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14 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Dynacons Systems & Solutions Ltd. Q1 FY27 earnings conference call, hosted by Go India Advisors. 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 this conference call, please signal the operator by pressing star and then zero on your touchtone phone. I now hand the conference over to Ms. Kanishka Tanwar from Go India Advisors. Thank you, and over to you.

Kanishka Tanwar – Go India Advisors: Thank you, Sonia. Good afternoon, everyone, and welcome to Dynacons Systems & Solutions Ltd. Q1 FY27 earnings call to discuss the Q1 FY27 results. We have the senior management of the company on the call: Mr. Parag J. Dalal, Executive Director; and Mr. Dharmesh S. Anjaria, Executive Director and CFO. We must remind you that the discussion on today's call may include certain forward-looking statements and must therefore be viewed in conjunction with the risks that the company faces. May I now request Mr. Parag J. Dalal to take us through the company's business outlook and financial highlights, subsequent to which we can open the floor for the Q&A? Thank you, and over to you, sir.

Parag J. Dalal – Executive Director: Thank you. Good afternoon, everyone, and thank you for joining us today. We appreciate your continued interest in Dynacons and are pleased to welcome you to our Q1 FY27 earnings call.

Q1 FY27 was an important quarter for the company, marked by strong order inflows, continued margin expansion, and significant strategic wins across private cloud, data center infrastructure, AI-ready infrastructure, and enterprise technology solutions. While revenue for the quarter was impacted by the timing of deliveries and extended OEM-led lead times affecting the execution of certain orders, the underlying demand environment remains healthy and our order book strengthened significantly during the quarter. We therefore view the revenue impact as a timing-related issue rather than a change in customer demand or business momentum.

The broader technology landscape continues to be shaped by the rapid adoption of AI, cloud computing, cybersecurity, and data center modernization. Enterprises and institutions are increasingly investing in mission-critical digital infrastructure, creating long-term opportunities for trusted technology partners with strong execution capabilities and deep customer relationships. Dynacons is well positioned to participate in this opportunity through its integrated offerings spanning data centers, cloud, AI-ready infrastructure, cybersecurity, digital workplace solutions, and managed services.

During the quarter, we secured several marquee wins from leading institutions, including the Reserve Bank of India, NPCI, Central Bank of India, and J&K Bank, Jammu and Kashmir Bank. These wins reinforce our position as a trusted partner for some of the country's most critical technology infrastructure projects and strengthen our visibility across both project-based and recurring revenue opportunities.

Our strategic priorities remain unchanged. We continue to focus on expanding our data center and cloud business, strengthening our AI and cybersecurity capabilities, increasing the contribution of managed and annuity-based services, and continuing to deepen relationships with customers

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across BFSI, government, PSUs, and enterprise segments.

With that, I will now hand over the call to our CFO, Mr. Dharmesh Anjaria, to take you through the financial performance and key developments during the quarter. Thank you.

Dharmesh S. Anjaria – Executive Director & CFO: Thank you, Parag, and good afternoon, everyone. Q1 FY27 was a quarter of strong order momentum and improving profitability. Even though the reported revenue was impacted...

Operator: There are many conferences taking place here. Many people have called, so people are saying conference [inaudible].

Management: Excuse me, can you put it on mute?

Dharmesh S. Anjaria – Executive Director & CFO: Q1 FY27...

Management: ...was a quarter of strong order momentum and improving profitability. Even though the reported revenue was impacted by the execution timing of some projects, our focus during the quarter remained on strengthening our order book, executing large customer engagements, and positioning the company for long-term growth in high-value technology infrastructure segments.

Let me address the revenue performance for the quarter. Revenue from operations for Q1 FY27 stood at 313 crores as compared to 328 crores in Q1 FY26 last year. The primary reason for this temporary decline was the extended delivery lead times on certain orders due to OEM and supply chain lead-time issues, which deferred execution and revenue recognition during the quarter. Importantly, these orders remain on hand and customer demand remains intact. As delivery and project milestones are completed, the corresponding revenue recognition will also follow. Therefore, we view this as a timing-related impact rather than a weakening in the underlying business environment.

Profitability remained strong for the quarter. EBITDA for the quarter increased to 40 crores. Profit after tax stood at approximately 20 crores, and earnings per share stood at 15.54. These results reflect continued discipline, a favorable business mix, and an increased contribution from high-value infrastructure and service engagements.

