

Aditya Infotech

13 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Aditya Infotech Ltd. Q1 FY27 earnings conference call, hosted by ICICI Securities Limited. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call, please signal the operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Aniruddha Joshi from ICICI Securities Limited. Thank you, and over to you, sir.

Aniruddha Joshi – ICICI Securities: Thanks, {? Manav ?}. On behalf of ICICI Securities, we welcome you all to the Q1 FY27 results conference call of Aditya Infotech Ltd. We have with us today senior management represented by Mr. Aditya Khemka, Managing Director; Mr. Anup Nayar, Director Strategy and Business Development; Mr. Yogesh Sharma, Chief Financial Officer; and Ms. Deepika Dubey, Head of Investor Relations. I will now hand over the call to the management for initial comments on the quarterly performance, after which we will open the floor for the question-and-answer session. Thanks, and over to you, Aditya sir.

Aditya Khemka – MD: Thank you, Aniruddha, and good afternoon, everyone. Thank you for joining us today. I am pleased to welcome all our shareholders, investors, analysts, business partners, and stakeholders to discuss Aditya Infotech Ltd.'s performance for the first quarter of FY27. This quarter reflects the strength of our business model, disciplined execution, and our continued focus on innovation, market expansion, and operational excellence. I am pleased to share that we have commenced FY27 on a strong note and remain confident in our growth trajectory for the year ahead.

Let me begin with our financial performance. I am pleased to share that Q1 FY27 revenue stood at 1,402 crores, up 89.5% year-on-year, driven by strong traction for the CP PLUS brand in overall ALL revenue. IP products made up 79% of the CP PLUS portfolio. Our gross margins stood at 30.8%, up 8 basis points year-on-year, with CP PLUS contribution rising to 87% of our revenue. Margins moderated slightly from Q4 due to the exhaustion of low-cost inventory. EBITDA stood at Rs. 208 crores, up 220% year-on-year, with margins improving by 604 basis points to 14.8%, supported by a favorable product and brand mix as well as better operational efficiencies. Adjusted PAT stood at 142.2 crores, up 332.5% year-on-year, attributed to a 59% year-on-year reduction in finance costs and better cost efficiencies. The CP PLUS brand continued to maintain strong momentum and contributed approximately 87% of our overall Q1 revenue. IP products accounted for nearly 79% of the CP PLUS portfolio, which reflects the increasing adoption of higher-value and intelligent AI surveillance solutions. Beyond growth, our focus has been on improving the quality of earnings and capital efficiency. Our working capital metrics also showed meaningful progress, with a reduction in inventory and debtor days resulting in an improvement in the cash conversion cycle to 64 days. At the same time, our balance sheet remains robust, with debt-to-equity reducing sharply to just 0.07. These metrics highlight not only growth, but sustainable and profitable growth.

This year marks an important milestone for Aditya Infotech Ltd. On August 5, 2025, Aditya Infotech Ltd. officially debuted on the stock market under its flagship security brand, CP PLUS, with an oversubscribed IPO that listed at a significant premium. On the back of an exceptional year of business and margin growth, Aditya Infotech's valuation has grown over 5 times to touch nearly

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45,000 crores. We would really like to thank all investors and shareholders for their confidence and trust in our journey. A major step in our growth journey has been the inauguration of our new corporate office and R&D center on August 2, 2026. This facility combines a modern workplace, an experience center, and highly advanced innovation and testing laboratories. It strengthens our product development capabilities, improves team collaboration, and reinforces our commitment to innovation-led growth. We currently have three operational R&D centers, including Noida, Ahmedabad, and Taiwan, and we will shortly be opening a new one in Bengaluru. Our market share stood at 43.3% in the Indian video surveillance industry in FY26, as per the Frost & Sullivan report. We are pleased to see strong gains in our market share, with our position effectively doubling over the period shown. This reflects the growing acceptance of our products, wider channel penetration, and our ability to address evolving customer requirements across all major vertical segments.

