



“Dynacons Systems & Solutions Limited
Q4 & FY26 Earnings Conference Call”

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MODERATOR: **MS. TANISHKA TANVI – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to Q4 and FY26 Earnings Conference Call of Dynacons Systems & Solutions. 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 phone. Please note that this conference is being recorded. I now hand the conference over to Miss Tanishka Tanvi from Go India Advisors. Thank you and over to you Tanishka.

Tanishka Tanvi: Thank you Danish. Good afternoon everyone and welcome to Dynacons Systems & Solutions Q4 FY26 earnings call to discuss Q4 and full year FY26 results. We have the senior management of the company on call, Mr. Parag J. Dalal, Executive Director and Mr. Dharmesh S Anjaria, Executive Director and CFO. We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risk that the company faces.

May I now request Mr. Parag Dalal to take us through the company's business outlook and financial highlights, subsequent to which we can open the floor for Q&A. Thank you and over to you, sir.

Parag Dalal: Yeah, thank you. Good afternoon everyone and thank you for joining us today. We appreciate your continued interest in Dynacons and are pleased to present our performance for Q4 and financial year 2026. FY 2026 has been another year of strong execution, strategic customer wins and continued strengthening of our position as one of the India's leading IT infrastructure, data center, cloud, cybersecurity and managed services provider.

The technology landscape is undergoing a significant transformation. Enterprises today are investing aggressively in AI-ready infrastructure, cloud adoption, cybersecurity, digital workplace modernization and resilient data center environments. As a trusted technology partner to leading BFSI institutions, global enterprises and public sector units, Dynacons remains well positioned to participate in this long-term opportunity.

During FY26 we secured several marquee orders across cloud infrastructure, enterprise applications, networking and digital workplace solutions. Some of the key wins includes the Reserve Bank of India's enterprise application platform project worth approximately INR249 crores, Punjab and Sind Bank's private cloud infrastructure project worth approximately INR109 crores, LIC's digital workplace solutions engagement worth approximately INR138 crores, Jammu and Kashmir Bank's DaaS, Device-as-a-Service project worth approximately INR75 crores and SBI's SD-WAN project worth approximately INR75 crores.

These wins are particularly important because they demonstrate our ability to address multiple layers of enterprise technology transformation from data center infrastructure and cloud environments to networking, workplace modernization and managed services.

A major milestone during the year was the successful rollout of core banking as a service using NABARD's initiative, enabling 38 banks to go live. This reflects our ability to execute large-

scale, mission-critical projects with nationwide deployment capabilities. We also continued to strengthen our enterprise infrastructure capabilities through SD-WAN deployments, private cloud solutions, AI-ready infrastructure projects and cybersecurity led engagements for leading institutions.

Another important focus area has been the expansion of our Device-as-a-Service and digital workplace offerings. The recent announcement by Nvidia of a new superchip that will reinvent Windows PC for the era of personal AI agents will power a big leap in the digital workplace offerings. These solutions not only deepen customer relationship but also help increase recurring and annuity-based revenue streams, improving long-term revenue visibility.

On the technology front, we entered a strategic partnership with Cygeniq to deliver AI-driven cybersecurity and trusted AI solutions across India, Middle East and APAC markets. As enterprises increasingly adopt AI, ensuring secure and compliant AI deployment will become a critical requirement creating a significant opportunity for specialized service providers.

The broader industry environment remains highly favorable. India continues to witness strong investment in digital infrastructure driven by cloud adoption, increasing data consumption, cybersecurity requirements and AI-led transformation initiatives. Industry estimates suggest that India's IT spending is expected to exceed USD176 billion by 2026, while the country's data center capacity is expected to grow significantly over the coming years. We believe Dynacons is uniquely positioned to benefit from these trends because of our integrated capabilities across data center and cloud infrastructure, network and security, digital workplace solutions and managed services.

Our data center and cloud business continues to emerge as a key growth engine. The increasing adoption of AI workloads, data localization requirements, business continuity initiatives and hybrid cloud architecture is driving demand for modern infrastructure environments. Enterprises are increasingly seeking partners capable of designing, deploying and securing and managing these environments at scale, which aligns strongly with Dynacons core capabilities.

As of May 30, 2026 our order book stood close to INR3,000 crores, providing strong visibility for future execution and growth. Looking ahead we remain focused on expanding our presence in data center and cloud infrastructure, strengthening AI-ready infrastructure and cybersecurity capabilities, growing managed services and annuity-led revenue streams, increasing wallet share within existing customers, adding new logos across BFSI, government and enterprise segments, exploring opportunities in newer geographies and emerging technology domains.

