**IDAL/2026-27/SE/70** August 07, 2026

**National Stock Exchange of India Limited** Scrip Code: INTELLECT
**BSE Limited** Scrip Code: 538835

Dear Sir/Madam,

**Sub**: **Disclosure of Transcript of the Earnings call**

Please find attached herewith the transcript of the Investor Earnings Call held on July 31, 2026 on the unaudited financial results for the quarter ended June 30, 2026.

The Transcript of the earning call is also available on the website of the Company.

Kindly take the above information on record and confirm compliance.

Yours truly,

For **Intellect Design Arena Limited**

PRAKASH BHARADWAJ
Digitally signed by PRAKASH BHARADWAJ
Date: 2026.08.07 11:08:12 +05'30'

**Prakash Bharadwaj**
**Company Secretary and Compliance Officer**
**ACS- 37214**

Encl: As above

## Investor Earnings Call Transcript

**Praveen Malik:**

Greetings and welcome, everyone. Thank you for joining us today to discuss the Intellect Design Arena Limited financial results for the **first quarter of the fiscal year 2026-27** ending 30th June 2026. The Investor Presentation and the Press Release have been sent to you and are also available on our website.

Our leadership team is present on this call to discuss the results.

We have with us today,

Mr Arun Jain, Chairman and Managing Director.

Mr Manish Maakan, Executive President & Group Chief Revenue Officer and CEO of Wholesale Banking.

Mr Rajesh Saxena, CEO of Consumer Banking.

Mr Banesh Prabhu, CEO of IntellectAI.

Ms Vasudha Subramaniam, the CFO.

Mr Vikas Misra, Chief Strategy Officer

Mr Deepak Dastrala, CEO of Purple Fabric.

Besides, some of the other senior members of the Intellect Management Team are present in the call. Now I hand it over to Manish to give his comments on the results. This will be followed by the comments of Vasudha. Then, we will be in the Q&A session where your questions will be replied by the senior members of the management team. Once the Q&A starts, you can ask a question by clicking on the raise hand. And then we will unmute you, and you can talk to the management.

On safe harbour, I would like to remind you that anyone, anything which we say, which refers to our outlook for the future is a forward-looking statement which must be read in conjunction with the risks the company faces. With this, I request Manish to give his briefing. Over to you, Manish.

**Manish Maakan:**

Thank you, Praveen. Good evening, everyone. Thank you for joining this Q1 FY-27 cascade. A theme for this phase is growth by design. I think that's what we introduced at the beginning of this year and how we are doing. I'm going to focus on giving you some evidence of what growth is, and then we're going to talk about the algorithm which makes that growth happen. Our total income has reached ₹872 crores, growing 19% year on year. License link revenue has grown by 17% to ₹457 crores, and we secured 19 strategic wins and expanded our pipeline to ₹13,000 crores. The number of Destiny deals has crossed 100 for the first time, and we have converted seven during this quarter. None of these is an isolated outcome; they reflect a deliberative growth system connecting our research, platforms, priority markets, customers and execution. Today I will explain the algorithm behind this growth and how we are working to make it increasingly repeatable and predictable.

So, the two platforms which are creating the unfair advantage for our growth journey are eMACH.ai and Purple Fabric, around which we have been making most of our investments and growing live. The data points for each of them are listed here. Our moat is not one technology. These are two different, distinct technologies. It's the combination of composable banking and AI which is making the difference in the world.

It is our ability to reuse proven capabilities, reduce implementation complexity, lower total cost of ownership and bring differentiated propositions to customers with greater speed and certainty. The question is whether this differentiation is producing commercial evidence. Our Q1 performance demonstrates that it is making a difference. We go to our core strategy, which connects all of this value. I think the first pivot of our strategy, where we are making significant investments, is AI-first, and how this AI-first is making an impact on our lives is we look at it; I look at it from two perspectives.

#1 First is external monetisation. How Purple Fabric is creating standalone enterprise AI opportunities while increasing the differentiation of eMACH in broader transformation decisions. We are focused on selling PF as a platform and as AI-first in all our eMACH stories. So, each of the wins you see would not have been possible without either one of them. Financial institutions need more than access to a language model, which we hear a lot out there. They need an AI that can work with Enterprise Knowledge, establish workflows, governance, frameworks, security controls and regulatory requirements.

#2 The second value we have seen from AI is internal transformation. We are expanding AI adoption across engineering, testing, implementation, customer support, and business operations. Our objective is to increase execution capacity, shorten delivery cycles, and support operating leverage over time. Our second growth engine is focused on execution in strategic markets. North America has become one of our most important growth markets, and we are parallelly pursuing our continued growth around Europe, the Middle East, India and APAC.

