Panache Digilife

Operator: Ladies and gentlemen, good day and welcome to the Panache Digilife Ltd. Q2 FY27 earnings conference call hosted by Arihant Capital Markets Limited. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Miss Khushi. Thank you, and over to you, ma'am.

Operator: Thank you. Good morning, everyone. On behalf of Arihant Capital, I welcome everyone to the Panache Digilife Ltd. Q2 FY27 earnings call. We have the pleasure of having with us the senior management team of Panache Digilife, led by the Managing Director, Mr. Amit Rambhia; the CFO and Whole-time Director, Mr. Nitesh Savla; and the GM in R&D, Mrs. {? Nikhat Medhyara ?}. We also have with us the head of {? Veritas ?}, the IR advisor of Panache Digilife, Mr. Sanjeev Sancheti. Without further delay, I would like to hand over the call to the IR advisor, Mr. Sanjeev Sancheti. Over to you, sir.

Sanjeev Sancheti – IR Advisor: Thank you, Khushi. Good morning to all the participants. Before I hand over the call to Mr. Amit Rambhia for his opening remarks, I would like to draw your attention to the safe harbor statement included in the earnings presentation. I request all the participants to kindly review it prior to commencing this call. Over to you, sir.

Amit Rambhia – Managing Director: Good morning, everyone, and thank you for joining us. As this is our first earnings call, I would like to begin with a brief introduction to Panache Digilife, our journey so far, and how we have evolved over the years. I will then take you through our performance for the quarter.

Panache Digilife began in 2000 as Vardhman Computers and subsequently transitioned to Vardhman Technology Private Limited in March 2007. We started as a desktop manufacturing company, addressing India's growing demand for computing technologies. Over the years, we have evolved into a design-led technology solutions and ESDM company, with capabilities spanning product design, engineering, systems integration, manufacturing, and lifecycle management.

Our early portfolio included desktop PCs, thin clients, mini PCs, and embedded computing solutions. These products helped us build a strong engineering foundation and develop expertise in compact and specialized computing.

In 2015, we introduced the Panache Air PC, an ultra-compact computing device weighing just 44 grams. It was an example of our ability to innovate and rethink traditional computing through new and compact form factors.

As our capabilities grew, we expanded into all-in-one computers, point-of-sale systems, digital signage, education technologies, and specialized computing solutions. This enabled us to serve a wider range of customers across commercial, industrial, and institutional markets.

An important milestone in our journey came in 2017, when we listed on the NSE Emerge {? SME ?} platform. In 2020, we migrated to the NSE main board, marking another significant step in our

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corporate evolution.

We continued to strengthen our manufacturing capabilities and established a facility spanning over 50,000 square feet in Bhiwandi, Maharashtra. Today, Panache has evolved from a computer hardware manufacturer into a diverse technology design and manufacturing company.

Our portfolio now spans smart and secure computing devices, edtech solutions, audiovisual and display solutions, digital surveillance, and telecom solutions.

Our industrial computing and specialized computing for various applications, such as medical devices, are evolving into many more sectors now.

We also offer OEM and ODM design and contract manufacturing services.

Looking ahead, we are expanding into next-generation computing, including AI PCs, AI laptops, AI mini PCs, and AI servers. These solutions position us to address emerging opportunities across education, banking, financial services, industrial automation, and enterprise computing.

As we look back at our journey, our focus has remained consistent: building engineering capabilities, expanding our product portfolio, strengthening manufacturing, and moving towards higher-value technology solutions.

Our performance and growth: with this foundation in place, let us now take you through our performance. In FY26, Panache reported consolidated revenue of approximately 243 crores compared with 116 crores in FY25, representing growth of over 100% year-on-year. This is an important milestone in our journey and reflects the progress we have made in scaling our business.

Today, we serve customers across multiple industries and international markets, supported by a strong network of technology partners.

Our experience in electronic design, computing, and manufacturing provides a solid foundation for our next phase of growth.

Going forward, our focus is on expanding our design and manufacturing capabilities, strengthening our presence across key markets, and developing high-value technology solutions, including next-generation AI computing.

Our journey is one of continuous evolution, from computer hardware to integrated technology solutions and from product manufacturing to design-led innovations.

