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BSE Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400 001
Scrip Code: **532633**

National Stock Exchange of India Limited,
“Exchange Plaza”,
Bandra - Kurla Complex, Bandra (East),
Mumbai-400 051
Symbol: **ALLDIGI**

Dear Sir,

Sub: Transcript of the Earnings Conference call

Pursuant to Regulation 46(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that the Transcript of the Earnings Conference call, conducted through digital means on May 08, 2026, has been uploaded on the website of the Company under the link: <https://www.alldigitech.com/investor-relations-financial-information/> (Financial Information/Investor Call Tab).

This is for your information and records.

For Alldigi Tech Limited
(Formerly known as Allsec Technologies Limited)

Shivani Sharma
Company Secretary and Compliance Officer
ACS-39590

Encl: a/a



“Aldigi Tech Limited
Q4 FY '26 Earnings Conference Call”
May 08, 2026



MANAGEMENT: MR. NATARAJAN LAXSMANAN – CHIEF EXECUTIVE OFFICER – ALLDIGI TECH LIMITED
MR. AVINASH JAIN – CHIEF FINANCIAL OFFICER – ALLDIGI TECH LIMITED
MR. RAJESH LACHHANI – HEAD INVESTOR RELATIONS AND M&A, DIGITIDE SOLUTIONS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Alldigi Tech Limited Q4 and FY '26 Earnings Conference Call. 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 this conference call, please signal an operator by pressing star then zero on your touchstone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rajesh Lachhani, Head of Investor Relations and M&A. Thank you and over to you, sir.

Rajesh Lachhani: Thank you, Swapnali. Good morning, everyone, and welcome to our Q4 and FY '26 earnings call. I'm pleased to introduce our newly appointed CEO, Mr. Natarajan Laxsmanan, whom we fondly call Nat.

Nat brings deep industry experience and strong strategic vision that will guide Alldigi's next phase of growth. Joining him on the call is our CFO, Avinash Jain. We will begin with opening remarks from management, followed by a Q&A session where we'll address your questions.

But before we proceed, I would like to provide a standard Safe Harbor statement. This call may contain certain forward-looking statements, which are subject to risks and uncertainties. Actual results may differ from these statements.

With that, I now hand over the call to Nat. Over to you, Nat.

Natarajan Laxsmanan: Thank you, Rajesh. Good morning, everyone. Thank you for joining the Q4 and FY '26 earnings call. I start by appreciating your interest, support and participation for Alldigi Tech. Along with Mr. Avinash Jain, we look forward to walking you through our performance and responding to your questions.

And since this is my first interaction with all of you, I will start by giving a brief introduction of myself. As Rajesh mentioned, my name is Natarajan Laxsmanan. I'm called as Nat. I bring about 25 years of experience in the industry, about 15 years of which has been in the HR and payroll outsourcing industry and about 10 years in the international BPM. So, I come with a combination of international BPM outsourcing and HR and payroll outsourcing.

I have handled 500 million-plus portfolios across the globe in my past career. I have been associated with brands like Accenture, Allied Solutions, NGA HR, also known as NorthgateArinso, Sitel, Wipro and Stream Global Services. Prior to joining as CEO of Alldigi Tech, I was the Chief Operations Officer for Digitide, the group company.

With that, I'll move towards the agenda for today. We'll initially give you a business overview covering our lines of business and follow it up with detailed financial performance. Post that, we'll open up for questions.

I'm pleased to report continued strong financial performance. Operationally, we have achieved steady revenue growth with a healthy EBITDA margin while continuing to expand our offerings and capability.

On the financial performance for the full year FY '26, revenue from operations stood at INR598.7 crores, up by 9.6% year-on-year, while EBITDA was at INR162 crores, up 25% year-on-year. The growth has been broad-based across both the verticals, our BPM as well as the Tech & Digital businesses.

In line with our strategic intent, the overall share of our international business has increased by 3%, up from 64% to 67%. EBITDA margins improved to 27.1% in FY '26 compared to 23.7% in FY '25. This is driven by operating leverage and scale benefits.

For the quarter, revenue from operations stood at INR154.7 crores, up by 5.9% year-on-year and 1.3% quarter-on-quarter. EBITDA was at INR43.7 crores, up by 24.2% year-on-year. Our cash collections continue to be robust. Our cash position at the end of year stood at INR147.7 crores while collections for the full year increased to INR626.1 crores, up by 9% year-on-year.

I'm now moving to the operational performance. On the operational performance, I'll cover the Tech & Digital business to start with. The Tech & Digital business reported a strong growth with the Q4 revenue growing 22.3% year-on-year and 14.5% quarter-on-quarter. For the full year, the Tech & Digital revenue grew by 16.5% year-on-year to INR156.2 crores.

We posted good additions to our managed employee records base and continue to lead India's Managed Services segment. We processed 49.9 lakh employee records in Q4, taking the full year to 191.5 lakh records, reflecting strong operational momentum.

