November 02, 2026

To,

Manager – Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-1,
G Block, Bandra Kurla Complex,
Bandra East, Mumbai – 400 051

Subject: Transcript of Earnings Call held for the quarter ended September 30, 2026

Symbol: PANACHE

Dear Sir / Madam,

Pursuant to Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Company's Earnings Call held on October 27, 2026, regarding discussion on financial results of the Company for the quarter and half year ended September 30, 2026 is enclosed herewith.

This intimation is also being made available on the Company's website at www.panachedigilife.com.

Request you to take the aforesaid information on record.

Thanking you.
Yours faithfully,

For Panache Digilife Limited

HARSHIL RAJESH CHHEDA
Digitally signed by HARSHIL RAJESH CHHEDA
Date: 2026.11.02 18:31:47 +05'30'

Harshil Chheda
Company Secretary, Compliance Officer & Head - Legal

“Panache Digilife Limited Q2 FY '27 Earnings Conference Call”

October 27, 2026

MANAGEMENT: **MR. AMIT RAMBHIA – MANAGING DIRECTOR, PANACHE DIGILIFE LIMITED**
MR. NITESH SAVLA – CFO & WHOLE-TIME DIRECTOR, PANACHE DIGILIFE LIMITED
MRS. NEHA MADIAR – GM- R&D, PANACHE DIGILIFE LIMITED
MR. SANJEEV SANCHETI – HEAD, UIRTUS ADVISORS, IR ADVISOR, PANACHE DIGILIFE LIMITED

MODERATOR: **MS. KHUSHI – ARIHANT CAPITAL MARKETS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Panache Digilife Limited Q2 FY '27 Earnings Conference Call, hosted by Arihant Capital Markets Limited.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note this conference is being recorded.

I now hand the conference over to Ms. Khushi. Thank you, and over to you, ma'am.

Khushi: Thank you. Good morning, everyone. On behalf of Arihant Capital, I welcome everyone to the Panache Digilife Limited Quarter 2 FY '27 Earnings Call.

We have pleasure of having with us the Senior Management Team of Panache Digilife, led by the Managing Director – Mr. Amit Rambhia; CFO and Whole-Time Director – Mr. Nitesh Savla; and GM-R&D, Mrs. Neha Madiar. We also have with us the Head of Uirtus Advisors, IR Advisor to Panache Digilife, Mr. Sanjeev Sancheti.

Without further delay, I would like to hand over the call to Mr. Sanjeev Sancheti. Over to you, sir.

Sanjeev Sancheti: Thank you, Khushi. Welcome to the participants. Before I hand over the call to Mr. Amit Rambhia for his opening remarks, I would like to draw your attention to the safe harbor statement included in the earnings presentation. I request all the participants to kindly review the same and have a good look at it prior to commencing this call. Over to you, sir.

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

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

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

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

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

An important milestone in our journey came in 2017 when we listed on NSE Emerge platform. And in 2020, we migrated to the NSE Mainboard, marking another significant step in our corporate evolution.

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

Our portfolio now spans across smart and secure computing devices, Edtech solutions, audio-visual and display solutions, digital surveillance and telecom solutions. Our industrial computing and specialized computing for various applications such as medical devices are evolving into many more sectors now.

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

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

Our performance and growth:

So, with this foundation in place, I would say, let us now take you through our performance area. So, in financial year 2025-26, Panache reported consolidated revenue of approximately INR 243 CR compared with INR 116 CR in Financial Year 2024-25, representing growth of over 100% year-on-year. This is an important milestone in our journey and reflects the progress we have made in scaling our business.

Today, we serve customers across multiple industries and international markets, supported by a strong network of technology partners. Our experience in electronic design, computing and manufacturing provides a solid foundation for our next phase of growth.

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

Our journey is one of continuous evolution: from computer hardware to integrated technology solutions and from product manufacturing to design-led innovations. We believe these capabilities will play an important role in shaping Panache's next phase of growth.

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

Neha Madiar: Good morning, everyone, and thank you, Mr. Amit. What differentiates Panache is our ability to bring together R&D, product engineering and manufacturing under one roof. This has enabled us to evolve from a computing hardware company into a design-led technology solutions and electronics manufacturing partner.

