Aurionpro Solutions

Operator: Ladies and gentlemen, good day and welcome to the Aurionpro Solutions Ltd. Q1 FY27 results conference call. Today on this call, we have with us from the management, Mr. Ashish Rai, Group CEO and Vice Chairman, Mr. Vipul Parmer, Chief Financial Officer, and Mr. Ninad Kelkar, Company Secretary. Let me draw your attention to the fact that today's discussion may include certain forward-looking statements, which are predictions, projections, or other estimates about future events. These statements reflect management's current expectations about the future performance of the company and are subject to various risks and uncertainties that may cause actual results to differ materially. As a reminder, all participants' lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. I now hand the conference over to Mr. Ashish Rai, Group CEO and Vice Chairman at Aurionpro Solutions Ltd. Following his comments, we will open the forum for the question and answer session. Thank you, and over to you, sir.

Management: Thanks. Good afternoon, everyone, and thank you for joining our Q1 FY27 earnings call. Q1 was obviously below the growth and profitability trajectory that we have been delivering, but it is a fairly strong proof of our ability to adapt as an organization when we are challenged to do so. Revenue was 358 crores, up 6.3% year-on-year. Banking and Fintech grew about 5% to 200 crores plus. TIG grew 8.4% to 157 crores. EBITDA was 61 crores at 17%, and profit after tax was 45 crores.

We should be clear-eyed while also recognizing the execution progress beneath these numbers. We added 23 new customer logos, which is a record for Q1. In the United States, we secured our largest ever order. We also won a large transaction banking mandate, which is rare for Q1. We started execution on one of our largest projects in the data center space and escalated our sales push into newer markets for both transit and banking. Conversion improved from Q4, and sequential growth was stronger than in the last few Q1s. It remained below the normal trajectory because of continuing MEA disruption, some timing shifts in project go-lives, data center milestones as well, supply chain pressures, and capacity deployed to our AI-native stack build-out.

We expect improving execution over the next few quarters as we progress into the year. This is not really a demand issue. Our order book is strong, the pipeline is healthy, and engagement is improving. Our priority is converting demand into go-lives and revenue. We have expanded demand generation in the United States, in Southeast Asia, and in Europe, as we said we would do at the end of Q4. We tightened project governance and calibrated the R&D investments to sustain the innovation we have while restoring margins.

Let me step back from the quarter for a bit. Enterprise software is entering its most consequential architectural shift since the cloud. The previous generation digitized and automated workflows. The next will reason over context, coordinate work through agents, and act in real time. In mission-critical industries like the ones that we serve, software must evolve around trust and accountability. AI will make domain depth more valuable as systems of record become systems of intelligence and action. Winning requires production-grade software, proprietary intelligence, implementation capability, and trust. That is the stack we are building through Orion AI, Aura AI, and Lexi Labs.

Report is AI-generated and may contain inaccuracies.

We are completing key build-outs across our AI-native banking portfolio, beginning with trade finance that we already announced. This absorbs capacity today but creates a reusable platform over time. As the build-outs mature, we will shift capacity towards implementation, accelerating the revenue conversion for the banking business. Transaction banking has significant headroom in Southeast Asia and MEA, and we have pushed hard. Traction is building up in Southeast Asia and in Europe.

Aura AI is seeing a strong demand across banking and insurance as customers move from experimentation to production. Transit is demonstrating the strength of our full-stack model. We secured mandates from Mumbai Metro that we talked about, from Delhi Metro, and many more successes across the transit portfolio. These wins deepen our India leadership as well as the global play that we have as the international pipeline expands.

The data center business is at an inflection point. As capacity comes online and secured mandates, which we have already started execution on, convert into revenue, the conversion should accelerate through the year. We expect growth to move above the recent 40-50% trajectory that we have had for the data center business into a higher band. AI is creating a new infrastructure super cycle and we intend to be foundational to it in India.

The first half performance is obviously starting with a relatively modest Q1, but deal activity is improving, execution is gathering pace, and our order book gives us confidence that momentum will build with meaningful acceleration in the second half. I have made the same statement about accelerating in the second half for the last several years, but last year it was not true. We need to remain watchful on MEA and on large project timelines. We will respond by diversifying faster, planning better, and converting with greater precision rather than optimizing for short-term optics. The true test of an enterprise is whether it can absorb a shock, learn, re-allocate resources, and continue advancing its mission. This quarter has tested us. We adapted and we are moving forward with greater resilience and focus.

