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BBOX/SD/SE/2026/100

November 19, 2026

To

Corporate Relationship Department **Bombay Stock Exchange Limited** P.J. Towers, Dalal Street, Fort, Mumbai 400001	**Corporate Relationship Department** **National Stock Exchange Limited** Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400051

Sub: Transcript of Earnings Call hosted on Unaudited Financial Results (Consolidated and Standalone) for Q2 & H1 FY27

Ref.: Scrip code: BSE: 500463/NSE: BBOX

Dear Sir/Madam,

This is further to our letter dated November 9, 2026 with reference number BBOX/SD/SE/2026/92 and pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings Call hosted on November 14, 2026 on Unaudited Financial Results (Consolidated and Standalone) for Q2 & H1 FY27 is attached hereunder.

This is for your information, record and necessary dissemination to all the stakeholders.

For **Black Box Limited**

ADITYA GOSWAMI
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Date: 2026.11.19 12:43:03 +05'30'

Aditya Goswami
Company Secretary & Compliance Officer

Encl.: A/a

"Black Box Limited

Q2 & H1 FY27 Earnings Conference Call"

November 14, 2026

E&OE - This transcript is edited for inadvertent errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 14th November 2026 will prevail."

MANAGEMENT: **MR. SANJEEV VERMA – WHOLE-TIME DIRECTOR AND CHIEF EXECUTIVE OFFICER**

MR. DEEPAK BANSAL – GLOBAL CHIEF FINANCIAL OFFICER

MR. PURVESH PAREKH – HEAD OF INVESTOR RELATIONS

STRATEGIC GROWTH ADVISORS – INVESTOR RELATIONS ADVISORS

Moderator: Ladies and gentlemen, good day and welcome to Q2 and H1 FY27 Earnings Conference Call of Black Box 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 star, then zero on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanjeev Verma, Whole Time Director and CEO of Black Box Limited. Thank you, and over to you, sir.

Sanjeev Verma: Thank you. Good morning, everyone, and thank you for joining us today. On behalf of Black Box Limited, I extend a warm welcome to all of you to our Q2 and H1 FY27 earnings conference call. Before we begin, I would like to wish everyone a very happy Diwali. I hope you and your families had a safe and a joyful festive season.

I'll begin by sharing an overview of our business performance and key developments during the quarter, followed by our CFO, Mr. Deepak Bansal, who will take you through our financial performance in greater detail.

We are pleased to report that Black Box achieved its highest-ever quarterly and half-yearly revenue in Q2 and H1 FY27, marking an important milestone in our growth journey. Revenue for the quarter stood at INR1,936 crores, registering growth of 22% year-on-year and 13% quarter-on-quarter.

For H1 FY27, the revenue reached INR3,655 crores, reflecting year-on-year growth of 23%. This performance reflects strong execution of our order backlog, progress across ongoing projects, and new customer wins.

Let me now take you through the key developments across our business. Starting with our order book, we continue to see healthy demand across our core business, particularly in hyperscale digital infrastructure, data centers, enterprise networking, and managed services.

During Q2 FY27, we secured order bookings of $298 million. Order bookings for H1 FY27 stood at $637 million. Our order backlog increased to approximately $1,044 million, which is $1.04 billion, as of September 2026, compared with $555 million in September 2025, representing a strong year-on-year growth of 88%. This marks a record level of order backlog for the company.

The backlog includes a growing proportion of larger multi-year engagements with project-led wins, providing revenue visibility of over 24-36 months. During Q2 FY27, we secured several notable customer wins across data center and enterprise business. These engagements highlight our growing participation in large-scale infrastructure projects and our ability to secure larger engagements across diverse customer segments.

We remain focused on strengthening relationships with strategic customers and expanding our participation across a broader range of technology solutions. Moving to data centers, this segment is emerging as an increasingly important growth driver for Black Box, supported by rising investment in artificial intelligence, cloud computing, and hyperscale infrastructure.

During H1 FY27, data center order bookings crossed $250 million, a substantial pipeline of large hyperscale deals expected to drive significant order wins and accelerate growth in the coming quarters.

The contribution of data centers to our Q2 FY27 revenue reached 20%, compared with approximately 17% in FY26. We expect this contribution to increase to approximately 30% in FY27.

Our capabilities span mission-critical data center projects, connectivity, and related infrastructure services, enabling us to support customers across complex, large-scale digital infrastructure projects. The increase in demand of data center reflects scale of the opportunity we are pursuing and the progress we are making in expanding this business.

Moving to broader hyperscale infrastructure opportunity, accelerating investments in AI infrastructure are driving demand for hyperscale data center capacity, connectivity, and network infrastructure.

Black Box is expanding its participation in this market through established hyperscale relationships, technical expertise, and large-scale project delivery capabilities. Our experience in delivering complex infrastructure projects, including those associated with gigawatt-scale data center developments, provides opportunity to expand existing customer relationships and participate in larger infrastructure programs.

The company continues to strengthen its engineering and delivery capabilities, particularly in the United States, to support this growing demand. The broader industry environment remains supportive. The United States alone is expected to add more than 100 gigawatt capacity over the next few years. We have a strong presence here, as well as the expertise to deliver gigawatt-scale data center projects, uniquely positioning us in this hyperscale industry.