Our vision is simple, making human life easy. We follow the ABCD of technology, where:

- A stands for Artificial Intelligence
- B stands for Big Data and Analytics
- C stands for Cloud and Connectivity
- D is for Devices we manufacture.

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

Our engineering capabilities allow us to work with customers from the very beginning of product development. We support the entire journey from understanding customer requirements and product design to prototyping, testing, validation and mass production. This means we are not just a manufacturing partner. We are a technology partner who helps turn ideas into market-ready products. By integrating design, engineering and manufacturing, we help customers develop reliable products, reduce the gap between design and production and scale their businesses more efficiently.

Our approach creates a continuous cycle of innovation, product development, manufacturing and further improvement. It also helps us build long-term customer relationships and expand our technology capabilities. Ultimately, our goal is to transform ideas into commercially viable products and build the capabilities to manufacture them at-scale.

Talking about our business verticals now:

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

First, smart and secure computing:

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

Second, education technology or EdTech:

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

Third is AV and displays:

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

Fourth is telecom solutions:

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

The fifth is the medical devices:

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

And the last category is the digital surveillance:

Our portfolio includes CCTV cameras, AI-enabled network video recorders, smart surveillance towers and network security solutions, including SD-WAN and firewalls.

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

Now coming to our business model:

Our business model is built around two engines, contract-led manufacturing or CLM and design-led manufacturing or DLM.

The first is contract-led manufacturing or CLM:

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

The second is design-led manufacturing or DLM:

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

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

In addition, we work with select customers through co-engineering arrangements where we jointly develop products and agree on intellectual property ownership based on terms of each engagement. Ultimately, our objective is to move-up the value chain from manufacturing products to designing, developing and manufacturing complete technology solutions.

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

Amit Rambhia: Thank you, Neha.

So, now I will take you through our performance for Q2 and H1 FY '27 performance:

We are pleased to report a strong performance in Q2 and H1 FY '27. It reflects the strength of our technology capabilities and our sustained investment in R&D. The investment we made early-on to build a strong technology foundation are now delivering results.

Revenue from operations for Q2 FY '27 grew 231.8% year-on-year and 154.9% quarter-on-quarter to INR 129.6 crores. For H1 FY '27, revenue from operations rose 163.0% year-on-year to INR 180.4 CR. Operating EBITDA for Q2 grew 293.5% year-on-year to INR 12.4 crores. Operating EBITDA margin expanded by 313 basis points to 9.6% from 6.4% in Q2 FY '26. For H1, operating EBITDA rose 296.5% to INR 17.6 crores with margins improving by 328 basis points to 9.7%.

Three things drove the margin expansion: strong execution and operating leverage it created, a better mix and higher sales of value-added solutions. Profit after tax grew about 5.5x or 450.8% year-on-year to INR 7.7 CR in Q2 with PAT margins expanded by 234 basis points to 5.9%. For H1, the PAT grew 407.8% to INR 11.5 crores with PAT margin improving by 304 basis points to 6.3%.

Now let me take you through our key developments, which has happened over this last quarter:

First, our expansion in telecom sector:

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

Second, our recognition by Intel:

So, Intel presented Panache with its Innovation and Excellence Award at an Industry Solutions Builder Connect 2026. We see this recognition as an encouragement to continue investing in innovation, strengthening our engineering capabilities and developing technology solutions that address evolving customer needs. Together, these developments reflect our continued focus on expanding into new markets while strengthening our technology and engineering capabilities.

Looking ahead, our focus remains on expanding our customer base, broadening our solution portfolio, strengthening strategic partnerships and growing our presence in high-growth technology segments. With our capabilities in design and engineering and manufacturing, we believe we are well-positioned to pursue new opportunities, including operating efficiencies and building sustainable long-term growth. Our objective is to create long-lasting value for all our stakeholders as we continue to evolve and scale the business.

