Black Box

Operator: Good morning and welcome to the earnings call of Black Box Ltd. Today, from the management, we have Mr. Sanjay Verma, Whole-time Director and CFO; Mr. Deepak Bansal, Executive Director and Global CFO; Purvesh Parekh, Head of Investor Relations; and Disha from the IR team.

Before I hand over the call to the management, I will lay out the flow of the event. We will start with the opening remarks by the management and then move on to the Q&A round. Participants who would like to ask questions can raise their hands or put their questions in the chat box. First, we will take questions from participants who have raised their hands and then move on to the chat box. If time permits, we will take the questions that I have received from clients who were unable to participate. Please note that we will take the last questions 5 minutes before the end of the session. Over to you.

Sanjay Verma – CEO: I will start with the opening remarks regarding Black Box, the opportunity, and then I will hand over to Deepak for some financial numbers. After that, we can take your questions.

Good morning, everybody. My name is Sanjay Verma, and I am the CEO of Black Box. It is my pleasure to join you today. Black Box is a global company focused on global digital infrastructure. We are predominantly focused on driving and creating momentum for the AI buildout that is taking place. We are present in 35 countries. We partner with 30 technology partnership companies and have about 4,000 people worldwide, serving some of the largest Fortune customers in the world. We are focused on building data centers for hyperscalers, predominantly in the US, but also progressively outside the US in Europe and most likely in Asia Pacific as well.

Over the last several years, there has been a massive buildout of AI infrastructure. We believe that Black Box is a direct beneficiary of the tailwind required to build this infrastructure, which will drive the next-generation experience. We are focused on 5 key areas for the AI buildout.

Data centers are the predominant area. Connectivity infrastructure allows data to move at speed, through both passive infrastructure and fiber. Networking, including LAN, wireless, wired, and 5G, allows us to experience the data on our devices, whether on a cell phone, iPad, or otherwise. In the modern workplace, we have been supporting many Fortune 500 customers in modernizing their workplaces. We are currently speaking on Zoom, so this is one of the aspects of the rollout that we undertake. Last but not least is cybersecurity.

The overall market for AI infrastructure, specifically data centers, over the next 3 to 4 years is massive. About 1.6 trillion is going to be spent. In the US, the current capacity is about 87 gigawatts, which is expected to grow to more than 200 gigawatts over the next 4 years. The expected CAPEX expenditure each year over the next 4 years is about 400 billion. If you look at markets like India, which are underserved, the current capacity is possibly around 1.5 gigawatts, and we are talking about this growing to 3, 5, or 10 gigawatts. So, there is a massive opportunity for us overall in India as well.

The TAM for us, the total IT market, is about 6 trillion. Twenty percent of that is infrastructure, which brings it to 1.2 trillion. Black Box's portfolio addresses about 20% of the overall IT infrastructure. That brings our TAM to about 240-250 billion. We have publicly stated our goal of reaching 2

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billion dollars in revenues over the next 4 years. That is almost 1% or less than 1% of the market share, which we believe is achievable.

We will do that in 2 parts. One is organic growth. We expect to grow by 15-20% organically. That will take our current revenues to 12,000 crores, somewhere around that number. We are also going to achieve our goals inorganically. We are focused on inorganic growth as well, at around 600-700 million dollars. With a combination of organic and inorganic growth, we believe that we should be able to reach about 20,000 crores in approximately 4 years, up to fiscal 2030.

Our focus is to achieve a 10% margin, which would put us at 200 million dollars of EBITDA over the next 4 years. At scale, we believe we should be able to deliver better than that. Over the last several years, we have been focused on improving our margin. Starting from this year onward, we are pivoting to growth. We started Q1, which was reasonably good, and we expect the momentum to continue. Our order book remains extremely strong as we move forward.

To explain a little more about the numbers, I will hand over to Deepak, and then we can take your questions. Deepak.

Deepak Bansal - Executive Director & Global CFO: Thank you, Sanjay, and good morning, everybody. As Sanjay said, we had an extremely good quarter in Q1. Last year, we reported revenues of around 6,322 crores, EBITDA of around 570 crores, and profit after tax of around 218 crores.

This year, in the first quarter, on the back of the backlog and strong execution, we reported revenues of 1,719 crores, which was 24% higher year-on-year. We reported EBITDA of 160 crores at an EBITDA margin of 9.3%, and our EBITDA was up 38% year-on-year. We reported profit after tax of 56 crores, which was almost 18% higher year-on-year compared with Q1 of the last fiscal year.