Our presence in key geographies across the world is expected to help us capture the drive, the next wave of digital infrastructure and data center build-out growth, keeping us busy for many years to come. The United States remains a key growth engine, with the four largest hyperscalers expected to collectively invest approximately $725 billion-$750 billion in 2026, and trillions collectively over the next few years.

This underscores the scale of ongoing investments in artificial intelligence and digital infrastructure, and Black Box is present right in the middle of the world's largest market. We are just getting started, as the core and shell of many hyperscalers are only now in parts being handed over for network and connective infrastructure. The broader technology spending outlook is equally encouraging.

According to Gartner's October publication, global IT spending is expected to exceed $7 trillion for the first time in 2027, with AI-related investments accelerating across the technology stack, including approximately $1.36 trillion in data center spending. These investment trends expected to drive sustained demand for data center capacity, connectivity, and related infrastructure services. Against this backdrop, Black Box is well-positioned to participate in the industry growth.

Moving beyond hyperscale infrastructure, Black Box continues to deepen its enterprise relationships across the United States and international markets, supporting customers across technology, healthcare, financial services, industrial, and retail sector. During Q2 FY27, the company secured engagement involving network infrastructure, connectivity, data center integration, and digital workplace solutions.

These engagements reinforce our diversified customer base and a strategy of deepening relationships across the top strategic enterprise accounts. The technology products business is also gaining momentum as customers modernize critical operations and invest in secure and resilient control room platforms.

This creates further opportunities for Black Box's specialized technology portfolio. Together, our enterprise solutions and technology products business provide encouraging growth opportunities alongside the expanding hyperscale data center business. To support our growth ambitions, Black Box continues to strengthen its leadership, engineering, sales, and delivery capabilities to undertake larger and more complex customer projects.

The company is progressing with its plan to recruit nearly 3,000 professionals by FY30, primarily in the United States, with hiring already underway for major data center projects. These investments support our ambition of consistent growth, driven by expanding customer relationships, broader capabilities, and disciplined execution.

Our established relationship with leading hyperscalers and global enterprises, proven experience in executing mission-critical infrastructure projects, and capabilities across data center infrastructure, connectivity, and related service provide a strong foundation to address our customers' evolving requirements.

Combined with our growing order backlog and increasing participation in large-scale data center programs, these strengths position us to pursue the significant opportunities emerging in the market and convert demand into sustainable revenue growth. With this overview of our business performance and key developments.

I will now hand over to our CFO, Mr. Deepak Bansal, to take you through our financial performance in greater detail.

Deepak Bansal: Thank you, Sanjeev, for the detailed overview. Good morning, everyone. I will now take you through our financial performance for quarter two and first half of FY27. We are pleased to report our highest-ever quarterly and half-yearly revenue, reflecting strong execution across our business segments, continued order momentum, and the growing contribution from our enterprise and data center businesses.

Let me begin with our performance for quarter two of FY27. Revenue for the quarter stood at INR1,936 crores, registering strong growth of 22% year-on-year and 13% quarter-on-quarter, supported by healthy execution across our enterprise and data center businesses. EBITDA for the quarter stood at INR175 crores, representing growth of 23% year-on-year and 10% quarter-on-quarter. EBITDA margin stood at 9%.

During the quarter, we front-loaded investments in skilled technical and project talent to support the execution of hyperscaler orders, predominantly in the United States. We have hired approximately 300 employees over the last two months, with another 700 to 800 expected to be added over the next six to nine months.

As revenue from these hyperscaler projects begins to flow through in second half, we expect improved cost absorption and operating leverage to support margin expansion, enabling us to achieve our EBITDA margin target of 10% in quarter four of FY27.

Over the medium term, our objective is to consistently maintain EBITDA margins of 10% or higher while ensuring healthy returns on capital. Near-term margins are expected to remain within our guided range, supported by disciplined cost management and improving operating efficiencies.

Profit after tax for the quarter registered year-on-year growth of 31% to INR73 crores, supported by improved EBITDA performance. Moving to our H1 FY27 performance, revenue stood at INR3,655 crores, registering year-on-year growth of 23%. EBITDA grew by 29% year-on-year to INR335 crores, with margins at 9.2%.

Profit after tax for first half FY27 reached INR129 crores, reflecting growth of 16% year-on-year, while operating cash flow reached INR115 crores for the first half of FY27. We are translating growth into stronger profitability and cash generation.

With healthy demand across our key business segments, continued traction in hyperscale and enterprise opportunities, and our presence across multiple countries, we remain confident in achieving our FY27 guidance. As we enter the second half of the year, our focus remains on accelerating the conversion of our order backlog into revenue.

With project execution progressing well and a strong pipeline of opportunities, we expect improved revenue momentum and operating leverage in H2, supporting our full-year growth and profitability objectives.

Alongside growth, we remain focused on enhancing the quality of our earnings through disciplined project execution, efficient working capital management, and prudent capital allocation. These efforts will support sustained profitability and long-term business growth.