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

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

The financial figures have already been discussed by Amit for the quarter and the H1 related period. So, I will come to some of the balance sheet parameters. As on 30th September 2026, our net worth stood at INR 117 crores compared with INR 105.6 crore as on 31st March 2026. Total borrowings were INR 33.9 crore and cash and cash equivalents were INR 9.7 crores, taking net debt to INR 24.1 crores. Our net debt-to-operating EBITDA ratio stood at 0.69x compared with 0.81x at the year end FY '26.

Working capital remains a key focus area for us. In FY '26, our cash conversion cycle improved from 172 days to 83 days. As on 30th September 2026, the cash conversion cycle further improved and stood at 68 days on an annualized basis.

Our return ratios remained healthy. For FY '26, ROCE stood at 25.6% and ROE at 18.9%, up from 13.6% and 14.1%, respectively in FY '25. On an annualized basis for H1 FY '27, ROCE was 25.8% and ROE was 20.7%.

To summarize, the first-half of FY '27 has seen strong growth in revenue and a meaningful improvement in profitability, while we have kept our balance sheet conservative. Going forward,

our financial priorities remain clear: improving margins through a higher share of design-led business, keeping working capital tight and funding growth prudently while maintaining healthy return ratios.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Disha from Sapphire Capital. Please go ahead.

Disha: Hi, thank you for this opportunity. Couple of questions. Firstly sir, so we have seen a very good growth this quarter. But if I look at the margins, so Q-on-Q there has been some decline. So, is it only because of the product mix or how should one look at the margins for the entire year?

Nitesh Savla: So, yes, this quarter, definitely the product mix between the CLM and DLM, it is skewed more towards the CLM side and that is the reason why the margins are a bit lesser than compared to the previous quarter.

Disha: And sir, typically, what is the differential do we see between CLM and the DLM segment?

Amit Rambhia: No, so can you expand on your question? So, can you just give us more idea what exactly you mean?

Disha: So, I was just asking for these Contract Led Manufacturing projects versus Design Led Manufacturing project, what sort of margin differential do you see?

Amit Rambhia: So, margin differential, the contract led are anywhere between, I would say 3% to 7%. And on the design led are probably 5% to 20% depending on where we engage and sometimes even higher depending on our design and component design capabilities, yes.

Disha: Fair enough. And sir, what will be your current order book position?

Amit Rambhia: We are not in the position to discuss order books because of the current volatility of the markets right now. So, we prefer going PO by PO. And we have certain long-term, I would say, understanding with our customers because we have been there for quite a while now. And because of the volatility, we prefer doing PO by PO.

Disha: So, how should one look at growth because this quarter growth has been very good. What sort of number are you targeting for the entire year and for the next year? And also in terms of your margins, what sort of EBITDA margin should we expect for this entire year?

Amit Rambhia: So, I think you are almost concluding a lot of things and the questions are good. But yes, I would say, we are definitely looking at higher-growth for sure. You have seen our numbers also as previous years. What I can only say is, we will be looking at good growth, closer numbers. At the same time, our margins, definitely our focus is towards driving, pushing ourselves more

towards design. At the same time, the contracts are also coming and they are healthy. So, we are trying to balance both.

And I think for the guidance further what you are expecting, I think in couple of quarters, we should be ready to give you the guidance also. But till that time, please bear with us. With this volatility in the market, we should be able to, when I say supply chain market, not the other markets I am talking about. I am saying the electronic supply chain component markets, which is volatile right now and the dollar volatility, we would like to be more nearer to the customer, focus on executing those near-end supply chain POs which are there and definitely aim as prudent, as Nitesh mentioned, prudent utilization of working capital to be done so that we are able to achieve higher numbers.

Disha: Fair enough, sir. So, just for the first-half, what has been the split between the CLM and DLM? Will it be possible for you to give the number?

Nitesh Savla: So, I will give you a broad outline on that. In the first-half of the current financial year, the broad split-up between the CLM and DLM is approximately 40% towards DLM and 60% towards CLM on a blended basis.

Disha: And what sort of number are we targeting for this mix, like what's the optimal mix that you are targeting?

Nitesh Savla: On a yearly basis, our expectation is to maintain these figures of 40% and 60%.