We added INR40.1 crores of new ACV across both new customers and existing customer expansions. Our key service delivery metrics of payroll accuracy, on-time delivery and query turnaround time continue to improve year-on-year, setting new benchmarks.

Moving to the BPM segment. The BPM segment delivered stable performance with Q4 revenues at INR110.4 crores, up by 0.4% year-on-year. For the full year, BPM revenue grew by 7.3% year-on-year to INR442.4 crores, supported by continued strength in the international business, which now contributes 78% of the total CXM revenue, the CXM is the BPM segment, on a full year basis, up from 73% last year.

We added INR54.1 crores of new ACV across both new customers and existing customer expansion. Our service delivery continues to remain green and we continue to make efforts to infuse AI into our current customer landscape.

We've successfully completed migration for our India-based customers to our SP4 platform. By deployment of these platforms, we are looking at an efficiency of INR3 crores per annum on our Tech & Digital business. Diversity and inclusion increased by 1.2% at 47.9%. We set ourselves a target of 50% and we're confident we'll be able to achieve this number.

We continue to receive high ratings and increasing feedback on social media platforms. This is reflected in our The Great Place to Work standing as well as our internal measurements, where we are at a target of 4.5 against 5. A direct outcome of our continued focus on employee engagement is driving these results. We continue to encourage our employees to participate in the CSR activities of the company.

Looking ahead, FY '26 has further strengthened our foundation of Alldigi Tech under digital solutions. Our strategy remains crystal clear, deepening client relationships, expanding our global reach, driving efficiency through technology and AI and building a future-ready high-performing team. With our platform scale, sales channels expanded and execution discipline intact, we are confident of sustaining our growth momentum going forward.

With this, I hand over to Avinash to walk us through the detailed financials. Post that, we'll open up for questions. Thank you. Avinash?

Avinash Jain:

Thanks, Nat. Greetings, everyone, and thank you for your interest in Alldigi Tech. Let me begin with our performance on the operational revenue front. Revenue for the quarter stood at INR154.7 crores, reflecting a growth of 5.9% year-over-year and 1.3% quarter-over-quarter.

For the full year FY '26, our revenue reached INR598.7 crores, representing a growth of 9.6% over FY '25. Both business verticals, BPM and T&D have contributed to this growth. In the BPM segment, Q4 revenue stood at INR110.4 crores, broadly flat Y-o-Y.

International BPM revenue grew 8.7% Y-o-Y in Q4. For the full year, BPM revenue grew 7.3% Y-o-Y to INR442.4 crores with growth continuing to be driven by international markets, which remain the dominant contributor to BPM revenues.

In the T&D business, revenue for Q4 stood at INR44.3 crores, marking a strong 22.3% Y-o-Y growth and 14.5% Q-o-Q growth. On a yearly basis, T&D revenue grew by 16.5% Y-o-Y to INR156.2 crores. Our employee records volumes have increased to 191.5 lakhs for FY '26, reflecting continued strong operational momentum.

Now moving on to margins. EBITDA for Q4 at INR43.7 crores, growing 24.2% Y-o-Y. For the full year, EBITDA was at INR162 crores, reflecting a strong 25% Y-o-Y growth with EBITDA margins improving to 27.1%.

In the BPM segment, segment margin for Q4 stood at INR15 crores. For the full year, segment margin was INR62.3 crores, reflecting a growth of 16.8% Y-o-Y. In the T&D segment, segment margin for Q4 stood at INR19.5 crores with margins remaining strong at 44%. For the full year, segment margin was INR66.6 crores, reflecting a robust growth of 28.9% Y-o-Y, driven by higher volumes and improved operating leverage.

Now coming to the bottom line. Our PAT for the quarter stood at INR28.9 crores, reflecting a strong increase both on Y-o-Y basis, 49.7% and on Q-o-Q basis, 38.6%. For the full year FY '26, PAT stood at INR82.2 crores, largely stable compared to last year with PAT margins at 13.7%, flat Y-o-Y.

On cash flows, our operating cash flow for the quarter was INR45.3 crores with OCF to EBITDA conversion remaining strong at 103.8%. For the full year, OCF stood at INR144.1 crores, reflecting healthy cash generation with conversion at 88.9%.

With this, I conclude the financial highlights and now hand over the session to the moderator for taking up your questions.