With this, I conclude my remarks. Thank you, and I would now request the moderator to open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Bajrang Bafna from Sunidhi Securities. Please proceed.

Bajrang Bafna: Congratulations for a strong set of numbers as guided, and still really congratulate for the better guidance for the second half and the years ahead. Sir, my first question pertains to the U.S. economy side, because there are multiple media articles which are talking about Democrats are lately against the unprecedented AI investments that are happening in the U.S., and now this NVIDIA saga.

So, what is your take on the broader AI investments? Because you are already working on the ground and you are already connected with the large-size hyperscalers. So, what is your sense on the ground in terms of the investment, whether they are going to decelerate or will maintain the tempo and the momentum?

I know that Gartner has talked about the investment and all, but what is the ground reality, post the win of Democrats? What sort of thought process you are developing for, let's say, next one or two years' timeframe? So, that would be my first question, sir.

Sanjeev Verma: Okay, I will take that. I think from a business perspective, more specifically for AI infrastructure, and I have talked about it before, I think first and foremost, it is a structural shift that is happening both in the U.S. and throughout the world. In general, any rollback in my mind is not expected. It is about creating differentiated experiences for 6 billion users across the world. Once we get used to how we operate, we will not roll back.

Coming specifically to my meetings and the conversations over the last several weeks, pre-election or post-elections, I think we are only continuing to see the momentum remain or actually grow. More recently, I am not sure if you had a chance to see Meta's announcement on the compute initiative. They want to play and become a B2B player, competing alongside AWS, Azure, and Google Cloud, and therefore, they announced the investments will massively grow from where they are, and that is very recent news. Also, more recently, Google and Blackstone announced a partnership to form a company called Crux.ai to use Google's TPUs, right?

I think from whatever we see on the ground, from the backlog that we have, the speed that we are expecting in H2, and in general, our pipeline conversation that we have been having over the last year, and more recently, as to what we expect to close, I am not seeing anything at this time that tells me that this is going to be slowing down.

In fact, it is on the contrary. More and more investments are getting announced to speed up alongside the companies that I am talking that is currently facing the market. In general, we remain very, very positive with the customer conversations that we have, the announcements that are getting made, the investments that are already made with respect to land, power, core, and shell.

So, we believe that we are in a pretty good state at this time to be able to deliver on our goals. I n general, with respect to Gartner or otherwise, also then from that perspective, a slowdown isn’t expected to happen and how we see this playing out over this year, over the next several years of time.

Bajrang Bafna: Really, sir, for the detailed explanation and really heartening to listen the ground reality from you people who are already working very hard in the U.S. market. And Sir, just to get a sense, you have always talked about not only the organic growth opportunities, but also to explore inorganic growth opportunities also going forward.

Now, the cash flows are also keeping pace with the operating profit. The first half has been really decent in terms of cash generation. Any thought process on that count? Because the organic

growth guidance does not excite too much the investor side, but with combined the inorganic opportunities, what sort of growth that we can aspire to achieve?

Can we think of 25% plus growth going forward, including the inorganic opportunity? Some sense on that going forward will be really helpful to appreciate the kind of unprecedented investments that are happening in the AI infrastructure side. Thank you, sir.

Sanjeev Verma: Thanks. Okay. Thanks for the question. First and foremost, we are focused on keeping or exceeding our guidance with respect to our order bookings. We expect the order bookings in the second half organically to significantly be more than the first half, closer to $1 billion, to reach our guidance of $1.31 billion, $1.5 billion worth of order bookings.

The entire organization, our sales team, our delivery teams, and the management is focused on making sure that we continue to achieve that momentum in second half with our pipeline, and we expect to do so and meet the guidance. That will provide us with an exit order backlog for the next fiscal year opening in the range of $1.3 billion to $1.4 billion, giving us a decent headroom to drive our organic momentum closer to 15%-20%, or even more than that.

That also allows us for some of meet the current year's revenue guidance of what we have quoted, to be able to achieve in the range of INR7,800 crores-INR8,000 crores. We are trying to ensure that we reach the upper-end of that. That's the organic side. That's the focus of the company.

We are also, at the same time, also focused on accretive acquisitions, and we have stated publicly in many forums that we would want to acquire to fast-forward our growth that takes us northward to 25%-30%. To that extent, Deepak and I and the management team remain focused, evaluate accretive, which is capital efficient, and that provides the shareholder returns appropriately, focused on pipelines.

We have a healthy pipeline that we continue to explore to see that we are able to pursue our inorganic momentum as well, to reach our overall combined goal of inorganic and organic put together over the next three years' time by FY30 to go to $2 billion. Very, very sharp focus on both the engines.

Organically, as I said, focus sharply on producing order backlog and order booking, and confident to do that, meeting or exceeding our guidance. At the same time, focus on inorganic activities as well. That remains accretive for us. A combination of both will take us to where we want to go. As and when we have better understanding or more thing to talk about, we'll definitely bring it in the public space.

Bajrang Bafna: My last question is to Deepak, sir, specifically on the conversion of operating profit to basically the profitability side. Since we are completely into an asset-light business model now, so the depreciation costs are not going to be very larger going forward, even with acquisitions.

