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August 22, 2023

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 August 17, 2023 on Unaudited Financial Results (Consolidated and Standalone) for the quarter ended June 30, 2023**.**

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

Dear Sir/Madam,

This is further to our letter dated August 11, 2023 with reference number BBOX/SD/SE/2023/59 and pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings Call hosted on August 17, 2023 on Unaudited Financial Results (Consolidated and Standalone) for the quarter ended June 30, 2023, is attached hereunder.

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

For **Black Box Limited**
(Formerly Known as AGC Networks Limited)

Aditya Goswami
Digitally signed by Aditya Goswami
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Aditya Goswami
Company Secretary & Compliance Officer

"Black Box Limited
Q1FY24 Earnings Conference Call"

August 17, 2023

MANAGEMENT: MR. SANJEEV VERMA – WHOLE-TIME DIRECTOR & CEO
MR. DEEPAK BANSAL – EXECUTIVE DIRECTOR & GLOBAL CFO

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 17th August 2023 will prevail

Moderator: Ladies and gentlemen good day and welcome to Black Box Limited Q1FY24 Earnings Conference Call.

This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note 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. Hello and good morning, everyone. I hope all are keeping safe and healthy. On behalf of Black Box Limited, I welcome everyone to our Q1FY24 Earnings Call.

On the call I'm joined by Deepak Bansal – our Executive Director & Global CFO and SGA, our Investor Relations Advisors. We have updated our "Results Presentation" on the exchanges, and I hope everybody had an opportunity to go through the same. We are happy to meet again.

Black Box is the leading global ICT solution provider, a pioneer in building the pathway of digital infrastructure for its customers with strong presence in 35 countries, served by +4000 highly skilled resources. For more than four decades we have emerged as a relied upon and strategic ally in IT solutions and services, accelerating business transformation and strengthening digital infrastructure foundation - network, customer experience, connectivity and more. We have our expertise in consulting, designing, deploying, managing and securing customer IT and communications infrastructure. With the aid of this expertise, businesses can build and provide pertinent technological solutions and services that support their core business objectives. Our endeavors actively steer the evolution of digital infrastructure, reaching across continents and embracing diverse culture, all underpinned by our astute "Glocal" approach, 'Think Global, Act Local.' Our global strategy enables us to maintain relationships on a global scale. This approach ensures not only relevance but also offers our customers the flexibility to achieve cost effective deliveries across 35 countries from our center of Excellence in India.

This quarter, we continued to report a robust performance. For the quarter gone by if we look at the deal wins above $1 million value, we have reported deal wins of +$45 million, last year same quarter the deal wins was in excess of $35 million. So, we have started the year on a positive note with strong performance across our business areas. We have seen significant performance in in-building 5G solutions, connected building on demand and digital work solutions, data centers and cybersecurity. Our cybersecurity business is gaining good traction and we are increasing headcount in this vertical to grab opportunities that lie ahead. Our dedicated focus and investment in the data center space has been highly equipped. The data center market particularly with the influence of hyperscale and cloud providers is projected to experience substantial growth in the coming years. We stand ready and well prepared to embrace the opportunities that lie ahead. Presently we proudly serve three out of the five major hyperscalers, Cloud, social media enterprise as our esteemed clients and we are thrilled to announce that we have recently advanced another customer in this space to a total annualized contract value of $100 million making significant milestones for our company. This robust performance can be attributed to our robust order book which is evident in our new order wins and efficient execution capabilities. The consistent expansion of order book even in the face of challenging economic environment serves as a testament to the resilience of our business model.

Last quarter we announced that we signed a definitive agreement to acquire Global Speech Network in Australia. We have completed this transaction and further continued to look after good acquisition opportunities which is in line with our stated strategy of looking out for businesses that offer growth potential by generating sale and revenue with suboptimal margin profile. The business must align synergistically with our current operations enabling us to onboard new customers, amplify existing business endeavors, facilitate expansion into unexplored geographic region and build new capabilities. This acquire and scale methodology has worked out well for us, helping us to turn around the business quickly and bring short term synergy.