I want to thank our customers, shareholders, and every Aurionite for their trust, support, and resilience. We enter the remainder of FY27 with landmark wins, a much stronger geographic balance than we had last year, differentiated IP, and a healthy pipeline. The opportunity ahead is substantial. Our strategy is earning customer trust across the world and our teams are executing with urgency. We are cautiously optimistic about the year ahead and confident in Aurionpro's long-term trajectory. With that, let us move on to questions.

Operator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. The first question comes from the line of Anmol Garg.

Anmol Garg: Hi Anmol, hey Ashish, hi. A couple of things that I wanted to ask. One is that you said that the execution has started for the data center deal. However, there is a sequential decline in the TIG vertical this time. What is the reason for the same?

Management: Yes, so I think it still has to gather pace. Obviously, it is a very large deal and there are various components to it that will immediately translate into large revenues, but I think over the next few months you will see that. Can you hear me? I am seeing a little bit of a frozen screen at my end.

Report is AI-generated and may contain inaccuracies.

Anmol Garg: I can hear you.

Management: Yes, so I think you will see that over the next few months. It is a very large project and obviously it takes a little bit of time to ramp up, but you will see it.

Anmol Garg: So should we expect that from the second quarter onwards we might see a larger acceleration within the TIG vertical because of this deal?

Management: Yes, Q2 will certainly see a pickup and then a much more significant one in Q3 and Q4.

Anmol Garg: Understood. Now, on the second question, we had signed a $33 million deal in the Fintech space, right? Has this deal started to come into revenues, or is there a part of it which has come into the Q1 revenues? Second, is there a pass-through sort of revenue in this deal? Because what I see is that there has been a margin drop for us despite banking growing faster during the quarter, and banking is typically a higher margin business for us.

Management: No, there is no pass-through. All of it is our capacity going out and delivering. I think that again would be very hard to do significant ramp-ups from one quarter to the next, but you will slowly see that ramp-up happen. It is already contributing to revenue.

I think the banking question is an interesting one. We are in the middle of a pretty significant build-out, including product build-outs across all our banking products because we have a very specific point of view on what the software stack needs to be to adapt for the AI age, which will make us much more competitive as we get into the next few years. This means a fairly large part of the capacity is going into those build-outs.

It has nothing to do with pass-throughs or anything at all. It is a question of how much capacity is going into delivering projects that deliver revenue versus some short-term product build-outs. I think most of that will normalize over the next quarter or two. As we build out, we already announced a couple of product launches, and in the next few quarters, we will announce a few more. Some of them are receiving exceptional feedback even from newer markets where we are not present, like Europe for example, and I think we will over the next several weeks come back and announce some of these, including analyst recognitions. So, there is a lot of activity going on on the banking side in terms of rebuilding the product stack and going after newer markets. That is the temporary shift in capacity, but other than that, I do not think there is any major change.

Anmol Garg: Ashish, what is the reason for the margin drop and what sustainable margins over the period of the year can we expect?

Management: Margin drop purely is a function of revenue. It is the same thing; ultimately, it is the revenue the business makes and the amount of capacity going into converting the order book to revenue. All three of them are a little bit different. As you go through the year, I think the banking side you are right, generally remains fairly profitable, but ultimately, if a chunk of actual product R&D goes in as expenses, then it will temporarily show you an EBITDA number which is slightly lower than what you would see if you were purely using all your capacity on delivering revenue. To that extent it will change.

Report is AI-generated and may contain inaccuracies.

I am assuming the question is about banking, right? So, to that extent, banking longer run, I feel the margins will remain fairly strong. As the software business becomes larger and more global, if you look out over the next 3, 4, or 5 years, the operating leverage will kick in. The amount of incremental investments that we have to do every time we enter a new market would come down. I would say over time, the banking margins will get healthier as you look out into the horizon.

Anmol Garg: Sure. And one last thing is on the guidance. Any sort of guidance for the full year in terms of the overall growth?