The most significant development during the quarter was the strength of our order inflows. We secured a 750 crore mandate from the Reserve Bank of India for private cloud infrastructure, a 267 crore project from NPCI for data center augmentation, a 124.5 crore mandate from CBI involving AI-ready infrastructure and containerization platforms, and a 25 crore ERP implementation engagement from J&K Bank, among other orders. These wins further strengthen our positioning across private cloud, data centers, AI infrastructure, and enterprise technology platforms.

As of date, our order book stands at approximately 3,104 crores, providing strong visibility for future execution. Importantly, the order book contains several multi-year engagements with support, managed services, and recurring revenue components that enhance revenue visibility and customer stickiness. Our immediate focus is on disciplined execution and conversion of this strong order book into revenue.

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In addition, our bidding pipeline stood at approximately 6,650 crores across data center and cloud, networking, workplace solutions, and managed services. This pipeline, together with our existing order book and the deep customer relationships that we have, provides a strong foundation for future growth opportunities.

Looking ahead, we remain focused on growth, disciplined execution, improving revenue quality, and increasing the contribution of recurring and annuity-based businesses. We continue to see strong opportunities across data center modernization, AI-ready infrastructure, cybersecurity, and managed services, and we believe that Dynacons is well positioned to benefit from these industry trends.

With that, we will now open the floor for questions. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone 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 Abhijit Jain from AG Capital. Please proceed.

Abhijit Jain – AG Capital: Hi. Good afternoon. I hope I am audible.

Management: Yes, you are.

Abhijit Jain – AG Capital: First of all, sir, I know it was a tough quarter given that the numbers were stagnant, but as I said earlier also, I believe that the long-term trajectory and what Dynacons has done over the last 10 years is phenomenal. I am hoping that this was just a glitch and that you will be back to your growth pace.

Sir, I understand that you do not give guidance and that you have been very transparent in terms of sharing all the order wins and deal wins that you have been getting. But because investors are constantly tracking your company, it would help us to understand how you are seeing Q2 and Q3, because you are in the middle of Q2 now.

It was already guided earlier on the call that Q1 was not basically a slow quarter; it was just that certain deliveries got deferred. So could you help investors understand and give some confidence as to how Q2 and Q3 are shaping up, and whether you are back on the growth pace that has been known for the last 10 years? Some guidance, not in terms of numbers, but some more details around what you are seeing on the ground would help.

Management: As we have mentioned, this is more a matter of the timing of revenue recognition rather than a slowdown in demand. If you see, during the quarter we added significant orders, which have been discussed and declared. Demand continues to remain strong across all the segments.

As we mentioned, the revenue impact during the quarter was primarily due to the execution timelines and the lead times, which have increased. As you are aware, across the industry, demand for AI infrastructure, high-performance servers, GPUs, and memory has increased significantly, and this has resulted in long lead times for certain components. This is where the issue affected

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deliveries and subsequent revenue in this particular quarter.

Having said that, we are very confident that, based on the current visibility, deliveries are expected to normalize progressively, and we are confident of converting this order book into revenue over the coming quarters. We expect the normalization to happen over the coming quarters. We expect to continue the growth momentum that you have seen over the last 10 years, and we expect that to continue.

Abhijit Jain – AG Capital: Brilliant, sir. One thing that has been heartening to see in this quarter, and I think in the last two quarters, is that your operating margins are steadily inching upwards. You have also reached, back in the last quarter, and achieving a 13% operating margin this quarter is quite phenomenal.

Given the space that you are in, the AI space and the data structure space, the data center space, it seems that you are moving to a higher trajectory and a new orbit. Are we to expect that this operating margin will continue to improve from here, and that Dynacons has entered a new orbit of mid- to mid-double-digit operating margin from here?

Management: The improvement in margins was primarily driven by a better business mix, disciplined execution, and a higher contribution from the value-added infrastructure and managed services segment. As you are aware, we do not provide specific margin guidance. However, we continue to focus on higher-value solutions in all these areas where we see healthy demand and attractive business opportunities.

Margins may fluctuate from quarter to quarter depending on the project mix and execution timing. But you have seen that our margin profile over the year has been steadily improving as our business mix has improved. We expect this trend to continue in the future as well.