#3 Our third growth engine is productising our domain expertise. Our portfolio addresses across Wholesale Banking, Core Banking, Digital Banking, Lending, Wealth, Insurance and Commerce. Purpose-built propositions in each of these areas, such as Islamic banking, Custody and Credit Unions, allow us to address specialised opportunities with greater repeatability. This is the power of True eMACH.

#4 Our fourth growth engine is strategic customer expansion. During quarter one, we secured 19 strategic wins and completed 16 transformations. And over the past 12 months, we have achieved 61 wins. So, you would see the average of 61 over 12 and 19 in the last quarter, showing that the number of wins is growing. A strategic win is only a beginning.

Successful implementation creates customer value, customer value builds trust, and trust gives us the right to expand across additional products, business units, and geography. These are the four pillars of our growth algorithm.

In Q1, as I said, North America is helping us make an impact. One of Mexico's largest banks selected eMACH.ai CBX, and this is a franchise of one of the largest global banks where the digital engagement platform on the Corporate Banking, Wholesale Banking side, across all lines of business, was chosen.

We have six credit unions in Canada adopting a digital engagement platform. This further reinforces the investment we made about a year ago in Canada, and our wins are continuing across that. It ratifies our investments and strategies consistently. Europe is where we have been winning enough before also. Another large top five bank in Europe, for their investment services and asset management side, they looked at our eMACH.ai CBX to make a transformation over there. In Middle East, last quarter we had, war had impacted us, but this quarter has been very large for us from post war for us over here. The war has also forced banks to really think through the infrastructure and actually are putting more investments to solidify and upgrade their infrastructure. So, we saw a number of wins in the Middle East from that perspective.

India home-grown market, one of the largest financial service companies picked up Purple Fabric as a complete enterprise open business impact AI platform. So, we are winning AI in eMACH as well as individual platform deals. We had another three custody deals, which shows us wealth is coming into India, also supporting the market strategy. We won three large deals on the Custody side, further expanding our market leadership in India.

From an APAC perspective, we had two deals across Southeast Asia and one deal in East Africa, further expanding our individual franchises over there. So, you look at it, it's been a very balanced portfolio across markets, winning across all five geographies where we operate out of. Our pipeline, as I said, grew ₹13,000 crores, 15% year on year, and we've crossed 100-plus destiny deals. This is giving us confidence that our investments are in the right direction; our results are proving that execution is backing where our investments are going. And we had seven large strategic deal wins which we had during the last year.

These are statistics on our deal size band: about 50 crores, 29 deals. So, we have a varied portfolio; we are not singularly dependent upon either large, medium or small deals. So, a balanced portfolio across markets, size of deals and platforms. I think that balanced approach of what Arun has been consistently saying is that's the Arena, Arena across products, Arena across markets, Arena across types of deals. So, that's consistently making us remain consistent on that performance. The 20% promise, LTM basis, we continue to live up to that in that plus-minus 2-3%. That's where our journey is currently.

So, what are the other additional markers of success? Analysts consistently rank us number one, not across one platform. IBSi is one of the most popular sales league tables, which collects data from everyone. And this is where they showed us our leadership in the last

12-month period, who has been number one in winning deals across that. So, this is a sales metric.

Going on to the next slide is a qualitative metric where the analysts on our capabilities are commenting on where we are in the leadership magic quadrant. The industry awards confirm that our assets have been used and they made an impact- business impact- and the industry rankings and customer recognitions. All these are proof points of why eMACH.ai is being adopted and why we consistently get recognition around the globe; we are getting these successes.

This is the other proof point: if we look at the last six/seven quarters, what our performance has been. On an LTM basis, we have been from Q3 FY25. We have been consistently growing. This consistent growth is what we are looking at. I think we have always said, let's look at an LTM basis. This is a proof point of that data being plotted to show on an LTM basis how our growth has been. Our investments are being done on an LTM basis. Our growth is around that. All proof points are around that. I think this would make each one of the investors feel comfortable and confident that the support you extend to us is going in the right direction.

Additionally, to continue building the market momentum, there are enough market events we participated in, along with our sales and marketing teams, to ensure our brand is visible and is consistently celebrated. These events are now also markers for me to actually close deals as well as to make those last-mile customer-to-customer references. So, been very successful across, and again you see it, well spread out across all markets. So, the balance of portfolio in all execution is evident from this.

To continue supporting this, we are continuing to make balanced investments in senior talent leadership around AI and our go-to-market capabilities and our technology capabilities of how we support and continue to extend our moat for Intellect's AI-first growth agenda. I would now request Vasudha to share the financial details.