And since there is a strong cash generation that we are witnessing, even the interest requirements are going to be not meaningfully higher despite growing 30%- 35% odd to achieve this $2 billion target. So can we expect in that scenario the operating profitability, even 10% or little higher

than that, can convert to at least 6% to maybe 6.5% net margins over next two to three years' timeframe? Is that a rational assumption to work with?

Deepak Bansal: Yes, that's a good question and good assumption, Bajrang. I think overall, whatever, let's say, the revenue will grow, which we are expecting it to grow by another, let's say, every time around 20%- 23%, whatever it will flow, the gross profit on that will slow down in terms of the overall profitability with, let's say, some minimal increase on the SG&A, and depreciation and interest should remain almost similar.

They should not go up. So from that perspective, let's say next two years to two and a half years timeframe, what number you're putting on the PAT margin looks feasible. I don't see why it should not happen like that.

It should happen like that. The interest cost is a factor of little bit on the organic, on the inorganic side, what we do, because inorganic side, if we get, let's say, the good opportunity and all those things, little bit of debt comes in on that, then probably the interest cost will be plus-minus little bit of the number. It will not impact much on the profitability side because the whole EBITDA will flow down in the PAT. So those ratios will continue to improve on the PAT side of it.

Bajrang Bafna: Great, sir. Really appreciate the return on equities and return on capital employed are also going to be much, much better with -- this thought process is there in the mind. All the very best for the future success of getting some large ticket orders from the U.S. hyperscalers. Thank you very much, sir.

Deepak Bansal: Thank you, Bajrang.

Sanjeev Verma: Thank you.

Moderator: Thank you. The next question is from the line of Nandan Arekal from JM Financial Limited. Please proceed.

Nandan Arekal: Hello. Hi, team. Congratulations on a good set of numbers, and thanks for taking my question. My first question is on order booking. Currently, the backlog tenure you've indicated is at 18 months. By the end of FY27, what do you expect this to become? Given that we're going to book a lot of orders on the data center side, and that generally has a higher tenure?

Sanjeev Verma: Yes, I think overall -- go ahead, Deepak.

Deepak Bansal: Okay. See, the 18 months will. Let's say the quality of the order book will continue to improve in terms of the size growing on the order book and also the tenure, because all the tenure of these data center orders is not like six months or one year. Those tenures range between 18-36 months.

What will happen is that with securing of these larger orders, probably this 18 months backlog tenure will become probably 20-22 months, and ultimately it can go, let's say, in next one year time to 24 months also, because some of the orders, when you get these large orders, the mobilization and all those things also will take, let's say, two or three months or four months time. It also depends on when we are counting.

Let's say we got the order today, but the start date of first execution is, let's say, March of 2027. From now till March, we are just planning and discussing and all those things, but the real execution starts from March. We normally count in our tenure from March, not from now. Now to March is more like a null period, which we will not count while we calculate the average backlog.

Nandan Arekal: Got it. Yes. So on the just some color on the order booking we expect in FY28, you know? So FY27, we expect very good order booking. In FY28 also, do we expect similar pace of order booking, or do we expect that to sort of decline a little bit because of the high levels of activity this year?

Sanjeev Verma: No, I think, Yes, I will take that. So from a fiscal 2028, what order bookings are to happen fiscal 2028, the conversations are happening now. So we expect to deliver better order booking in fiscal 2028. We expect the enterprise also to kick in because the cascading impact of hyperscale is also being seen in enterprise now at various airports that we serve, or banking centers, or healthcare.

So a combination of hyperscaler growth that we see continuing into next year will be equal or more from where we are. We also expect significant uptick in our enterprise. So overall, from a booking target perspective, we expect our goals for next fiscal 2028 to be better than fiscal 2027.

Nandan Arekal: Got it. That is very encouraging. Yes, my second question is on, let us say, visibility to our guidance, right? Do we have full visibility to the lower end, and what do you expect to happen in the environment for us to reach the higher end of the guidance of this year?

Sanjeev Verma: We are currently focused on achieving the higher end of the guidance.

Nandan Arekal: Understood. Thank you, sir. Last question from my side. Just on cash conversion, right? We have seen receivables come down, which is very nice to see. Operating cash to EBITDA right now, I think, is at 36% odd for both H1 FY27 and 2026. How do we see this? What are we modeling internally going forward? I think we have also stated that we expect high double-digit profit growth and stronger cash flow going ahead. What are you modeling on cash conversion?

Deepak Bansal: It will improve, Nandan. When we move forward, what will happen is that all that profitability which we will generate will flow into the. Because most of the investments have gone in, or some investments are still going in, but I do not expect that after, let us say, another one quarter or one and a half quarter, there will be more investments which will be going in, which has gone in now.

Whatever the revenue growth will come now, the margin on that, the EBITDA margin on that, should be technically easily cash convertible. Because what happens is that when you start these large projects, there are teething, let us say, issues and all those things, while the customer payment term is 60 days, but the first payment hits only in 90 to 105 days.

That delays the overall cash conversion cycle also from the overall perspective on these larger projects, because it takes time to set up those things in their system and all those stuff, plus

including those mobilization, reconciliation, and all those things to start with. Once that starts, then it comes into a regular cycle.