Disha: And sir, what will be our current utilization levels and from this current infra that we have, what is the peak revenue potential that we can achieve?

Amit Rambhia: So, from a current infra perspective, because this is not a straight answer. The reason is because we are manufacturing products which are say as low as, say, INR 2,000 to we are doing certain AI computing boxes which are higher-end. So, I would say capacity-wise, I will not be able to answer straight line, but yes, I can say, if you look at it, we are already working on enhancing our discussion on enhancing our capacities also with our investment in our subsidiary, which is Technofy, which has been announced a couple of quarters ago. And I think in the current capacity-wise, we have some spare capacity till, I would say added capacity of around 40% is available right now from where we are, which we will be able to execute. But it is not a direct line capacity, the number-wise it can be skewed also because the value of the unit can change from INR 2,000 to INR 2 lakh also.

Disha: Yes. Sir, you also mentioned expanding into more AI PCs, laptops and servers. Could you elaborate a bit more on what sort of market opportunity are you seeing? What can be the revenue potential from this business and what sort of margins do we get here?

Amit Rambhia: So, my take there is looking at the current, I would say, the situation in the market, lots of devices which were sold in the pandemic are at the end-of-life situation. And also, even Windows 10 has been probably end-of-life announcement which has happened for Microsoft.

So, what has happened is a lot of enterprises are now moving towards AI hardware. And with the AI hardware token prices on the cloud being increased, so there is a need for even edge-based hardware, which has to be AI-enabled. So, there are a lot of designs and our R&D is continuously working on that, how can we design those products, which will be AI ready in terms of endpoints which are there or gateways or edge-based devices and then how are we able to offer this to our customers so that they are able to optimize their AI infrastructure needs in the coming years.

So, I think we are seeing a lot of opportunity on the edge and on the endpoint of the devices. So, these are two opportunities that I am seeing. And because this all refresh will come in the country and I think we will see also new users coming to this new category. So, there is a huge, I would say, headway on these categories.

Disha: And margin, I am assuming will be better here.

Amit Rambhia: Yes, but yes, look, that is why I'm pretty confident about it. But at the same time, there are shortages also of memories and components. So, from a supply-chain perspective, we have to be slightly careful in terms of taking those newer opportunities side. I would say, we are gradually increasing our focus on those devices because if we put too much and if the market goes reverse, then we have a challenge. So, we want to gradually work with long-term customers and build those relationships. So, we are able to add value.

Disha: Fair enough. And just a last question from my side. In terms of the supply-chain issues and we have seen prices of memory chips and PCBs going very high. So, are you facing like any sort of procurement challenges? And for this year, do you see any risk for the execution for the second half or do we have enough?

Amit Rambhia: Again, this is a very good question. I would say, I would thank all to my customers, to my sales team and to my finance and I would say factory planning team. Because of our so many years of experience, so the experience is probably for more than two decades, we have a very good relationship with our supply chain vendors which are there and we are able to secure a lot of components far ahead than our, I would say, other market operators and not only in India, but globally.

So, I would say at certain product line, we are almost at par or better than even some of the global countries, which are the mass country production, we are better in terms of our pricing and our overall availability of the material. That is what I can say in the real terms. And that is the reason now we are seeing how can we now expand into global markets rather than only focusing on the India market side because our now pricing, supply chain and availability, as we

see we have a very good relationships with our vendors and our ecosystem and technology partners for so long. So, we are now leveraging that for the global growth.

Disha: Okay, that is it all from my side.

Moderator: Next question is from the line of Sandeep Raj from Oculus Capital Growth Fund. Please go ahead.

Sandeep Raj: So, my question is more specific for the current financial year. So, given the orders in hand and how the business is going, could you tell us what can we expect in Quarter 3 and Quarter 4? Like will it be better than Quarter 2 and then how much better would it be?