Management: No, we will not provide that. Other than the fact that, like the statement I made, I think we will accelerate through the year. You already see that the sequential growth from Q1 to Q1 this year is stronger than most years we see, so we are already back into growth, unlike the sudden degrowth that we saw in the business because we were reacting to it. I think now we are reacting to it a lot better.

We have done everything we said at the end of last quarter. We said we will refocus on businesses where we can accelerate growth, which we have done, and you will see a lot more of that, especially around the data center and transit sectors. We said we will refocus banking away from MEA into other markets, which is Southeast Asia and Europe. I am pretty sure this year you will start seeing wins in those, and I think that has worked reasonably well. So over time, honestly, I think this has been a good mini-pivot for us in terms of balancing out the business. You will see the results of that coming through the next few quarters. We said we will tweak both the business focus as well as geography focus a bit which we have done, and I think the results of it will start showing over time. Did I miss a part of your question?

Anmol Garg: No, that is about it. Thank you so much, Ashish, for answering the question.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Mr. Vinay Menen.

Vinay Menen: Hello, am I audible? Thank you, sir. A couple of questions from my side. One, you had mentioned in Q4 there were a couple of deals in the Middle East which did not close because of the West Asia crisis. Is there any update on them and can we see them maybe in a quarter or two?

Management: I hope that we would have closed some of those, but we haven't. Things are progressing a lot more in the Middle East than they were progressing in Q4. I feel good about us getting to a reasonably normal state of business. I am no expert in geopolitics and what happens in the region, but business-wise you do see some traction on deals. We do hope to be able to announce some wins in the Middle East over the next quarter or two. Having said that, the statement stays true; we have not really closed those deals out.

Vinay Menen: Okay. And on the data center part, you mentioned that in Q2 and Q3 we could see a bulk of the revenue come in from the large deals. Have we taken any cost upfront in Q1? Because Q1 gross margins are a little lower.

Management: Yes, we have. This is the way I would look at the data center business. Of course, we do not have all the capacity we need to build out against the demand that we see. To some extent

Report is AI-generated and may contain inaccuracies.

you do need to build capacity in advance and to that extent we have taken costs out because we have visibility to the demand, both in terms of the large deal we announced and more. There is a lot more visibility to data center demand than just that deal, which will again play out over the year.

We feel the data center pipeline is very, very large. It is a question of us choosing the right mix of deals to execute against. We have very quickly established ourselves as a very strong full-stack partner in the data center space to the really serious hyperscale players who have very large investment plans. As we establish ourselves as one of the leading full-stack partners in the space, we will do more and more. We have visibility into the order book which we will execute against and that will accelerate in Q2, Q3, and Q4, but other than that also you will see acceleration in terms of new wins and us needing the capacity to execute against that. So we have built some of that capacity in advance and that is obviously reflecting in the cost structure right now, but that will pay for itself.

This business has grown strongly for us so far, at 40-50% kind of levels. I think it will grow at a much higher level than that in the interim. Over the next few quarters, we will come and talk about it, but you will see a leg up from the 40-50% growth levels we have to a higher number.

Vinay Menen: Okay. And in terms of margin for the year, what kind of margin can we expect, as we are getting this growth from data centers?

Management: Every Aurionpro business has its own economic profile. We tend to generalize banking software, but even overall banking software is multiple software products with their own economic profiles. Every business has its own economic profile. Data center margins remain 4 to 5 points below the enterprise margin. I think it will stay so for some time. We are working on building out products in that space and that will slowly play out in terms of both non-linearity of revenue as well as an improvement in margins, but that is more of a multi-year play rather than a change over a few quarters.

If you were looking at the short term, data center would remain some points below the enterprise margin levels, but it will more than make up for it with the volume overall. As you look out into the future over the next 3, 4, or 5 years, we will introduce more of our IP and our products, as we did on the transit side, and slowly get the margins up in the business.

Vinay Menen: Okay. Thank you so much, sir, and all the best.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Nilesh Sharma.

Nilesh Sharma: Hi. Can you elaborate what will be the number in terms of the total revenue mix for this financial year in terms of banking, transit, and data center?