In, let us say, by quarter four, when we pick up our revenues on these order backlog projects, that time I' m expecting that the conversion on the cash side will pick up more faster in terms of the ratio. This ratio of 35%- 36% what you are seeing, I am not putting a number to it right now, but it will improve substantially when we exit the quarter four.

Nandan Arekal: Understood, sir. Thank you so much, and congratulations and all the best.

Deepak Bansal: Yes. Thank you.

Sanjeev Verma: Thanks, Nandan.

Moderator: Thank you. The next question is from the line of Vivek, an Individual Investor. Please proceed.

Deepak Bansal: Hi, Vivek.

Moderator: Vivek, are you there?

Vivek: Sorry. Hi, Sanjeev and Deepak. Thank you for the opportunity.

Sanjeev Verma: Thank you.

Vivek: I just wanted you to speak too on the quality of the data center order booking. I mean, are we able to get higher-sized orders and slightly more complex orders? I just wanted you to speak qualitatively on that piece of the data center order booking?

Sanjeev Verma: Yes, I will put it in twofold. Current focus, Vivek, on data center is to go deeper and wider. As you know, I think we started off several years ago with smaller projects and larger projects. I think from that perspective, when I say wider, we are getting into more scaled project and also more sites, more engagements with the customer to get it wider. That makes you a more sticky partner across the portfolio of the customer, right? That is one.

We announced recently, in the last quarter, regarding we are winning a hyperscaler for $131 million. That account we are currently mobilizing, getting into revenue cycle, and then as you get into revenue cycle, you get to pick up other adjacent work and scale it up. That is on that side.

The answer is yes, we are scaling up, getting deeper, and of course, getting more stickier from the customer as the execution starts. That allows us now to participate and speak. Our focus this year is to get into deeper engagements with newer hyperscalers that we have been working. We start smaller and start to get into larger projects.

Also focus around some of our hyperscalers to get into other geographies that they are pulling us along. A combination of getting deeper, a combination of getting wider in the overall data center space with other co-location and hyperscalers, including expanding with them some other geographies that we are working on. When it fructifies, we will talk about it.

The quality of engagement, the quality of orders, the quality of our margins as we execute, these are large complex projects, is expected to improve and get better over the course of time. The momentum in the pipeline in the order booking for hyperscalers remains very, very strong. We expect to deliver better order booking.

I talked about the first quarter was about $630-odd million. We expect overall order booking, we expect that to be much better in second half to meet our guidance closer to $1.5 billion worth of bookings. Net-net, I think better quality, larger engagements, wider engagements is where we are progressing very, very strongly.

Beefing our leadership teams, both in sales, engineering, and operations, and I am personally focused on that because again, as Deepak called out, as we called it earlier, we are adding up huge amount of resources now to start executing, and therefore, the leadership strength is also important.

We are focused across the spectrum of growth with hyperscalers, specifically, of course, across other enterprise also. Margin improvement, of course, important for us from that perspective. Quality of revenues improving and will become better. And of course, Deepak talked about the capital efficiency will become better as we go forward. That is where our focus is, four levers.

Vivek: Sanjeev, on the acquisitions part, I mean, we have done just one acquisition in the INR500 crores range. Do you feel we are falling behind, or should we be able to pick it up in the next, I mean, we have got 12-14 quarters to hit our target, and we have got about another $600 million-$650 million to acquire. Do you think it will be a challenge, or maybe…

Sanjeev Verma: No, I think, see, the idea is to, first of all, we will focus on capital efficiency, both on the capital return and the equity return, so we will not dilute that. We have an active pipeline, and we talked about publicly that we are focused around that. Deepak, I, and our senior management are focused, and we believe that we will be able to reach our goals of $600 million, $700 million.

We also believe that the second half could be momentous for us in that space, so we will see. We would not acquire just for the sake of acquiring. That is not a philosophy that Deepak and I or the management follow. It has to be accretive for us, so therefore, we are not just chasing acquisition, we are chasing shareholder value here. We are confident to be able to deliver on the organic side as well.

That is different engine, I think that we have to add, but personally focused with the management to see that we will be able to achieve that goal to reach our overall goal of $2 billion hitting by FY30, Vivek.

Vivek: Deepak, just one last question on the numbers front. At scale, should, I mean, at let us say, like a billion and a half to $2 billion, should this be an 11%-12% margin business, or will we stick to 10% guidance? I am just talking three, four years out -- at scale, can we be 11%-12% and a 7% net profit or 6.5-7.0% margin?

Deepak Bansal: Yes, you are absolutely right. See, organic, whatever, let's say, we will acquire the businesses in this year, and probably, let's say, in FY28, if we go till FY30, yes, for sure, that we will be between, let's say, 10% and 12%. I'm not putting a number there.

But let's say if some acquisition comes in, in 2029, which is with our philosophy, we are acquiring it because of the lower margin and transformation opportunity and all those things, that may be a little bit have an impact depending on the size of the acquisition and all those things.

But whatever, let's say, organically it should happen, we should be able to reach between 10% and 12%. While we are guiding right now 10% only because of whatever, because we don't want to forecast more than 10%.