We are further optimistic on our growth plans and are well on track to achieve our guidance for fiscal '24. That is it from my side. I now hand over the call to Deepak to run through the financial highlights.

Deepak Bansal: Thank you Sanjeev for the detailed overview. Good morning, everybody and I will now discuss our financial performance for Q1FY24. So, revenues for Q1FY24 witnessed a growth of 15% year-on-year to INR 1,571 crores from INR 1,372 crores in Q1FY23 and this growth in revenue is on account of strong order book reflected in new order wins each quarter and larger share of wallet from existing customers. Quarter-on-quarter revenue was impacted little bit due to a dip in TPS segment revenues. However, we are optimistic that this segment will recover and return to growth trajectory from Q2FY24 onwards. EBITDA for the quarter increased by a remarkable 67% year-on-year to INR 89 crores from INR 54 crores in Q1FY23. Please note the EBITDA for Q1FY24 excludes the gain on cash flow hedges to the tune of INR 2 crores.

Our dedicated focus on cost rationalization and improved productivity have started to yield positive results, increasing our EBITDA margins by 180 basis points year-on-year to 5.7% in Q1FY24 from 3.9% in Q1FY23. Profit after tax for the quarter grew by robust 56% year-on-year from INR 15 crores in Q1FY23 to INR 24 crores in Q1FY24. This substantial growth was partially offset by escalation in finance costs primarily attributed to the upward trend in the interest rates.

Earning per share, we reported an EPS of Rs. 1.43 paisa per share in Q1FY24 versus 93 paisa per share in Q1FY23. With a substantial performance across our business parameters coupled with good traction in cybersecurity, data centers and all our business areas, we expect the margin enhancement trend to continue boosting our confidence in achieving stronger profitability in fiscal year 2024. That's all from my side. I will now request Sanjeev to join me for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Palak Shah from Billion Securities.

Palak Shah: My first question is on like last quarter we mentioned that we have a large order backlog from North America, so how did the 1st Quarter went by? How is the demand scenario panning out and are we seeing any new geographies showing the same demand trends like North America?

Sanjeev Verma: So, our demand trends continued to be strong. Considering that we are largely in the non-discretionary spend and with the hyperactivity specifically in the data center infrastructure, we continue to see our pipelines grow. I think our expectation for order book continues to be strong. We don't expect any significant impact of anything around our order book in any geography.

Palak Shah: My next question is on our CAPEX. To achieve revenue of roughly about 7,000 crores what is the CAPEX that we need to do, what all areas are we looking at for the CAPEX?

Sanjeev Verma: We are not a CAPEX centric organization Palak. I think we are a CAPEX light organization. We do not have any significant CAPEX, except for providing technology infrastructure to our employees be it laptop or desktop and certain office infrastructure, we do not have any CAPEX specifically. I think Deepak can give you an idea of overall number.

Deepak Bansal: So, our CAPEX like Sanjeev told is that mostly related to the servers or IT equipments and technology and whatever we are doing like the integration of the technology and all those things from the software side. Our CAPEX normally we are expecting is in the range of $3 to $4 million in a year, not exceeding that.

Moderator: Our next question is from the line of Ashay Jain from Jain Capital.

Ashay Jain: So, I have three questions from my side, firstly let me just congratulate the team on advancing the second customer to $100 million. I think it's a great achievement. Congratulations once again. My question is, have we reached to the peak level with both of these customers in terms of new order wins from them or there is still some headroom for growth there? And just the follow up on this that do we even foresee more customers advancing at the same growth and getting close to $100 million? What are our plans to advance other customers at the same rate?