Management: We have been accelerating across all the businesses at a fairly fast pace. A lot of it is to play out during the year. As you know, roughly the mix so far has remained at about 55/45 or 56/44 thereabouts. I do feel that some parts of the TIG business have a very strong opportunity to expand, especially like the data center segment we talked about. Just the sheer need to build out sovereign AI infrastructure in India, especially to support the AI compute that is needed, will cause

Report is AI-generated and may contain inaccuracies.

an elevated level of growth on that side of the business for some time. To that extent, it may change the mix somewhat. Will it dramatically change within the year? Probably not.

I would say banking will stay a few points above 50% and TIG probably a few points below 50%. As you look out over the next 2 to 3 years, I do see very strong visibility of growth in data centers and a very strong visibility of growth in transit. Banking will continue to grow at the pace it is, but it is possible that the growth on the data center side especially is at a much, much higher number. To that extent, it will change the mix, probably not this year but maybe going into next year.

Nilesh Sharma: Any number we can assume from the data center specifically? As you are saying that we will accelerate from Q2, Q3, and Q4, probably we can accelerate in H2.

Management: Yes, most of the acceleration will happen in H2 just because of the capacity that you need to really execute against the order book and the pipeline that we see. I do not want to give a specific number, as we do not really declare numbers at that level. Data center roughly is a third of the TIG business, which itself is about 45% of the enterprise business. I would say it will become bigger than a third for sure. The growth number for the business would probably be anywhere between 50% and 100%. It depends on how much capacity we can grow and at what pace to execute against what we see, but it will probably be higher than a third, so maybe about 40% of TIG by the time we finish the year.

Nilesh Sharma: Any deals which are at an advanced stage to be finalized in TIG or data centers?

Management: There are several, but the pipeline is very active; it is the busiest pipeline I have ever seen. However, I do not think we will talk about deals before we close them.

Nilesh Sharma: Any guidance on R&D expenditure that we will be booking in the next quarters so that we can expect some good numbers in terms of margins? Will it remain in a similar range?

Management: R&D would more or less remain at a similar number. I do not see that changing meaningfully this year. R&D would probably be somewhere between 10.5% and 11% or thereabouts. There are some R&D projects that are reaching their natural end of life, so to that extent it may actually come down a little bit, especially after the first half of the year. But I do not expect it to really significantly change.

Nilesh Sharma: Any major impact of this geopolitical disruption in our new deals and new geographies that we are trying to capture, specifically Europe and the Middle East? How much time will it take to get normalized on a realistic assumption?

Management: The Middle East is the question mark. Last year, we got to a double-digit percentage of the revenue from the Middle East and we were expecting a much more significant contribution to growth on the banking side. That actually came down to zero and honestly, we do not have a good handle on that. There are things we cannot control, so I think we cannot do much about that.

What we have done is re-focused on trying to sell in more geographies. For example, we expanded the transaction banking stack to Southeast Asia, which is a very strong base for our lending solution set. I am pretty sure you will see some wins on it this year. We also expanded into Europe in a meaningful way. Outside of the Middle East, I do not think there is any other concern that I am

Report is AI-generated and may contain inaccuracies.

aware of. In the Middle East situation, we do see deals progressing, so it is not like it was in Q4. We have not been able to bring deals to closure as much, so to that extent there is still slowness in the geography. As to when that gets better, I would not hazard a guess. It is a meaningful percentage of our overall mix, and to that extent it will impact by the time in two quarters' time, it will normalize itself. There is at least no year-on-year impact of the Middle East after Q3.

Nilesh Sharma: Okay. If you can share any number in terms of revenue for this financial year? Definitely you have guided that we will grow at a much higher rate, but is there any guidance you can share?

Management: No. I have been fairly clear about this since the beginning of the year: I think there are too many uncertain factors for us to really do a good job of providing guidance. From where we were in Q4, the business has gotten back to growth. That is really all credit to all parts of Aurionpro adapting to where the market was going. We became too dependent on the Middle East for growth on the software side. We pivoted away from that and to that extent, I think we feel good about where we are and how the teams have adapted.

We have grown at a breakneck pace for the last 5 years. The size of Q1 this year was what the size of Aurionpro used to be 4 or 5 years back. It is a significant long run where we did get stretched, and this is a blessing in disguise. We get an opportunity to reset the markets and the teams, which we have done. The Q4 to Q1 trajectory is pretty good, and we will just keep pressing on for the rest of the year. I do not want to get into giving guidance right now as I do not think we can do an accurate job of it.