With a strong order book, deep technology partnership, nationwide execution capability and increasing demand across our core offerings, we remain confident about the long-term growth opportunities ahead. With that I will now hand over the call to Mr. Dharmesh Anjaria.

Dharmesh Anjaria:

Thank you Parag and good afternoon, everybody. FY2026 was a year of healthy revenue growth, improved profitability and continued margin expansion reflecting the strength of our execution model and the increasing contribution from higher value infrastructure and service engagements.

For Q4 FY26, revenue from operation stood at INR402 crores, registering a growth of approximately 22% year on year.

EBITDA for the quarter stood at INR36 crores, growing approximately 26% year on year. For the full year FY26, revenue from operations increased to INR1,424 crores, reflecting a growth of approximately 12% year on year. EBITDA grew significantly by approximately 41% year-on-year to INR146 crores with EBITDA margins improving to 10.2% compared to 8.1% in FY 2025. Profit after tax increased by approximately 17% on a year on year to INR85 crores.

Our margin improvement continues to be driven by multiple structural factors. First, we are witnessing a higher contribution from the data center and cloud infrastructure projects which continue to scale meaningfully within the overall business mix. Second, increased participation in solution-led engagements involving cloud infrastructure, SD-WAN, cybersecurity and digital workplace transformation is improving the overall quality of revenues.

Third, our managed services, DaaS and annuity offerings continue to gain traction supporting better operating leverage and creating recurring revenue streams. From a balance sheet perspective we continue to maintain a healthy financial position while supporting business growth and expansion. During FY26 we made significant investments in infrastructure and delivery capabilities reflected in the increase in our property, plant and equipment from INR8 crores in FY25 to INR68 crores.

As a result, net debt stood at INR68 crores as on March 31, 2026 compared to INR17 crores in the previous year. However, our balance sheet remains strong with a net debt to equity ratio of only 0.2x. We have also maintained disciplined working capital management providing us with financial flexibility to support execution of our growing order book and future growth initiatives. Finally, our ability to cross-sell multiple technology solutions to existing customers enables us to grow wallet share while maintaining disciplined execution and cost efficiency.

Our order book remains strong and provides healthy visibility for future growth. This robust order intake reinforces our confidence in the growth outlook and reflects the strength of our market positioning across key technology segments. Going forward we remain focused on profitable growth, disciplined working capital management, improving revenue quality and increasing the share of recurring business within the overall portfolio.

Our demand environment remains very healthy with momentum across data center modernization, cloud infrastructure, cybersecurity, managed services and AI-ready tech environments. Tailwinds like the rising adoption of AI, automation and data driven operations are accelerating investment in modern digital infrastructure creating significant opportunities for us to support our customers transformation journeys. With that we thank you all for joining us today and we will be happy to take your questions.

Moderator:

Thank you so much sir for your speech. Ladies and gentlemen, we will now begin with the question-and-answer session. Our first question comes from the line of Gunit Singh from Counter Cyclical PMS. Please go ahead.

- Gunit Singh:** Hi sir. Thank you for this opportunity. First of all, I would like to understand if these 10% EBITDA margins that we witnessed in FY26 are they sustainable? So, if we look at FY24, FY25 margins were about 8% EBITDA margins. So, can you help me understand what drove this 200-basis points improvement in the margins?
- Dharmesh Anjaria :** Yeah, sure. So, see the improvement in EBITDA margins is a structural improvement which is driven by a richer solution mix and a operating level. We do believe that this level is sustainable and we've already highlighted in our investor presentation which also notes the focus on margin enhancement and value-added services.
- While the quarterly margins may fluctuate with the project mix our goal is to ensure that we maintain the margins around the current levels by driving operating efficiencies and a richer services mix.
- Gunit Singh:** Okay. So, if we look at our order book currently about INR3000 crores near that level. So, can you give us a mix I mean of segment-wise, which segment contributes how much to your order book?
- Dharmesh Anjaria:** So, as we have already explained in our last Investor Call also, for confidentiality reasons we do not give out breakup of the order book segment-wise there and you know that's the reason why we've not declared it this time as well.
- Gunit Singh:** Got it. So directionally with the current order book do we expect to maintain this 10% EBITDA margins? Is the nature of and distribution of work similar to FY26 or is there also some scope of improving the margins by increasing share of managed services or data center division? So, if you can share – also in this?
- Dharmesh Anjaria** Yeah, while we do not provide any specific margin guidance, we are remaining focused on improving the efficiency, increasing the share of solutions and managed services and expanding recurring revenues which we believe should support the healthy margins over time there with normal quarterly variations coming there. But overall, yeah, we do believe and we are working towards sustaining these margin profiles.
- Gunit Singh:** Got it and how much of this order book is executable in the next 12 months?
- Dharmesh Anjaria:** So, the order book consists of both near-term engagement's executions and longer tenure executions. However, we do believe that you know if you want to take a number it would be around 18 months to 24 months on a average for this order book to get executed.
- Gunit Singh:** Got it. My last question is regarding the fixed assets. So, they have increased from INR9 crores last year to INR158 crores. So, can you help us understand what exactly are we investing in and how will this add to our top line and bottom line?
- Dharmesh Anjaria:** Can you just repeat what has increased from you mentioned?
- Gunit Singh:** Your fixed assets. Property, plant and equipment. They have increased significantly.