We believe these capabilities will play an important role in shaping Panache's next phase of growth.

With that, I would like to hand over to our GM R&D, Mrs. Neha Madiyar, who will take you through R&D and the products.

Neha Madiyar – GM R&D: Good morning, everyone, and thank you, Mr. Amit.

What differentiates Panache is our ability to bring together R&D, product engineering, and manufacturing under one roof. This has enabled us to evolve from a computing hardware company

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into a design-led technology solutions and electronics manufacturing partner.

Our vision is simple: making human life easy.

We follow the ABCD of technology, where A stands for artificial intelligence, B stands for big data and analytics, C stands for cloud and connectivity, and D stands for the devices we manufacture.

These four pillars guide us in developing technology solutions that address real-world needs.

Our engineering capabilities allow us to work with customers from the very beginning of product development. We support the entire journey, from understanding customer requirements and product design to prototyping, testing, validation, and mass production.

This means we are not just a manufacturing partner. We are a technology partner who helps turn ideas into market-ready products.

By integrating design, engineering, and manufacturing, we help customers develop reliable products, reduce the gap between design and production, and scale their businesses more efficiently.

Our approach creates a continuous cycle of innovation, product development, manufacturing, and further improvement. It also helps us build long-term customer relationships and expand our technology capabilities.

Ultimately, our goal is to transform ideas into commercially viable products and build the capabilities to manufacture them at scale.

Talking about our business verticals, we operate across six business verticals, leveraging our engineering, design, and manufacturing capabilities to develop technology solutions for diverse industries.

First, smart and secure computing. We offer AI PCs, laptops, desktop PCs, all-in-one PCs, mini PCs, and AI servers, with computing platforms ranging from 10 to 2,000 TOPS to address different AI computing requirements.

Second, education technology, or edtech. Our portfolio includes interactive flat panels, tablets, rugged laptops, multi-user computing systems, and portable charging solutions that support digital learning environments.

Third is AV and displays. We provide video conferencing cameras, indoor and outdoor displays, touch monitors, digital signage, and video walls for commercial and enterprise applications.

Fourth is telecom solutions. We offer routers, switches, 4G and 5G Wi-Fi devices, and set-top boxes, supported by capabilities in device management, network operations, and geographic information systems.

Fifth is medical devices. We provide computing platforms for medical equipment, medical all-in-one PCs, IoT gateways, and medical video recording systems.

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The last category is digital surveillance. Our portfolio includes CCTV cameras, AI-enabled network video recorders, smart surveillance towers, and network security solutions, including SD-WANs and firewalls.

Across these six verticals, our focus is on combining technology, engineering, and manufacturing to deliver solutions tailored to customer requirements. This diversified portfolio allows us to serve multiple industries while building capabilities in emerging areas such as AI computing, connected devices, and intelligent infrastructure.

Now coming to our business model, our business model is built around two engines: contract-led manufacturing, or CLM, and design-led manufacturing, or DLM.

The first is contract-led manufacturing, or CLM. In this model, customers provide the design and specifications, while we bring our manufacturing capabilities, engineering support, and quality expertise. CLM helps us scale production, build customer relationships, and secure long-term manufacturing engagements.

The second is design-led manufacturing, or DLM. Here, we take a more active role, developing products from concept and design through manufacturing, supported by our R&D team. DLM creates opportunities for us to improve product cost and performance, earn higher margins, and generate additional revenue through software, firmware, and lifecycle services. It also helps us build deeper, long-term customer relationships.

We see these two models as complementary. CLM helps us build scale, while DLM allows us to capture greater value through design, engineering, and intellectual property. Our strategy is to strengthen both businesses while expanding our design-led capabilities.

In addition, we work with select customers through co-engineering arrangements, where we jointly develop products and agree on intellectual property ownership based on the terms of each engagement.

Ultimately, our objective is to move up the value chain from manufacturing products to designing, developing, and manufacturing complete technology solutions.

With this, I would like to hand over to our Managing Director, Mr. Amit Rambhia, who will take you through our financial performance in detail.

Amit Rambhia - Managing Director: Thank you, Neha.

I will now take you through our performance for Q2 and H1 FY27.

We are pleased to report a strong performance in Q2 and H1 FY27. It reflects the strength of our technology capabilities and our sustained investment in R&D. The investment we made early on to build a strong technology foundation is now delivering results.