Abhijit Jain – AG Capital: Great, sir. I am hoping that you have arrived in one of the big leagues after having operated beautifully over the last 10 years, and I hope you keep up the growth momentum that you have been delivering. All the best for the future.

Management: Thank you. Thank you.

Operator: Thank you. The next question is from the line of Madhur Rathi from Counter-Cyclical Investments. Please proceed.

Madhur Rathi – Counter-Cyclical Investments: Sir, I hope my voice is audible.

Management: Yes, you are audible. Hello.

Madhur Rathi – Counter-Cyclical Investments: Sir, could you give us the pre-Ind AS EBITDA margin for this quarter or the pre-Ind AS operating profit number?

Management: Pre-Ind AS, can you just repeat that because we lost you.

Madhur Rathi – Counter-Cyclical Investments: Basically, this 40 crore EBITDA in Q1 includes lease rental also, which I believe has increased significantly year-on-year. This is distorting the EBITDA number because lease rental is not part of EBITDA by any stretch of the imagination. So if you could

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tell us, out of this 40 crore, how much is the lease rental?

Management: The amortization has been mentioned in the revenue. The lease rental is on account of different types of projects. One is on account of device-as-a-service projects, where these are directly contributing to the revenue. Second, there are certain assets that have been purchased for our core banking-as-a-service project, which are essentially capital in nature. These are fixed assets that have been purchased on lease.

Honestly, fully classifying lease assets and removing them completely from this would not be the right measure to correlate the revenue, as you have been mentioning, because it consists of a mix of both these types of assets. However, the amortizations have been mentioned, and you will be able to calculate the same. We are not giving any specific differentiation between these two.

Madhur Rathi – Counter-Cyclical Investments: Actually, where I am coming from is that, if we see last year, our lease rental was 30 crore, and the year before it was 11 crore. I am only talking about the repayment of lease rental, which is mentioned in the financing activity of the cash flow statement.

Last year, our right-of-use asset jumped significantly. That is why, in the current Q1, I believe that since the right-of-use asset increased significantly last year, the lease rental would also have increased, which would have distorted the EBITDA number, which basically includes the lease rental. Since we do not have the cash flow statement for the first quarter from which we can subtract the lease rental, that is why I am asking you.

Management: As a business, you will definitely have seen that the as-a-service business has grown over the last 2 years. You will definitely see an increase in the numbers, or an increase in the lease cost, along with the corresponding revenues.

If you ask us about this, cash flow is definitely not provided as part of these numbers, but whatever the amortizations are, they have been provided. What we can say safely is that whatever lease rentals came in the last year, currently there is no new project in the first quarter that has been announced for any significant DaaS project. Therefore, the number would be similar to last year.

Having said that, as our as-a-service business is growing, the lease cost will correspondingly increase. As I mentioned, this will consist of both device-as-a-service and some fixed assets taken on lease for our core banking service.

Madhur Rathi – Counter-Cyclical Investments: Since the PBT year-on-year is flat, whereas EBITDA shows significant growth, I am assuming the difference would be the lease rental, and hence the PBT is flat year-on-year. Is that understanding correct?

Management: The difference is on account of depreciation as well as lease rental, because there is capitalization also.

Madhur Rathi – Counter-Cyclical Investments: In any case, sir, the thing is that in the past 5 years we have been growing at 20...

Madhur Rathi – Counter-Cyclical Investments: ...10% CAGR, but over the past 3 years growth has come down to 21%, and last year we grew by around 21%. This year, at least the first quarter is flat. By and large, sir, do you think that we can still maintain the 20% plus growth that we have been delivering all this while, despite the higher base that we now have?

Management: With a higher base, the base effect will always catch up with all companies once the base increases over a period of time. First, the base effect will set in. Second, in terms of revenue impact, as our business mix increases, where we are focusing on more as-a-service opportunities and larger data center and similar projects, we definitely expect the business mix to improve profitability, and that is what we are working on.

We are working towards improving this, and you are seeing that over the last few years we have improved it. We will continue to strive in that direction. We do not provide any margin guidance, so unfortunately I will not be able to tell you what we expect. However, efforts are definitely being made to work towards that.