Amit Rambhia: Thanks for this question. But as I mentioned earlier, from a guidance perspective, we will be giving formal guidance after a couple of quarters. But I can only assure you so much that, I think from an enterprise perspective, we are already geared up to higher numbers. Our working capital and other financial sides are all gearing up so that we are able to be ready-to-serve higher demands of funds and the projects. And I would say with time we will actually unveil more. So, thanks for this question, but I would say let us wait for a couple of quarters by the time we will be able to give you further guidance also.

Sandeep Raj: So, sir, historically, basically Q3 and Q4 is always better than first half. So, can we expect the same trend?

Amit Rambhia: Yes, sir. I think historically, not only now, you can look at probably other than the pandemic affected years, you can look at us for probably almost all the years. Our historic numbers have been Q3, Q4 heavy. So, we are all bullish about that. And yes, we are looking forward for a higher number executions.

Moderator: Next question is from the line of Yash Patel from Somani Family Office. Please go ahead.

Yash Patel: Hello Sir, thank you for the opportunity. So, my first question is on the side of telecom. So, sir, you have highlighted a significant telecom order through Panache Newage Technology. So, could you share the order value, execution timeline and revenue recognition schedule and expected margins and scope for repeated orders?

Amit Rambhia: So, thank you for this question. As I had mentioned earlier also that the timeline for the execution is around 36 months. That is what has been announced. And because of our NDA with our customer and because this information also is a market-sensitive information of pricing, we are not able to announce the numbers very critically.

But at the same time, you guys have mentioned this is three years contract and definitely is a sizable contract, and we are doing a lot of end-to-end solutioning out there which I mentioned to you earlier also and in my disclosures which we made to NSE earlier, we have already mentioned that, that we are doing stuff on installation, configuration, technical services.

So, we are doing those things and we are doing that with real-time monitoring. That is something which has been very uniquely defined as a technology. So, I think that is something which we will see, I would say quarter-on-quarter numbers, you will see the numbers and is really going supposed to be completed in thirty-six months.

Yash Patel: Okay Sir, and just a follow-up on what is the current order book and qualified order pipeline? And how much revenue visibility does it provide for FY '27 and '28? And what proportion is recurring versus project-based?

Amit Rambhia: Again, good question. But at the same time, I had mentioned earlier in the call also that, I would say, quarter-on-quarter, I would say, or guidance we will be providing in a couple of quarters' time. As of now, we are working on the purchase order basis from our suppliers, also our customers, I would say. Because of the current volatility in the markets, so we are trying to take a shorter contracts and shorter working arrangements so that we are able to execute them and convert them into revenue. So, I think that's been a practice now. But in couple of quarters' times, we should be able to give you a further good guidance onto it.

Yash Patel: Okay Sir, and just last question, what are your revenue growth, EBITDA margin and PAT margin expectation for ahead FY '27 and '28, and which assumptions are most critical to achieving that?

Nitesh Savla: So, the operating EBITDA margins as has already been disclosed is in the range of around about 9.6%, which in the previous year was 6.4%. So, you can see a significant jump in the operating EBITDA margins. And we sort of aim to improve these margins as much as is possible, as much as we can do better value addition here with a proper and a better mix between the DLM and CLM. So, that will help in the overall value addition in our journey for the next couple of quarters.

Yash Patel: That's it from my side.

Moderator: Next question is from the line of Sandeep Raj from Oculus Capital Growth Fund. Please go ahead.

Sandeep Raj: Thank you again for the opportunity. So, Amit, sir, so I just wanted to ask like, could you give us some more light on our relationship with Intel basically and how can we translate that into basically into revenue going ahead?

Amit Rambhia: Yes, thank you for this question. So, I would say, our relationship with Intel goes for more than two decades now. I think we are one of the oldest Intel partners in India as you know from a partnership perspective. And we are an ODM recognized under the Intel ecosystem. So, we are one of the selected few in India geography. Intel has ODM partnerships in Taiwan, China and many various other countries also. But India, they have select growth partners and I would say we are one of the ODMs.

So, recently also our award, which we received from Intel shows that our relationships are quite strong and we are able to convert opportunities and designs. Because this is all about designs and opportunities on Intel platform, we are able to convert them into businesses basically. So, that shows our commitment on both the sides that is a mutual, I would say, co-working together. So, we work with them for empowering Indian customers also. And now in the last couple of quarters, we have also started expanding to global customers' reach, and we are trying to see how can we build products in India and serve them into multiple other global markets.