First, let's achieve 10%, and then we revisit that number of forecasting more than 10%. Yes, you are absolutely right on that scale and everything, we should be between 10% and 12%.

Vivek: Thank you, Sanjeev and Deepak.

Sanjeev Verma: Thank you. Thank you so much.

Moderator: Thank you. The next question is from the line of Nandan Arekal from JM Financial. Please proceed.

Nandan Arekal: Yes. Hi, team. Thanks for taking my questions again. Just one question on the, when we execute a project, right, I believe we will have some equipment on our books as well. So, and that is sort of reflected in the cost of goods sold and inventory portion in our P&L.

The gross margin, however, it has been relatively resilient at around 30%. You would expect that this equipment would see increase and decrease in price. How do you factor for that, when you are building your estimates for the client? How does that play out? Yes. Thanks.

Deepak Bansal: So I can…

Sanjeev Verma: No, Deepak.

Deepak Bansal: Take that. Yes.

Sanjeev Verma: Okay, Deepak.

Deepak Bansal: Yes. Okay. Most of time, the bill of material, when we prepare for the customer or the solution we prepare, for these large orders like the data center orders and all those things, the material or the equipment is not part of our scope. They do it directly. Our scope is mostly the services, which is, let's say, providing the manpower and train them and basically execute the work to the scope.

So the material is not part of this on this large contracts. Some small here and there, some maybe 2% or 3% of the order value, maybe some last-mile delivery material or something like that. For

the enterprise customers, the material with our, let's say, the partners and all those things is part of it.

The overall margin profile is counted into the overall blend of the bill of material because you are quoting for the project, you are not quoting for specifically for the service. If customer wants separately the breakup and all those things, we provide the breakup. In that scenario, normally the material margin will be between 12%-18%, and the services margin will be between 22% and 30%, depending on the service. Sanjeev, you would like to add on that?

Sanjeev Verma: No, I think you have covered it. For large projects, for hyperscalers, we do not make supplies, except, as Deepak said, 2%, 3%, 4% of supplies of, that is inconsequential. It is largely a services-led business.

Also on the enterprise side, a large part of our business, managed services, T&M, is services-led, but there are projects which we have partners with CommScope or Cisco or Juniper or otherwise, which we factor within the projects. The margin spread is a little lower, but the blend remains consistent so that we are able to deliver the consistent gross margin in that range.

Nandan Arekal: Sure, sir. Thank you, sir.

Moderator: Thank you. The next question is from the line of Aditya Saraf from Rucha Consultancy. Please proceed.

Aditya Saraf: Hi, sir. Am I audible?

Moderator: Yes, sir.

Sanjeev Verma: Yes.

Aditya Saraf: Congratulations for a good set of numbers. My question lies on the front that recently we saw that Democrats have won the election in the U.S., and Democrats have this kind of a mindset that they are against data centers and AI things. How you are seeing the execution part, particularly from the hyperscalers when in particular regions like Texas, Virginia, where the Democrats are present, especially in the long run?

Sanjeev Verma: I answered that earlier, so I will repeat that one more time. We are not seeing anything slowing down in our current order backlog that is up for execution. In fact, on the contrary, in many of the places, we are seeing uptake and speed-up being happening, and Deepak called out need for mobilization for us is increasing.

We are hiring in the short term about three. We already hired about 300 since we last spoke, I believe, and we are looking to hire about going up to 700 by end of the fiscal year, which is a short term of four months, about 100 every month is what we are doing to catch up.

In our conversation with our customers, hyperscalers personally, as far as I am concerned in the meetings, there is no kind of a roadblock or bump with respect to the growth that they have planned.

In fact, each time the earning call happens, they are increasing their capital expenditure. It happened more recently as well. I talked about two large initiatives that has got announced in the last month or so. Meta going into the compute space, therefore it makes sense for them to ramp up very rapidly. It happens to be one of our large customers, as you know.

The answer is, we are not seeing at this time, both from our order backlog and/or our active conversation of pipeline that I just talked about to convert in H2, which we expect to be significantly higher than H1, both from hyperscaler and enterprise. The answer is No. I cannot speak for what can happen, generally, but we believe this is a structural change.

This is for taking a kind of a pole-position on AI infrastructure that will drive large economic value for the world. So we remain very, very confident and bullish as to where this will go and what this means for Black Box in a very positive manner.

Aditya Saraf: Okay, sir. Got it. Thank you. All the best.

Moderator: Thank you. The next question is from the line of Rohan Nagpal from Helios Capital. Please proceed. As there is no response, I am taking the next question from the line of Nikhil Kanodia from Sunidhi Securities. Please proceed.

Nikhil Kanodia: Good morning, everyone. Am I audible?

Sanjeev Verma: Yes.

Moderator: Yes, sir.

Nikhil Kanodia: First of all, congratulations on a good set of numbers, and it is very heartening to see the kind of order book that you have posted of $1,088 million. That's very good. I just wanted to understand a few things. We have seen that there are some issues with the H-1B and all of those things. The employee strength that we have in the U.S., that will be the local employee strength, or those would be the H-1B candidates from India itself?