Madhur Rathi – Counter-Cyclical Investments: And, sir, this {? 3,100 crore ?} order book is executable within what period?

Management: Some of the projects, as I have mentioned in the earlier call also, are for 5 years. Some of them are immediate-execution projects. If you want to put a number to it, I would say 18–24 months as an average period for order execution. Overall, some of these projects are immediately executable, while others extend to around 5 years.

Madhur Rathi – Counter-Cyclical Investments: Understood. Now, coming to the major issue of the raw material price increase, or whatever the component availability issue may be, how are we passing on the prices to customers? Or are customers delaying the execution cycle because prices have increased so much in a very short period of time?

Management: As far as passing on the price increase is concerned, yes, because most of our business is through large projects or contracted orders. That is where we are able to ensure that the impact of additional costs does not fall on us, because we have back-to-back support from the OEMs for the same.

Having said that, when budgets increase by, let us say, 30% or 50%, customers are definitely going to try to see how they can best manage this kind of scenario. While they are moving ahead with purchases for certain mission-critical applications, for certain non-critical applications they are dividing them into priorities. Immediate priorities are taken up, while others are pushed forward.

All this is part of the overall scenario. Having said that, because we have a strong order book, we are very confident, and demand continues to remain strong. We have a very good pipeline and very significant demand coming in. We are very confident of revenue growth.

Madhur Rathi – Counter-Cyclical Investments: Our order book supports our revenue growth. But the major question was that when OEM raw material or memory prices are increasing by 40–50%, will they still provide us support, or will they ask us to absorb it? In that scenario, can we pass on these prices to our customers?

Management: In a typical project, once a customer order is finalized, it is finalized in tandem with the OEM. At that time, we have the OEM backing and the prices are already loaded in. Once the orders are loaded in, price escalation does not happen. That is where we are well covered against any price variation.

Madhur Rathi – Counter-Cyclical Investments: Understood. For the as-a-service offerings, in terms of device-as-a-service and the core banking that we are providing, how are we able to get price hikes from our customers for orders that are yet to be implemented going forward?

Management: These projects are not structured that way. Device-as-a-service is a project that proceeds depending on the order. For example, if a customer is currently taking 5,000 devices and, under the next device-as-a-service order, is adding another 5,000 devices, the price will not remain the same. At that time, whatever the fresh price is will be discussed and negotiated. These are two separate contracts that will run at different price levels.

Madhur Rathi – Counter-Cyclical Investments: Understood. Sir, just a final question from my side. There is a new listed company called {? Aurionpro Info Solutions ?}, and they are more into software implementation. How does Dynacons position itself against them? It seems that they are much larger in software implementation. If you could help us understand what the right to win for Dynacons is in this segment going forward.

Management: {? Aurionpro ?} is in a different business segment. They are involved in multiple activities, with software being one of them. They also do a lot of hardware distribution. They are not actually end users, but they supply companies like us as well. Therefore, it is a completely different segment from ours.

We are more focused on the large enterprise space, both in BFSI, global enterprise, and the public sector. For us, the customer segments are different. Second, the type of pre-qualifications that we have to execute projects and participate in such projects is entirely different. That is the clear right to win for us.

Madhur Rathi – Counter-Cyclical Investments: Understood. There is also one player called {? Inspirisys ?}. Are they our competitor? Although they are much smaller, their parent company is much larger globally and they seem to be getting aggressive. Are they our competition and a threat to us right now?

Management: We do not see {? Inspirisys ?} in many opportunities as a competitor. We have come across them in one or two opportunities, but not very often.

Madhur Rathi – Counter-Cyclical Investments: Understood. Thank you so much, and all the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Bhagya from ONGC. Please go ahead.

Bhagya – ONGC: Good afternoon, sir. You just told us that there was a dip in revenue and a dip in profits as well. I wanted to ask: you are saying that this revenue and profit growth issue happened only because of timing. Can we assume that this will fall back into the next period or the next

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quarter? Will it shift to the next quarter?

Management: As we have already mentioned, the revenue was impacted by the timing of delivery rather than a slowdown in demand. We definitely expect the growth momentum that was there to continue. We are making all efforts to ensure that the product mix suitably helps margin expansion as well. All efforts are being made in that direction.