- Moderator:** We will take the first question from the line of Harsh Kundnani from Aionios Alpha.
- Harsh Kundnani:** A couple of questions from my end. First is, if we look at the payroll process in the HRO business, this number has been growing at 10% plus Y-o-Y over the last few quarters and revenue growth has been in line.
- But this quarter, revenue growth is significantly higher than the payroll process number. So is this because of our foray into the international markets where the realization is higher? And can this divergence continue over the next few quarters?
- Natarajan Laxsmanan:** Thanks for the question, Harsh. You're right, our payroll process has been growing year-on-year. So, the revenue, if you have to look at it, not exactly directly proportional to the growth of the number of employees because there are revenue streams on the payroll side, which comes from our onetime change requests as well and also the year-end.
- So, there are configuration changes, there are tax proof vouching. There's a new wage code implementation. So, there are revenue streams that come from those onetime activities as well. And also, our increase in international business also gives us the benefit from the currency fluctuation. So it's a combination of all these factors.
- While we will not be able to comment on the currency fluctuations, which could be a windfall gain that we would get, definitely, we should look at a revenue which will be slightly higher than a direct proportion to the number of employees, given that we are adding a number of customers on. So there will be the onetime configuration changes and onetime onboarding charges that will continue to come through.
- Harsh Kundnani:** Understood. Sir, just to double-click on that. So does that mean our realization and margin in the international HRO business is similar to the domestic one?
- Avinash Jain:** So Harsh, international margins typically tend to be slightly higher. But as you would note, our domestic margin itself are pretty decent. So yes, both the domestic and international margins remain reasonably good.
- Harsh Kundnani:** Understood. Understood. Moving on to the BPO business. There was a headcount decline in this quarter and I think that has been the -- that has led to revenue decline also. So, is there -- is this client-specific or anything to call out in this particular segment?
- Natarajan Laxsmanan:** Yes. So, you're right in your observation, Harsh. Yes, there has been a headcount decline. And this is a strategic move that we've done of moving away from some of our low-margin business and also a strategic intent of increasing our international business compared to the domestic one. So, this headcount decline is a reflection of that intent.
- Harsh Kundnani:** Understood. And sir, is this rationalization exercise, will this continue for a few quarters? Or was this just a 1 quarter impact?
- Natarajan Laxsmanan:** We should anticipate this probably not on a quarter time line, but for the FY '27, we would continue to exercise this intent of moving away from low-margin business. Even as of today,

from our portfolio, we still carry about 10% of our business into this segment. So we'll continue to move away from this business based on the macro conditions of the business.

Harsh Kundnani: Understood. Understood. And lastly, Natarajan sir, I know early days, but what has been the focus areas in the company since you've joined? And where do you see this company 2, 3 years from now from a segmental aspect, what happens to the HRO business, the BPM business, so on and so forth?

Natarajan Laxsmanan: Yes, it's still early, just about a month old, but the direction is very clear. We want to grow both the segments of the business and more move towards technology enablement rather than just FTE business on the BPM side.

And on the payroll side, continue to enhance our platforms. And there is a number of plans that we have. There is a HRMS Version 2 that we'll be releasing this year, which is an AI-enabled platform.

We are also looking at coming up with a payroll analytical module, which is an AI-based analytical module. So, you'll see more and more AI-based offering, which is aimed at helping us from an efficiency perspective, from an internal Alldigi Tech perspective.

From an external customer aspect, we are looking at the end employees, employees of my customer getting the benefit of AI features. And also, from a customer stakeholder perspective, we'll get more value add from the business in terms of analytics and business insights they can get. So, this is on the Tech & Digital business.

Similarly, on the BPM business, we've already started infusing AI into our existing operations, some of it which is already customer-facing. So, going forward, definitely, there's going to be a growth, which will be enabled by technology and AI assets. So that's the mandate that we're looking at and we are already seeing initial shoots because some of it is already in the user acceptance testing. We should release this in the market soon.

Moderator: We will take the next question from the line of Keshav Garg from Counter Cyclical PMS.

Keshav Garg: Sir, I wanted to understand that which part of our business is most at risk from the AI?

Natarajan Laxsmanan: I wouldn't call it a risk, Keshav. It's both a challenge and an opportunity. So, it's not overall a risk. And this is something which we've identified now. And that is the reason why you see a lot of AI enhancements that is coming in and AI infusion that is coming in.

And if you noted clearly, we're looking at AI across our business end-to-end, internal operations, which is going to result in efficiency, accuracy and turnaround time. And from an external perspective, customers and the customers and employees, both on the BPM and the Tech & Digital sides get to experience the AI features and take advantage of them and also enhance the value addition in terms of the outsourcing business through our AI analytics.

So, while there is one way of looking at it as a risk, it's also an opportunity for us. And we are already seeing this interest from all of our existing customers as well as for our new customers

that we are onboarding that we are looking at AI-based solutions, AI-based offerings and that's something which we are already in the competition.

So I would say we are neck-to-neck in terms of market from any other competitors, but probably in some areas, we are a little ahead of the curve and that's the feedback that we've been getting from our customers.

Keshav Garg: Right. And also, our full year revenue went up by roughly 10% and I believe the Indian currency itself has depreciated by more than that or around the similar magnitude in the past 1 year. So basically, what has been the constant currency growth in the revenue, if at all, for FY '26?

Avinash Jain: Yes. So 3.3% is the growth attributable to the currency depreciation and 6.3% is the growth attributable to the various efforts which the company has been making.