- Dharmesh Anjaria:** So a lot of the investments in our fixed assets have gone on account of our as a service projects there both core banking as a service and device as a service projects. So due to both these projects, we've added you know because of the nature of the projects we need to add a significant amount of capex upfront there which is what it has been added. And the revenue on account of that will come over a period of time.
- Gunit Singh:** So earlier I mean were we not leasing out these devices or sub-leasing the devices out? So have we changed the model to outright buying the devices and then leasing them out? Is there some change in the model?
- Dharmesh Anjaria:** No, we are still doing the same there. A majority of the portion has been leased out as such, but as per the accounting standards we have you know taken them into our books as right to use assets there and recognized the corresponding lease liabilities.
- Gunit Singh:** All right. So, what kind of an IRR do we see in this device as a service and the leasing/sub-leasing business?
- Dharmesh Anjaria:** Well there is no IRR number that we've disclosed out there. It's again internal record. So I'm sorry we're not disclosing out.
- Gunit Singh:** Got it. Thank you very much. I'll join back the queue.
- Dharmesh Anjaria:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Ankush Agrawal from Surge Capital. Please go ahead.
- Ankush Agrawal:** Yeah hi thanks for taking my question. So firstly this large RBI order win of about INR750 crores would it be possible for you to share how much of this INR750 crores would be the maintenance which is going to spread out over 5 years and how much is the initial EPC execution and what kind of timeframe are we looking for that execution?
- Dharmesh Anjaria:** So the order timeframe is for a period of 5 years which would include go live and then 5 years of O&M there. However due to confidentiality we cannot disclose the revenue till go live or till the O&M revenue there.
- Ankush Agrawal:** Okay, but generally in this kind of sort of, deals would it be fair to say two-third would be the initial go live and then one-third part of such kind of deals would be the maintenance sort of?
- Dharmesh Anjaria:** So I will not comment on two-third one-third ratio, but what I can say is that this project follows our other projects also there in terms of -- go live revenue with O&M there.
- Ankush Agrawal:** Okay and can you share the go live target at least?
- Dharmesh Anjaria:** No I'm sorry we're not sharing any targets or any values on go live or this.

- Ankush Agrawal:** Okay no issues. The second question that I wanted to ask is this quarter we have seen a very healthy revenue growth after many quarters however the PAT hasn't grown. It clearly is on account of increased depreciation and finance cost because of the opex deals that we are doing. So I just wanted to understand is it such that the way these deals are structured initially the cost we are booking in terms of say this lease liabilities is much higher than the revenue that we are booking at the moment?
- Dharmesh Anjaria:** No, see the sequential movement in margins that you're seeing is primarily driven by the short-term cost pressures and these are normal quarterly variations rather than any structural change in the business or accounting there.
- So during the quarter as you're aware that, currently the supply chain situation and the cost escalations are there in certain technology components which is partly linked due to the strong demand for the AI-ready infrastructure which is creating supply side tightness.
- So which has led to certain margin pressure in Q4 there which we expect to normalize as supply conditions improve. And if you see that on a full year basis the EBITDA margins have actually expanded to 10.2% which reflects strength of the...
- Ankush Agrawal:** Yeah I'm actually not looking at EBITDA margin because increasingly EBITDA margin won't reflect the right number because a lot of the opex deals that we are doing the primary cost -- for the full year only it has improved? I'm actually not looking at sequential I'm looking at Y-o-Y numbers. Y-o-Y our revenues have grown about 22%. The gross margins are pretty stable. Right? The only thing that has impacted is the higher finance cost and depreciation cost which is on account of opex deals the lease liabilities that we're booking. So yeah so what I'm not able to understand is if the revenues have also started flowing from those deals at least the PAT growth should have been there if the gross margin is sort of intact. So that is where I'm not able to figure out...
- Dharmesh Anjaria:** So like I mentioned it is the PAT growth is definitely there on account of those lease margins and you know the lease interest also which have been accounted for. However there are other components which are you know not related to the leasing or the regular business there, which there are certain cost pressures which is what I referred to which is where you're seeing a little overall margin impact in this quarter.
- Ankush Agrawal:** Okay, so fine. Other thing is that generally the capex like the normal EPC business sort of deals that we do, we have traditionally made like 12-13% kind of gross margins. In case of this opex deal after considering the rental cost of the equipment and say data centers that we are leasing what would be the rough gross margins that you would be making in these kind of deals?
- Dharmesh Anjaria:** So as we've mentioned earlier there we are not giving out any details of the business segments there, we've refrained from it earlier and we continue to maintain the confidentiality around that. Having said that these deals are definitely more margin accretive there is what I can say.