However, we do not give guidance in terms of revenues or margins. What we can say is that we remain focused on executing the growth momentum that we have seen and expect to maintain it.

Bhagya - ONGC: The reason I was asking is that in the previous quarter as well, revenue growth was around 17%, whereas in this quarter it has fallen into negative territory. That is what concerned me, because if we look at our closest competitors, Netweb is growing at an astronomical rate. This quarter, they had revenue growth of around 170% year-on-year, and...

Management: Which company did you mention?

Bhagya - ONGC: Netweb.

Management: Netweb. Okay.

Bhagya - ONGC: Yes, they grew by around 170% in revenue on a year-on-year basis, and profit growth was around 80%. We feel that Netweb and Dynacons are operating in similar segments. In that manner, we can say that perhaps we are losing our customer base to them...

Management: I would not say so. First, we are seeing a very strong order book and strong demand. The orders are continuing to be executed, so I do not see any change in the overall business momentum.

As far as the quarter last year and this year are concerned, we have already explained the situation. I am not referring to Netweb, and I am not aware of Netweb, but there are many companies like us that are listed, including our competitors, which are operating at a similar level or are much better off than them in terms of revenue growth or order sustenance.

We are very confident that the demand and order growth we have will continue to help fulfill and maintain our growth.

Bhagya - ONGC: There is one more point for comparison. We have an operating margin of around 6-7%. This quarter, it has increased by around 4-5%, and congratulations to all of us on the improvement. However, similar companies operating in this segment, for example Netweb, have an operating margin of around 14-15% in the same business. Could you explain why we are...

Management: Again, I would say that we note your concern regarding Netweb, and we will look at how the business mix can be improved. However, I would also like to submit that we have shown consistent growth in both revenues and our margin profile, and we are working to ensure that the growth momentum in both these areas is maintained.

I cannot comment on the specific margin profiles of other companies. I can talk about Dynacons and how we compare with the competition. We feel that we are very well placed. However, let us

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talk about Dynacons. We are confident that we will be able to grow this further.

Bhagya – ONGC: Understood. There is one more thing. Could you please tell us how much we are spending on R&D? I feel that this is the segment in which, if we spend, we can achieve long-term growth.

Management: We do not specifically disclose the R&D expenditure. Whatever R&D expenditure is being incurred is being undertaken in the regular course of business.

In terms of new technologies, Dynacons is currently able to implement several large mission-critical applications. Please understand that we have completed some of the country's largest private cloud deployments. We have completed some of the country's largest SD-WAN rollouts across the country. The e-passport network and security implementation has been completed by us at the Delhi Airport and at the data center. We are also working on core banking as a service.

We are implementing a very wide variety of large technology implementations. I am confident that whatever initiatives we are taking in terms of AI implementation and new technologies are definitely sufficient for this, and we will continue to innovate.

Bhagya – ONGC: I understand, sir. Our company is primarily a system integrator. We call it an SI company, a system integrator company. However, if we look at it, we do not have many products. Right now, we do not have many products, but our competitors...

Management: They do have those products, and what they are able to do is cross-sell those products to their various customers and use those products themselves in their entire projects. That is how they are doing it.

That is exactly what we are also doing. As a system integrator, we have access to a wide variety of technologies and products that customers need. We all build solutions for our customers' needs. Whether a solution is built by ourselves—we are a system integrator. A system integrator is one that integrates various technologies and provides the solution.

We provide solutions, and we are able to provide the leading technologies and solutions to our customers, as I mentioned to you. In fact, we have very good pre-qualifications to participate in large bids. I am not exactly sure which products you are referring to. If you are referring to any IP or software, that is a different segment. We are not in that segment as such. Our core business is different.

Bhagya – ONGC: Actually, sir, just as an example, we are using NVIDIA's GPUs, Blackwell GPUs, and so on. If we talk about our competitors, what I see is that we do not have many competitors in the market. That is a good thing right now because it is a kind of sunrise sector that we are in, this data center business and related activities.

For example, one competitor we have is Netweb. They have Tyrone GPU systems and servers, and the name is Tyrone. They are getting these GPUs from NVIDIA and have a good relationship and tie-up with them. They are using the GPUs to create their entire range of servers, workstations, and so on. They use those products for complete integration and execution of their entire projects. That is how they are able to maintain high margins.