Revenue from operations for Q2 FY27 grew 231.8% year-on-year and 154.9% quarter-on-quarter to 129.6 crores.

For H1 FY27, revenue from operations rose 163% year-on-year to 180.4 crores.

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Operating EBITDA for Q2 grew 293.5% year-on-year to 12.4 crores. The operating EBITDA margin expanded by 313 basis points to 9.6% from 6.4% in Q2 FY26.

For H1, operating EBITDA rose 296.5% to 17.6 crores, with margins improving by 328 basis points to 9.7%.

Three things drove the margin expansion: strong execution and operating leverage, a better mix, and a higher share of value-added solutions.

Profit after tax grew about 5.5 times, or 450.8% year-on-year, to 7.7 crores in Q2, with PAT margins expanding by 234 basis points to 5.9%.

For H1, PAT grew 407.8% to 11.5 crores, with the PAT margin improving by 304 basis points to 6.3%.

Now let me take you through the key developments that have occurred over the last quarter.

First, our expansion in the telecom sector. Through our subsidiary, Panache New-Age Technology Private Limited, we secured a significant order in the telecom sector. The project includes technology solutions and end-to-end services such as installation, configuration, technical support, and real-time monitoring. This marks an important step in expanding our presence in the telecom market. It also creates an opportunity to strengthen our technology services capability, pursue larger projects, and build long-term customer relationships.

Second, our recognition by Intel. Intel presented Panache with its Innovation and Excellence Award at the Industry Solutions Builder Connect 2026. We see this recognition as an encouragement to continue investing in innovation, strengthening our engineering capabilities, and developing technology solutions that address evolving customer needs.

Together, these developments reflect our continued focus on expanding into new markets while strengthening our technology and engineering capabilities.

Looking ahead, our focus remains on expanding our customer base, broadening our solution portfolio, strengthening strategic partnerships, and growing our presence in high-growth technology segments. With our capabilities in design, engineering, and manufacturing, we believe we are well-positioned to pursue new opportunities, including operating efficiencies and sustainable long-term growth.

Our objective is to create lasting value for all our stakeholders as we continue to evolve and scale the business.

With that, I would like to hand over to our CFO, Mr. Nitesh Savla, who will take you through our financial performance in detail.

Nitesh Savla – CFO: Thank you, Amit. Good morning to everyone on the call.

The financial figures have already been discussed by Amit for the quarter and the H1 period, so I will come to some of the balance sheet parameters.

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As on September 30, 2026, our net worth stood at 117 crores compared with 105.6 crores as on March 31, 2026. Total borrowings were 33.9 crores, and cash and cash equivalents were 9.7 crores, taking net debt to 24.1 crores. Our net debt-to-operating EBITDA ratio stood at 0.69 times compared with 0.81 times at the end of FY26.

Working capital remains a key focus area for us. In FY26, our cash conversion cycle improved from 172 days to 83 days. As on September 30, 2026, the cash conversion cycle further improved and stood at 68 days on an annualized basis.

Our return ratios remain healthy. For FY26, ROCE stood at 25.6% and ROE at 18.9%, up from 13.6% and 14.1%, respectively, in FY25. On an annualized basis for H1 FY27, ROCE was 25.8% and ROE was 20.7%.

To summarize, the first half of FY27 has seen strong growth in revenue and a meaningful improvement in profitability, while we have kept our balance sheet conservative. Going forward, our financial priorities remain clear: improving margins through a higher share of design-led business, keeping working capital tight, and funding growth prudently while maintaining healthy return ratios.

With this, I conclude my remarks. We would now be happy to take questions. Thank you.

Operator: Thank you very much. We will now begin [cut off] the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Disha from Sapphire Capital. Please go ahead.

Disha – Sapphire Capital: Hello? Am I audible, sir?

Management: Yes, ma'am.

Disha – Sapphire Capital: Yes, thank you so much for this opportunity. I have a couple of questions. Firstly, we have seen very good growth this quarter, but if I look at the margin, there has been some decline quarter-on-quarter. Is it only because of the product mix, or how should one look at the margin for the entire year?