Ankush Agrawal: Okay, but like see as an investor then it would be very difficult for us to judge this new deals that we are doing either you're not able to share the payback or ROCE or IRR neither you're willing to share any kind of gross margin understanding, so for us it is very difficult to understand if the incremental this new deals that we are doing are they any better than the earlier model that we were doing. That is the only thing that sort of we are trying to understand, but fine either ways. That was all. Thank you.

Moderator: Thank you. Our next question comes from the line of Abhi Jain from AJ. Capital. Please go ahead.

Abhi Jain: Hi good evening. Hope I'm audible.

Moderator: Yes you are. Please go ahead.

Abhi Jain: Good evening Mr. Dalal and Mr. Anjaria. First of all congratulations on the last 10 years of exceptional growth. I mean registering a PAT CAGR of more than 50% for 10 years is extremely rare. So hearty congratulations on that. Coming to my question last year was generally probably one of the best years for data centers and cloud build out not just globally, but in India also if you look at the India cohort of all those players who are into data centers and cloud infrastructure.

But for Dynacons I am referring to Slide number 12 the data center revenue has been flattish this year. Now is it on account of that you were not able to recognize certain revenue in the second half of FY26 and a lot of it will flow in Q1 or are you generally seeing some sort of flat lining and a new normal for data center revenue which was growing pretty healthy at 50% CAGR, but last year was flattish?

Dharmesh Anjaria: Yeah thank you for your comments there and see if you really see there is no flattening of revenue there which can be seen in terms of the orders that we've announced there, the Punjab and Sind Bank order was announced, the RBI order has been recently announced there. So it is more about a timing there, certain projects as you know our revenue is project-based.

So there might be certain projects which get executed in a particular quarter some overflow into the next quarter. So it's only about the timing difference there. Having said that, we still have 34% of our revenues coming from data center and we continue to see that this will grow much faster than the rest of the segments.

Abhi Jain: Great. So what I'm hearing is and obviously you won't give guidance, but what I'm hearing is that this FY26 was a blip in terms of overall revenue growth which came down to a 12%ish otherwise we have been maintaining that 20% CAGR all throughout. So I'm pretty hopeful that that will be the case going forward given the timing issue is fine.

But I think ultimately Dynacons should get back on that track in FY27 onwards. My second question sir was in terms of understanding more about the right of use assets now that they have

become a significant part of the company at least in this year. On a steady state basis given the IndAS etcetera accounting.

What is the annual amount of ROU that you think and depreciation going forward that one should build in because obviously these are the new normals that we have to live with as investor. So just to understand business on a steady state basis what is the annual ROU or depreciation that will build going forward? That is what I wanted to understand?

Dharmesh Anjaria: So currently the ROU for as a steady state basis will be pretty much accounted for all the projects that we have announced till date for which are as a service there. Any new projects getting added in will depend on what kind of financing model that we are looking at taking those through, but other than that currently what you're seeing there is pretty much steady state.

Abhi Jain: Perfect. And so these ROU that you have built up in this financial year most of it the billables will start flowing in FY27 or do you see some of it tapering off to FY28 as well in terms of billables?

Dharmesh Anjaria: No the billables will be there in FY27 and FY28 also. So it is like on a because these are as a service right? These are annuity based there.