Sanjeev Verma: Black Box is a local company, and Black Box is neither a visa-dependent. When I say visa-dependent, it means more than 50% of your workforce is visa-dependent, but like most IT service companies, we're definitely not visa-dependent, and there are very limited H-1B visas for us. The visa regime, H-1 visas, L visas, change of visas, green card, does not and will not impact Black Box growth plans and hiring plans.

Nikhil Kanodia: Okay. And sir, what would be the margin profile, say, with Meta or the other hyperscalers? Also, there have been some news that because of this AI thing, like what the previous participants have also asked. In that regards, how insulated we would be in the terms of the orders that we have already received and the margins for those orders as well?

Sanjeev Verma: Earlier on, with respect to insulation or otherwise, we talked about, I answered a question regarding our guidance, and I said we are focused on the higher end of the guidance, so that should answer that. With respect to what we are expecting to execute over the next several

quarters from an order backlog perspective, we don't see it slowing down. Our hiring momentum continues.

We expect to hire more in H2 than what we did in H1 to mobilize the order bank. The pipeline conversation with respect to what we expect to book in H2 has also remained strong to reach our goal of $1.3 billion-$1.5 billion worth of booking. That substantially adds between $700 million-$900 million of booking, vis-a-vis $600 million something for the first half. So that support is strong.

Coming back on the margin side, I think from a hyperscale perspective, the margin remains accretive towards our goal for 10% operating margin. From a gross margin perspective, it ranges between 20% and 25%, depending what kind of work that we are doing, averaging between 22% to 23% odd.

At scale, it possibly can be slightly lower, but our cost to serve, our SG&A, is amortized. So it remains accretive to our goal of being at 10%. So net-net, I think we're focused about doing a deal, and will that produce us a margin, operating margin of 10% or more, and I think hyperscalers or otherwise, is accretive to that.

Nikhil Kanodia: Okay. So, these contracts would be fixed price or cost-plus kind of a thing, or with the variable clauses embedded in the agreement?

Sanjeev Verma: There are all kinds of contracts. There are some scope for fixed price. As long as the customer is able to give us a fixed scope, we can deliver a fixed price, a fixed margin. If there are any changes, we will get into a change order. There are cases where we are providing audit work or other assessment of quality over a T&M, and that is highly margin accretive and provide that on T&M basis.

In some cases where the customer is a greenfield and we are partnering for a very large project, it becomes a cost-plus project for us because neither the customer knows the exact scope, nor we know, therefore we cannot give them a fixed price. It has a partnership approach.

Irrespective of how we do that, the overall blend when we do a mixture of T&M, a fixed cost, a cost-plus markup in some cases, delivers our stated gross margin and remains in line with our operating margin, right? As long as it remains that, I think we are open to have contracts based on customer preference and also based on our assessment of how we should take those contracts.

Nikhil Kanodia: Sir, is there any risk in achieving that 10% EBITDA margin that you have stated? Is there any risk in achieving that given the structures, the various structures that you have mentioned?

Sanjeev Verma: No, I think we have baked in that, and Deepak answered it extensively. We are currently focused on 10%. At scale, we expect to deliver more than that. He talked about at scale going into 28%-29%, between 10% and 12%. So no, there is no risk for us with respect to achieving our stated goal of 10% margin. We are currently focused to see on scale how do we make it better from 10%.

Nikhil Kanodia: Okay. My next question is on the geographical diversification and the related synergy from there. Other than U.S., are we looking at any other market, say, like any synergy that is expected from your strong footings in U.K., maybe something in India? Are we looking at something to happen in times to come?

Sanjeev Verma: Of course. I think most of our customers are global in nature. Clearly, one of our biggest strengths with our customer is our presence in 35 countries. We operate in all the significant markets. We recently expanded our presence in LATAM through an acquisition, so collectively we are stronger.

Specific to Europe, I think we are growing that business. We are also serving some of our hyperscalers and enterprise customers now, and American customers in Europe. We expect that to continue. India remains a pivotal point for every customer, for GCC, for our own GCC, for some expansions. We continue to remain focused there as well. It is our center of excellence. We have a development center there. Our customers are present there.

Yes, our caption or our focus of being what we call a glocal company, think globally, act locally, is coming to be advantageous to us at this time. We expect to have those kind of movements and wins in Europe and maybe subsequently in Asia Pacific and India as well. The answer is Yes, we see that as a positive point, and we continue to focus on global deals as much.

Nikhil Kanodia: Okay. Sir, while you guys have already extensively spoke about the acquisitions that are there under the pipeline. Looking at from this year, it is largely eight, nine months have over for this year. Are we looking at any acquisitions to happen and to close down by the end of this financial year?

Sanjeev Verma: I can answer the first one. Are we looking at any acquisitions? As I said that before, the answer is Yes. Deepak, I and the management team specifically remain focused on both the engines. Organic primarily, we have got customers, of course, that's a large business. Inorganic to increase our growth momentum.

The answer is Yes. Would we be able to close something in H2? Of course, I cannot call it out at this time, but, you know, as I said, we remain positive on our focus and completing our goal of achieving $600 million, $700 million worth of acquisitive assets over the next three years' time. That we have told before, and we remain very, very focused on that. More to come when we are able to update in more certain terms.