Management: This quarter, the product mix between CLM and DLM was definitely skewed more towards the CLM side, and that is the reason why the margins are somewhat lower compared with the previous quarter.

Disha – Sapphire Capital: Okay. Typically, what differential do we see between CLM and DLM in the...

Management: [pause] Can you expand on your question? Can you give us more information about what exactly you mean?

Disha – Sapphire Capital: I was asking about contract-led manufacturing projects versus design-led manufacturing projects. What sort of margin differential do you see?

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Management: The contract-led margins are anywhere between, I would say, 3% and 7%, while the design-led margins are probably 5% to 20%, depending on where we engage, and sometimes even higher depending on our design and component design capabilities.

Disha – Sapphire Capital: Okay, fair enough. What would be our current order book position?

Management: We are not in a position to discuss order books because of the current volatility in the markets. We prefer to proceed purchase order by purchase order, and we have certain long-term understandings with our customers because we have been working with them for quite some time. Because of the volatility, we prefer to proceed purchase order by purchase order.

Disha – Sapphire Capital: How should one look at growth, because this quarter's growth has been very good? What sort of number are you targeting for the entire year and for the next year? Also, in terms of our margins, what sort of EBITDA margin should we expect for the entire year?

Management: [laughs] I think you are almost concluding a lot of things, and the questions are good. I would say that we are definitely looking at higher growth. You have seen our numbers for the previous years as well. What I can say is that we will be looking at good growth and closer numbers. At the same time, our focus is on pushing ourselves more towards design. The contracts are also coming in and they are healthy, so we are trying to balance both.

For further guidance, I think in a couple of quarters we should be ready to give you guidance as well. Until then, please bear with us. With this volatility in the market, we should be able to—when I say supply chain market, I am not referring to the other markets; I am referring to the electronic supply chain component markets, which are volatile right now, as well as dollar volatility—we would like to be closer to the customer, focus on executing the near-end supply chain POs that are available, and definitely aim for prudent utilization of working capital, as Hitesh mentioned, so that we are able to achieve higher numbers.

Disha – Sapphire Capital: Fair enough. For the first half, what has been the split between CLM and DLM? Would it be possible for you to give the number?

Management: I will give you a broad outline. In the first half of the current financial year, the broad split between CLM and DLM was approximately 40% towards DLM and 60% towards CLM.

Disha – Sapphire Capital: Where do we expect this to end?

Management: On a blended basis.

Disha – Sapphire Capital: Right. What sort of number are you targeting for this mix? What is the optimal mix that you are targeting?

Management: [pause] On a yearly basis, our expectation is to maintain these figures of 40% and 60%.

Disha – Sapphire Capital: What would be our current utilization levels? From the current infrastructure that we have, what is the peak revenue potential that we can achieve?

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Management: From a current infrastructure perspective, this is not a straightforward answer. The reason is that we manufacture products ranging from approximately 2,000 rupees to certain higher-end AI computing boxes. Therefore, I would not be able to answer directly in terms of capacity. However, we are already enhancing our capacities, including through our investment in our subsidiary, Technofy, which was announced a couple of quarters ago.

In terms of our current capacity, we have some spare capacity. Added capacity of around 40% is available right now from where we are, and we will be able to execute that. However, it is not a direct, linear capacity. The number can also be skewed because the value of the unit can change from 2,000 rupees to 2 lakh rupees.

Disha – Sapphire Capital: You also mentioned expanding into more AI PCs, laptops, and servers. Could you elaborate on the market opportunity you are seeing, the revenue potential from this business, and the sort of margin we get here?

Management: Looking at the current situation in the market, many devices that were sold during the pandemic are now at the end-of-life stage. Also, Windows 10 has probably reached end of life, and an end-of-life announcement has been made by Microsoft.

As a result, many enterprises are now moving towards AI hardware. With AI hardware token prices on the cloud increasing, there is a need for edge-based hardware that is AI-enabled. There are many designs, and our R&D team is continuously working on how we can design products that will be AI-ready in terms of the endpoints, gateways, and edge-based devices.

We are also working on how to offer these products to our customers so that they can optimize their AI infrastructure requirements in the coming years. We are seeing a lot of opportunity at the edge and at the endpoint of devices. These are two opportunities that I am seeing.

This refresh will come in the country, and I think we will also see new users coming into this new category. Therefore, there is significant headroom in these categories.