Abhi Jain: Perfect. Thank you so much sir and I would I should heartily congratulate you on what you have done in the last 10 years you along with Mr. Dalal and Mr. Anjaria. Thank you for initiating these investor calls before that it was just difficult for the investor. Anyhow wishing you all the best and hope this CAGR growth journey continues. All the best.

Dharmesh Anjaria: Thank you so much. Really appreciate.

Moderator: Thank you. Our next question comes from the line of Akash Jain from Vijit Global Securities Private Limited. Please go ahead.

Akash Jain: Thank you for giving me an opportunity. My question pertains to the working capital cycle as I see the debtor days are increased Y-o-Y basis also, payable days increased to around 134 days. And if we see last 4 years trade receivables have increased significantly from INR301 crores to INR602 crores as well as simultaneously we are seeing a rise in trade payables from INR219 crores to INR443 crores. So could you explain me the reason behind it?

Dharmesh Anjaria: Sure. So see our business is mainly project-based there and most of the projects involve a go live there. As the size of our projects is increasing and the technology complexity is increasing as you can see from you know the order size that we've been declaring maybe three years back versus the order size that we've been declaring today.

So all of these billings there since the order sizes are growing and all of the payments most of the payments in these are milestone basis. Whereas the billings are usually happening upfront there, you know all the payment is received on basis of milestone there because in infrastructure you cannot bill on a percentage basis there really. you need to bill when along with the

infrastructure you need to transfer the ownership to them and hence you're seeing a longer receivable cycle there.

Along with it we're happy to announce that because we have very good support from the OEMs and our suppliers there, we've been able to get a very good credit support from them which is why you're seeing that the net working capital days which was 14 days in the last year is now actually 17 days.

Now this is you know just a increase of three days there and even at these levels our working capital cycle is very efficient as compared to the other industry the net working capital cycle and we've always focused on maintaining the tight control over the receivables, inventory and payables and we do not foresee any material pressure on working capital from the current levels.

Akash Jain: Okay but my question is like the days payable has increased from March 2021 if you see throughout around 75 days now it has done up to 134 days. And we have healthy cash balance as well. So why not make early payments to the OEM?

Dharmesh Anjaria: But if the early payments don't result in giving cost efficiency then it would not benefit if I'm able to enjoy a credit period because most of the OEMs are supporting us in the projects and are providing us and our distributors they are providing us with higher credit lines there.

Akash Jain: Okay. Can we negotiate for some discounts if we make early payments?

Dharmesh Anjaria: Wherever possible we do that and you know wherever it is beneficial to take that we definitely undertake that.

Akash Jain: Also my second question pertains to your sequential performance like gross margin has decreased from 18% to around 14% which has affected your operating profit margin from say 11.92% to 9.05%. So can you explain me any reason behind it?

Dharmesh Anjaria: So as we've also previously mentioned in our you know call that we are not you know company because our business is dependent on projects it's not a run rate type of revenue or it's not a manufacturing unit where we you know need to sell off or we have to sell off x number of units to maintain that. See our business is in the nature of project so sometimes in a certain quarter certain amount of projects would get executed and in other quarter other projects would get executed.

So, our business cannot be judged sequentially quarter on quarter but on a year on year basis you can see the growth. Secondly also this depends a lot on site readiness, customer readiness where this you know this revenue recognition would depend on. Also on the margin front there, we've explained that this sequential movement in margins is primarily driven by these short-term cost pressures or the normally quarterly variations there because of the cost escalation that we are seeing there. This has led to some margin pressure in this quarter which we expect to normalize as supply conditions improve.