Nilesh Sharma: Thank you, sir.

Operator: The next question comes from the line of Darshit Javeri.

Darshit Javeri: Hello, can you hear me? Thank you so much for taking my question, sir. I just wanted to know in terms of our margins this quarter. You were saying that some kind of revenue was achieved with some higher costs. With the data center ramping up in H2—and it is a bit of a lower margin creator while R&D spend is not reducing—will our margins this year be in the mid-teens, like 17%, or can you clarify the range?

Management: I would not worry about the data center side too much. First of all, that business consumes very little capital. Second, even if we are a few points behind on the margin, it will more than make up for it with the volume. The net contribution to the enterprise is going to be very, very strong from that business. The way to look at it is just the sheer scale of opportunity and the part that Aurionpro can play in building out sovereign AI infrastructure that India so desperately needs.

This is not an ordinary cycle; this is a massive infrastructure super cycle that this country has never seen. As that plays out over the next 8 to 10 years, the impact that we can make as an enterprise would be very significant compared to where we are, and the impact that will make on Aurionpro's P&L would be very significant compared to where we are. It is not fair to look at the business from a one or two quarters' perspective. It is a once-in-a-generation build-out that is happening in this country. As we improve our contribution, bring more of our IP and our products, and gain in capabilities, the impact of it will be something you cannot really imagine right now. Even if the

Report is AI-generated and may contain inaccuracies.

margin is lower, the volume will more than make up for it. It consumes almost no capital, so the return on capital is exceptionally high.

The rest of the business, I feel, from a margin trajectory standpoint will get more profitable over time as software gains traction and operating leverage. We do expense a lot of R&D, so that does tend to mask the actual real EBITDA in the business, but over time that will play out. We have a very definite point of view on what software needs to be for the age of AI, and we feel very, very good about where that will take us over the next several years. What would have taken us a very long time to get to a leadership position in the industry takes a lot shorter for us with the new stack, which is receiving exceptional feedback. Software, as it sells, will improve in margins and over time it will balance out.

Margin is a function of different businesses having very different economic profiles. At an enterprise level, it nets out to a certain number, but that does not mean every business in the enterprise is doing the same number. Aurionpro is more or less a fairly decentralized group of probably 13 or 14 P&Ls, most of them product P&Ls and some of them services P&Ls. Each of them works hard to become a top three player in each of the businesses they focus on, and over time the economics will prove themselves.

If you look at Transit as a business, it is probably a few years ahead of the data center segment. When we started, we had very little IP in that business, but today we have IP across every single point of the value chain, which makes us a very powerful competitor in that space. But it has taken us 5 or 6 years to get there. Similarly, all our businesses will get there, but riding that cycle takes the R&D spend. That is what masks some of the margins. You have to look at that picture together. Overall, it has been playing out fairly well for us over the last 4 or 5 years and I feel it will play out very well over the next 5 years as we ride these cycles.

Darshit Javeri: Okay, fair enough, sir. In our slides, we have mentioned our directional path for 2030. The value potential given is $560 million to $1.7 billion, which is a decently big range. Could you narrow it down for us and our pathway to reach that potential? Second, if the data center is going to become more than 20% of our business, can we disclose it separately in the presentation?

Management: The decision to start disclosing at a sub-segment level is something that we will consider internally to see what additional value that adds to the information available to the shareholder.

Regarding the value potential, when we did the pivot 4 or 5 years back, we carefully selected some spaces at the intersection of three circles. One, does it have a long demand runway? We chose data center, transit, banking software, and AI. Second, it has to be a space where we feel the global leadership is contested so that we can make a play for it. It should not be like a Visa or Mastercard kind of situation with no space for a third player. Third, it should be a space where Aurionpro has some unique advantage to build out a tier one IP asset. We have not meaningfully changed those bets for the last 4 or 5 years; the market environment just evolves. We are convinced each of these is a very large space where we have a shot at becoming a top three global player. That will remain our ambition until we get there.

Report is AI-generated and may contain inaccuracies.