Disha – Sapphire Capital: I assume the margin will be better here?

Management: Yes. That is why I am quite confident about it. At the same time, there are shortages of memory and other components, so from a supply chain perspective we have to be slightly careful about quickly taking up these newer opportunities.

We are gradually increasing our focus on these devices because if we invest too much and the market reverses, then we will face a challenge. We want to gradually work with long-term customers and build those relationships so that we are able to add value.

Disha – Sapphire Capital: Fair enough. Just the last question from my side. In terms of these supply chain issues, we have seen the prices of memory chips and PCBs rise significantly. What are you facing in terms of procurement challenges? For this year, do you see any risk to execution in the second half? Or do we have enough, uh...

Management: I would say again that this is a very good question. I would like to thank all my customers, my sales team, and my finance and factory planning teams. Because of our many years

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of experience—we have more than two decades of experience—we have very good relationships with our supply chain vendors, and we are able to secure a lot of components far ahead of other market operators, not only in India but globally.

For certain product lines, we are almost at par with, or better than, some of the countries with mass production. We are better in terms of our pricing and the overall availability of materials. That is what I can say in real terms.

That is the reason we are now looking at how we can expand into global markets rather than focusing only on the Indian market. Our pricing, supply chain, and availability are supported by the very good relationships we have had for a long time with our vendors, ecosystem, and technology partners. We are now leveraging that for global growth.

Disha – Sapphire Capital: That is it from my side. Thank you so much for this opportunity, and all the best for the future. Thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Sandeep Raj from Oculus Capital Growth Fund. Please go ahead.

Sandeep Raj – Oculus Capital Growth Fund: Hi, sir. Good afternoon. My question is more specific to the current financial year. Given the orders in hand and how the business is progressing, could you tell us what we can expect in Q3 and Q4? Will it be better than Q2, and how much better would it be? Thank you.

Management: Thank you for this question. As I mentioned earlier, from a guidance perspective, we will be providing formal guidance after a couple of quarters. I can assure you that from an enterprise perspective, we are already geared up for higher numbers.

Our working capital and other financial areas are all being prepared so that we are ready to serve higher demand for funds and projects. With time, we will unveil more. Let us wait for a couple of quarters, by which time we will be able to provide further guidance as well.

Sandeep Raj – Oculus Capital Growth Fund: Historically, Q3 and Q4 are always better than the first half. Can we expect the same trend?

Management: Yes. Historically, not only now, but apart from the pandemic-affected years, you can look at us across almost all the years. Our historical numbers have been weighted towards Q3 and Q4. We are bullish about that, and we are looking forward to executing higher numbers.

Sandeep Raj – Oculus Capital Growth Fund: All right. Thank you so much, sir. Best of luck.

Management: Thank you.

Operator: Thank you. A reminder to all the participants: you may press star and one on your touch-tone telephone to ask a question. The next question is from the line of Yash Patel from Samali Family Office. Please go ahead.

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Yash Patel – Samali Family Office: Hello, sir. Thank you for the opportunity. My first question is on telecom. You have highlighted a significant telecom order through Panache New-Age Technology. Could you share the order value, execution timeline, revenue recognition schedule, expected margins, and scope for repeat orders?

Management: Thank you for this question. As I mentioned earlier, the timeline for execution is around 36 months, as has been announced. Because of our NDA with the customer, and because pricing information is market-sensitive, we are not able to announce the numbers in detail.

At the same time, as I mentioned, it is a 3-year contract and is definitely a sizable contract. We are providing a lot of end-to-end solutions there. As I mentioned earlier, including in our disclosures to the NSE, we are handling installation, configuration, and technical services, along with real-time monitoring. That has been uniquely defined as a technology offering.

I think you will see the numbers quarter-on-quarter, and the project is expected to be completed in 36 months.

Yash Patel – Samali Family Office: As a follow-up, what is the current order book and qualified order pipeline? How much revenue visibility does it provide for FY27 and FY28, and what proportion is recurring versus project-based?

Management: Again, that is a good question. As I mentioned earlier in the call, we will be providing our guidance in a couple of quarters.