Sanjeev Verma: I'll answer the first one. The answer is no we haven't reached a peak state with respect either of the two customers who join our $100 million club. One of the customers one of the top banks in the world has been our customers for over 15 years and we continue to have a very long-term contract with the bank. Other customer social media company has joined that club and each of the customers have an IT spend of billions of dollars. We are currently working to see we gather more site; we currently are working to see we get more share of wallet. So, there's a lot of headroom left with respect to what we can be achieving with these two customers over the next few years. It is a progress; you have to grow with the customer. You just cannot go forward, and

I think we have gained the trust with the new customer joining the $100 million club in the last 24 months. That took us about 10 years with the first customer, the second customer just taken us close to 3 to 4 years' time. So, the pace is faster.

Now coming to your second question with respect to what we are doing; with respect to having more customers join and increase our share of wallets for the $100 million club. So, we have a focused group focusing on a specific set of customers that we believe have the possibility to serve both locally in America and globally, specifically in line with our core strength of data center infrastructure, building up Cloud infrastructure. We have a strategic team focus on that. We already have a couple of customers that we are working closely which we expect to progress. A $100 million customer doesn't happen overnight, but I think we are confident that we should be able to add as we move forward over the next few quarters to bring more customers to the $100 million. Yes, there's enough room with the existing customers to grow and also there is enough focus for us with the capital expenditure, I call it the digital infrastructure era. Over the next 5-7 years' time, we are seeing some of that happening in India as well with investments coming in the data center space, in the network space, in the airports that are getting built. Similarly, it's happening in other parts of the world, more specifically in America is very large. We feel enthused and excited about the opportunity to participate in building the digital highway on which the next generation applications will run.

Ashay Jain: Second question, so just going through the presentation. You have highlighted that the cybersecurity business is gaining good traction. So, just if you can elaborate on some significant developments in this specific vertical during the quarter gone by and how should we look at this segment contributing to our top line growth in the current financial year? So, just balanced quarters.

Sanjeev Verma: So, we invested or focused if you may with cybersecurity bringing in a specialized team and a specialized leadership over the last 12 to 18 months' time. We were focused on first building our capability. Cybersecurity is a capability centric business in building our SOC operations in America, our SOC operations in Mumbai and Bangalore and that has taken some time. At the same time, we have been working over the last few quarters and I think as we speak, we have been now able to fructify our cybersecurity business winning deals from large managing security for large airports. We have a couple of airports now. We have large manufacturing companies that we are supporting both locally and globally. Its largely services led. I think although our growth parameters overall is very large, in fact cybersecurity came much later. So, we are seeing significant traction. We expect over this fiscal year and the next fiscal year that our growth momentum in cybersecurity would be very high. We expect our revenues of cybersecurity in the region of 5% to 10% over the next 12-24 months.

Ashay Jain: So, lastly on our TPS business, that got impacted during the quarter. I believe due to that we had some degrowth when we compare our top line on a sequential basis. Can you provide some inputs on what exactly led to such performance and what is the plan now on making this business to return on its growth phase?

Sanjeev Verma: So, we had declined in the TPS business in the current quarter largely in Americas with respect to our go to market strategy and I think that led us to have some decline with respect to our purchases in that space. So, we are reorganizing and refocusing back with our specific IP Led products, focusing on end customers and larger projects that is in motion very quickly and we expect that we should be able to recover reasonably well in Quarter 2 at the fact of certain supply chain challenges we were also behind in meeting some federal contract supplies that happens in a specific time and we couldn't do that and therefore we lost a couple of million there as well which we expect to recover. So, with our change in go to market strategy focusing on end customers, with rebalancing our supply chain portfolio to address some of the large projects for the federal customers we expect a large recovery in that in Quarter 2 itself and we expect that we should be able to catch up and not impact our overall plan for TPS for the fiscal '24.

Moderator: Our next question is from the line of Suhas Naik from Kridha Capital.

Suhas Naik: I have a couple of questions. First question is on the overall you sound quite optimistic about the outlook for your business. So, how are we investing in your front end to actually tap this opportunity, a huge opportunity that is there in the marketplace? Could you just explain about the strategy of go to market as well as expanding the reach by investing in the front end?