So, I think this is where we are moving towards. But yes, I would say our relationship have been very, very strong. Even in the supply-chain situations, if there are commitments from our customers, which are orders, which are committed orders, we are able to get some priorities depending on the projects and working closely, which we are able to highlight to them. So, I think those are the areas which we are able to definitely benefit. Our customers are also getting benefit. Our, I would say, ecosystem is also very, very benefited in long-term. So, this is where I think our relationship is strong and in coming times it is going to be much more stronger. You know, that is what I can assure you from Panache, right, yes.

Sandeep Raj: So, can you translate into the perpetual revenue stream going ahead?

Amit Rambhia: It would, because as I said, because of the ODM relationship and more of now designs other than there were needs for designs coming from some global countries earlier. So, if you are aware that the earlier design ecosystem started probably with U.S. and Japan leading the designs and then over the period, Taiwan and China leading the designs. Now I think India is becoming a market for global customers to come for designs. So, the best part is the timing is very important. And now people are looking at Indian designs or designs from India and manufacturing for India. And then from here, we are able to serve. So, I think this timing is very important.

And on top of it, a couple of years ago, Intel has announced. So, I think this is something which you can verify. Intel has announced India as a separate geo for billings. So, that means they are recognizing India as a revenue account for them. So, earlier this was not the situation. That shows their commitment also in this market and that means we are working together to increase the numbers for this geo jointly and trying to build the whole ecosystem. So, I think I am seeing the growth much more because they are investing in India in terms of the sales and the revenue growth, and we are also investing in the designing side and with our customers so that we are able to win more projects in India and globally.

Sandeep Raj: Alright, thank you so much Sir. That was really helpful.

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

Amit Rambhia: So, I would say thank you. Thank you all for hearing our story at Panache and probably believing in us. And also definitely we, as Panache management, we are very committed to growing this

entity. Our visions are, as I think Neha mentioned earlier, like our vision statement is making human life easy. We will all work towards making human life easy. And also lastly, but not the least, I would say we definitely want to create Indian entity, which would become a global design renowned entity. So, this is where we are all collectively working towards creating an Indian impactful company, which will be recognized in the global market. So, I think thank you again, and let's connect next time soon.

Moderator: Sir, there is one last question from Priyansh Miri, NGP Family Office. Please go ahead.

Priyansh Miri: Sorry, sir, I joined late, so I think I asked question after your concluding remark. So, one small question, sir. You mentioned that your capacity is around 40%, right? So, any further CAPEX that we are looking into this year and next year?

Amit Rambhia: We announced certain CAPEX cycles earlier in one of our subsidiary companies, 100% subsidiary called Technofy. So, we are evaluating right now in terms of how the business capacity work depending on the customers, discussing with our customers to move certain unique projects in that capacity.

So, we will be investing certain CAPEX as our customer demands are coming in. So, I think we are working towards it. Our teams are working towards it and trying to fine, I would say, fine-tune in certain areas where we are seeing long-term requirement for CAPEX. So, I think that is where we are narrowing down that investment too. But yes, we are committing to CAPEX in our subsidiary for sure.

Priyansh Miri: So, that is a 100% step-down subsidiary.

Amit Rambhia: Yes, right now, it is 100% subsidiary. Yes.

Priyansh Miri: One more question, sir. I think we also work into the surveillance part, right, for CCTV. So, we are at a restriction on the core BIS chips, right? Are we procured or how safe are we in those production, if you can?

Amit Rambhia: So, currently, relationship with the customer is we are offering them CLM basically, which is a Contract Led Manufacturing cycle. So, we are very early-stage of relationships there. We have offered them Design Led. But as you know, the ecosystem or the timeline for security or the camera ecosystem to move from Contract Led to a Design Led because there is an already customer which has been running. So, it takes certain time.