As of now, we are working on a purchase order basis with our suppliers and customers because of the current volatility in the markets. We are therefore trying to take shorter contracts and shorter working arrangements so that we are able to execute them and convert them into revenue. This has been our practice for now, but in a couple of quarters we should be able to give you further guidance on this.

Yash Patel – Samali Family Office: What are your expectations for revenue growth, EBITDA margin, and PAT margin for FY27 and FY28, and which assumptions are most critical to achieving them?

Management: [off-mic discussion] We can discuss the margin.

Management: The operating EBITDA margins, as [cut off]

Amit: This has already been disclosed and is in the range of around 9.6%, whereas in the previous year it was 6.4%. You can see a significant jump in the operating EBITDA margins. We aim to improve these margins as much as possible by achieving better value addition through a proper and better mix between DLM and CLM. That will help with overall value addition in our journey over the next couple of quarters.

Yash Patel – Samali Family Office: Okay, fair enough. That is it from my side. Thank you.

Amit: Okay, thank you.

Operator: Thank you. The next question is from the line of Sandeep Raj from Oculus Capital Growth Fund. Please go ahead.

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Sandeep Raj – Oculus Capital Growth Fund: Thank you again for the opportunity. Amit sir, could you provide some more detail on our relationship with Intel and how we can translate that into revenue going forward?

Amit: Thank you for this question. Our relationship with Intel has continued for more than two decades. I think we are one of the oldest Intel partners in India from a partnership perspective.

We are an ODM recognized within the Intel ecosystem. We are one of the selected few in India. Intel has ODM partnerships in Taiwan, China, and many other countries as well. In India, they have selected growth partners, and we are one of the ODMs.

Our recent award from Intel shows that our relationship is quite strong and that we are able to convert opportunities and designs into businesses. This is all about designs and opportunities on the Intel platform. That demonstrates our commitment on both sides and reflects mutual cooperation.

We work with Intel to empower Indian customers, and over the last couple of quarters we have also started expanding our reach to global customers. We are trying to see how we can build products in India and serve multiple other global markets. That is where we are moving.

Our relationship has been very strong. Even during supply chain situations, if there are commitments from our customers in the form of committed orders, we are able to receive certain priorities depending on the projects and on the close working relationship that we have highlighted to Intel.

These are areas from which we definitely benefit. Our customers also benefit, and our ecosystem also benefits over the long term. This is where I think our relationship is strong, and in the coming times it will become much stronger. That is what I can assure you from Panache's side.

Sandeep Raj – Oculus Capital Growth Fund: Can this translate into a perpetual revenue stream going forward?

Amit: It could, because of the ODM relationship and because the focus is now more on designs. Earlier, there were design requirements coming from certain global countries. If you are aware, the design ecosystem initially started with the United States and Japan leading the designs, followed over time by Taiwan and China.

Now, I think India is becoming a market for global customers to come for designs. The timing is very important. People are now looking at Indian designs, or designs from India, and manufacturing for India. From here, we are able to serve other markets. Therefore, this timing is very important.

On top of that, a couple of years ago Intel announced—and this is something you can verify—that India would be a separate geography for billings. This means they recognize India as a revenue account. Earlier, this was not the situation. That also shows their commitment to this market.

This means we are working together to increase the numbers for this geography and jointly build the entire ecosystem. I see much more growth because Intel is investing in India in terms of sales and revenue growth, and we are also investing in design with our customers so that we are able to

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win more projects in India and globally.

Sandeep Raj – Oculus Capital Growth Fund: All right. Thank you so much, sir. That was really helpful.

Amit: Thank you.

Operator: Thank you. Anyone who wishes to ask a question may press star and one on their touch-tone telephone.

As there are no further questions, I now hand the conference over to the management for closing comments.

Amit: I would like to thank you all for hearing our story at Panache and for believing in us. As the Panache management team, we are very committed to growing this entity.

As Neha mentioned earlier, our vision statement is "making human life easy," and we will all work towards making human life easy.

Lastly, we definitely want to create an Indian entity that becomes a globally renowned design entity. We are collectively working towards creating an impactful Indian company that will be recognized in the global market.

Thank you again, and let us connect again soon. Thank you.

Operator: Sir, there is one last question from Priyansh Meeri, NG Family Office.

Amit: Okay.

Operator: Please go ahead.