The most important story is the order backlog. Our order backlog has strengthened to close to 950 million dollars, which is around 9,000 crores, from 800 million dollars as of March '26. Between March '26 and June '26, it went up by 150 million dollars. From March '25 to March '26, our order book increased by 300 million dollars. Over the last 15 months, our order book has almost doubled, from 500 million dollars in March '25 to 950 million dollars in June '26.

This order backlog obviously gives us the leeway to capture future growth. If I have a good order backlog, our growth is obviously going to come because we are going to execute these contracts. Most of the order backlog is from the project-led business, which is visible in terms of what we are doing in the hyperscale data center industry and related areas.

With that, we have increased, or I would say taken, our guidance from the backlog and booking perspective for FY27. Against revenue of 6,322 crores last year in FY26, we expect to report between 7,800 and 8,000 crores this year, which is close to 23-27% year-on-year growth. We are guiding for EBITDA of between 725 and 750 crores, which is again a 27-32% increase over last year.

The most important thing again is the order backlog. Last year, in FY26, we closed at around 800 million dollars. For FY27, we expect to end at around 1.3-1.4 billion dollars, which is again a growth of around 65-70%. We are projecting PAT of around 300-325 crores, which is again a 38-50%

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year-on-year growth.

This is all on the back of the strengthened order book, the industry tailwind, and what we are doing in the hyperscaler space. Our revenue profile continues to remain almost similar. North America contributes close to 70% of our revenues. India continues to contribute 6-7% of our overall revenues. Our top 100 customers contribute around three-fourths of our revenue because of our Fortune 500 client profile. Industry-wise, we are present in almost every industry, from technology to financial services, healthcare, consumer services, and public services.

We are on a growth trajectory. While we did not grow our business in FY25 and FY26, growth is visible in FY27, FY28, and FY29 with the order backlog and all those factors. As Sanjay said, together, organic and inorganic growth will take us close to 2 billion dollars, or around 20,000 crores, by FY30. Of this, around 12,000 crores will come from organic growth and 8,000 crores from inorganic growth.

Our inorganic growth is through acquisitions. We are in the market to identify businesses that are good for us, primarily from a suboptimal-margin perspective, or that can add complementary domain expertise or capabilities. We will transform these entities to increase EBITDA and create value. I will pause here, and then we can take the questions.

Operator: Our first question is from Vedant Narula. Hello, Vedant, you can unmute yourself and ask your question.

Vedant Narula: Hello?

Sanjay Verma - CEO: Yes. Go ahead, Vedant.

Vedant Narula: Yes. I had a question about the broader competitive landscape in the system integration segment. In India, we are seeing more and more colocation players and data center buildout happening on the hyperscaler side. If you look at the competitive landscape, with players such as STL Networks through their {? Invenia ?} brand or Black Box, how are you catering to this segment when it comes to fiber or telecom fit-outs and fiberization?

Sanjay Verma - CEO: First and foremost, I think the competitive profile in America is quite different. Seventy percent of our business is in the US. Currently, of course, we are focused on the US market and hyperscalers.

From an overall perspective, as I said, the TAM is extremely large. To have the right to win, it is important that we are able to execute at scale. Over the last 2-3 years, we have built momentum with our existing customers and partners, including the likes of Meta, Oracle, Google, and others. We are in an extremely good position to gain more business.

We are focused on going deeper rather than just getting wider because our ability to deliver is improving. We expect to hire more than 1,000 professionals this year just in the data center hyperscale connectivity rollout space. We believe that our global presence, our experience with many hyperscalers over the last 4-5 years, and our recent trajectory of converting long-term engagements into large deals put us in a very good position to create momentum and gain market share, driving us toward our goal of achieving 2 billion dollars.

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Vedant Narula: One last question. If we focus on the India region, we are seeing fiber deployment companies such as STL Networks also becoming competitors in the integration layer. Are you also focused on fiber integration?

Sanjay Verma – CEO: No. STL, and I think we, are not in the fiber supply or terrestrial fiber business. We are purely services-led. We do not supply fiber for large-scale infrastructure. We discover, design, deploy, and manage.

Companies such as STL and others, including Corning and CommScope, are suppliers of fiber. We are not in the business of competing in or selling fiber infrastructure. We are largely in the business of services and maintenance of that infrastructure.