Sanjeev Verma: I think we have been investing continuously in the front end with respect to our sales go to motion, be it respect to our architecting and solution engineering over the last couple of years' time. I think it takes time to ramp up whether you could invest in the front with that sales motion or our solutions or delivery capability. So, that's one side of what we have done. But more importantly we have the reasonable scale and the reasonable use case now as we start to grow. We grew last year itself by about 15% odd and when we get to scale, we're able to garner more share of wallets from our customers. Also, with what's happening around the overall IT ecosystem, networking, data center, cyber is the bedrock on which many applications run that serve both businesses and citizens. As we speak over the next few years' time the network infrastructure, the consumption of information requiring from a data center is seeing tremendous growth. We are seeing it in India, we're seeing it in America as you all have seen. And Black Box from that perspective is very well positioned across continents and cultures. We're selling in 35 countries. To address our customers, we have a very good set of customers. So, with the customers requirement to revamp network infrastructure, to digitize the company and to be able to prepare themselves for the next decade Black Box is serving that very well. That allows us to address the customer needs in a very proactive manner now.

Suhas Naik: So, can we assume that this 15% kind of a growth rate is sustainable, or do we see an (inaudible) in that also?

Sanjeev Verma: What the visibility we have expect the 15% organic run for us, we're confident to continue.

Suhas Naik: I am talking about the medium-term perspective at least 3-4 years kind of.

Sanjeev Verma: Yes.

Suhas Naik: Second question is on the margin side, now as you said are the efforts towards cost rationalization and cost optimization has it reflected entirely in the margins at this point of time or what is that you left out there from cost rationalization as well as optimization?

Sanjeev Verma: I think Deepak covered some of that in his earlier statement. Having said that I think the answer is no we have not gotten all of that juiced up in our current results. We expect more improvement to happen over the next few quarters as well. We had lot of reorganizing using our capability in Bangalore that started to yield results, as we speak there are more to happen, as we continue to add more revenues, we are creating more models to serve globally through our Excellence Center. Those revenues will yield better margins because we are now more mature to support from our Center of Excellence in Bangalore. Of course, we are more mature to support locally as well. So, as we grow from here our yield of margin is expected to get better progressively quarter after quarter. So, now the answer is we have more juice left. We would expect to go to 7%-8%-9%-10% operating margin progressively and there is enough to be done here.

Suhas Naik: So, the double-digit margins are possible over a medium-term.

Sanjeev Verma: The answer is yes.

Suhas Naik: And lastly on the debt reduction as the rate cost has gone up because interest rates are moving up, is there any plan to reduce the debt as we are also generating cash now?

Deepak Bansal: So, the interest rates are not in our control because they are the Fed control type of thing. So, all the debt is linked with SOFR and the SOFR has gone up to around 5.3% now. So, SOFR plus margin that's how the interest rate went up. Now the plan for reduction of debt yes, by this year-end while we are generating the cash flow, the idea is that most of the cash flow what we are generating is going into the growth of the revenues because like you know that most of the revenues is services led revenues and, in the services, led revenues the working capital requirement is there upfront. So, whatever cash we are generating is going to fund that working capital. But still by year-end we are expecting some level of debt will go down, but I am not expecting like a very huge decrease in the debt by the year-end activity. But yes, in FY25 our debt will go down for sure because by that time we will have substantial cash to have the working capital as well as the debt going down.

Suhas Naik: Last question if I can squeeze in, it's regarding the inorganic strategy because that is also one of the important pillars of our growth strategy. So, are you seeing any opportunities in the inorganic space and if yes what size we are talking here?