Priyansh Meeri – NG Family Office: I hope I am audible.

Amit: Yes, you are audible.

Priyansh Meeri – NG Family Office: I apologize for joining late. I think I am asking a question after your concluding remarks. You mentioned that your capacity is around 40%. Are you looking at any further capex?

Amit: We announced certain capex cycles earlier in one of our subsidiary companies, a 100% subsidiary called Technofy. We are evaluating, based on the business capacity and customer discussions, whether to move certain unique projects into that capacity.

We will invest in certain capex as customer demand comes in. Our teams are working towards it and trying to fine-tune certain areas where we see a long-term requirement for capex. That is where we are narrowing down the investment. We are committing to capex in our subsidiary.

Priyansh Meeri – NG Family Office: That is a 100% step-down subsidiary, right?

Amit: It is currently a 100% subsidiary, yes.

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Priyansh Meeri – NG Family Office: I think we also work on surveillance projects, including CCTV. Given the restriction on core BIS chips, have we procured them, and how safe are we in that production?

Amit: Currently, our relationship with the customer is based on CLM, which is a contract-led manufacturing cycle. We are at a very early stage of the relationship there.

We have offered them design-led manufacturing, but the ecosystem and timeline for the security or camera ecosystem to move from contract-led to design-led manufacturing takes some time because there is already a customer operation in place.

At the same time, we are moving into certain areas such as AI NVRs and some other tools. We are now able to offer customers in the CCTV space video analytics and video AI accelerator hardware. We are able to offer them that hardware right now.

That is where we are starting. At the same time, regarding the core silicon and other areas for CCTV, we will be moving into the next generation. In the first generation, we will be doing more contract-led business, but in the second generation we will move into designing certain intellectual property around it as well.

Priyansh Meeri – NG Family Office: Understood, sir. One more question on our sourcing side: what percentage do we source locally, if you can share the percentage of total raw material sourcing?

Amit: As you are aware, the majority of raw materials definitely comes from overseas, either from global companies that manufacture worldwide or through the global supply chain. We have started localizing many other areas of raw materials at the component level.

Right now, on a book basis, it probably appears to be 50-50. Over time, we are trying to see how we can improve that and build greater localization into the supply chain.

Priyansh Meeri – NG Family Office: Understood. In our manufacturing facility, we currently do assembly. Is that a correct understanding? Because at this stage, it does not make sense to—

Amit: That is a good question. In terms of computing hardware, computers, or anything involving computing and AI, assembly and testing are the most important parts of the ecosystem, just as important as the design side.

We control the design, and we control the assembly. In between, we sometimes outsource the component processes to our ecosystem partners because we feel that the value addition in those components and the capex may not be justified.

We try to optimize our requirements, and we control our product quality and our product because that is the key.

If you look at our history, we will be completing the 10th year since our listing next year. We have delivered a significant amount of computing hardware, not only during the 10 years since listing, but for more than two decades in India.

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Our computing hardware has been used in airport automation, railways, airports, banking, petroleum, and many retail sectors. We have been impacting many areas.

If the product quality, which is the key factor, had not been up to the mark, you can imagine how customers would have dealt with us in that situation.

It is all about indigenizing those components and the quality factors. Our Indian environments are not as favorable as those in developed countries because we have dust and many other environmental challenges when deploying products.

Our designs and technology designs are therefore far more advanced. For almost two decades, we have been focusing on fanless computing designs. We are one of the key companies focused on fanless designs.

We have a wide range of fanless computers, from a basic quad-core computer with no fans to very high-end fanless computing systems.

These are the areas that we design. We also have designs for PCs that operate from -20° to 60°. These are the value additions we provide, and they come from our infrastructure, which includes testing and assembly, as well as assuring our customers of the build quality we provide.

Priyansh Meeri – NG Family Office: There is a trend among Chinese suppliers that they are slowly looking not to supply raw materials, but rather complete assemblies. Would that create any problem for our business?

Amit: This is a very relevant and valid question. China is trying to protect its intellectual property. At the same time, Panache also has its own intellectual property.

We are preparing more and more intellectual property. Earlier, we had not filed too many patents because the lifecycle of our intellectual property was shorter. In the coming period, you will see news of product innovations and patents that we will be filing.