Keshav Garg: Okay. Understood. And so can we expect these margins that we did in the last quarter of around 28% to sustain going forward? Or is there any onetime effect of currency depreciation and so on?

Avinash Jain: No, we expect the margins to remain robust. Like in our previous calls also, we have guided that we typically target 1% to 1.5% kind of margin growth year-on-year basis. And we'll continue to drive that, focus on that. And as of now, I do not foresee any significant challenges in terms of currency fluctuation affecting our revenues on a negative side.

Keshav Garg: Understood. So we can expect around 29% full year FY '27 OPM?

Avinash Jain: See, Keshav, like typically, we do not give a particular number in terms of future guidance. But yes, as you rightly pointed out, as currency depreciates, that typically adds up margin. So yes, margin is expected to increase, but we cannot give you a ballpark number.

Keshav Garg: Understood. So for the current year, what kind of revenue growth -- I mean, in the past, we were talking about roughly 15% kind of revenue CAGR. But last year, clearly, it was far below that. So what was the reason for that? And now what is the outlook?

Natarajan Laxsmanan: So I'll answer the first part. In terms of why our growth has been below that mid-teens is because of the strategic intent I already answered. We are moving away from some of our low-margin business. So we're looking at more international and high-margin business that comes into the business. And that is something which we've already initiated. So that's one reflection that you see.

And also there are other industry factors. So if we compare ourselves with the industry growth on both the segments, we are slightly above the industry growth that we've seen for the last year.

So from that perspective, yes, ideally, we would like to be far better. So again, this year, while we're looking at the mid-teens again, so we should see the mid-teen growth for this year as well in terms of revenue.

Moderator: We will take the next question from the line of Raghuram from Eurindia Ventures.

Raghuram:

Okay. So, I had a couple of questions on the HRO and a couple of questions on the BPM side. On the HRO, obviously, we are seeing, as Harsh also pointed out, we are seeing significantly faster growth on a quarter-on-quarter basis as well as on a year-on-year basis. So is this something that is now built in from a sales -- we have a pretty strong sales team is what I have been able to at least understand from various calls that I have had before.

And you coming from HRO and international HRO kind of perspective, I would imagine this is something that is right up your alley. So that will be my first question, first outlook, not really an outlook, but in terms of how you see HRO going forward?

The second is on the EBITDA margin. Avinash mentioned that the EBITDA margin for both HRO domestic and HRO international are anyway pretty significantly high. So this is something that is -- how is that as compared to how you have seen in your previous companies? And how do you see it going forward in Alldigi Tech? That will be my 2 questions on HRO.

On BPM, the observations that I had is that the last burst of growth, as you can well imagine, you have been on the international BPO side for a significant amount of time. The BPM is not really a year-on-year gradual growth.

It's a step growth. If you get a large client, you get a burst of growth and you go into the next step. The last burst of growth that came in for Alldigi has been from the large health care clients that we onboarded about 18 months back or nearly 24 months back.

That is something that is missing in the last about 12 months in terms of 1 large -- 1 or 2 large clients getting onboarded. How do you see and what is the time frame? And how do you see Alldigi breaking that kind of a barrier that has been holding back its growth on BPM?

And the second one is, obviously, you mentioned that we are moving out of the low margin from domestic clients. But overall margin outlook after this move out, there is obviously something that you have in mind from an EBITDA margin perspective. If you can please share that, that will be great. So, two questions on HRO, two questions on BPM.

Natarajan Laxsmanan:

Sure, Raghu. I'll answer the questions one-by-one. The first question on the HRO outlook, we should continue to see growth, Raghu. And yes, margin-wise, if I compare it with my previous experience, we are pretty much there.

In some cases, we are slightly higher. Our sales team has been very strong and we continue to make sure that they remain strong. And we've strategically made a decision of now focusing our efforts higher on the international mix.

So even on the HRO side, we would continue to see a considerable growth on the international side, along with our domestic side as well. So the mix of international business, we expect it to continue to grow quite obviously because that is going to give us a better margin. And also those are markets that we have a sweet spot in terms of where we play compared to the competitors that are available in that particular market.

So HRO, definitely, you will see the number of employee records constantly going up. And also from a revenue profile, the revenues should be higher in terms of a proportionate factor on the number of employees that we'll be managing because of the international mix that will come into picture.

And compare it with the previous experience or the other competition in the market, definitely, we are very competitive. And in some cases, I would say probably we are above the other competition because of various reasons from an operational leverage that we bring in.

So I answered your outlook as well as the EBITDA margin. EBITDA margin is pretty strong for our domestic. It will be higher than our domestic business on the international side on the HRO aspect as well. I hope I've answered both your questions on the HRO side.

Raghuram: Yes. Yes. Yes.

Natarajan Laxsmanan: I'll move to the BPM. You're absolutely right in terms of the prediction of a behavior. Yes, BPM growth is more depending on the client size and when it comes onboard. Yes, our last big client has been the health care client and that has been a good journey.