Nikhil Kanodia: Okay. Following up on that, we have already seen that the way we have done the turnaround story for Black Box, and obviously, we are going to acquire wherein we can achieve NOLS in the U.S. as well.

You have already guided that you are on the hiring spree, hiring a lot of technicians and other professionals till FY30. In that sense, how is that going to impact your margins, A? Two, how fast can we see the ramp-up in the margins for the acquired businesses? That is my last question to you, sir?

Sanjeev Verma: I think, as Deepak called out, and I'll give it to Deepak after I speak the line. We have baked in our acquisitive thesis within our guided margin. Our guided margin is 10%. Of course, we want to acquire assets which are slightly lower in margin, and we are able to make it better to make better shareholder return, but that doesn't change our guidance.

That's baked in, correct? I think earlier Vivek asked that question. We continue to invest in the front, and we bake that in with our margin already in guidance. That's not going to change. We acquire assets at 6%-7%, or whatever that is, but we have baked in that we should be able to push it and keep our guidance to 10%.

When we get into scale and get into stability, I think the focus is seeing how can we get over 10%. 10%, we don't see a risk on our guidance. Deepak called out exiting Q4, he expects that to push to 10% from a kind of nine-ish level. With acquisition, with organic, that's the guidance.

Nikhil Kanodia: Sir, is the understanding correct then, as Deepak has said, then 10% seems to be on a very conservative basis, given the operating leverage and given the scale-up and everything. We can surely go much ahead than 10% as well, and this seems to be a conservative target?

Sanjeev Verma: I will give it to Deepak to answer one more time. Deepak?

Deepak Bansal: Yes. Like I told earlier also, is that yes, with the economies of scale and with the scale, it will cross 10. It will be somewhere between 10 and 12. But depending on the timing of the acquisitions, timing of, let's say, the further investments, if any required in terms of scaling up and all those things, depending on that, it may be here and there.

But yes, but we have baked in that all those things in our 10% number. But above 10%, right now on an organic basis, yes. If we don't count, let's say, the inorganic growth, yes, we will be well above 10%. Inorganic, as soon as we will add, it will all depend on what type of acquisition, what size of the acquisition, and all those things, will come in with what timing.

Nikhil Kanodia: Okay, sir. Understood. Those were my questions. Thank you for answering them, and all the best. I'll rejoin the queue if I have more questions. Thank you.

Moderator: Thank you. The next question is from the line of Rohan Nagpal from Helios Capital. Please proceed.

Rohan Nagpal: Hi, am I audible?

Moderator: Yes.

Deepak Bansal: Yes, Rohan.

Rohan Nagpal: Yes. Hi. Congratulations on the great execution. Just one question from my end. You already provided qualitative, I mean, you kind of provided the duration of the order book in terms of the trajectory. What is the current duration of the order book as it stands?

Deepak Bansal: What do you mean by current duration? Current duration would be…

Rohan Nagpal: The weighted average duration of, like how long…

Deepak Bansal: I think we already mentioned. We already mentioned about it that the average backlog tenure is close to around 18 months.

Rohan Nagpal: Okay, understood. This will go to 24 and eventually 36?

Deepak Bansal: No, it will not reach to 36, because 36 is like the maximum duration of the contract, but it will, let's say, plateau around 24. But it will reach from 18-20 to 22-24. Because like I told that we are counting only in the tenure, the start date of the contract. We get the contract now, but if the start date is March, because in U.S. they plan well ahead.

Let's say I get a contract today, but the work is starting only in the March of next year. So I will count from March of 2027 to, let's say, December of 2029. So I will count that period in the average. I will not count from now to March. I will ignore that.

Rohan Nagpal: Okay, understood. And what portion of your order book is expected to start at least a quarter out or like three to six months out?

Deepak Bansal: It's already started. I think a lot of projects which were there as a part. If you see our trajectory, on March of 2026, which is six months back, we had an order backlog of close to around $800 million. We booked close to around $300 million in quarter one. And then obviously we continue to burn.

So it is like some of the execution is happening from the previous backlog, and some of the execution is happening during the quarter from the orders booked during the quarter also. But we are booking more than what we are burning. So, let's say in our current quarter, if my revenue is, let's say, close to around $200 million, which is INR1,936, I am just calculating $200 million.

Rohan Nagpal: Yes.

Deepak Bansal: It means that I have booked close to around $300 million orders, and that is why my order book has gone up by $100 million. So it is like some of the orders, whatever I would have booked in quarter one, also I would have started executing in quarter two. Probably the full impact has not come. It is more like a mobilization or whatever. If the order is of, let's say, $50 million, I would have booked the, let's say, the revenue of maybe one or $2 million, which will scale up in upcoming quarters and all those things.

Rohan Nagpal: Understood. Thank you so much for the detailed answer. That is it from my end.

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

Sanjeev Verma: Thank you, everyone. For more questions or details, you can reach out to our Head of Investor Relations, Purvesh Parekh, or our Investor Relation Advisors, SGA. Have a good day.

Deepak Bansal: Thank you.

Moderator: Thank you very much. On behalf of Black Box Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.