Vedant Narula: Thank you.

Operator: Our next question is from Badal Rawat. Hello, you can unmute yourself and ask your question.

Badal Rawat: Hello?

Management: Go ahead.

Badal Rawat: No, actually, I got my answer.

Deepak Bansal – Executive Director & Global CFO: I see a question in the chat about the significant opposition to new data center buildouts, especially in the US. How do you see this evolving? Sanjay, would you like to take that?

Sanjay Verma – CEO: I will take that. The momentum for AI infrastructure requires some basic resources that are under stress, starting with land, power, and water. It is not unusual that we will have some aspects to deal with regarding the environment and other matters.

However, the overall outlook remains positive. The momentum is very large. A structural shift of this kind will always face some kind of situation, either politically or otherwise. But I do not see this slowing down. As we speak, something new is being announced every morning. From a Black Box perspective, we do not see anything that is going to affect us.

There will be some projects and some locations that will face some opposition, which is natural. Many years ago, when computerization came to India, there was a lot of uproar regarding people losing their jobs. But that did not stop digitization or computerization.

This is something that cannot be rolled back. This is about accelerating the experience for humans. We do not expect to roll back the way we conduct business today, both in our personal and professional lives.

We continue to use DigiYatra. If you do not have a data center, you will not have that. We continue to use Uber. If you do not have a data center, you cannot use Uber. We continue to order on Zomato and Swiggy. Unless people stop ordering, there will be a need for data centers. This is not going to stop because we are trying to improve the experience we have. There will be some opposition, but I do not think it is going to affect the business overall.

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Deepak Bansal – Executive Director & Global CFO: The next question I can see is whether we are directly contracted by Meta and Google or through their EPC companies. I can take that.

It is a mix of both. While we have direct contracts from all the hyperscalers, all the new contracts now, because of their own balance sheet management and other factors, are routed through their EPC companies, which are called general contractors in the US.

All these GCs provide the contract, but the decision-making regarding awarding the contract and invoice acceptability is done directly by the hyperscalers. It is simply a pass-through arrangement in which they approve it and then pass on the invoice to the GC. The GC adds its own margin and then pays us. That is the overall arrangement.

Sanjay Verma – CEO: All assessments, evaluations, awards, pricing, and execution are managed by the end customer. In some cases, as Deepak said, the contracting may be through a different vehicle, and that is how they want to manage it. However, the decision on whether a partner will be on the job or not will possibly be made by Google and Meta more than anybody else.

Operator: We will now take questions from participants who have raised their hands. Our next question is from Santosh Singh. Hello, Santosh, you can unmute yourself and ask your question.

Santosh Singh: Hello. Am I audible?

Sanjay Verma – CEO: Yes.

Santosh Singh: Thank you for the opportunity. My question was about the recent negativity around AI, which has been partially answered, so perhaps I will move to my second question.

You also mentioned that we are pursuing an organic and inorganic growth path. What kind of timeline are you targeting? Are we targeting anything in this financial year, or in the next financial year? Could you comment on that?

Sanjay Verma – CEO: Deepak, you can take that.

Deepak Bansal – Executive Director & Global CFO: There is no specific timeline for organic and inorganic growth as such. However, we are currently working toward acquiring revenues of approximately 200 million dollars every year.

This year, we completed one acquisition in Brazil, primarily to enhance our capabilities there. Brazil is the largest market in Latin America. In fact, it is the second-largest market in the whole American hemisphere, which includes North America and South America.

From a people perspective and in other respects, we acquired a company there to enhance our capabilities. Earlier, our revenue in Brazil was close to 20, and with this new acquisition, we will be doing around 700. The 20 means roughly 200 crores, and now we will be doing around 700 crores with this new acquisition. This will obviously give us a platform there.

The idea is that by FY30, we should have at least 6,000–7,000 crores of inorganic acquisition revenues built into our profile, which will be accretive for us. We are prudent in our investments. We want to acquire companies that are operating at suboptimal levels, and then we want to pay, for

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example, 60% upfront and 40% later, so that we manage our cash and manage the return on capital employed in terms of payback and return on investment.