We've been constantly growing with that particular client and it's a very strong satisfied client that we have, which continues to expand even today and we are expanding that client even into FY '27.

When do we see one more client like that? We should -- it's -- I'm not giving you a time line, but I can give you an insight in terms of our pipeline. From a pipeline perspective, we do have some pretty big names that -- brands that we are actually targeting.

In fact, we've been in discussion with them in FY '26 as well. But when you look at the global macroeconomic conditions with the war coming in, there are certain decisions that were actually put on hold by the customers because they wanted to move away from that uncertainty, especially this health -- I mean, impacted the health care clients with that big bill of health that was expected to come.

So with those things past us now, we should anticipate that at least we get one big break. We have it in the pipeline. So we know we have our target clear. We've been engaging in keeping these clients warm. So we should see something soon, but I don't want to put a time frame because there are conditions that it's not easy to speculate. So that's on the BPO.

Raghuram: I understand.

Natarajan Laxsmanan: And on the margin part, Raghuram, I think already Avinash addressed it. We should look at about 1% to 2% improvement for FY '27 as well. That's our endeavor and we are positive we'll be able to deliver that.

Raghuram: Okay. Just a follow-up on that BPM side, Nat. Essentially, we have been trying to get into the RCM business. There has been obviously some -- last quarter, there was a hint that some RCM business initially would start to come in with maybe some 40 seats, 45 seats kind of a thing.

But there were also some indications that previously had been given to us that if we don't really get into it in an organic way, we would also consider an inorganic way of entering that business. How is the outlook for that? How is the thinking going for that?

Natarajan Laxsmanan: So RCM is definitely one of our focus areas or area of interest for us going for FY '27. And as you rightly mentioned, we've already entered into the RCM for it. So we've been processing the RCM BPM part for almost a quarter now.

And the good news is it has scaled up. It's doubled up now. So from where we started today, we have doubled in terms of FTE and there is more growth that we are talking to the client with this existing client itself.

So, for FY '27, there are 3 major industry segments on the BPM side that we are looking at. Health care and RCM, international insurance and international collections. And all these 3 aspects, we are very well experienced and we are considered one of the industry experts having the number of years that we have and especially the client support and the client feedback that we have in terms of our performance. So, these are 3 specific industries that we're going to target from a BPM perspective.

Raghuram: Okay. So, on the collection side, that is something that we have been expecting growth because of our strongest and longest lasting -- longest-standing clients having gone through a significant expansion. So, we look forward to that. Thank you so much, Nat and wish you all the very best in leading Alldigi as mentioned into a much stronger and different level of growth itself.

Natarajan Laxsmanan: Thank you, Raghuram.

Moderator: We will take the next question from the line of Vaibhav Chechani from TCG AMC.

Vaibhav Chechani: Congratulations on the decent set of numbers. So, my first question is regarding the margins. So, when I see the margins reported in our investor PPT, which is for the full year at around INR162 crores versus when I look at the segmental margins, which is for the full year FY '26 at around INR129-odd crores. So what I'm missing in there? And what is leading to this gap, if you can help me with that?

Avinash Jain: Sure, Vaibhav. So, see, segment margins are reported at a PBT level, while reported EBITDA margins are at EBITDA level. So basically, your depreciation, finance costs, et cetera, they are also considered while arriving at segment margins.

Vaibhav Chechani: Okay. But then when I look at the segment margin, the finance costs are generally being treated after your segment -- total segment results, right? And even when I consider depreciation, then also I find a difference of around 100 to 200 basis points. So -- yes.

Avinash Jain: Most of it, Vaibhav, basically, only the unallocable costs are taken out and there might be an impact of other income and expenses also because for segment margin, these things get eliminated. And overall, if you want to understand more about in detail, maybe we can connect offline.