Sanjeev Verma: So, I think we have stated that and consistently that we remain opportunistic with respect to our inorganic strategy. We remain interested in the inorganic strategy. Having said that I've also stated in earlier parts that we are not emotional about economics. So, we wouldn't just want to add acquisition because we want to add revenues, we want to see whether we can add value whether it can be accretive to us and we are value buyer so that we can see, we can return to our shareholders in terms of bringing out value. So, that's our thesis. Our thesis also is that we want to see whether it can give us an expansion of geography or adept in a certain solution that we provide to our customers. To that extent we remain focused to see what opportunities we get at what value to do that, and we continue to do that in each markets we operate. Having said that our sweet spot in general of course we have done some duck-in as range of $50-100 million is kind of our sweet spot to see that we are able to acquire.

Suhas Naik: Is there anything on the active consideration at this point of time?

Deepak Bansal: We continue to look at it and the M&A's the activity where we can't say active, we are active in the market, but we continue to look at that whether it fits in our philosophy in terms of the value where we can add value. So, right now, whatever the discussions are they are into let's say the preliminary stages or whatever it is not like something which is in very advanced stage there is nothing in that state.

Moderator: Our next question is from the line of Jeevan Patwa from Sahasrar Capital.

Jeevan Patwa: I have one question on the financials; in the financial in the P&L we have shown the difference between in the depreciation and the finance cost for Ind-AS and the book value. I just want to understand that.

Deepak Bansal: From the P&L perspective you know that in India we have the AS-116. So, under the AS-116 accounting, our depreciation is—so let's say real business depreciation what we track as our business performance is let's say 11 crores for the quarter and that's how the finance cost is like 28 crores for the quarter. But because of the AS-116 accounting we have to do our depreciation goes up to 28 crores and our finance cost also goes up to like 33 crores which is like a difference of…so between interest and depreciation both the level goes up by around let's say 19 to 20 crores every quarter because of that. But internally for our performance perspective, we track like depreciation, business depreciation and also the finance cost which is as per the business. The Ind-AS116's accounting depends on the fair value of the long-term leases and all those things what we have. So, basis that we do that accounting. We disclose both the numbers. But from the P&L perspective if you run the P&L from the EBITDA you have to reduce the depreciation as per Ind-AS116 and the finance cost as per Ind-AS116 to arrive at the PBT.

Jeevan Patwa: And so, in the future at some point this will reverse, right? So, in the future sometime at some time at some point we will have a…

Deepak Bansal: It will revert.

Jeevan Patwa: It will be actually lower than our book.

Deepak Bansal: No, it will not. It will be lower only if we are winding up the business. Because what will happen is that you will continue to renew your leases. You will continue to renew. So, right now, if I have a 5 year lease and that 5-year lease I will again renew it for 5 years. Unless otherwise I am winding up the business then only it will come down. Otherwise, it will not come down. It will go almost at the same levels. 1 crore here and there because of the timing of the lease or because of the value of the lease it can. But otherwise as per the accounting thing it can't go down much.

Moderator: Our next question is from the line of Yash Mehta from AP Capital.

Yash Mehta: I would like to ask a couple of questions. Eearlier what we have seen is many IT companies were laying off employees. How is the situation now? If you can throw some light here.

Sanjeev Verma: No, I think we are on hiring mode. We are on a mode of growth. We do have rebalancing of our employees with respect to reorganizing our Central of Excellence in Bangalore. So, of course, we're hiring more. We expect to hire more in our center in Bangalore and Mumbai to support our customers that will be margin accretive for us. So, overall, our net employee count is going up and continue to go up.

Yash Mehta: My next question would be, data centers continue to be on the top of your deal wins this quarter assuming this win is from our recent customer which was advanced to $100 million. Also given in your disclosure cybersecurity is gaining a good traction. Can we assume that we can see the same performance, i.e. good deals in cybersecurity the way we are seeing in data centers?