These segments have very large TAMs (Total Addressable Market). We did not want to come up with just a TAM number, so we narrowed it down to specific named accounts and dollar numbers in specific geographies, calculating a SAM (Serviceable Addressable Market) number, which is the addressable market for Aurionpro solutions. Then we had the final number which we think is an obtainable number, which is anywhere between 5% and 15% market share on the SAM that we can address. Whether or not we get there, time will tell.

The size of our Q1 this year was what the size of Aurionpro was 4 or 5 years back. We continue executing with some ups and downs, but you will make a meaningful dent on that number. The idea was to articulate what is an obtainable size for Aurionpro in the markets we are in with the products we are building. When we build our products out and start competing, we actually win a lot more share than anyone in that business. For transaction banking or transit, we have upwards of 50% win rates on most products once we build them out. When we get in the game, the market share ends up being larger than what we conservatively estimate. We have to stay focused on the goal. If we build products superior to the competition and stay true to our DNA of never failing a customer, we will get there; we will probably get higher than that. Until then, we need to keep our heads down and execute.

Operator: The next question comes from the line of Kunal Bajaj.

Kunal Bajaj: Hi, am I audible? Sorry for the bad connection. Three questions specifically. You indicated that in Q1, results were impacted by seasonality, project timing shifts, and high input costs. Can you quantify or throw some color on the impact of all these factors, and are we expecting to normalize entirely by Q2? Second, order book remains healthy while we see conversion is below the normal trajectory. What specifically needs to happen within the next two quarters for the conversion to return? Third, should we expect any recalibration of the earlier margin guidance of 20–22% in the near term?

Management: Let me take these one by one. I do not think you can expect a full normalization of everything by Q2. Part of the seasonality is fine; Q1 is generally seasonally slow for us in terms of deal conversion, although it has proven to be a fairly strong quarter with our strongest Q1 for new wins.

Some other factors probably will not settle down over Q2. Even the Middle East situation, I do not know if you can fully expect it to normalize by Q2. I think you can expect the impact to go away by Q3 only because the year-on-year comparison goes away. The test for us is not really whether those factors stay; it is the extent to which we can pivot away from them. We have been working towards reducing sales and revenue dependence on that region by focusing more on businesses and products like data center and transit. I feel good about us being able to move away from those factors over the next quarter or two.

Regarding conversion, an order book is a necessary condition for revenue, but it is not a sufficient condition because you need to execute a project to convert that order book into revenue. There are two factors. Very large deals typically have longer conversion cycles; our typical projects are 12 months, but these are much longer. Second, especially for data centers, the size of the deals is now much larger than a few quarters back, so there is a build-up of capacity that needs to happen. Capacity build-out does not happen overnight. We slowly ramp into the project, so you do not get

Report is AI-generated and may contain inaccuracies.

linear conversion on day one. I suppose that will get normalized by the end of Q2 or early Q3.

On the banking side, the order book is there, but we are going through a moment where there is a fundamental shift in technology. You have two choices: pretend Everything is normal or double down and invest in a new product stack. If we double down and are right, the prize is much bigger. It is worth diverting some capacity right now to invest in a new product stack. We did that 4 years back and had exceptional success with our transaction banking stack.

We feel over the next few years the world will need a completely new type of software. We are building against our point of view on banking software 2.0. It needs to do everything software 1.0 did plus two more things: provide the agents, rails, and tools needed to become first-class operators of the banking workflow, and provide the human operators tools to govern these agents. It is urgent that we build it right now. We are balancing between customer commitments and R&D. We are seeing a distinct uptick in productivity because of AI-driven toolsets for development and implementation. That productivity uptick makes up for not adding staff, but for a quarter or two as we adjust, you may see an effect. We are not the kind of organization that would hire 400 people now and fire them in three quarters. That temporary phenomenon should get normalized over the next two quarters. We will have more capacity available to convert the banking order book to revenue.

Regarding the question about FY27 margins, we are not providing guidance for the full year on either revenue or margin. We see us accelerating as we get into H2. Just the nature of our business is such that the second half tends to be larger than the first half, and project execution accelerates into Q3 and Q4. We need to be very methodical and careful with our execution discipline. Some projects are exceptionally large, and a minor slippage from Q4 to Q1 can be material in terms of revenue, but I feel we will see that acceleration into H2.