- Akash Jain:** Okay and my question regarding to data centre like our mix has improved from around 14% to 37% it was in Q3. So data centre contribution how much was in this quarter and for the full year and when do we expect data centre contribution to be over 50%?
- Dharmesh Anjaria:** So, definitely our focus is definitely on growing the data centre and cloud and the network and security business as we've already mentioned that you know these are the focus segments and these are definitely margin accretive there. So, our focus is definitely there to grow this there and we are taking steps towards the same as you can see in the orders which have also been announced there.
- Akash Jain:** And so in your bidding pipeline historically you said it was around 30% conversion ratio. So are you still intact on that? Like bidding pipeline in the presentation it is given around INR5,100 crores.
- Dharmesh Anjaria:** So historically it is 30%. As we grow in size obviously you know there may be a change there but we don't expect. We've had reasonable amount of success there earlier and we hope to ensure that we have the same success there because most of this is to our existing set of customers also where we are already present so that gives us more confidence.
- Akash Jain:** And, sir, my last question is regarding whom do you consider as your nearest competitor?
- Dharmesh Anjaria:** We have a lot of contemporaries, but I would rather not name them on a public platform. But what we can say is that with Dynacons' capabilities across the projects undertaken, with the kind of qualifications that we have, in terms of the certifications that we carry, in terms of you know the project execution like I already mentioned, we're able to compete with companies significantly larger than us which gives us really a good confidence and higher chance in success.
- Akash Jain:** Okay. Thank you, sir. All the best.
- Dharmesh Anjaria:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Dev Shah with Macquarie Group Limited. Please go ahead.
- Dev Shah:** Hi team. Thanks for taking my question. Congratulations on a good set of numbers. Just wanted to understand that, so recently Claude has released its Mythos push, Codex push. So just - there was an article related to how the government has pushed many banks and other critical components of the economy to reassess their cybersecurity requirement. So are we seeing any orders on that front from cybersecurity? Is there anything building up in the pipeline related to cybersecurity, in particular? And what is our right to win related to this, if you could just elaborate? Thanks.
- Dharmesh Anjaria:** So, yes, definitely, the government has already put its directives to the entire BFSI industry around the recent announcements there. And we are definitely seeing a lot of interest coming in there and a lot of projects being discussed with the BFSI sector especially around cybersecurity

there, a lot of bidding is also going on around towards that. So we are definitely seeing a lot more interest and pipeline coming from that.

That said, what is our right to win? As we have mentioned, our cybersecurity we are using AI very, very rapidly in building our entire cybersecurity solution portfolio there. So AI for security and security for AI, we firmly believe that both of these are the cornerstones on which our cybersecurity solution is based and that will be our right to win there.

- Dev Shah:** Got it. Got it. This is quite helpful. Thank you so much.
- Dharmesh Anjaria:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Aditya, an Individual Investor. Please go ahead.
- Aditya:** Yeah, hi. So my question was regarding the recent filing on May 4, like we received RBI private cloud filing. In that there was a mention about the provision of integration of AI capabilities separately. So is there any indicative timeline for the tender? And like we are executing already about the EAP and private cloud, so can we be a possible bidder for it?
- Dharmesh Anjaria:** So as and when the AI components or bids are significantly out, we will undertake that there and we will look into that. Because having already won several large bids with RBI there, we definitely have a focus there. And it's an ongoing process. They have already procured in the past there will be further procurements. It's an ongoing process.
- Aditya:** Got it. And my second question was on our Q4 dynamics, like OPM dropped to 9% from 11.9% which is like 290 basis points decline despite we have an 18% sequential revenue growth, right? And on the other side, like trade receivable also increased from 437 to 602 which is 38% increase. That is our revenue grew at a lesser pace. So is it like Q4 is generally heavy government-driven workspace kind of mixed higher so that Q4 margins are less and on the receivable side, we have like RBI which has longer period to pay back?
- Dharmesh Anjaria:** No. So as we've already mentioned there, the margin in Q4 has been primarily driven by the short-term cost pressures and the normal quarterly variations rather than any structural change in the business. You are aware that there has been a strong demand for the AI infrastructure and all the hyperscalers and AI factories which has created a very, very big supply chain issue and has driven costs upwards there. Which these cost pressures have led to certain margin pressure in Q4 which we expect to normalize as supply improves.
- Aditya:** Got it. And just a small follow-up on the AI cloud capability order, like are we eligible to get a bidding for that or we need to get other certificate or some experience in that domain because that is a kind of different product compared to the normal private cloud business?
- Dharmesh Anjaria:** So as and when not only for RBI, but for all other banks whenever any bids come up on you know any AI-ready infrastructure or any AI solutions, we are regularly evaluating those and

comparing our technical capabilities there. If there is any further certification or any requirements we will definitely take that up.