- Vaibhav Chechani:** Sure. I'll do the same.
- Moderator:** We will take the next question from the line of Maitri Shah from Sapphire Capital.
- Maitri Shah:** A few questions again on the margins. So, you mentioned that we have kind of rationalized our business on the BPM side, we're getting away with the low-margin business and kind of moving to more international clients. So where do you see these margins on the BPM side growing because you've targeted a 1% to 2% growth? What sort of growth drivers are we expecting? Will it be more from the BPM side, more from the HRO side? A bit more color on that, if possible.
- Natarajan Laxsmanan:** So, from a BPM margin perspective, we should continue to see these margins. If you look at our Q4, we've been at 13.6%. And we expect these margins to be maintained given that BPO and whereas -- so we should see that around that 13%, 14% margin continuing on the BPM segment.
- This -- as we move away from the low-margin business, this is something which we should anticipate. But again, as I said, our low- margin business currently is just about 10% of the portfolio. So, it should not make much of an impact. There will be some minor. So we should be able to see these margins maintain going forward.
- Maitri Shah:** Okay. But we've seen a bit of a degrowth on the margin, so like Q-o-Q especially. Any sort of one-off that happens because of that there was a degrowth?
- Avinash Jain:** See, Q-o-Q degrowth in segment margin is a one-off thing. So there was some onetime leave policy alignment, which we did with our holding company. And subsequent to that, there was certain reversals.
- So you can treat that quarter as an aberration. Otherwise, if you see from Q3 '25 onwards, we have been in that 11% to 14% range and which pretty much we currently continue and would target to further enhance this going forward as communicated by Nat.
- Maitri Shah:** Okay. And on the T&D side, the segment margin has reached close to 44%. So you see them sustaining with more international clients coming in? And how do you see the split of the international clients coming in the T&D side? What proportion would they contribute going forward?
- Avinash Jain:** Yes. So see, we have seen good growth in international markets, especially you'll see quarter 4 has been a good growth. We have been consistently having about 60% plus of our ACV wins from international clients. So we do expect that international business in the T&D segment will also pick up.
- Having said that, as I mentioned, the focus overall is to further enhance the segment margins of this business and there are multiple activities or projects which are currently going on, not just relating to diversification into different geographies by virtue of our international presence, but also by way of infusion of AI in our operations, by way of focus on the product, which Nat mentioned some time back. So all those things should help us to maintain and probably even perform better going forward.

- Maitri Shah:** And the mid-teens growth, which segment do you expect to contribute more? Will it be the T&D or the BPM? How do you see the split between those 2 changing? Because once we have a higher proportion of the HR segment, the margins will kind of improve a lot to a much more healthier number. So how do you see this proportion changing in the next 2 to 3 years?
- Natarajan Laxsmanan:** See, from an overall proportion perspective, we should see the Tech & Digital business growing. But if you look at both the segments, definitely, there will be growth on both the segments, but the growth rate on the Tech & Digital is expected to be slightly higher compared to the BPM business.
- Maitri Shah:** Okay. That is great. Any inorganic acquisitions in the time line in the lookout maybe next year or next-to-next year?
- Natarajan Laxsmanan:** We constantly are evaluating opportunities that would align with our strategy, Maitri. But nothing that I'll be able to openly disclose now in terms of something that's going to close. But constantly, we are evaluating on both the sides of the businesses in terms of something which will be good, which will align us from a strategic perspective. Once we have something which is finalized, we'll make those announcements and make it public.
- Moderator:** We will take the next question from the line of Shrey Loonker from One-Up Financial Consultants.
- Shrey Loonker:** Mr. Natarajan, your experience spans over Accenture also where you've seen Alldigi as a client also. And then as part of Digitide, you've had a chance to see it outside and then now you're inside out.
- If you can just make us understand what -- how do you size this HRO opportunity? And what do you think is the right to win? Where are the gaps? And how should we kind of see Alldigi evolve? That is the starting point. Maybe I'll follow up with a few more.
- Natarajan Laxsmanan:** Sure. Okay. So, if I look at Alldigi and Allsec, even prior to my Accenture tenure, I always have kept Allsec in my radar from 2010 onwards because Allsec used to be one of my competition at that point of time.
- The strength of Allsec comes basically from two prospects, Shrey. One is the platform. The platform is a 100% owned IP and also it's one of the strongest platforms. If you look at compared to the competition and the various platforms that I have personally experienced with, this is one of the very strong platforms with flexibility.
- While there are a lot of global platforms that is available, which claims to cater to the countries or the regions that we support, while it can be robust, but it might not be having the flexibility.
- With our case, we have both a robust performance as well as the flexibility, which makes it very interesting for clients and especially for large clients who want to have a global solution, but at the same time, the flexibility of the local country, that's a very sweet spot that Allsec is pretty strong on and we are continuing to strengthen that with the AI interventions that we are bringing in.

The second part is the operations. From an operational performance perspective, while usually it's mentioned in our fleeting statement that we are continuing to improve year-on-year, if you look at the last 5 years or close to a decade, our performance has been consistently in the top-most bucket on accuracy and turnaround time.

And especially in the T&D business on the payroll, accuracy and timeliness are very, very critical and it is always expected as a given. And that's a very solid performance that we've been able to harness. And also from an efficiency and productivity perspective, we have won amongst the best in the industry or I would say probably we are leading the chart in terms of productivity and operational efficiency that we have.

So we have a combination of a very strong service delivery operations team and also backed up by a very strong technology product, which has a combination of strength, robustness and flexibility.

So this is where our evaluation is usually. Whenever a client looks at us from an Alldigi Tech perspective on the T&D side, both these things will stand out. We are a subject matter expert and we have our product to support us. Does that answer the question?

Shrey Loonker:

Yes, that helps. But if you can just also help us understand that when a client is looking at us, is it that what really is the 1 or 2 things which helps us win? What is the right to win in the sense, are we easier to customize? Is that one of the reasons or maybe the kind of pricing that we can give because of our scale, is that one of the advantages? That is on the domestic side.