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Management: Netweb is essentially manufacturing, designing, and manufacturing its own servers. Therefore, it is in a slightly different segment. They are more of an OEM rather than a system integrator.

The comparison is therefore slightly different. As an Indian OEM, they would be building for end customers. This is how every OEM starts: they begin by bidding directly, and then slowly and steadily, once their base grows, they move forward. That is a different segment. They are playing a dual role.

I am not trying to make a comparison. We are a pure-play system integration company. If there is an opportunity for manufacturing or something similar, we will evaluate it, but currently the technology support that we have from Dell, HPE, Cisco, and other brands is very good. We are therefore not looking at that currently. However, if the right opportunity arises, we will assess whether it makes sense to take it up.

Bhagya – ONGC: That was more of a suggestion than an inquiry, because through vertical integration we would be able to improve our margins. There is one more question. Our market capitalization is around the {? 1,500 crore ?} level. We are in a sunrise sector and are going with the flow of orders and momentum in the data center field. How do you see our market capitalization and our company growing over the next 5-10 years?

Management: Unfortunately, I would not be able to comment on market capitalization or share price growth. From a growth momentum perspective, if you look at the overall demand that our sector has today, it is quite significant, given the digital transformation and AI implementation taking place across the industry.

Whether it is at the data center, at the edge, or at the endpoints, implementation is taking place at all levels. That is why we see very good growth momentum. We see this growth continuing not only for us but also for other players in the sector.

Bhagya – ONGC: Thank you, sir. This is all, and there is one more...

Operator: Sorry to interrupt, Mr. Bhargav. May we request that you return to the question queue?

Bhagya – ONGC: Okay, okay, okay.

Operator: The next question is from the line of Abha Jain from Avagrah Capital Advisors. Please go ahead.

Abha Jain – Avagrah Capital Advisors: Thank you for taking my question. My question is on the... Hello?

Management: I can hear you.

Abha Jain – Avagrah Capital Advisors: Can you hear me?

Management: Yes, sir.

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Abha Jain – Avagrah Capital Advisors: Yes, yes, you can. My question is on the 2 revenue segments that we broadly have right now. Earlier, our margins were around 7-8%, which was because of hardware procurement and related activities. Now we are expanding into managed services and Opex revenue as well.

Can we have some color on the differentiation within this order book? How much is from hardware procurement and how much is from recurring revenues? The other revenue is recurring, and more cross-selling is expected there. Just some color would be helpful.

Management: I will give you an example. While we are not sharing a breakup of the order book for competitive and other reasons, we do not share that breakup.

However, we can broadly distinguish this because the major orders that are received are already disclosed. We have also disclosed how the business mix of the company is growing across the 4 segments: data center and cloud, network and security, workplace solutions, and managed services.

Any project that we undertake today has a managed services component. For example, the private cloud project of RBI, an NG-WAN implementation project, or any core banking project—all these have a managed services component built into the project. That is how we have been able to improve our margin profile over the last few years. There is always a good amount of services component built into these large projects, which has helped us improve margins, and this will continue in the future.

Abha Jain – Avagrah Capital Advisors: Can we consider margin sustainability for at least 1 or 2 years, or improvement from here?

Management: Yes, that is what we are working towards, and that is what we can see based on the growth momentum that we have had in the past.

Abha Jain – Avagrah Capital Advisors: Okay. My next question is on the Central Bank order. In the Central Bank order, you specifically mentioned that deployment is of the Blackwell H200 GPU with software and related components. Is that a client specification or the company's requirement? How is that decided? We never mention this in any of our other orders as the specific...

Management: Whatever is part of the RFP is normally what is mentioned. Typically, whatever is mentioned in the RFP is what we disclose. When the RFP has specifically mentioned it, that is why it is disclosed.

Abha Jain – Avagrah Capital Advisors: Okay. Just the last question on customer concentration...

Operator: Sorry to interrupt, Ms. Abha. May we request that you return to the question queue for any follow-up questions?

Abha Jain – Avagrah Capital Advisors: Okay.

Operator: Ladies and gentlemen, in order to ensure that management is able to address questions from all participants, please limit your questions to 2 per participant. The next question is from the

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line of Bhajant Bansal from NBT Investments. Please go ahead.