But at the same time, we are moving in some areas like AI NVRs and some of the other tools which are there. We are now able to give our customers, which are in the CCTV space with video analytics and video AI accelerator hardware. So, we are able to offer them those hardware right now. So, that is where we are starting.

But at the same time, the base core which you are asking for the CCTV or the silicon and other areas, we will be moving in the next generation. So, I think, in the first generation, we will be doing more of a contract-led business, but in the second generation, we will move into designing certain IPs around it also.

Priyansh Miri: Sir, one more question on sourcing cycle. So, what percentage do we source locally? If you can share a percentage of your total sourcing of raw materials.

Amit Rambhia: So, as you are aware that the raw material, majority of the raw material definitely comes from the overseas, which is either of the global companies which are manufacturing worldwide because that is where our supply chain is coming from. But we have localized, I would say, we have started localizing lots of other areas of raw material in terms of the component level side of it. But right now on the book basis, probably, I would say, on a book basis, it looks to be 50-50. But over the period, we are trying to see how can we improvise that. We can see how can we build localization of the supply chain.

Priyansh Miri: Sir, right now in our manufacturing facility, we do assembly. Is that a correct understanding? Because at this stage, it doesn't make sense to—

Amit Rambhia: Yes. So, I would say, it is a good question, and I would say it this way. When in terms of computing hardware or computers basically or anything which has to do with compute and AI, assembling and testing are the most important part of the ecosystem, as important as the design side of it, okay. So, we control the design and we control the assembly.

So, in between the processes which are there, the component processes, we outsource it sometimes to our ecosystem partners because we feel the value addition in those components and the CAPEX may not be justified. So, we try to optimize our requirements, and we control our product quality, and we control our product, I would say, because that is what is the key, right?

So, if you look at us sustaining, so we will be completing 10th year of our listing next year. So, if you understand that we have delivered so much of computing hardware, not only for last 10 years of listing, but we have delivered for more than two decades in India. We have impacted places like in airport automation to our computing have been used in railways, airports, banking, petroleum sectors to lot of retail also sectors which have been there. So, I think lots of area we have been impacting, right?

If the product quality, which is a key factor was not up to the mark, you know how the customers would have dealt with us on that situation. So, it is all about indigenizing those components, indigenizing that quality factors because our Indian environments are not that great as compared to the developed countries because we have dust, we have lot of other environmental challenges in terms of deploying.

So, our designs and technology designs are far more superior when I say. We have been not now, but I think for almost two decades, we have been focusing, we are the one of the key companies to focus on fanless designs of computing. So, we have lot of range of fanless computers. So, right from a very basic quad-core computer, which is fanless, which is no fans to a very high-end computing which is fanless. So, these are the areas which we designed.

And then we have designs of our PCs which run on minus 20 degrees to 60 degrees also. So, these are the value additions, which we are able to provide. And I think this only comes with in our infrastructure, which is testing, assembling and assuring our customers that this is a build quality which we are giving them.

Priyansh Miri: Sir, there is a trend from Chinese supplier that, like, I have heard while talking with other players in the industry, that they are slowly looking to not supply the raw material, rather complete assembly side. So, will that be any problem for our business in that case?

Amit Rambhia: No, so this is a very right and valid question. China is trying to protect their IP, okay. But at the same time, as Panache, we have our own IPs also. So, we are preparing more-and-more IPs or intellectual property.

Earlier, we have not been filing too many patents because our life-cycle of the IPs have been shorter. But in the coming times, you will see news of some product innovation and patents we will be filing. Those series where R&D is working very closely on certain unique product developments, you will be seeing those coming out. And those unique ideas are the places where we will be seeing a lot of growth in the coming times.

So, one of the key factor I would just mention to you, which Neha mentioned in her statement is multi-user desktop environment. Now that is an innovation where in one desktop, you are able to use up to four users. So, four users are able to use one computer. This is something which is for AI workloads I am talking about. So, this is something which is innovation, probably, as Panache, we are able to bring. This is one of the innovations I am talking about.

So, we are able to bring to the markets and this is an IP, right? So, the design and everything is available from our side, which is there. We are just sourcing the components from our ecosystem globally and then probably assembling that in our factory right now. So, that is how probably we operate.

