Orient Technologies

Operator: Good morning, everyone. This is the third day of the Bharat Connect Conference 2026, September edition. I welcome you all to the call of Orient Technologies Ltd. Today, from the management team, we have Mr. Shailesh Shani – CFO, and Zafar from Concept's team.

Before I hand over the call to management, I will explain the flow of the event. We will start with the opening remarks by management and then move on to the Q&A round. Participants who wish 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 question 5 minutes before the end of the session. Over to you, sir.

Shailesh Shani – CFO: Thank you. I will first briefly explain what Orient is about, and then I will take you through the financial performance for FY25-26 and Q1 FY27.

Today, our customers want more than an individual technology product. They want infrastructure, cloud, connectivity, cybersecurity, and operations to work together. This is where we see our opportunity. Our ambition is not simply to sell more products to the customer; it is to solve more for the customer. During the year, we expanded our capabilities through our investments in Red Hat, Athena IT, and EIT Internet Services, adding capabilities in connectivity, SD-WAN, telecom integration, and last-mile services. Cybersecurity is another important pillar of our strategy. Our next-generation SOC at Turbhe strengthens our ability to provide continuous security monitoring and managed security services to our customers.

We also see AI as a significant opportunity. However, our approach is practical. We want to help enterprises become AI-ready by bringing together the infrastructure, cloud, data, and security they need. Innovation is meaningful to us only when it creates real outcomes for our customers. This changes the role that Orient plays. We want to move beyond participating in individual technology transactions and build longer-term relationships across the customer's technology lifecycle. Service revenue can recur over the life of a contract, deepen customer relationships, and create opportunities for Orient to participate in a larger part of the customer's technology environment.

This is the business model that we are working to strengthen. We want to build an Orient that is stronger, more relevant, and more resilient with every technology cycle for our customers.

I will now briefly take you through Orient Technologies' financial performance for FY25-26. On a standalone basis, our total income for FY26 was approximately 870.67 crore, compared with 846.29 crore in FY25. The company continued to grow its service business, with service revenue increasing by around 43% to 446.56 crore. Product-led revenue stood at approximately 418.37 crore. Profitability, however, was under pressure during the year. Standalone EBITDA was approximately 47.53 crore, and PAT was approximately 2.79 crore. The lower profitability was mainly due to input cost pressure, project and customer mix, and investments made towards building our service and delivery capabilities.

On a consolidated basis, total income for FY26 was 875.31 crore, and profit after tax was approximately 4.57 crore. Our focus going forward is on improving operating margins, strengthening collections and working capital discipline, and increasing the contribution from

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higher-value and recurring services. We are also focused on successfully integrating the acquired businesses and creating operational and commercial synergies across the group.

The first quarter of FY27 has shown encouraging sequential improvement. Consolidated revenue increased to 201.92 crore, EBITDA stood at 15.42 crore, and PAT was 5.17 crore, reflecting an improvement in operating performance compared with the preceding quarter. We entered FY27 with approximately 400 crores of orders in hand, billable by March 27. Our 4-year revenue CAGR stands at 17%. We remain focused on consistent execution and sustainable, profitable growth rather than short-term targets.

That is all from my side.

Operator: We can take the questions. We will shortly start with the Q&A.

Analyst1: I would like to start with my first question. On the order book side, of the 375 crore order book, how much is annuity versus project, and what is the gross margin split between the two?

Shailesh Shani – CFO: On the 400 crore revenue, we started with approximately 225 crores of ARR for FY27, and the balance was in sell-and-bill orders. The gross margin is around 10-12% on the product side and about 15% on the services side.

Analyst1: My next question is on the OHMS side. What are the gross margins on OHMS 2.0 versus traditional AMC, what SLAs are you committing to, and what is your penalty exposure if AIT Broadband or Securonix SIEM fails?

Shailesh Shani – CFO: OHMS 2.0 is mainly a services-based model, where the margins are above, you can say, 27-30% compared with traditional services. On the penalty side, different penalties are mentioned in the RFPs or contracts that we sign with customers. It is not a project-based fixed penalty; it depends on the variety of services we provide.

Analyst1: I have one more question on the DaaS side. What is your credit assessment framework for DaaS, and are you requiring security deposits, personal guarantees, or credit insurance?