Bhajant Bansal – NBT Investments: Good afternoon. My question is on fixed assets. Last year, you added around 168 crore to your fixed assets, but in the last 10 years you never needed to build such a large asset base. What are you doing differently that created the need for such large additions?

Management: These assets were added specifically for our as-a-service business. I mentioned in our earlier earnings call that we have been growing the as-a-service business over the last couple of years.

When we provide device-as-a-service or core banking as a service, the underlying assets that need to be procured are procured by us, most of them through outright purchases, and are recorded under fixed assets. Some assets have been taken on lease and are shown as ROU assets. This is for the entire as-a-service business, which is what we are seeing. This as-a-service business is also growing.

Bhajant Bansal – NBT Investments: Based on such a large fixed asset block, can we expect a good amount of business volume over the next 5 years?

Management: Yes, definitely. That is what we are also working towards. For the device-as-a-service project, we already have specific revenues from those devices because they were procured for that specific project.

For the entire core-banking-as-a-service infrastructure, whatever assets we have procured are supported by orders from the bank for providing those services. We definitely look forward to an improvement in revenue.

Bhajant Bansal – NBT Investments: One last thing from my side. If I ask you about your vision 5 years from now in terms of the top line, can you throw some light on that?

Management: We are not providing any guidance in terms of numbers, whether for the current year or for 5 years. Unfortunately, I am not able to answer your question.

What I can say is that you have seen our growth over the last 10 years, or probably over the last 30 years, and you can consider extrapolating that over the next 5 years.

Bhajant Bansal – NBT Investments: Okay. Thank you. This is all from my side.

Operator: Thank you. The next question is from the line of Gunit Singh from Counter Cyclical PMS. Please go ahead.

Gunit Singh – Counter Cyclical PMS: Thank you for the opportunity. My question is regarding property fixed assets, specifically right-of-use assets and property, plant, and equipment. I think they are worth 158 crores currently. What ROCE can we expect on these assets?

Our depreciation has probably gone up to 8 crores in this quarter, whereas in FY24 our total depreciation was less than 5 crores, if I am not mistaken. Are these assets currently loss-making, and do we expect them to become profitable in the future? Please help us understand.

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Management: Historically, our ROCE has benefited from a relatively asset-light business model. However, as we expand our as-a-service offering, there may be some increase in capital employed because these assets may be deployed upfront against long-term contracts.

Having said that, these investments are backed by contracted revenue visibility. We have revenue visibility against all these assets, and it is not that they are currently loss-making. We have already evaluated their commercial viability, tenure, funding cost, and expected returns.

While ROCE may moderate compared to historically high levels as our business mix evolves and the base effect sets in, our focus remains on maintaining the healthy returns that we have seen through disciplined capital allocation and profitable long-term contracts. We are already seeing contracts generate revenue against these assets. We will see further revenue being generated in the future, but it is not as if these assets are loss-making today.

Gunit Singh – Counter Cyclical PMS: Understood. Our depreciation...

Gunit Singh – Counter Cyclical PMS: ...has gone up from, say, 2 crores to 32 crores. If you can help us understand the expected ROCE when these assets start generating revenue, that would be helpful. We have introduced 158 crores of profit...

Management: Unfortunately, we do not provide any numbers or guidance on the ROCE or PAT that we can expect. What we work towards...

Gunit Singh – Counter Cyclical PMS: I just want a range. I do not want an exact number. I want to understand when we enter these...

Management: We have not provided a range. Unfortunately, I am not able to give you a range. That is not in accordance with company policy. We do not provide any guidance on numbers, so we will continue to maintain that policy.

Gunit Singh – Counter Cyclical PMS: Understood. Is it currently PAT negative or PAT positive? In terms of utilization of these assets worth 158 crores, is utilization currently low, and as we scale up, will the numbers improve? Is that a fair understanding?

Management: Initially, during the first leg of implementation, asset utilization is lower, as is traditionally the case with any new project. However, it does pick up over time.

For us, it is not the case that the asset is not generating revenue. These assets have contracted revenue visibility. We definitely have revenue generation against these assets.

Gunit Singh – Counter Cyclical PMS: Of course, I am sure there would be revenue generation, but my question is based on the fact that EBITDA has gone up from 2...