So, like this there are lots of unique IPs and unique hardware and software and solutions, which we are in the integration making. And in the coming times, yes, definitely we have isolated ourselves with a global supply chain. Our dependencies are definitely there. But typically, when you look at compute, the majority of the IP is not owned by one or two countries. They are separated in multiple countries.

So, typically, when you look at memory as a component, the world's major memory supply chain is coming, say, from Korea, but there are other countries also in the memory business like

Taiwan, USA and few more areas, and probably India is also trying to work on building up some strength on the memory ecosystem. But I would say the dependencies, as the infra starts globalization of the component which happens, our dependencies on few companies or few countries will be very limited, and we should be able to get more and more supply chain friendly suppliers, I would say, for us, yes, for the component side, which is there.

Priyansh Miri: Sir, just to understand our end customer also, we don't directly supply to, say, government, right? It is always through a contractor or subcontractor. Is that the correct understanding in case we have orders?

Amit Rambhia: No, the idea is not contractors. There are no contractors as such. We work with either a brand. So, we work with a brand. Typically, brand could be a global Taiwanese brand or an Indian brand or a global, I would say, one of the global American or other brands, which are there, which will be working as a customer to us and then we will be designing the product or the specification either a CLM or DLM to them. Once we serve it to them, they may put it to a distributor, probably one of the global distributors which is there. And then from that distributor probably further goes to a contractor or SI, who is winning the government tenders which is there.

So, there is a lineage or sometimes even we are selling to the brand, brand selling to the SI who is taking the contract, even that is happening. Our exposure most of the time, very, very rarely we have a customer, which is a brand, which is directly selling to the government. So, that business model is still not very common. But yes, we have seen lots of layers still there in the ecosystem in India. So, we are further up in the ecosystem.

Priyansh Miri: So, contract, I can understand, but for design also the same thing follows, right? For design also, we connect with brand. Is that correct understanding?

Amit Rambhia: Yes. So, yes, that is how it happens. So, I would say the brands or the startups or the growth companies come to us saying, this is the idea, this is what the design is, this is what we want to develop and that is how, and most of them, I think most of my customers are software-driven companies. They are looking at a unique hardware to be created in India, and they want to put their software on-top of it and sell.

Like, typically, example is the airport automation which has happened. So, the hardware value proportion is not that high when I look at it as compared to the solution what they have offered to the airports. So, that is the software value addition which has gone in, right.

So, the customer comes with a demand saying this is the hardware performance I'm looking at. We optimize the design with the environment and then we deliver them the hardware into it.

Priyansh Miri: Sir, one last question. Like we saw how Apple phone has actually started manufacturing globally and started marketing in India, right? So, for ourselves, sir, which vertical like Indian market or

export you see as a growth driver for next, say, three or five years, sir? Any views if you can share on that?

Amit Rambhia: Yes. So, I think, again very good question on this. We are seeing Make in India is coming as one demand. But at the same time, we have also for our global expansion, we have also started one of our subsidiaries called Quantron. So, Quantron is our Hong Kong-based subsidiary, where from there, we will be marketing our reach to the global markets. As I speak to you, we have foreign nationals as our team in Quantron right now, which is working towards how do we expand our supply chain also. One is the supply chain side and second is the business side. So, these are two things which we will be working.

And we are focusing on Make in India. So, our focus is going to be Indian manufacturer, Indian designs going into global. But when it goes to global, first primary focus is going to be, can we deliver it to the Asian markets and emerging markets? So, Asian markets and emerging markets are going to be focused. And in future, as we mature our designs, we will go to developed countries. So, that is going to be Phase 2 in a way.

Priyansh Miri: Thank you for patiently answering my question, sir. Very impressive performance. All the best, sir, for the upcoming quarter.

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

Amit Rambhia: So, once again, I would say thank you very much for taking time out and hearing us out. And I will come back again soon with more exciting numbers and exciting, I would say, news from Panache side. So, I think we are looking-forward to connect again and looking forward for much more bright future for all of us in India. Thank you. Thank you very much.

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