Santosh Singh: I have one more question. I have been observing our company for quite some time. We are closely working with one of the major hyperscalers, but in the past, I do not think this was reflected in the revenue or converted into the bottom line. What qualitative comments are you hearing from the hyperscalers? Why do they not build this themselves? Do we see any margin impact? Can this scale further? Or would they prefer to do it themselves if it is costly for them? I would like to understand your thoughts on that.

Sanjay Verma – CEO: Hyperscalers have 3 or 4 distinctive models through which they can accelerate their agenda. Meta announced a B2B business for the first time this morning and appointed a new CEO.

The first model is self-build. Self-build does not mean that they build everything on their own; it means that they own the asset. Today, they self-build only a gigawatt or more. Three years ago, even 200 megawatts was considered very large. Today, a gigawatt is fairly small for them. Therefore, the self-build threshold for a hyperscaler is 1 gigawatt or more.

Second, they lease out colocation space. Many of them are present in India, including Equinix, Sify, Yotta, NTT, and others. They take colocation space, basically the core and shell and MEP, and bring in their own compute and other infrastructure. That accelerates the process.

Third, they also use neo-clouds, which are fully populated and GPU-enabled. They bring their wire and plug in for compute. They use all 3 models, and they drive the design and the purpose for which they want to use them.

To your question about whether they can build on their own, they are in the business of AI. They are not in the business of doing core and shell, and they are not in the business of acquiring land and installing transformers. Therefore, they will require partners to do that.

We do a portion of the work that is fundamentally important from a data center perspective. If you cannot connect and do not have connectivity, you cannot move data in and out. It is like having a warehouse full of goods with no road in front of the warehouse. The goods cannot be transported.

They self-build and design, and they know what they need, but they need partners. The data center continuum starts with land, power, core and shell, MEP, connectivity, network, compute, and storage, and I can keep going. It is a massive undertaking. There is no single company that does all of this.

You need to bring together a wide range of companies to do this. Therefore, as Deepak mentioned earlier, they may require an EPC or a GC that becomes a project manager because there are too many parts involved at this time. They own the overall thesis of how they want to do it, but doing it entirely on their own would be like starting a power company, a land company, and a GC company. That is not their business, so they cannot do that.

Santosh Singh: Thank you. I have one final question. What kind of optionality are we exploring in this space beyond what we are doing currently?

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Sanjay Verma – CEO: When you say optionality, are you talking about increased services, or what exactly do you mean?

Santosh Singh: I mean an increase in services around what we are already doing.

Sanjay Verma – CEO: From a hyperscaler standpoint, we are focused on 2 distinct areas: connectivity and network. We are exploring whether we can move one step to the left and one step to the right. In other words, can we enter the compute space?

Most of the large hyperscalers do their own compute, but the smaller ones, the colocation providers, and others use compute for enterprises. We could potentially do that. To the left of that is MEP. We are not a mechanical and plumbing company, but the electrical part of MEP is fairly close on the low-voltage side.

We are exploring partnerships, including acquisitions or other arrangements, organically or otherwise, to see whether we can increase our TAM. Irrespective of that, the current TAM for connectivity and network is between 10% and 15%, which is about $1–$2 million per megawatt. If you calculate that in gigawatts, it runs into billions of dollars.

I believe that, for what we do, going deeper itself makes sense, and we will continue to book orders and win business. Having said that, we will also continue to explore adjacencies. Since we are on-site and have project management, quality, safety, and training teams, we are exploring whether we can take on more of that work as well.

Santosh Singh: Specifically, I was thinking about why we are not doing GPU-only work. Thank you for answering all my questions, and have a great day.

Sanjay Verma – CEO: Thank you.

Operator: Our next question is from Karan Gupta. Hello, Karan, you can unmute yourself and ask your question.

Karan Gupta: My question is about receivables. What is our revenue recognition process? Is it after providing services, on an annuity basis, or something else?

Sanjay Verma – CEO: I will take it, Deepak, and then you can add to it.

We have various revenue channels. For our T&M business, which is time and material, we perform the work and bill by the hour. For the annuity business, we recognize revenue ratably. We also have a significant annuity business with banks, airports, and others, comprising annual maintenance contracts and managed services, as shown in our investor presentation. A substantial part of the business falls into that category.

Then we have projects. On the project side, we use progress-based billing. This means that as we progress toward a particular milestone, we follow the accounting standards to recognize revenue. As we make progress, we submit invoices, and the customer accepts them based on the progress made.