Manufacturing remains a key strategic pillar. Our housing and enclosure expansion is progressing as planned and is expected to become operational by Q3 of this financial year. We are also advancing our Kadapa greenfield expansion, and the land acquisition for the same is in the final stages. The Kadapa facility currently supports a capacity of approximately 2.5 million units per month, providing a strong foundation for future growth. We are also developing a second manufacturing cluster in Greater Noida, and the land bank has already been identified and submitted to the authorities for allocation. In parallel, our localization incentives continue to move forward. We have incorporated Coralin Cable Technology Private Limited, a joint venture with Orient Cables, for manufacturing network LAN and CCTV coaxial cables. The proposed facility in Rajasthan will cover approximately 1 lakh square feet and is expected to start commercial production by the end of this financial year. During the quarter, we continued to scale our manufacturing capacity to meet growing demand. This month, we are adding 3 more FA lines and 1 MI line, and with this addition, we will have a total of 42 FA lines, 4 MI lines, and 12 SMT lines by the end of August.

Innovation remains central to our future growth. We are actively exploring expansion into new categories, including machine vision cameras, drone camera modules, industrial autonomous mobile robots, and home IoT products such as video door phones, door locks, and smart doorbells. We are also broadening our professional portfolio through the CP PLUS Pro series of high-end AI-powered solutions, global shutter cameras, and explosion-proof products. Several of these offerings are currently in the final stage of development and are targeted for launch by Q4 of this year. We are also accelerating the rollout of the Mexiview brand and expanding the product portfolio further under this second brand in the coming months. This enables us to serve a wider range of customers and increase coverage among channel partners. A key strategic initiative is our enhanced focus on enterprise, government, and AI-driven opportunities. We are moving towards a top-down demand-generation model. This involves identifying target accounts, engaging customers directly, securing empanelment at the design stage, and fulfilling projects through our strong system integrator and channel ecosystem. This approach enables us to influence demand and specifications at an earlier stage, improve specification wins, and advance our position in the value chain. Dedicated teams in demand generation, pre-sales, business development, and vertical solutions are helping us deepen customer engagement and strengthen our position in larger, higher-value projects.

Artificial intelligence represents one of the most significant growth opportunities ahead. We are progressing through multiple stages across government, enterprise, small and medium-sized

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businesses, as well as strategic market segments. These stages range from proof of concept and commercialization to development and evaluation. Our objective is to build scalable AI-powered solutions that leverage our existing market presence while opening entirely new avenues of growth. As we continue to scale, building leadership depth remains a priority. Over the last year, we have strengthened our leadership team through key appointments, including the Head of Credit and General Counsel. Our CHRO will join shortly, and recruitment for the Head of Merger and Acquisition is progressing. Alongside this, we are building a stronger second line of leadership across marketing, finance, product management, and sales functions. These initiatives will ensure leadership continuity, accelerate execution, and support sustainable long-term growth. We also remain focused on strengthening supply chain resilience and procurement flexibility. Our engagement with a diversified base of SOC, memory, flash, and sensor suppliers has helped reduce concentration risks and enhance our ability to navigate periodic disruptions across the global component ecosystem. We continue to follow a multisourcing strategy to manage these risks and ensure greater supply chain resilience.

To conclude, Q1 FY27 represents a strong start to the year. We have delivered exceptional growth, expanded profitability, strengthened our balance sheet, advanced our manufacturing strategy, accelerated innovation, and laid the foundation for future opportunities in enterprise solutions and AI. As we move forward, our focus remains clear: delivering sustainable growth, strengthening market leadership, investing in innovation, and creating long-term value for our shareholders. Thank you once again for your continued trust and support. We look forward to sharing another successful year with all of you. Victory to India. Thank you.

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. A reminder to all participants: if you wish to ask any question, you may press star and one. We have our first question from the line of Dhruv Jain from Ambit Institutional Equities. Please go ahead.