Shailesh Shani – CFO: On the DaaS side, we take detailed CRIF reporting from CRIF. If the customer is listed, we obtain the latest annual report and other publicly available information. We do take a 10% security deposit from the customer, and insurance is the customer's responsibility; the customer has to take insurance for the goods purchased. Typically, rental is payable in advance.

Analyst1: What is the DaaS contract tenure, who has the residual value risk at the end of the lease, and have you had any defaults so far?

Shailesh Shani – CFO: We started DaaS only last year, so it has been just 1 year since we started DaaS. So far, we have not had any contract terminated or any default from customers. Normally, of the agreements we have signed, 90% are for 3 years, and a few are for 5 years. The lock-in period is more than 24 months for the 3-year contracts and 30 months for the 5-year contracts.

Analyst1: My next question is on the Athena side. You hold 46% in Athena and AIT. Why do you not consolidate them, what governance rights do you have, and can you increase your stakes later?

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Shailesh Shani – CFO: We specifically acquired only a 46% stake in Athena and AIT, whereas in Red Hat we acquired a 100% stake. The Athena promoter wanted the controlling stake in AIT and Athena, whereas the Red Hat promoter was ready to sell a 100% stake.

Analyst1: Red Hat added 2.88 crore of revenue and 50 lakhs of PBT, Athena added 37 lakh of PBT, and AIT added 30 lakh of PBT. Are these full-quarter contributions, or what is the integration roadmap?

Shailesh Shani – CFO: We consolidated Red Hat from November 1, and AIT and Athena from December 1. Therefore, for Red Hat, it was a 5-month period, and for Athena and AIT, it was a 4-month period.

Analyst1: When can we expect them to become margin-accretive?

Shailesh Shani – CFO: Red Hat is already margin-accretive, with more than 27% EBITDA. AIT and Athena will be fully margin-accretive by early next year once we achieve the synergies and cost reductions this year.

Operator: We will now take questions from participants who have raised their hands. The first question is from Sai Kiran Mungala. Hello, Sai Kiran, you can go ahead and ask your question.

Sai Kiran Mungala: Thank you for the opportunity. I wanted to understand our business model. Is it a retail-type model or an EPC model, or something else?

Shailesh Shani – CFO: On the business model side, we have infrastructure products such as data center and end-user computing products, which we provide to our customers. On the services side, we have FMS services, managed services, and cloud and data management services. In infrastructure, we typically provide laptops, desktops, workstations, server storage, and connectivity products. On the services side, we provide end-to-end cloud migration, data management, and facility management. In facility management, we take care of the entire end-to-end IT landscape for the customer.

Sai Kiran Mungala: Do we sell it as infrastructure plus services, or do we sell infrastructure and services separately?

Shailesh Shani – CFO: We have certain customers for whom we first sold the infrastructure and then provided AMC and FMS services. We also have customers who purchase only the infrastructure or only the services.

Sai Kiran Mungala: Is our infrastructure mix increasing? I am asking because our operating margins and EBITDA margins have declined from 8% to 4%. Did our infrastructure mix increase in FY26?

Shailesh Shani – CFO: No. For FY26, the major reason for the reduction in gross margin was the increase in product prices, because we could not fully recover the cost from customers. There was also an increase in employee costs and administrative expenses for FY26. We also deployed our SOC, which was not fully live by March 26.

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Sai Kiran Mungala: How do we compare with competitors such as Dynacons Systems and Black Box?

Sai Kiran Mungala: Does Dynacons have the same model, or do we have a different model and they have a different model?

Management: Dynacons is mainly focused on government and PSU customers, whereas we are more focused on mid-market enterprise customers and BFSI customers.

Sai Kiran Mungala: Is our revenue mix primarily India-based, or is it export-oriented?

Management: Almost 99.5% is India-based, and only 0.5% is from Dubai and Singapore.

Sai Kiran Mungala: I wanted to understand the revenue model. Do we bid for contracts, or is there a different model through which we generate revenue?

Management: In the government and PSU segments, we participate in RFPs on the GeM portal and win contracts through that process. In the enterprise and mid-market segments, we approach customers directly through OEMs, references, or lead generation, and then proceed with negotiation and closure.

Sai Kiran Mungala: Our major revenue comes from mid-market customers and BFSI, with less coming from PSUs.