**Vasudha Subramaniam:**

Thank you, Manish. Good evening, everyone, for joining us. Let me take you through our financial performance for the first quarter of 2026-27 and then provide a broader perspective on our last 12 months of performance, which in our view is the best indicator of the structural progress we are making as a business. So, Q1 was another quarter of healthy growth, disciplined execution and strong cash generation. We reported a total income of 872 crores, representing a 19% year-on-year growth over Q1 of 2025-26. Our license-linked revenue comprising platform license and annual maintenance revenue increased to ₹457 crores, up from ₹389 crores in the corresponding quarter last year, representing a 17% year-on-year growth.

Moving to profitability, EBITDA increased to ₹194 crores compared with ₹176 crores in Q1, while PBT increased to 135 crores compared with 126 crores in the corresponding quarter last year. Our platform-led operating model continues to provide operating leverage even as we invest for future growth. Let me now turn to what we believe is the more meaningful perspective of the last 12 months. On an LTM basis, our total income reached ₹3,299 crores compared with ₹2,690 crores in the previous corresponding period. Licensed-linked revenue increased significantly to ₹1,734 crores compared with ₹1,324 crores a year ago. Platform revenue nearly doubled to 595 crores while licensed revenue increased to ₹554 crores and AMC to ₹585 crores.

Our LTM EBITDA increased to ₹721 crores compared with ₹646 crores in the corresponding previous period, reinforcing our ability to scale profitably while continuing to invest for long-term growth. Our LTM PBT has crossed 500 crores as of Q1.

Another important highlight this quarter is our collection performance. Collections for Q1 increased to ₹763 crores compared with ₹586 crores in Q1 of last year, representing a growth of approximately 30%. This reflects disciplined execution, healthy customer collections and continued focus on our working capital management. Looking at the broader picture, LTM collections increased to ₹3,221 crores compared with ₹2401 crores in the previous corresponding period, representing a growth of approximately 34%. As of the end of the quarter, cash and cash equivalents stood at ₹1269 crores compared with ₹976 crores in the corresponding period last year, representing an increase of 30%.

So, this healthy cash position provides us with the flexibility of continuing to invest in AI, product innovation, strategic market expansion, and long-term growth opportunities while maintaining a strong and resilient balance sheet. In closing, we believe the financial performance this quarter reinforces the structural strength of our business model. Thank you.

**Praveen Malik:**

Thank you, Vasudha. Now we open it for the Q&A session. Please click on raise your hand to ask a question. Once again, I say, please click on raise your hand to ask a question. First, we have Mr. Meet Mehta. Meet Mehta from Prasun Exponentials.

**Meet Mehta:**

Yeah, the platform business or quarter-on-quarter?

**Vikas Misra:**

You can move to the next person.

**Praveen Malik:**

So, then the second we have Rucheeta Kadge. Rucheeta Kadge from CJ Shah.

**Rucheeta Kadge:**

Basically I wanted to ask on the platform revenue side. So, we have usually seen a Q-on-Q growth because it's a recurring kind of business. But this quarter there has been a degrowth in that Q-on-Q. So what led to that, and how do we see that number going ahead?

**Vasudha Subramaniam:**

See, first of all, I mean, the same thing that we have been saying in every investor call: not to measure us on a quarterly basis, because last quarter was the last quarter of the financial year, the previous quarter, and so there had been some true-up in some of our deals, and so you will see some spikes. And there is nothing like de-growth; it's still looking to continue.

**Rucheeta Kadge:**

I understand on the license part of it, right? Because it's kind of a bulk revenue. But I'm talking more on the platform revenue side, which is recurring in nature. Like if you get that, it has to come, right? Incrementally, it has to get added, which has gone down.

**Vasudha Subramaniam:**

If you look at the quarter-on-quarter numbers, say for example, if you look at the first quarter of last year, it was about ₹155 crores, and then it was ₹137 crores. So, we are still in the same line; we are about ₹140 crores this quarter. It's not significantly changed. Just that in the last quarter, we were able to get some additional revenue because of the true-up of some of the subscription deals that we had contracted. And that is the reason.

**Rucheeta Kadge:**

So, is it like some of those subscriptions have now ended and further we now have to add more customers?

**Vikas Misra:**

Ruchita, it's not like that. See, many of our contracts are based upon the transactions, especially in the subscription space, where we are typically, in the case of Magic Submission, where it totally depends upon how many transactions or how many policies are being processed by the platform. As Vasudha said, last quarter was the final quarter of the financial year.