Dhruv Jain – Ambit Institutional Equities: Hi, team. Thanks a lot for the opportunity. I have a couple of questions. My first question is on the price hikes that you have taken this quarter. Aditya sir alluded to the fact that your low-cost inventory is over. I wanted to understand whether there is now a gap between the costs you are seeing and the prices you are charging, and what the extent of the price hikes has been. That is my first question.

Aditya Khemka – MD: We are trying not to pass on the entire price hike at one go in the market because the cost increase in DDR and SOC has been phenomenal across all product categories, and not only CCTV. I think we have managed it well so far, and it is also showing in our numbers. We are implementing the price increases on a monthly basis, a one- or two-month basis, or, for some products, on a quarterly basis. It varies from product to product. So far, it has varied between 10% and 20%, and as we move forward into Q3 and Q4, we are carefully monitoring the cost escalations and passing them on to customers gradually. We do not want to pass on an inflationary shock to consumers, which might temporarily affect consumption. So far, we have not seen any major effect on consumption, and we are monitoring it carefully. I hope that we are able to mitigate

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the inflationary pressure in the coming period.

Dhruv Jain – Ambit Institutional Equities: My second question is on backward integration. With most of your key backward-integration projects coming through this year, what is the ideal margin improvement that one should expect in possibly FY28? In connection with that, what are the other BOM cost components that you expect to be able to manufacture in-house so that this margin-improvement trajectory continues?

Aditya Khemka – MD: We are undertaking several activities in backward integration, including housing enclosures, cable connectors, and lenses. In the future, we also plan to manufacture bare PCBs locally through third-party partner supply chains. I think all of these will add a certain number of basis points. We are working, and have also worked, on certain estimates of what they can add. It would be too early to comment on the exact amount, but in each of these categories we will build certain strengths within the organization through the scale of manufacturing and the scale of localization. Therefore, I would probably not like to comment exactly on what percentage of margin improvement will occur, but there will be a couple of basis points in the coming period as we scale up each aspect of localization.

Dhruv Jain – Ambit Institutional Equities: You mentioned bare PCB. Are there any other products, perhaps a couple of them, that you expect to pursue in the next phase of backward integration?

Aditya Khemka – MD: All I can say is that, whatever is possible in India, we as a company are trying to do. If something is not currently possible and is not core to our business, we are not doing it. For example, we are still not entering into the localization of semiconductors or passive electronic components because these are largely dependent on {? KGD ?}, fabs, and other factors. However, we are moving step by step towards everything else, and as we progress towards the end of this financial year, all of this will be initiated on a large scale. We are already doing some of it through third parties, including trials and other activities, but large-scale manufacturing in-house will commence in Q3 and Q4 of this year.

Dhruv Jain – Ambit Institutional Equities: Understood, sir. I have one more question, if I may. You spoke about entering new product categories and expanding the target market. Could you speak a little about that in terms of the product categories and the addressable market that you are trying to serve? Any other detail would be very helpful. Thanks a lot.

Aditya Khemka – MD: We are doing a couple of things in different segments of the market. In the enterprise and government segment, we are creating a series of products that we will call the CP PLUS Pro series. These products are being developed by our Taiwan R&D center and are based on the highest-end category of {? SOC ?}, components, and related technologies. These products will compete with the highest category of global brands, and their features are genuinely top-notch. They will primarily address high-end government and high-end enterprise demand, where there was previously a gap, and we are filling that gap. They will also challenge many global brands because their costs are much higher, while CP PLUS will offer customers a much better value proposition with such high specifications. That is the first area.

Second, in the home and IoT space, we are expanding into more categories for smart homes and secure homes. We are expanding access-related home products such as door phones and

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doorbells, and possibly door locks. These are the three categories we are expanding.

Third, we are looking at more futuristic industrial automation products, such as industrial robots, {? AGVs ?}, machine vision cameras, which are very high-speed, high-precision cameras for manufacturing lines, and drone gimbal cameras. We have already started studying drone gimbal cameras and soon hope to bring them to market in the coming year. To the best of our knowledge, drone gimbal cameras are not currently manufactured much in India. I think we are, as a company, well positioned to manufacture cameras for drones. These are the new categories and initiatives under exploration. All of them are at different stages of the go-to-market strategy.