And on the international side, if you can just help us understand how has the international sales engine presence has changed because we are seeing a decisive shift towards international even on the order book side, even on the revenue side and you're guiding for an enhancement from there from such a high level itself. So if you can just understand -- what is it that's working for us? Is it just pricing that the largest lever that works for us or is customization?

And the other point is from a sales perspective, today, how much of the sales get concluded at a CFO and a CEO level? And how much gets concluded at a HR department level?

Natarajan Laxsmanan:

Okay. So the first part, from an evaluation perspective, it's a combination. Price definitely is one of it. We are very competitive when it comes to price. And as you rightly pointed out, it's our scale that helps us give that kind of a price point.

I told you flexibility and stability. We've been handling a number of large clients, pretty big brands for more than 10 years plus and some of our accounts have been for more than 20 years and very large, about 3.5 lakh employees per month plus is something which we handle.

So that stability gives the confidence in terms of performance. And the flexibility gives the employee satisfaction that they look at, especially for each of the local. And when you look at a global solution, we'll be able to plug in.

So domestically, it's the flexibility and the configuration aspect. It's easier to configure our product and we are quick in terms of turnaround time. Our customizations are more specific and we are more open for flexible customizations from a client perspective.

So that makes it more attractive. Price definitely is one of the factor. Stability is another factor. So these are the factors that the domestic looks at.

From an international client portfolio perspective, along with these three, our product is also very compatible with the global solutions. When you look at these international companies, they're usually multi-country opportunities and they have different payroll platforms in each of the countries and then plugging into a global HRMS system, global time and attendance system.

So what is critical here is the compatibility in terms of the integration through APIs, the data flowing through automatically without having to do manual reconciliation. So that's a sweet spot that we have in terms of our international business as such.

So that's the competition from -- and from a sales perspective, yes, we -- our sales team has been pretty good and they've been able to show that in terms of the conversion and the expansion of the business. So now we -- as I told you, within the sales team, we've structured in such a way that there are specific parts of the team which is concentrating on the international market.

So we're kind of creating a center of excellence kind of an arrangement. There are specific people who are looking at specific geographies. So they're more effective. They'll be able to relate to it more rather than spreading thin.

So that's something which we have done and that's something which is effective. We have also tied up with a number of partners, both rainmakers as well as technology partners in those specific regions. That's also an additional channel that we have from a sales perspective. So that's up.

And I think the third question was at which level do we conclude the deals at? See, I mean, this is going to be a high-level percentage that I can give you. About 50%, 60%, it more depends on the size of the deal, right?

The smaller size of the deals, 500, 600, less than 1,000 employee's kind of a client are usually closed at an HR level. With the larger ones, especially when we are looking at about 5,000-plus employees, multi-country, those ones, we have the CEO, CFO levels.

CEO is very limited, mostly it is the CFO and CHRO that we deal with and close. That is what we are seeing. So if I have to give you a ballpark percent, somewhere about 30% of our deals will be with the levels of CHROs and CFOs. And rarely we see CEO coming into the picture in terms of evaluating, but it's more a decision-maker from that perspective.

Shrey Loonker:

Sure. That's very helpful. And if you can -- in the same breath, the order book that is outstanding for the HRO business as of March 31st, how much of that order book is international?

Natarajan Laxsmanan:

Okay. As of March 31st?

Shrey Loonker: Yes.

Natarajan Laxsmanan: It's about 48% of my order book is on the international side.

Shrey Loonker: Sure. And just from a volumetric basis, we've grown the volume of payrolls processed at a very healthy clip for this year. Is there a way you can help us break into how much of that growth was new customer led and how much was the same customer adding more employees there?

Natarajan Laxsmanan: On the Tech & Digital side, predominantly, the growth would be of new customers. If you actually look at it, it's the expansion in terms of our existing clients has been in the same rate as the previous year.

We've not seen any -- in fact, actually, our existing customers have more or less plateaued while there are some positives and negatives in the mix of clients, it's kind of more or less plateaued. So pretty much 90% of our growth has come from new customers that we added.

Shrey Loonker: And Mr. Natarajan, correct me if I'm wrong. In the past, typically, 50%, 60% of your growth would have come from your existing customers and the rest you would have been hunting for new growth. Given that last year, everywhere, there has been downsizing or most of the sectors, should we -- is it a fair statement to say that in the next 2 years or 3 years or next year, the same customer growth will kind of augment this volumetric growth for us as at overall company level?

Natarajan Laxsmanan: Okay. See, I think I don't want to speculate on 2, 3 years, but 1 year is something which we are already constantly keeping a watch on because this also would impact our revenues if it goes on the negative side. So we are constantly in discussion with our clients in terms of their projection for the year.

For FY '27, we are not seeing any significant decline from our existing customer base employee headcount. So unless we're going to lose clients, I don't see this number of employees coming down for any of the strategic decisions from a client perspective impacting us and that's something which we have a clear visibility of FY '27 because constantly, we evaluate what is the threat of AI, like if our clients are implementing AI, is it going to result in downsizing.