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For product sales, which are a small part of the business, revenue is recognized when the product is supplied. Therefore, we have time and material, annuity-based, project-based revenue through progress billing, and products recognized when we sell them. Deepak, would you like to add something?

Deepak Bansal – Executive Director & Global CFO: You covered it. Maintenance contracts are recognized based on the contract period. If it is a 12-month maintenance contract, the contract value is divided by 12. If it is a project, as Sanjay said, we use the percentage-of-completion method, which is progress billing. If it is product delivery, revenue is recognized upon the supply of the product.

This is all as prescribed by GAAP. It is defined by GAAP, and we are not doing anything outside GAAP.

Karan Gupta: Over the last 3 years, our revenue has not grown, but receivables have increased. Do we have more projects with delayed payments, or are they under construction and not yet completed? I am trying to understand this aspect.

Deepak Bansal – Executive Director & Global CFO: We have also explained this in the narrative section of our annual report. The issue is partly due to skewness within the quarter and within the month.

The reporting timeline is the end of the quarter. What happened specifically in the March quarter is that approximately 65% of our revenue for the March quarter came in the month of March. Even that revenue came in the last 2-3 weeks of March because of discounting schemes by the OEMs, delays by customers, and other factors.

Because of this, all the receivables got stuck at that point, which made it appear that receivables had increased. However, within the next 60 days, we recovered all those receivables, which is our normal payment cycle, and our receivables—

Management: Receivables have now returned to normal. When you see our September numbers, you will see that receivables have gone down drastically compared with the March number, which was due to a specific timing-related issue.

Karan Gupta: As you said, we are currently providing connectivity and network services specifically to hyperscalers. Of course, we also have an enterprise business that is somewhat different. Are there other services, such as power, racks, cabling, security, and so on?

Management: Cabling is part of connectivity. Cabling is what we call connectivity, specifically low-voltage connectivity. Cabling can involve copper, although fiber is mostly used now.

The way it works is that we provide inside-plant fiber connectivity to the racks and servers. We perform the fit-out in the white space. We do not provide security because hyperscalers do not require our security services; they have their own methods of handling security. They are highly particular about that.

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For hyperscalers, we provide cabling and fiber infrastructure, wireless infrastructure, and network infrastructure.

Karan Gupta: What is the competitive landscape domestically? We can see 2 or 3 other system integrators entering the data center or AI space. Earlier, they were in IT infrastructure, and now they are also providing cybersecurity and system integration, perhaps to financial institutions. How do you see this, and how are you increasing your services to gain more wallet share in this area?

Management: By domestic, I presume you mean India. As Deepak pointed out, our current revenue from India is about 6-7%. Specifically for hyperscalers, we are not focused on India.

Hyperscalers were not previously present in India; they have only recently announced projects. Hyperscalers in India do not own infrastructure. Until now, they have leased infrastructure. The total capacity itself is 1.5 gigawatts. They were leasing 20 gigawatts in one building, another 20 gigawatts in another building, and 40 gigawatts in another building. For the first time, they have announced projects in Vizag and other locations.

We were not previously focused on hyperscalers in India. Our competitive landscape and focus for hyperscalers are rooted in America, where they are building 200 gigawatts as we speak. Therefore, I would not specifically comment on what is happening in India.

From an IT infrastructure perspective, we do approximately 500 crores in India. We expect that business to grow significantly over the next 4 years on the back of our engagement with some of the global players, both on the enterprise side, where we are already active, and domestically.

However, we are not competing as a company with local India-based domestic players because, of our 20,000 crores of revenue, 70% will come from overseas. Seventy percent will come from North America, 20% or more will come from other locations, and approximately 5-8% will come from India.

Operator: Thank you, Karan. We request you to rejoin the queue. Our next question is from Riddhika Shet. Hello, Riddhika, you can unmute yourself and ask your question.

Riddhika Shet: Hello, am I audible?

Deepak Bansal – Executive Director & Global CFO: Yes.

Riddhika Shet: I have one question. How much of our revenue is actually coming from the data center business, and what are its margins compared with the usual business?

Sanjay Verma – CEO: Deepak.

Deepak Bansal – Executive Director & Global CFO: Data centers currently contribute approximately 20% of our total revenue. Out of our 850 million dollars of revenue, data centers contribute roughly 150 million dollars.

This will grow substantially when we consider the growth expected this year, with FY27 growth of approximately 23-25%. Data center revenue will grow disproportionately compared with our other businesses.