Operator: Thank you. We have our next question from the line of Naushad Chaudhary from Aditya Birla Sun Life Insurance. Please go ahead.

Naushad Chaudhary – Aditya Birla Sun Life Insurance: Hi, thank you for the opportunity. Congratulations on a good set of numbers. As a follow-up to Dhruv's question, regarding the new initiatives you are undertaking in new categories, what kind of TAM could expand for us once we roll out all these categories?

Aditya Khemka – MD: Naushad, we are working on 3 or 4 different categories, and each category will have a different possible TAM. The Pro series, of course, has a large and substantial TAM that is currently being served by global brands. We wish to enter and capture a share of that segment, which is largely the percentage of the market served by global brands. Home IoT is a new market-development opportunity. Doorbells and door locks are products that we believe should eventually be part of every home, but this is a market that still needs to be developed. Potentially, over the next several years, it could represent a significant TAM. We are currently exploring industrial automation, and for drone gimbal cameras, we are developing market-study reports as well as the product-development and supply-chain capabilities for those categories. The work has already begun and is progressing well.

Naushad Chaudhary – Aditya Birla Sun Life Insurance: Would it be fair to assume that this could add an additional opportunity of at least 5,000-10,000 crores?

Aditya Khemka – MD: I hope so. Let us see. At this early stage, we cannot comment today, but these are good adjacencies, is all I can say. As a company, we have good expertise in these technologies, and whatever additional expertise is required, we are building. We are also building teams for the go-to-market strategy for each of these specialized lines. As a company, we have always tried to develop future technologies ahead of the market, and these new initiatives are in line with that approach, so that we eventually evolve into a market leader.

Naushad Chaudhary – Aditya Birla Sun Life Insurance: On the margin-profile side, I understand what you said in response to Dhruv's question. Qualitatively, considering all the backward-integration initiatives, the technology tie-up, the increasing revenue share from our own brands and IP cameras, and the other initiatives you may have undertaken, along with price hikes that may also provide some operating leverage, is there further meaningful scope from here to improve the margin profile of the overall business?

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Aditya Khemka – MD: We have given our guidance for the year, which is 14–15% EBITDA. Even in the first quarter, we stand by that guidance. We are at 14.8%. At this moment, we would stick to the guidance. Internally, we always try to beat the guidance, but we will probably comment more on that after the half-year results.

Naushad Chaudhary – Aditya Birla Sun Life Insurance: Sure. Thank you so much, team. All the best. Goodbye.

Operator: Thank you. A reminder to all participants: if you wish to ask any questions, you may press star and one. Anyone who wishes to ask a question may press star and one on their touchtone telephone. We have our next question from the line of Anuj Kashyap from A3 Capital. Please go ahead.

Anuj Kashyap – A3 Capital: Good afternoon, team. Am I audible?

Aditya Khemka – MD: Yes, Anuj. It would be better if you could speak a little louder.

Anuj Kashyap – A3 Capital: I wanted to know about our established 43% market share, which is under our control. As a brand and as a strategy, do we believe that there is a moat around our brand? I am asking this question because recently the government allowed Chinese firms into the transformer and electrical-equipment segments, which had previously been protected for Indian companies. If the government were to pass an order allowing Chinese firms into India again, do you think our brand is capable of building a moat, whether in terms of price, value, or any other strategy? I wanted to understand your view on this.

Aditya Khemka – MD: In all our presentations, we have been discussing the levers that we have, and we believe there are multiple levers. One is, of course, the strength of the brand, which is almost synonymous with the category. Another is our distribution reach and our quarter-on-quarter focus on increasing it, whether through distribution reach or direct connections with SIs and end customers. Manufacturing is another lever, which we believe is unparalleled. We have often spoken about our plants and expansion plans, and we have the third-largest factory in the world. Our R&D is also evolving into a significant strength for us, allowing us to broaden our sourcing base. In addition, there is the manpower and management depth that we discussed. All these factors are acting as moats.