We have positives and negatives, like while some of the clients have grown in the headcount and some of them have come down. But overall, from an Alldigi Tech's business perspective, our existing headcount is more or less similar.

So we're not anticipating any negative growth. But at the same time, we're not anticipating any major positive growth also for this year in terms of employee records. But as I mentioned, our revenue stream is not only from the employee records.

We have onetime configurations, yearly activities, the new wage code implementation that is still ongoing for some of our customers and certain customizations that they come up with beyond the payroll engine as well. And now we're bringing in analytics.

So that's also a special scheme that will come up. We're looking at a revenue stream that will come from the analytics as well. So those will be extra or additional revenue streams apart from the per employee per month in terms of employee efforts that we have.

Shrey Loonker:

Excellent. That's very detailed. The other bit was these new initiatives that you highlighted, PulseHR.ai, HRMS V2. These two specifically, if you can help us understand how should we as investors see as outcomes on implementation of these two products?

Natarajan Laxsmanan:

So, see, the HRMS Version 2 is basically an integrated console. So today, we have our HRMS system, which is separate and then we have our payroll system, which is separate. With this HRMS Version 2, it is going to be an integrated solution that will come in.

So, the data movement between both these platforms is going to be smooth. So from a customer perspective, so there's going to be an effort reduction in terms of data reconciliation between these two systems because it will be seamless.

From an Alldigi Tech perspective, again, this is efficiency that will be gained. I already mentioned we are looking at about INR3 crores of efficiency gains. This will be one of the major contributors that will come in from that perspective.

PulseHR.ai, again, is predominantly internally focused from an Alldigi Tech perspective. So, these are AI that comes in, in terms of how we handle the inputs coming in from our various channels.

So that is something which is now going to be technology enabled. So, the manual interventions will go away. So, which means efforts are going to come down. It's going to increase my efficiency accurately and as well as it is going to reduce my turnaround time. So that also will contribute to the efficiency. So, both these put together will directly result in efficiency, which means we're going to be more attractive to our customers.

The effort or the contribution that is needed from our client HR teams will come down and this will improve the performance in terms of accuracy and turnaround times. So it's a positive and also it's something which is needed as far as the market demand is concerned.

So, this is overall a positive, this should help us land more clients, we'll become more attractive to some of the clients who are not able to accommodate us in the past because of separate systems.

Shrey Loonker:

Excellent. The other -- can I have two more questions. Should I fall back in the queue? Or can I continue?

Natarajan Laxsmanan:

We have just a room for one more question. We are already behind time.

Shrey Loonker:

All right. So, I'll just restrict it to one then. If you can give us some capex outlook because over the last 3 years, your depreciation has gone up double -- your depreciation run rate has doubled.

And over the last 5 years, we've seen Alldigi really upgrade itself and do a lot of capex around it. If you can give us some idea around the capex outlook and the depreciation outlook for next

year, given that we are very conservative on depreciation accounting, that would probably be helpful.

Avinash Jain: Sure, Shrey. So, see, as you would have seen, we have updated in our previous calls that we are in process of upgrading our offices in Chennai and Noida. So, for Chennai, we have identified a facility where currently, we are building our new office.

So that will, of course, lead to some investments to the tune of INR20 crores. And otherwise, we remain pretty much, I would say, consistent in terms of our admin and facility capex is typically in the range of INR20 crores to INR25 crores for a year. So, I don't foresee any significant changes to the depreciation part other than probably the office which we are building. So that may add a couple of crores for the year.

Shrey Loonker: So essentially, our depreciation -- the full year depreciation next year should not be more than 10%, 15% higher than current year?

Avinash Jain: Yes, yes.

Shrey Loonker: I mean, actually much lower actually, sub-10% actually...

Avinash Jain: Yes. So currently, we are standing at about 58.6Cr. So of course, depending upon what finally the capex projects are approved and implemented, we may be somewhere in that range which you mentioned.

Moderator: Ladies and gentlemen, that was the last question. And with that concludes the question-and-answer session. I now hand the conference over to Mr. Natarajan Laxsmanan for the closing comments.

Natarajan Laxsmanan: Thank you very much, all of you, for the time today. It was a very interactive session and the kind of questions gives us an insight of how deeply involved you are in Alldigi Tech. So, thank you very much for the support and the interest that you're showing in Alldigi Tech and we'll definitely ensure that we meet up to your expectations and continue to excel.

On the back of a strong performance in FY '26 across all parameters, we are looking for a best year ahead in FY '27. Our investments and core business drivers continue to support us. We are very well poised to capitalize on the opportunities and continue to deliver superior financial and operational performance.

With that, we would like to close the call and look forward to interacting with you again in the future. Thank you very much.

Moderator: Thank you, members of the management. On behalf of Alldigi Tech Limited, that concludes this conference. Thank you all for joining with us today, and you may now disconnect your lines. Thank you.