- Aditya:** Got it. Thank you sir and all the best.
- Moderator:** Thank you. Our next question comes from the line of Bharat with Rishabh Investment. Please go ahead. Bharat please proceed ahead with the question.
- Bharat:** Hello sir am I audible?
- Moderator:** Yes you are audible. Thank you.
- Bharat:** Sir my question is regarding the momentum of growth. Can we maintain that kind of growth going forward also and with AI and data center the way they are growing, can we also improve it further from the past records also?
- Dharmesh Anjaria:** Yeah. So, while we don't provide any revenue forecast, we are definitely optimistic about maintaining a strong growth trajectory given the current momentum and market tailwinds that we have. We have a robust order book and a good pipeline there which gives us confidence of the near-term prospects there. So there are a lot of good industry tailwinds because of the entire data center, cloud, cybersecurity and managed services push which definitely support our outlook.
- Bharat:** Okay. Thank you, sir.
- Moderator:** Thank you. The next question comes from the line of Saurabh Gupta, an Individual Investor. please go ahead.
- Saurabh Gupta:** Hello.
- Management:** Yeah. Hello, sir.
- Saurabh Gupta:** Sir, am I audible?
- Moderator:** Yes you are. Please go ahead.
- Saurabh Gupta:** Thanks for the opportunity sir. So, I just have couple of questions sir. As you have just mentioned that our Q4 margin got impacted because of the price escalation due to the AI and all that thing. So how the situation is panning out because as I am aware the prices are still on the higher side. So that can impact our near-term trajectory of margin in Q1 and Q2. So your take on that sir?
- Dharmesh Anjaria:** So as you know definitely the prices are in a escalatory mode. However, what we see is that this is a very short-term impact there for us there. We've already made significant changes around how to address these conditions there and we are hopeful that there will be no impact, this will be a quarterly impact rather than a structural impact.
- Saurabh Gupta:** So, it was kind of a one-time impact this is what you are saying sir?

- Dharmesh Anjaria:** Yeah that is what we are expecting this.
- Saurabh Gupta:** And going forward the kind of things that you are implementing, so something similar like product mix change and or about model change whatever things you are doing to deal with this situation sir?
- Dharmesh Anjaria:** Yeah. So, going forward we are already working on several steps to ensure that the impact of these are minimized there. While at the same time, we are trying to work on the solution mix there which will go towards more margin accredited business there.
- Saurabh Gupta:** Got it, got it sir. And the second question, sir, that I have is looking at the geopolitical situation and the AI movement and all that. So what are some key risk that we see in our business going forward?
- Dharmesh Anjaria:** So see, the key risk definitely would be availability. First would be the supply chain I think that is the biggest risk that not only Dynacons, but every IT company in India would see because currently the situation on the supply chain is definitely quite stringent.
- But I think with the amount of AI adoption there, we see that as a strong tailwind for us there which will give us more benefits there because the kind of AI adoption, the infrastructure required for AI adoption is definitely a big positive for our business.
- Saurabh Gupta:** Got it, got it sir. And the last question that I have is sir as you have mentioned that our fixed asset improved from INR9 crores to INR158 crores. So is it only because of the change in accounting or that we have added some fixed asset in FY26, sir?
- Dharmesh Anjaria:** No, no. We have added there. We've got a core banking as a service project, the project for NABARD there. So, we have got that and we've added certain assets for the same. So that along with...
- Saurabh Gupta:** Sir if you can quantify the amount sir?
- Dharmesh Anjaria:** Taken for as a service business, that has led to that.
- Saurabh Gupta:** Sir, if you can quantify the amount, sir?
- Dharmesh Anjaria:** That is already mentioned. Our right to use assets are the lease assets and the rest of the assets are the assets that have been procured on a outright basis.
- Saurabh Gupta:** Got it, got it sir. Thank you, sir. That's it from my side, and congratulations for a great set of numbers.
- Dharmesh Anjaria:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Binoy Jariwala with Upachaya Investments. Please go ahead.