Even now, if you look at the STQC area you mentioned, there are more than 40 brands that we believe have been empanelled. Therefore, it is not as if there is no competition; there is competition. However, we are sticking to our execution plans, mapping market shares across categories, and we are comfortable with where we are currently positioned. Regarding the other points you mentioned, CCTV is a priority sector for the government, and at the moment we do not see any deviation from government policy.

Anuj Kashyap – A3 Capital: Thank you, sir, for the detailed answer, and best of luck for your future endeavors. Thank you.

Operator: Thank you. A reminder to all participants: if you wish to ask any questions, you may press star and one. The next question is from the line of Mudit Bandari from IIFL Capital. Please go ahead.

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Mudit Bandari – IIFL Capital: Hi, sir. Regarding our joint venture for cable manufacturing, how much would cables represent as a percentage of raw materials or sales when we provide guidance of revenue of 60–65 billion for FY27?

Aditya Khemka – MD: There are two parts to the cable strategy. We have discussed that the joint venture will manufacture CCTV cables and networking cables. We also discussed the component of the camera that includes harness cables and related products. The first two products we discussed are sold under the CP PLUS brand, more as an attached business to the BOM. They do not go within the BOM, so that is the first priority for the joint venture. We would say that this represents less than 5% of the overall business.

At the second stage, the joint venture will help us localize CCTV cable cameras and harness cables. However, the amount of optimization and backward integration that can happen is minimal, and it will be in the range of some percentage points. I think we can discuss that in future calls. I believe it would be in the single digits.

Mudit Bandari – IIFL Capital: Understood, sir. Just to clarify, does 5% of the business mean 5% of revenue?

Aditya Khemka – MD: It means 5% of CP PLUS's revenue as the cables business, which is the accessories-attached business that goes along with the CP PLUS brand.

Mudit Bandari – IIFL Capital: And how much would that be of 60–65 billion?

Aditya Khemka – MD: Currently, we have said that CP PLUS represents almost 87% of the overall company, so you can do the math.

Mudit Bandari – IIFL Capital: Understood, sir. Thank you so much.

Operator: Thank you. A reminder to all participants: if you wish to ask any questions, you may press star and one. We have our next question from the line of Shubham Thorat from Perpetual Capital Advisors. Please go ahead.

Shubham Thorat – Perpetual Capital Advisors: Thank you for the opportunity. Am I audible?

Aditya Khemka – MD: No, Shubham. You need to speak using your headset.

Operator: The participant's line was disconnected. We have our next question from the line of Saurabh Shah from AUM Fund Advisors. Please go ahead.

Saurabh Shah – AUM Fund Advisors: Hi, sir. Thank you for the set of numbers. From a sourcing perspective, how much of your BOM consists of imported equipment, particularly chips and related items, and from which countries?

Aditya Khemka – MD: Saurabh, correct?

Saurabh Shah – AUM Fund Advisors: Yes.

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Aditya Khemka – MD: Hi, Saurabh. If you look at the BOM, the critical parts, which are semiconductor-based solutions, are largely sourced from Taiwan because most of the fabs are in Taiwan. These are companies that are Japanese, Korean, American, or Taiwanese. Under Indian law, you are now not allowed to use any semiconductor components from China, so our entire supply chain is from Taiwan, and this represents almost 35% of the BOM. Another 15–20% consists of passive electronics, which come from both Taiwan and China. The other parts, which include housing enclosures, cable connectors, and lenses, are already undergoing trials...

Management: ...along with a few other categories. Those will be localized. I would say that we are targeting a 55–60% imported solution and a 40% domestic solution once all these localization initiatives begin over the next 2 quarters.