Management: PSU customers contribute approximately 18-20%. The major contribution comes from mid-market and BFSI customers.

Sai Kiran Mungala: Can you explain the process? Do we need to provide bank guarantees while bidding for mid-market or end-market customers?

Management: For BFSI and mid-market customers, we do not provide any bank guarantee, and there is no requirement for a bank guarantee. Only on the PSU and government side, where we participate in RFPs or reverse auctions, is there a requirement to provide an EMD or bank guarantee.

Sai Kiran Mungala: I would like to understand our OEM partnerships. How do we obtain an OEM partnership? I want to understand the steps and the value chain involved.

Management: OEMs have various programs, and we participate in those programs. We also have quarterly meetings with various OEMs, where we understand their lead generation. Larger deals come directly to the OEM and not to the partner, so we have regular meetings with the OEMs. They provide us with updates from the OEM regarding recent developments in the market.

Sai Kiran Mungala: Do you mean that our revenue comes through the OEM, which passes the business on to us so that we can install their systems?

Management: We have our ISR team and sales team, which visit BFSI and mid-market customers. For larger deals, we have partnerships with the OEMs.

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Sai Kiran Mungala: If we look at it, the OEMs can install the systems themselves. Why do they need us to install them for larger contracts?

Management: OEMs actually work with partners. They provide the products, but Orient takes care of the installation, AMC, maintenance, and services portion.

Sai Kiran Mungala: Thank you, sir.

Operator: Our next question is from Paresh Chaudhary. Hello, Paresh, you can ask your question.

Paresh Chaudhary: I am relatively new to the company. As you said, it has both an installation component and an AMC component. What would be the split? Would 50-60% be the installation component, with the balance recognized as services over, say, 3-4 years?

Management: We normally recognize installation revenue at the time of installation. Services generally comprise a 1-year AMC, so we recognize the AMC portion over the service period. The product is arranged on a sell-and-bill basis.

Paresh Chaudhary: No, but what would be the general split? I mean, let us say there is a contract?

Management: The split can be in the range of 60-40 in some contracts, 80-20 in some contracts, or 90-10 in some contracts.

Paresh Chaudhary: As far as I understand, everyone in the industry wants to move towards more managed services because of the better margins.

Management: Yes, we are also focusing on ARR revenue now instead of the sell-and-bill model.

Paresh Chaudhary: Do we also have our own NOC?

Management: We have our NOC center and SOC center at Turbhe.

Paresh Chaudhary: That is all from my side. Thank you very much.

Management: Thank you.

Analyst1: I have one more question regarding the AI revenue model. You said AI is helping Orient. Is the AI revenue coming from internal productivity gains or external customer contracts, and what is the revenue contribution from AI-led services today?

Management: We started AI-led revenue models this year in OMS 2.0, where we have also now become an Anthropic partner. The revenue contribution as of today is not significant, but we are planning to increase our data- and AI-led businesses this year and going forward.

Analyst1: You have 35 crores remaining from the IPO. What is the current priority: NOC and SOC expansion, acquisitions, or working capital? What is the ROCE threshold for each?

Management: Of the 35 crore balance from the IPO money, we have orders in hand, and approximately by December 31, the entire amount will be utilized. It will be utilized only in the {? DASH contract ?}.

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Analyst1: You have offices in the UAE and Singapore, but you said there is no international focus this year. Are these offices profitable or are they cost centers? Do you have any plans to exit?

Management: Currently, for the Singapore entity, we provide dollar billing only where our customer requires dollar billing. At present, we are not focusing significantly on international expansion. First, we want to explore India service revenue, and then, in the future, we will focus on the Middle East and Singapore businesses.

Analyst1: On the gross margin side, you said 5–6% is the minimum GM required to survive. The deals are above that, and most deals are above that, so what is the actual gross margin range across your top 10 deals?

Management: In Q1, our gross margin was in the range of 15–16%, and EBITDA was 7.28%. Therefore, all deals are above the minimum gross margin range.

Operator: That is all from my side. I think all the questions have been addressed, so we will have to close the call. I would like to thank the management and the participants on behalf of Arihant for sparing their time and sharing insights about the company. If participants have any further questions, they can get in touch with the Arihant team. Thank you.

Management: Thank you.

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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