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The margins are almost similar at the EBITDA level. At the gross margin level, the gross margin is in the range of 16–18%. However, the costs below gross margin, which comprise overheads, are lower compared with the enterprise business.

Ultimately, it comes down to an EBITDA margin of 9.5–10%, which is our industry EBITDA margin. Our target is an EBITDA margin of approximately 10%, and we will achieve that through this business as well.

Riddhika Shet: Thank you.

Deepak Bansal – Executive Director & Global CFO: Thank you.

Operator: Our next question is from Vivek. Hello, Vivek, you can unmute yourself and ask your question.

Vivek: Hi, Deepak and Sanjay.

Sanjay Verma – CEO: Hi, Vivek.

Vivek: I have one question about the data center business. Since the bulk of our growth is dependent on that segment, are we confident of booking the required orders? I am assuming that over the next 3–4 years, we will need to book approximately 3–4 billion dollars cumulatively.

Are we confident about this? I assume that the enterprise part of the business, as you said, is a steady 5–10% volume-growth business. For us to reach 2 billion dollars by FY30, and then, working backward, 1.6 and 1.4, we will need to build a substantial order book over the next few years.

Are these orders one-off orders, or are we confident that we can continue building on these large orders that we have received?

Sanjay Verma – CEO: We have a very good pipeline and a very good line of sight. Last year, we booked 1 billion dollars. We expect to book approximately 1.4–1.5 billion dollars this year. The incremental booking this year will come substantially from hyperscalers and colocation providers combined, including DLR, Equinix, and others.

We also have a line of sight beyond what we are doing this year. As you know, planning for hyperscaler buildout is taking place for FY28, FY29, FY30, and beyond. It takes 2–3 years to build these facilities, so we are engaged in that process.

To answer your question in summary, yes, we expect to have very robust bookings this year. Deepak pointed out that we expect our backlog to be at least 60–70% higher than last year. Going forward, we expect this to continue for at least the next several years.

As hyperscalers mature over the next 1–2 years, we also expect the cycle to move toward enterprises. If you stop to think about whom these hyperscalers are building for, they are building to enable airports, hospitals, and enterprises. Therefore, there will also be a recycling of that demand.

The scale of hyperscaler projects is clearly very large from a project perspective. However, we also expect our infrastructure-led business, whether at a fab plant, airport, or retail store, to start gaining

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momentum with the adoption of AI.

Therefore, the combination of both, led by hyperscalers, is important. There is no doubt about that. We expect this momentum to generate cumulative bookings of 3-4 billion dollars, and actually more than that, over the next 3-4 years. So, the answer is yes.

Vivek: Sanjeev, I have one more question. Should we expect any acquisitions this year or in the next few quarters? We have completed one acquisition, but it was fairly small, at close to 50 million dollars. To reach 600-700 million dollars, we only have approximately 12—9 or 12—

Sanjay Verma – CEO: You are right. Deepak, I, and some of the other team members are focused on this. We do not want to boil the ocean with the company. The company should remain focused on organic growth; that is how this should work.

However, we do have a pipeline and are currently engaged in discussions. We are very focused on making accretive acquisitions. We do not want to simply add revenue. If we cannot improve the business or make it better, or if we cannot preserve our return on capital or equity, we do not want to pursue the acquisition.

Without getting into details, the answer is yes, we are focused on this. We expect to deliver approximately 700-800 million dollars of inorganic revenue, and therefore we know what we need to do. There are active conversations, but we can only announce something when the right time comes.

The answer is yes. We know that a good 30% or perhaps slightly more of what we are discussing has to come from inorganic growth. We have a focus and a line of sight on that as well.

Vivek: Thank you.

Operator: Our next question is from Sai Kiran. Hello, Sai Kiran, you can unmute yourself and ask your question.

Sai Kiran: Hello, am I audible?

Deepak Bansal – Executive Director & Global CFO: Yes.

Sai Kiran: Thank you for the opportunity. I wanted to understand the following: if a company is installing a 100-megawatt data center, how much would it spend on EPC, which is what we do?

Sanjay Verma – CEO: We do not do EPC. EPC is slightly different.

To repeat, a data center starts with land and requires powered land. You can have power behind the meter or power from the grid. Then you require an EPC contractor for the core and shell, or a general contractor. After that, you require MEP, which means mechanical, electrical, and plumbing, for HVAC, cooling, liquid cooling, transformers, substations, and other requirements.