Saurabh Shah – AUM Fund Advisors: Over the next 2–3 years, do you expect that to change, especially as you said you are looking at newer areas as well?

Management: After everything that I mentioned, CP PLUS is moving in that direction or is already doing it in India. In the next few years, there is a lot of discussion about fabs being established. If fabs are established, semiconductors can be sourced locally. We are also working with Indian design companies to jointly develop India-based chips. Therefore, if fabs come up and the scale is established, we can localize. If the bare PCB scale that many companies are developing comes up, we can localize that as well. These are the 2 initiatives that we believe can be undertaken.

Lenses are another area where we are taking the initiative as a company to build a completely backward-integrated plant. Right now, we have set up a trial automatic line to produce a few lakhs of units, but we are working in parallel on a fully automated plant. If that works out, lenses could also be localized. These are future possibilities, but it is too early to comment on whether they will be completed.

Saurabh Shah – AUM Fund Advisors: Sure. My last question is about the way you see the current situation going forward. Apart from sourcing issues, how are you managing currency exposure currently, and do you anticipate making any changes? Obviously, the last couple of quarters [inaudible] volatility.

Aditya Khemka – MD: As a company, we follow a practice of hedging our foreign-exchange exposure. We have been doing this for perhaps more than 5–7 years, although I do not remember exactly how many years. Currency does affect costing, but as a company we hedge it on a weekly basis. Every week, we hedge the currency and build it into our costs.

Saurabh Shah – AUM Fund Advisors: Could you explain that in a little more detail? You have inventories, which obviously help when the currency depreciates for competitors, but if you have committed fixed values and need to import some parts, do you get caught on the wrong foot? Could you explain what value you hedge, for example, and how you lock in sales to offset that?

Anup Nayar – Director Strategy and Business Development: We have a complete and detailed policy on hedging that is reviewed by the board and adjusted accordingly. As Aditya was mentioning, we have not gone below 85% of our complete receivables and creditors at any point in time. Depending on the trends and what we observe, it is adjusted between 85% and 100%. In any

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particular quarter, that is the policy. Currently, we would be at levels above 90% in terms of forex coverage. In that way, it insulates us from any volatility in the forex market. I hope that answers your question.

Aditya Khemka – MD: What he meant is that for every weekly shipment, we try to block the currency requirement for the coming weeks. We try to maintain a hedge of 85–90%.

Saurabh Shah – AUM Fund Advisors: Okay. Good to hear. Thanks.

Operator: Thank you. A reminder to all participants: if you wish to ask any questions, you may press star and one. We have our next question from the line of Sargam Gait from ICICI Bank. Please go ahead.

Sargam Gait – ICICI Bank: Hi, sir. Thank you for giving me the opportunity. I have a couple of questions. First, since April 26, the government has banned Chinese products and components. I want to understand the impact of this ban on the company.

Management: What happened is that the government introduced the STQC norm, under which Chinese semiconductors and Chinese memory could not be used in developing CCTV products, and the products had to be completely cyber-secured and tested by the Government of India. This norm actually came out on April 9, 2025, not 2026. In March 2026, the government allowed old inventory to be cleared. Therefore, after April 1, 2026, even if you had old inventory, you were not allowed to sell it. The government gave companies a good 10–11 months to clear the inventory.

However, the stoppage of sales of Chinese component-based products on the semiconductor side happened in 2025. It has now been almost 1.5 years since the transition began, and the market had accumulated a significant amount of old inventory at the beginning of FY26, which has now been exhausted. As Anoop also mentioned, there are almost 40-plus brands in the market that are certified and selling certified products.

On the supply-chain and cost-escalation sides, there are challenges. A large organization with the ability to secure semiconductors, such as us, is in a better position to mitigate these challenges, while some smaller players are grappling with them. That is what is happening in the market. As a company, we are constantly focusing on continuing to grow our market share, which we are demonstrating in every quarter's results. We are strong and confident that we will continue to do so in the coming quarters as well.