So, we did see a good spike in the transaction volume in the last quarter. Nothing to worry about. This is consistently growing platform revenue. Yes, last quarter was a spike. So, that's the reason perhaps you see an aberration.

**Manish Maakan:**

Let's look at the LTM basis. It's close to 600 crores. And it's double of what it was 12 months ago.

**Rucheeta Kadge:**

We should not look at it quarter on quarter. We should look at it more annually or same again.

**Vikas Misra:**

Absolutely

**Manish Maakan:**

This is not customer runoff. There are spikes. Some contracts have, if usage goes up, you get that spike in. But over 12 months, if you average that out, that will give you what the average is. And if you look at it on a 12-month basis, it's close to ₹595 crores.

**Rucheeta Kadge:**

Okay. And that should grow at whatever the company is growing at, right? Annually 15-20% of growth. That's how we should look at it.

**Manish Maakan:**

That's where we are investing and moving towards.

**Rucheeta Kadge:**

Got it. And on the expenses side, do we see a gradual reduction in it? Because we still see, like, around ₹120 to ₹130 crores above what we were doing earlier. Earlier, it was ₹550 crores, which we used to do quarterly. So, when do you see that scaling down; the expense part?

**Vasudha Subramaniam:**

Expense is increased by only about ₹14 crores from last quarter to this quarter.

**Rucheeta Kadge:**

Quarterly yes. But earlier, right, we were at a run rate of ₹550 crores; then we increased it for AI and employee cost had gone up because of the calibration of the new company, a new segment which we took from a particular company, right, the Canada-based one. So, that's why I was asking like, do we see that it should reduce, or do you see that incrementally now the addition should be lower?

**Vasudha Subramaniam:**

See, last quarter we specifically made some investments in Purple Fabric that we called out in the beginning of the last financial year itself, and we invested close to about ₹72 crores, but this quarter we have not made any incremental investment. So, in fact, out of the increase of ₹14 crores last quarter to this quarter, ₹7 crores are on account of ESOP cost, and the remaining is anyway the BAU cost. We don't see any major increase in the cost, but of course we do have some plans to make some investments.

**Praveen Malik:**

Thank you, Rucheeta. Next, we have Mr Rahul Jain from Dolat Capital. Rahul, please unmute yourself.

**Rahul Jain:**

Yeah, hi. Thanks for the opportunity. First of all, congratulations on a strong license win during this quarter. Can you just talk about how we are seeing the momentum right now? Are we seeing an increased demand for license-based deal wins, or are we seeing an incremental trend towards subscription-based demand coming within our customer base? That is part one of the question.

And secondly, just on the cost side of it, we are seeing cost increase quarter on quarter. I understand we are investing in the business, but is there a point beyond which we think the operating leverage should start playing out with this kind of growth? Thank you.

**Manish Maakan:**

Rahul, if you look at license as well as platform, the revenue for that in this quarter as well as on an LTM basis is consistently close to each other, those numbers are. Different quarters, different models are pursued, different segments of customers, either platform or license. So, that balanced approach is keeping us. The intent is to grow the platform revenue. That's why, if you will see on an LTM basis, it's doubled up from that perspective. The license used to be a stable revenue for us. Platform revenue is growing. And that's where we are making investments in AI to support all of this.

**Arun Jain:**

To respond to the second question, I think that Rucheta asked the same question to Vasudha on the cost side: ₹550-₹677 crores. Total cost this quarter is ₹677 crores versus ₹663 crores last quarter. So, those costs are now inherent in the cost. If Purple Fabric investments are done, though mainly in the technology business, the people cost. So, people cost remains constant. It doesn't come down quarter on quarter. So, we will not come back to a ₹550 crore cost base. So, if that is the expectation, which is there.

The operating leverage, which Rahul is asking, will come in this quarter; we didn't have a salary increase. So, the cost of headcount increase, it remained constant. ₹7 crores went into RSU, ESU, and ESOP, and the remaining 7 crores went into additional event marketing and travel; those are the costs it went into. So, the good news is that headcount cost and whatever the salary increase cost is there, it got accommodated into the same cost structure. That's very positive news from that perspective that operating leverage can start coming now.

**Rahul Jain:**

So, sir, just to conclude from your remark, which you just mentioned, is it safer to assume, given that we have decent growth momentum thought process on an annual basis, we should be improving the EBITDA margin on a FY27 to FY26 basis?

**Arun Jain:**

Sure, sure. You can assume that.

**Manish Maakan:**

You have seen the last two quarters are above, close to an ₹850-crores mark from a ₹700-crores mark to an ₹850-crores mark. The needle has changed. I think where we need wishes is how soon we can get to the 900-crore mark, and that's what we are driving.