Then comes the connectivity work, which includes fiber, and that is what we do. This covers both passive infrastructure and active infrastructure. Active infrastructure would include a network such as wireless or DAS infrastructure.

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That is what we do. We work in tandem with GCs and EPCs most of the time because the work has to be performed together. Our portion of the work is about 10–15% of the overall spend before compute for a data center.

A data center in North America spends between 10 million and 15 million dollars per megawatt, depending on which part of the country it is being built in. Some locations are expensive and some are relatively cheaper because labor costs are not the same. California and New York are expensive, while other locations are cheaper. However, the range is 10–15 million dollars per megawatt.

The same work in India is currently being done in the range of 6–7 million dollars per megawatt. In Europe, it is between 8 million and 10 million euros, or 10–11 million euros. Our share is 10–15% of that. If it is a 100-megawatt facility, you can calculate how much they would spend; it would be close to 1 billion dollars from that perspective.

Therefore, our addressable services are between 10% and 15%. We do not sell products or supply fiber.

Sai Kiran: The 10–15 million dollars you mentioned is for 1 megawatt, correct? Or is it for a 100-megawatt order?

Sanjay Verma – CEO: Yes, it is 10–15 million dollars per megawatt. For us, it is between 1 million and 1.5 million dollars per megawatt for connectivity and network services.

Sai Kiran: Got it.

Sanjay Verma – CEO: For a 100-megawatt facility, the opportunity would be close to 100 million dollars.

When the project becomes very large, such as 1 gigawatt or 500 megawatts, it is normally split because one partner or vendor would not be able to do it and should not do it, given the risk, the hiring required, and the speed at which the project needs to be executed.

As the project becomes larger, there are situations at hyperscaler sites in America where 4 EPC companies are working at the same site. It is like having Larsen & Toubro, Tata Projects, and Bechtel all on one site because they are spending 30, 40, or 50 billion dollars. It is a gigantic undertaking. It is not a project for one company or another; many companies have to participate together to execute it.

Sai Kiran: Got it. Thank you.

Operator: Our next question is from Harsh Shah. Hello, Harsh, you can go ahead and ask your question.

Harsh Shah: Good morning. I hope I am audible.

Sanjay Verma – CEO: Yes.

Harsh Shah: Thank you for the opportunity and for taking my question. My question is about supply constraints. Do you foresee any bottlenecks across the value chain? Given the way things are

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developing and the number of data centers that will be coming up over the next few years, do we foresee any constraints in any part of the value chain, whether mechanical systems, cooling solutions, fiber, or any other area? I would appreciate your thoughts on that.

Sanjay Verma – CEO: I would say the answer is yes. If you start building more than people could have comprehended, the answer is yes. This applies to GPUs, CPUs, and gas turbines, which are currently scheduled for 2031 and 2032. If you want to buy a GE Vernova gas turbine, you can come back in 2032. So, the answer is yes.

People took positions 2–3 years ago after understanding the situation and working hard. In the case of hyperscalers, they went upstream and booked slots with GE, Kawasaki, Siemens, and others for gas turbines. They invested money in fiber companies. Corning is investing 6 billion dollars to expand its plant because a company cannot expand its plant without a line of sight. These are all part of the—

Management: These are growth pains. If you suddenly say that you want to invest 1 trillion dollars in infrastructure when there was no supply chain built to support that, there will be challenges.

I think a reasonable part of this has been covered and understood, so everybody is racing to create more capacity. This also has downstream implications for companies like us. We have to ramp up and hire 1,000 people when we had been hiring 100 people a year. Clearly, we have to start thinking differently.

The situation is better than before, but will certain sites and locations be delayed? The answer is yes. There are still chip shortages, memory shortages, and turbine shortages, but that is a good thing because it tells you that there is growth and that we have to accelerate our efforts.

I think companies are working to cover as much as possible. However, will there be situations at some point in which somebody is a little short? The answer is yes, that will happen.

Santosh Singh: I understand. Thank you very much.

Operator: Due to time constraints, we will have to close the call. I would like to thank the management and the participants on behalf of Arihant Capital for sparing their time and sharing insights about the company. If participants have any further questions, they can get in touch with the team at Arihant Capital. Thank you.

Management: Thank you. Thank you very much.

Operator: Thank you. Thank you, everyone.

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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