Sargam Gait – ICICI Bank: Thank you, sir. Is there any impact from the Middle East crisis on our raw-material procurement or supply chain?

Management: Thankfully, we have not experienced any impact from the Middle East crisis on our supply chain at this moment. We have not faced any such issue, apart from some impact on forex, which we hedge.

Anup Nayar – Director Strategy and Business Development: Freight and logistics costs have also been affected.

Sargam Gait – ICICI Bank: Thank you, sir. My last question is about the sustainability of margins, now that the low-cost inventory has been exhausted.

Anup Nayar – Director Strategy and Business Development: We have already answered this question. We are sticking to what we have guided for the year. The price increase that has occurred on the supply side is being passed through, but there may be a time delay as we gradually pass it on to the market. We are sticking to whatever we have guided for the year, and internally we will try to overachieve that.

Sargam Gait – ICICI Bank: Thank you so much, sir. Thanks a lot.

Operator: Thank you. We have our next question from the line of Shubham Thorat from Perpetual Capital Advisors. Please go ahead.

Shubham Thorat – Perpetual Capital Advisors: Hi, am I audible now?

Operator: Yes.

Shubham Thorat – Perpetual Capital Advisors: Thank you for the opportunity, sir. My first question is about our current capacity and the capacity utilization we are achieving.

Anup Nayar – Director Strategy and Business Development: Our current capacity is approximately 2.5 million units per month, and our current capacity utilization should be between 85% and 90%. It varies slightly from month to month based on the supply chain and other factors, but it is currently about 85–90%.

Shubham Thorat – Perpetual Capital Advisors: Since utilization is at the higher end, I understand that we are planning capital expenditure. Do we have a timeline for when we will be ready with the new capacity, and what capacity are we trying to add?

Anup Nayar – Director Strategy and Business Development: We have broadly spoken about almost doubling this capacity over the next 3 years. We are undertaking preparatory land expansion on the land we have acquired in Kadapa. That will be the first expansion. We are then looking at a land bank in Greater Noida, which will be our second manufacturing cluster. Therefore, there will be a gradual buildup of capacity from quarter to quarter.

Shubham Thorat – Perpetual Capital Advisors: I understand that you mentioned we are passing on price increases gradually. I wanted to understand how much average price increase we have already taken and how much more we will need to take to pass on the entire price increase.

Anup Nayar – Director Strategy and Business Development: We have been taking the increase month-on-month, and it is different across categories. On average, I think that by the end of H1, we will have taken almost a 15–20% price increase. We will then continue reviewing it month-on-month and quarter-on-quarter. For the full year, we had broadly guided that it might be around a 25% price increase, so we will continue monitoring it quarter-on-quarter.

Shubham Thorat – Perpetual Capital Advisors: I understand that we are launching and entering some new product categories. Is there any broad timeline for when we will launch these products,

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category-wise?

Anup Nayar – Director Strategy and Business Development: We have discussed different sets of categories. On the enterprise side, we spoke about CP PLUS Pro, which is coming out of our Taiwan R&D center and other sources. That has the closest launch timeline and should be live by the end of Q3 or the beginning of Q4. The Home IoT category we discussed has a similar timeline. The third category, comprising AGVs, home robots, industrial robots, and drone cameras, is still at an exploratory and study stage. We will come back to you when we are able to commercialize those products.

Shubham Thorat – Perpetual Capital Advisors: Just one final question. What is our current R&D cost as a percentage of revenue?

Anup Nayar – Director Strategy and Business Development: Currently, R&D is an area in which we are investing heavily, and we do not budget for it as a percentage of revenue. At the moment, it is more of a moat for us and a strategic initiative. We are expanding, so we do not currently view it as a percentage of revenue. Whatever investment is required on that side, we are proceeding with it.

Shubham Thorat – Perpetual Capital Advisors: Understood. Thank you so much, sir. That is all from my side.

Operator: Thank you. We have our next question from the line of Udit Gazziwala from Motilal Oswal. Please go ahead.