Operator: Sorry to interrupt, Mr. Gurmeet. May we request that you return to the question queue for any follow-up question? The next question is from the line of Mohit Bingue from Nuvama Shares. Please go ahead.

Mohit Bingue – Nuvama Shares: I wanted to ask: since most of the orders we have been receiving are from PSU and BFSI organizations, what is the outlook for private banks? Is there any structural

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reason why you are not landing more logos there, or is it a matter of focus?

The other point is that there is a significant private, AI-based data center build-out for hyperscalers and colocation players. Are we looking to participate in that as well? If so, how would that work?

Management: I will answer both questions. First and foremost, we also have private sector banks in our customer base. We work with many private sector banks. It is about the order flow and the scale of the orders that we are probably receiving.

There may be some orders that are below the required threshold for reporting. That is how it is. However, we definitely have both private sector and public sector banks.

In terms of digital transformation initiatives, public sector banks are leading the way along with private sector banks. They are operating head-to-head with private sector banks and are undertaking the same level of implementation. That addresses the first part of your question.

Regarding the second question, could you repeat it in more detail, please?

Mohit Bingue – Nuvama Shares: I am referring to the large data center projects that are coming up, such as the ones that Reliance and Tata undertake, along with many others. In that build-out...

Management: We generally work with end customers across their entire data center and cloud journey because that is more margin-accretive. All these hyperscalers are setting up their own infrastructure, and most of these engagements usually involve direct OEM relationships. The margin profile available there is significantly lower.

However, that is also on our radar. It is not that we are not working on it. We are working with some large global data center players in India and supporting them in that journey. So yes, we are definitely looking at it.

Mohit Bingue – Nuvama Shares: I see. That answers my questions. Thank you.

Operator: Thank you. We take the last question from the line of Madhur Rathi from Countercyclical Investments. Please go ahead.

Madhur Rathi – Countercyclical Investments: Thank you for the opportunity once again. Who are our competitors in the listed space? It seems that Rashiperipherals has also acquired a company called VDA. Are our distributors also becoming aggressive in these contracts because of the margin profile and the size? Could you help us understand the competitor landscape?

Management: If you compare the listed players in our space, one company that is listed and operates in a similar space is Orient Technologies. Rashiperipherals is currently not in a similar space. However, the company they acquired, VDA, is in a similar space.

The margin profile is obviously what they are likely looking at, and they are trying to enter that segment. In essence, the question is whether competitive intensity for these new orders is declining because component prices have increased and the balance sheets of smaller players may not support such high working capital intensity.

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The order sizes have increased. Earlier, our highest order was around 300–350 crores. Today, we have a single largest order of 750 crores. Therefore, our qualification and the type of projects that we can successfully bid for have also changed along that trajectory.

We are able to participate in much larger projects, where the level of competition is completely different. We are competing with larger Tier-1 and global SIs.

Madhur Rathi – Countercyclical Investments: Except for Orient Technologies, which other listed competitor is there? Also, what is our market share with PSU banks, private banks, and overall?

Management: There are no market share numbers published as such. We understand that Orient Technologies is listed. There is {? DYT ?}, which I think operates in a somewhat similar space. I do not think there are too many listed SI players.

We have companies such as Coforge, which also conducts SI business, but it also has a global business, so it operates in both areas. {? Bechtle ?} has also been operating across many facets of the business. Netweb is also operating across many facets of the business. These are some of the players at present.

Madhur Rathi – Countercyclical Investments: What is the reason that we have such a good share of business with PSUs, whereas private banks must also have someone providing the services that we provide to PSU banks?

Management: As I mentioned earlier, we also have private banks as customers. It is not that we do not. There is a certain order threshold above which we need to make a declaration.

If we receive 10 orders that are below the declarable threshold, their overall size for a private sector Bank A may actually be higher than a public sector bank order that we have disclosed, but which is a single order.

I would not like to discuss the order base further due to confidentiality. However, we definitely have a mix of both private sector and public sector banks.

Operator: Thank you. We take that as the last question for today. I now hand the conference over to management for closing comments.

Management: Thank you, everybody, for joining us. We look forward to your continued support, and we look forward to working to maintain the growth momentum that we have achieved so far. Thank you, everybody. Thank you, everyone. We really appreciate your time. Thank you.

Operator: On behalf of Go India Advisors, 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.