Operator: Thank you. The next question comes from the line of Tejas Gutka.

Tejas Gutka: Hi, Ashish. Good evening. You mentioned the reallocation of resources from implementation toward R&D and the need for banking software 2.0. But clients are going to spend when they are going to spend; if we are not selling, someone else is. Why not expand the team so we have a dedicated R&D team and continue selling? Have we stopped selling or are we seeding market share consciously?

Management: No, I do not think we are slowing down in terms of selling at all. Look at any of our products like transaction banking; we have north of 50% win rates in terms of new wins. We continue to sell and move into newer markets. Product implementations take time—typically 12 to 18 months—and you will see a different shift in capacity within that.

The current moment in time is unique because there is a distinct uptick in productivity that you can get from the same consultant or developer due to AI-driven toolsets. We feel the uptick in productivity over a 4 to 5 quarter period makes up for not adding staff because they are much more productive using AI tools. For a couple of quarters, as we adjust, you may see a little bit of an effect. I would feel highly irresponsible hiring and then firing hundreds of people in a short period. Productivity gains will more than make up for some capacity diversion toward R&D. We are not losing business in the market; our win rates are only strengthening as we strengthen our stack.

Report is AI-generated and may contain inaccuracies.

Tejas Gutka: Thanks, Ashish. I wish you all the best.

Operator: Thank you. The next question comes from the line of Shitesh Solani.

Shitesh Solani: Hi, sir. Thank you for taking my question. Instead of focusing on revenue and EBITDA and FY27, I would like to ask about the cash conversion you are seeing in Q1 and the running quarter. Cash conversion was not that great in FY26. How do you see FY27 panning out when it comes to cash to EBITDA conversion?

Management: Great question. We are very focused on cash conversion this year. Both conversion of order book to revenue and conversion of EBITDA to cash is an extreme focus for us. One of the big deployments of cash for us over the last couple of years was acquisitions. We have acquired a bunch of fantastic businesses and teams over the last 2 or 3 years, but we are not going to make any meaningful acquisition for the next few quarters. That automatically frees up the demand for cash. We are also not going to meaningfully increase the R&D side of the expense. Overall, the plan is to focus sharply on it. We are executing very large complex projects, so we need to manage those cycles, but both sides of the equation intend to show some progress through the year.

Shitesh Solani: At the end of H1 last year, we saw extremely negative OCF. Going into H1 this year, can we see a positive OCF and show a conversion of 65-70% of EBITDA?

Management: Typically, at the end of H1, we do have a negative OCF purely because of the payment cycles that we go through. I do not know whether I want to say you will get to a positive number at the end of H1, but we will certainly try to be in good shape in H1 and then accelerate through H2. Typically, the way our project cycles work, things go into a 12-month cycle in terms of when we convert to cash. For at least the last 4 or 5 years, we finish H1 either negative or close to zero. We are very focused on execution, so hopefully it should be a good number.

Shitesh Solani: One more question on the data center deal. What I can see is that most of the growth this year will solely come from that deal of approximately 350 crores. What happened to our transit space growing at 30% and banking growing at 20-25%?

Management: I did not make that statement that most of the growth will come from that data center deal. The data center side will contribute to business, not just from that deal but maybe more. I have no doubt transit will grow and banking will grow. I disagree with the premise that growth only comes from one deal. Data center will grow strongly, and a part of the multi-year execution will come this year. Transit, banking, and the AI side will all grow. As the year progresses, we will report those numbers.

Shitesh Solani: Thank you so much for answering the question.

Operator: Ladies and gentlemen, due to the paucity of time, that was the last question. I now hand the conference over to Mr. Ashish for his closing comments.

Management: First of all, thanks for taking the time to join the call. To summarize, from a demand standpoint, we see a lot of strength across businesses in the order book and the pipeline. On the execution side, we have things to work on, and we will continue to chip away at how we convert the order book into revenue in an accelerated fashion. That will be the focus in Q2, Q3, and Q4, and I

Report is AI-generated and may contain inaccuracies.

will talk to you as we finish Q2. Thank you so much for taking the time out.

Operator: On behalf of Aurionpro Solutions Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Report is AI-generated and may contain inaccuracies.