Udit Gazziwala – Motilal Oswal: Hi, team. Good afternoon, and congratulations first on another great set of numbers. You mentioned the CP PLUS enterprise range, which you said is being developed to global standards. I wanted to understand how this will help us explore export opportunities. What are the plans in that area, if any?

Anup Nayar – Director Strategy and Business Development: You are right. This is essentially the portfolio that will be used for the export opportunities we are evaluating. Exports are on our table and in our plans, but they are slightly longer-term. Over the next 18–24 months is when you will see significant numbers coming in. Currently, with the supply-chain constraints and capacity expansions under way, that is where we are focusing. By then, the portfolio will have been released in the Indian market and field-tested, after which we will focus on export opportunities.

Udit Gazziwala – Motilal Oswal: So exports are still on the drawing board, but after 18–24 months we may consider them as another growth lever for us?

Anup Nayar – Director Strategy and Business Development: Yes, Udit.

Udit Gazziwala – Motilal Oswal: Great. That is all from my side. Thank you so much. All the best.

Operator: Thank you. We have our next question from the line of Shreyansh Telseria from Equentis Wealth Advisory. Please go ahead.

Shreyansh Telseria – Equentis Wealth Advisory: Hi, sir. Thank you for the opportunity. Last time, I think we discussed a number of issues related to chip sourcing as an overall industry trend. What

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are we seeing now, and how is the situation playing out? Last time, when we spoke with Anup or somebody else, the situation was that we had chips sourced until March of next year. If you could indicate how secure we are as of today, that would be helpful.

My second question is on other expenses. I think they increased from 950 crores to 1,170 crores. Is there anything material to read into that, or is there nothing material as of today?

Anup Nayar – Director Strategy and Business Development: On your first question, we had discussed our strategy on the SOC and memory side. We continue to maintain coverage for 3–4 quarters, and that is an ongoing policy. Supply-side constraints still continue. Price hikes are also still continuing. Based on the commentary we are hearing from global sources, they are expected to continue for some more time. However, we are fairly well covered in terms of our relationships and sourcing strategy. In terms of how we are managing the situation, we are quite comfortable. Your second question was regarding—

Shreyansh Telseria – Equentis Wealth Advisory: The other-expenses side. Before that, we are covered until next June, perhaps. Can I assume that?

Anup Nayar – Director Strategy and Business Development: We are not talking about March or June. We are talking about the sourcing strategy under which we provide projections to these vendors and maintain coverage. Coverage does not mean that I can tell you it extends until March or June. It is a strategy, and we maintain a rolling forecast with them. That forecast covers anything between 3 and 4 quarters.

Shreyansh Telseria – Equentis Wealth Advisory: Understood. There is nothing material in terms of disruption to sourcing.

Anup Nayar – Director Strategy and Business Development: No.

Shreyansh Telseria – Equentis Wealth Advisory: Understood. The second question was about other expenses.

Anup Nayar – Director Strategy and Business Development: There is nothing unusual; it is more or less in line. Some expenses have a seasonal pattern. For example, if there is a marketing expense, it may not be in line with the 20% of annual revenue that would be expected in the first quarter. There are IPL-related expenses and others. Therefore, marketing expense could be approximately 30–32% of the full-year amount. Some of the other expenses are in line with inflation, such as appraisals and several other items. There is nothing unusual in that. It is all in line.

Shreyansh Telseria – Equentis Wealth Advisory: Understood. Thank you for the opportunity. Thanks, and all the best.

Anup Nayar – Director Strategy and Business Development: Thank you.

Operator: Thank you. Ladies and gentlemen, that was the last question of the day. I now hand the conference over to the management for closing comments.

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Anup Nayar – Director Strategy and Business Development: Thank you all for attending this call. We believe we will meet again on future calls and will continue to deliver results that meet expectations. Thank you.

Operator: Thank you.

Operator: On behalf of ICICI Securities Limited, that concludes the conference. Thank you for joining us, and you may now disconnect your lines.

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