- Binoy Jariwala:** Yes sir. Thank you for the opportunity. I hope I'm audible.
- Dharmesh Anjaria:** Yeah. Go ahead. You are audible.
- Moderator:** Yes you are.
- Binoy Jariwala:** Sure. Okay. So just for clarification from my end, you've shown that your bidding pipeline is roughly about INR5,100 crores right? The clarification that I'm seeking is whether it is for March '26 or is this as on May '26?
- Dharmesh Anjaria:** This is adjusted to be as on May '26.
- Binoy Jariwala:** As on May '26. Understood. So Dharmesh Bhai just to understand, in this when I look at the numbers the split, data I mean the cloud section and the digital workplace solutions. That has seen a substantial jump in the bidding pipeline. So just wanted to understand when we talk of this RBI order that we've received already which is roughly about INR750 odd crores. That would be a part of this bidding pipeline or that is, I mean, since you've received the order already it would not be a part of the bidding pipeline right?
- Dharmesh Anjaria:** Yes. This order is already received so it's not a part of the bidding pipeline right.
- Binoy Jariwala:** Okay. Now the other thing that I am seeking to understand from a timing perspective once you bid for a project in how much duration would the results of those bidding be declared, and you'll get to know, whether you won the project. How much time would it typically take?
- Dharmesh Anjaria:** Project to project there. So usually it ranges from one month to three months but looking at the present scenario, customers have also understood the early closure of such activity in order to meet the growing demand. But usually, it ranges from the day the results are announced, it ranges from one month to two months.
- Binoy Jariwala:** Understood. Right. On the NABARD projects that we have we had won for core banking as a service. Will there be another round of tender in this or is this all? Because I believe that there was phased wise the banks were supposed to participate in it.
- Dharmesh Anjaria:** No, it was not phase wise, it was actually. Each bank, each cooperative bank is on their own journey there, they've all given out contracts to certain vendors there because some of them have TCS bank some of them have local applications. So, depending on when their contract ends are when they can you join in.
- Parag Dalal:** And there are more banks from different states are joining so some time back, we had announced about Haryana so like Haryana 20 banks have added, some Telangana banks are also getting added, getting signed the contract. So yes, there is though there are no phases, but yeah there is a regular process of more and more banks joining this initiative.
- Binoy Jariwala:** Understood. Okay.

- Moderator:** Thank you. Our next question comes from the line of Dharendra Kumar Patro with Spark PMS. Please go ahead.
- Dhirendra Patro:** Hello sir. I just had one question. As we have seen the current scenario, our margins have shrunk because of the cost escalations. So, what percentage of our order book would be having this cost escalation clause to pass on the price prices?
- Dharmesh Anjaria:** See, it is not about cost escalation there because most of our pricing. We have a very strong backing from the OEMs there in order to execute these projects. So, all the long-term projects, and all the orders that we've already won, whatever margins that we have worked with, they've already been - the pricing has already been fixed there.
- Only the short-term fluctuation that we've been referring to is on account of cost escalation. Let's say for one of the projects that we are bidding in there, and it is exceeding the customer budget by a lot because the price has run up quite a lot, and in order to close that, and if it is a good acquisition customer, we may decide to win over the customer. So sometimes, because of these reasons also the short-term margin pressures can come in.
- But on a long-term basis, we definitely have price protection there, and then there are certain price escalation clauses also inbuilt in the contract. For example, there is a dollar escalation clause in some of the contracts, then there is a force majeure there. So, there are multiple ways in which we can look at raising those.
- Dhirendra Patro:** Okay. So, this margins of lower EBITDA margins of 9%. This will be there in 1Q as well or are we seeing any recovery in the margins in the current quarter?
- Dharmesh Anjaria:** So, we can't give you any guidance on the current quarter. What we can say is that we are working towards ensuring that, there is no spillover there, there is no structural shift we can tell you that. What you saw was a temporary blip is not a structural shift in terms of margins.
- Dhirendra Patro:** Okay, okay. Thank you.
- Dharmesh Anjaria:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Wing Commander DVM Teja with Indian Air Force. Please go ahead.
- DVM Teja:** Jai Hind sir. Firstly, congratulations for securing project with Reserve Bank of India. My question to the management would be, given that your company is already recognized as one of the leading ESG entities in India, are you looking to integrate the battery energy storage systems either to your OEMs or maybe in your modernization projects for cross-selling the opportunity, and capture the growth in that segment also, along with the data centers?
- Dharmesh Anjaria:** So, a very good evening to you sir. Thank you so much for your service to our country. And we value your suggestion. We take your suggestion. Currently, we're not in a position to comment on this, but we will definitely look at that opportunity, and will come back suitably on the same.

- DVM Teja:** Thank you very much sir and best wishes to all the team at Dynacons Systems & Solutions.
- Dharmesh Anjaria:** Thank you sir.
- DVM Teja:** Jai Hind sir.
- Moderator:** Thank you so much sir. Ladies and gentlemen that was the last question for today. I now hand the conference over to the management for the closing remark. Thank you and over to you team.
- Dharmesh Anjaria:** Yes. Thank you so much everybody for giving us the time and coming here today. We look forward to continuously engaging with you and sharing the insights. Thank you.
- Parag Dalal:** Thank you everyone. Thank you.
- Moderator:** Ladies and gentlemen on behalf of Go India Advisors that conclude this conference call. Thank you for joining us and you may now disconnect your lines.