're doing and is not a part of our revenue projections if you're asking us. But this is the capability that we are developing.

**Koushik Mohan:** And what can be the market size if it is possible to be told or anything, what is the market size and what can we capture over here?

**Vishnu Malpani:** So I think the market is huge. You should be able to understand that this is -- these are strategic defense drones. This will be used in strategic defense UAVs and drones, etcetera, single short device from that perspective. It will be used in anti-ship missiles, etcetera. And this is the first strategic jet engine that will be made out of India. So you should think about it. And I will request Mr. Chopdar to sort of give us a little more insight on this.

**Rakesh Chopdar:** Yes. So your question is when we can know because in Azad, whatever we say or whatever we project, we project whatever is there in hand, okay, what is confirmed and what we can deliver. Maybe in Q1, we can give you more good news on the engines, we can give you some projections, we can give you some revenues because as we have a practice, we just -- whatever is confirmed, whatever there is in hand, we can definitely talk about it.

This is a great moment for sure. The volumes can be substantial as this engine is currently being imported by Government of India. And this is an import substitute. So there is a massive pressure from the country to develop this engine, and we are with the same -- we are on the same page with them, and we are putting all the efforts to develop this engine. Hopefully, fingers crossed, we very soon will give you good news in Q1, and we can talk more on the projections, we can talk on the revenues, we can talk on the numbers.



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**Koushik Mohan:** Got it. Sir, and like I just wanted to understand another thing. With the current order book that we have, the revenue growth rates that we're talking about will be successfully fulfilling its numbers. But I just wanted to understand what kind of growth rates that we can see in the current existing products and with the current existing clients? And what will be the market share that we can increase over next 3, 4 or 5 years down the line?

**Rakesh Chopdar:** It's a long -- question is good, short, but the answer is very long to this. Can I invite you to Azad and I can show you because every customer has its own product line, every customer has their own design and nothing is common within these customers. So I have a very long answer for this. So I would request you to please visit Azad so I can show you more in detail.

**Koushik Mohan:** Sure, sure. Post this quarter, we will definitely come.

**Rakesh Chopdar:** Most welcome.

**Moderator:** Ladies and gentlemen, in the interest of time, that was the last question for today. I would now like to hand the conference over to management for closing comments.

**Vishnu Malpani:** So on behalf of Azad Engineering, our Board of Directors, we would like to thank everyone for joining the call and listening to the performance updates of quarter 3 FY '26. We will -- we're very happy to share that this was an excellent quarter, and we believe that we will be continuing the momentum and the guidance that we've shared with the market. Thank you.

**Moderator:** Thank you, sir. On behalf of Azad Engineering Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines. Thank you.