Our R&D team is working very closely on certain unique product developments. You will see those products coming out. These unique ideas are where we will see significant growth in the coming period.

One key factor I would mention, which Neha mentioned in her statement, is the multi-user desktop environment. This is an innovation where up to four users can use one desktop. Four users are able to use one computer, and I am referring to AI workloads.

This is an innovation that Panache is able to bring to the market. This is intellectual property. The design and everything are available from our side. We are currently sourcing the components from our ecosystem globally and assembling them in our factory.

That is how we operate. There are many unique intellectual property assets, unique hardware products, software products, and solutions that we are integrating. In the coming period, we have aligned ourselves with a global supply chain. Our dependencies are definitely there.

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Management: Typically, when you look at computing, the majority of the intellectual property is not owned by one or two countries; it is distributed across multiple countries.

When you look at memory as a component, the world's major memory supply chain comes from Korea. However, other countries are also in the memory business, such as Taiwan and the United States, along with a few other areas. India is also trying to build strength in the memory ecosystem.

As the {? infra stops ?} globalization of components takes place, our dependence on a few companies or countries will be very limited. We should be able to access more supply-chain-friendly suppliers for the component side of the business.

Priyansh Meeri – NG Family Office: Understood, sir. To understand our end customer, we do not directly supply to the government, correct? It is always through a contractor or subcontractor. Is that the correct understanding for these orders?

Management: The idea is not based on contractors. We do not supply through contractors, as such. We typically work with a brand.

That brand could be a global Taiwanese brand, an Indian brand, or one of the global American or other brands. The brand works as our customer, and we design the product or specification for it through either CLM or DLM.

Once we serve the brand, it may supply the product to a distributor, probably one of the global distributors. From that distributor, it may further go to a contractor or system integrator that is winning government tenders.

There is a lineage. Sometimes we sell to the brand, and the brand sells to the system integrator that has taken the contract. That also happens.

Most of the time, our exposure is further up in the ecosystem. Very rarely do we have a customer that is a brand directly selling to the government. That business model is still not very common, but we have seen many layers in the ecosystem in India. We are further up in the ecosystem.

Priyansh Meeri – NG Family Office: I can understand the contract-led model, but does the same thing apply to design as well? For design also, do we connect with a brand?

Management: Yes, that is what happens. These brands, startups, or growth companies come to us and say, “This is the idea, this is the design, and this is what we want to develop.”

Most of my customers are software-driven companies. They are looking to create unique hardware in India, put their software on top of it, and sell it.

A typical example is the airport automation that has taken place. The hardware value proposition is not very high compared with the solution they have offered to the airports. The software value addition is what has gone into it.

The customer comes with a requirement and says, “This is the hardware performance I am looking for.” We optimize the design for the environment and then deliver the hardware.

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Priyansh Meeri – NG Family Office: Understood, sir. One last question: we saw how Apple started manufacturing globally and started marketing in India. For ourselves, which vertical do you see as the growth driver over the next 3 or 5 years—the Indian market or exports? Are there any views you can share?

Management: Make in India is emerging as one source of demand. At the same time, for our global expansion, we have started one of our subsidiaries called {? Contron ?}. {? Contron ?} is our Hong Kong–based subsidiary, through which we will expand our reach to global markets.

As I speak to you, we have foreign nationals on our team in {? Contron ?}, working on how we can expand both our supply chain and our business. These are the two areas on which we will be working.

We are focusing on Make in India. Our focus will be Indian manufacturing and Indian designs going global. When we go global, our first primary focus will be whether we can deliver to Asian markets and emerging markets.

Asian markets and emerging markets will be our focus. In the future, as we mature our designs, we will move into developed countries. That will be Phase 2.

Priyansh Meeri – NG Family Office: Understood, sir. Thank you for patiently answering my questions. It was a very impressive performance. All the best for the upcoming quarters. Thank you.

Management: Thank you. Thank you.

Operator: Thank you. As that was the last question, I now hand the conference over to the management for closing comments.

Management: Once again, thank you very much for taking the time to hear us. I will come back again soon with more exciting numbers and exciting news from Panache. We look forward to connecting again and to a much brighter future for all of us in India. Thank you. Thank you very much.

Operator: Thank you. On behalf of Arihant Capital Markets Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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