Sanjeev Verma: Yes, I think data center remains at the top of our pack because it's a hypergrowth area. To be correct I think it's not an Asian customer, it's a global customer largely in North America. And we expect that hyperactivity, hypergrowth in data center from the large data center operators including the hyperscalers and Cloud providers and enterprise customers to continue in the midterm, so in the 3 to 5 years times therefore we remain bullish on our growth plans for the data center. We expect the growth momentum for cybersecurity. As I said earlier to catch momentum, we need to reach a certain scale. We are getting there but we expect that momentum to grow with larger deals. We have the ability to serve both locally and globally. Its margin accretive for us and it's very critical part of any infrastructure. So, the answer is yes, we expect the cybersecurity growth momentum to start to increase pace as we move forward from here.

Moderator: Our next question is from the line of Akash Mehta from Capaz Investments.

Akash Mehta: I just have one question building from last quarter, so we acquired a company in Australia where our intent was to ideally expand in that geography and to grab any cross-sell opportunities that there may be. So, I know it's a little too early to comment on it but if you can just provide some color on the developments there. Have we had any cross-sell opportunities as such?

Sanjeev Verma: I think it's too early. I think the acquisition happened last quarter in the middle of the quarter, so we not even have the 1st Quarter. Having said that as I said earlier, we have assessed the opportunity. It's largely in our CX Cloud space. We have a similar business, so there are some overlaps out there. We expect margin improvement. We expect to cross sell to each other's customer. I think our combined revenues in the market has reasonably gone up in ANZ so the effects of that will be seen over the next few quarters. It's too early. It's not even the first full quarter that we'll apply.

Moderator: We have a follow up question from the line of Suhas Naik from Kridha Capital.

Suhas Naik: Regarding your operating margins, when we say we are planning to move from 6%, around 6% to 9% to 10% what would be the contributors to that? What are the key contributors? Is it that the incremental business that we are getting are at a higher margin? So, can you just probably spend some time on this?

Sanjeev Verma: So, there are 3-4 factors. Number one of course growth itself is a factor. We expect to grow reasonably in mid double digits. So, when we grow, we expect certain of our fixed costs to get amortized in a better manner. Fixed costs are not linear in nature so therefore it wouldn't go. So, that's one. The second of course we're expecting our global delivery model to mature better as we move forward. And that comes at a slightly lower cost for us, so therefore better margin. As we scale up from here, we expect some efficiency with respect to our procurement strategy as well which will allow us to get some traction on that. And as we build scale from there, we are still in the process of working through, implementing and focusing on our service now and ERP systems, allowing us to serve our back office in a more robust manner from offshore. So, a mix of growth, a mix of ability to deliver from a global delivery model, our ability to procure better on scale and more productivity or more offshoring initiative that we have left to do over the next couple of quarters. A combination of these four gives us a good chance to start to move that 6 more towards 9 and double digit figure progressively over the next several quarters.

Moderator: Our next question is from the line of Saurabh Sadhwani from Sahasrar Capital.

Saurabh Sadhwani: I just wanted to understand how frequently do the systems and infrastructure that we set up needs an upgrade? How frequently does the client come back for an upgrade?

Sanjeev Verma: I think if you look at the network infrastructure is a refresh between 3 and 5 years' time. Some of them are 3 years' time, some of them are 5 years' time. It also depends on the economic situation and the financial situation of the customer and where they put the money. But in general, a refresh for infrastructure be it network, server storage, wireless, wired infrastructure is between 3 and 5 years' time. Some investments with respect to cybersecurity are more frequent because there's a massive change in threats going forward. So, that doesn't follow the cycle. It can be as quick as a year or 2 years depending upon what a customer wants to do. But in general, our cyclical refresh of our businesses from a new deployment perspective would happen between 3 and 5 years' time. So, therefore, if you have a bunch of 500 customers, you're always in a mode of trying to discover that, design that, deploy that, manage that and then refresh that. And then again do discovery, design because design can change. Customers are growing they're expanding, they are rearchitecting. It's a continuous process but a reasonable cycle is between 3 and 5 years.

Saurabh Sadhwani: Right now, given that 5G has come in we are in the new refresh cycle, right?

Sanjeev Verma: No, it is different for every customer. Some of them are in third year cycle, some fourth, some fifth-year cycle. So, continuously we are assessing, some are in expansion mode. If you look at some of our manufacturing customers, they're putting up semiconductor plants massive, there are greenfield projects. So, those are new and then of course you have customers like banks who possibly did a refresh 3 years back. That's coming up now. So, it's a continuous process of mapping an account. Every customer is in a different cycle of orbit based on when their capital expenditure happened in the past, what their growth strategies are, what new systems they want to bring. So, the greenfield that we will do now is 3 to 5 years' time but hundreds of customers have had their third year now, the fourth year coming or the fifth year they're trying to refresh that. And of course, we also provide managed services, the maintenance contracts after we do a project. So, when we do discover, design, deploy then we manage and support and then over a period of time 3 years, 4 years, 5 years we again do discovery, again design, again deploy.

Saurabh Sadhwani: And one question regarding the automotive sector. So, now with the connected cars and EVs, have there been any initiatives from the automotive companies to set up some infrastructure for collecting the data from their new vehicles or anything?

Sanjeev Verma: That's a good question. So, many of the automotive companies of course are working towards connected cars as you say and the connected cars data, they are not a data company they are a car making company. So, they possibly port the data to Cloud companies. So, they can possibly go to Amazon or go to whatever it is. A very few of them possibly will build their own data center. Tesla could be one of them, but many others would use the Cloud that is getting built. And if you look at what we are doing, on the other side we are helping build that Cloud data center for some of those large hyperscalers that will provide the data management capability to the car companies. So, the car companies would keep the data with the Cloud companies. So, therefore, we are building data center for the Cloud companies.

Moderator: Our next question is from the line of Yash Parekh from Mehra Investments.

Yash Parekh: I just have a couple of questions. First is earlier we have seen the impact of severance cost which weighed heavy on our profitability. So, what was the cost this quarter like have we seen the entire impact of severance cost or there is some more impact that we can expect in this current financial year?

Deepak Bansal: Can you please repeat your last part of the question again?

Yash Parekh: Have we seen the impact of severance cost, or have we seen this impact or is there some more impact that we can expect in this financial year of severance cost?

Deepak Bansal: So, severance cost I think the majority of the severance cost was done in the March quarter. But yes, we will continue to see some part of the severance cost still because we continue to see that lot of people what we have identified, we are reducing them in parts and pieces so that the business should not be impacted so as and when they are going if there is anything which we have not accrued on their cost and there is some cost which goes up and down that cost will continue to come. But we are not expecting in the range of what we have expected in what we have done the numbers in the March quarter. But yes, some of the cost in the range of between

2 to 4 crores every quarter will still continue because we continue to look at optimizing the resources and hiring the more resources in India to deliver the work.

Yash Parekh: One more question. Globally companies are witnessing pressure due to inflationary trends. How do you look at this macro environment? Also given such inflationary trend continue to persist do we still remain confident to achieve our guidance for this fiscal year?

Sanjeev Verma: So, the fact of the matter remains that there is an inflationary trend. There's also a pressure on our interest cost. So, we continuously have a cyclical method of repricing to our customers, more specifically for all new bids. Of course, we take every quarter repricing mechanics to adjust our sale price or relook at our cost. And also, as and when we get a chance to renew our customers, we definitely reprice it. So, we are working to see that we are in place and neutral from that perspective in our all-ongoing projects and sale process and also on all opportunities to renew our customers going forward.

Moderator: Ladies and gentlemen that was the last question of our question-and-answer session. I would now like to hand the conference over to Mr. Sanjeev Verma for closing comments.

Sanjeev Verma: Thanks. With this I would like to thank everyone for joining on the call. I hope we have been able to address all your queries. For any further information kindly get in touch with me, Deepak or Strategic Growth Advisors, our Investor Relations Advisors. Thank you.

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