**Rahul Jain:**

Yeah, I’m sure you will achieve it soon. Thank you. Best wishes

**Praveen Malik:**

Thanks, Rahul. Next, we have Mr Neel Chhabra from Resight Ventures.

**Neel Chhabra:**

Hi, good evening, everyone. So, largely, if you think about it on a run-rate basis, we are at ₹3,000 crores of revenue right now with over like 6,000 employees. So, if you look at revenue per employee, we are roughly at ₹50 lakhs. And if you look at our peers like Oracle, they are doing roughly ₹1 crore per employee. Or Temenos, they are at ₹1.5 crores. Or even nCino, they are at ₹2.5 crores per employee. Like, I understand, partially, this is because we have a service mix in our business as well. But directionally, where do you see this moving over, let's say next 3-4 years as our platform and license link revenue increases, where this number could go? How are you internally, as management, looking at this number?

**Arun Jain:**

I think it depends on the investment a company is making. We have a 1200-people research team in the company to sustain this growth. If you cut down those 1200 people, we can increase the margin by ₹400 crores per year. So, the question is that a lot of the time, the company doesn't invest sufficiently to keep the momentum. We grew from ₹600 crores to ₹3300 crores in the last 10 years. Flexcube revenue growth numbers from the last 10 years are not the same percentage-wise.

So, obviously operating leverage will come in. So, your question and Rahul’s question are the same: operating leverage per head count your good metric is there: ₹50 lakh per employee; we will move towards ₹60 lakh, ₹70 lakh, ₹80 lakh, but I think we don't measure that; we measure what is required for strategic business; we invest that way. So, we are not running on these metrics of headcount metrics or revenue metrics. So those metrics are not part of the business agenda, but yes, to respond, this will definitely improve.

**Neel Chhabra:**

If you look at division-wise, like obviously iGTB has a different kind of maturity, iGCB has a different kind of maturity, and the economics would look completely different given the life cycle of the state of business is in. So, if it is possible for you to just showcase, at scale, like I think I'm sure iGTB must be doing like over 40% of operating margins given their scale. But if you can just give a break of, if possible, division-wise, if management is comfortable doing that in the coming quarter.

**Vikas Misra:**

Yes, that's a number we usually talk about during the annual thing because it won't be right to talk every quarter. But your point is very valid. Definitely, each of the businesses is at a different stage of maturity. Usually, we do not go ahead and disclose this at a quarterly level but definitely when we have the annual call, we will talk about it.

**Manish Maakan:**

In the last quarter we did that. Headcount is not what we look at.

**Neel Chhabra:**

Like not on the headcount basis, like I am just saying maturity basis, like iGTB is mature and mature is what margin it is making. iGCB is a young growth company, and what margin they are making. Purple Fabric could be completely new; they might be loss-making as well, which is completely fine given the lifecycle of the business. But I was just asking like, how do we look at like as the business matures, what does the status of the economics look like? So, it can break up on that in coming years, on an on a annual basis only if you can do that in coming years. That would be helpful to gauge.

**Arun Jain:**

Yeah, the only thing you can look at is, right, iGTB will be operating at a much higher margin. But headcount revenue from iGTB will be much higher than the ₹50-lakh average. That will be at least 30-40% higher than our parent numbers; our iGCB will be in the same range, or AI will be in the slightly middle range. So, that indication we can give that all three maturity indices that you are plotting are perfectly in line.

As of now, we don't declare that number to unnecessarily make one business look smaller than another business. It gives them feeling to the employee that whether I am performing better than others. So, it's not a practice we want to create that observation in our employee community because results are seen by the employee community also.

So, that is not an appropriate metric, but from your perspective as an investor, what I'm giving you is an indicator that every mature business can go to the same number at Flexcube. So, if that is the number you are looking for, iGTB will be closer to the next two to three years, closer to the Flexcube profit margin numbers.

**Neel Chhabra:**

Alright, thank you so much.

**Praveen Malik:**

Thanks, Neel. Next, we have Mr Arvind Arora from A Square Capital.

**Arvind Arora:**

So, sir, what's our R&D budget for the current year and the next year? If you can throw some light on that. And when can we expect magic in the numbers of this hard work that we are putting?

**Arun Jain:**

What is it? Sorry. First is simple: we spend 20 billion dollars in R&D. And each year on year dollar is more budget for us. So, we had ₹160 crores last year; it will be ₹180 to ₹200 crores with the R&D budget for this year. It can go up to ₹200 crores for this year, between ₹180 and ₹200 crores. What is the second question you asked?

**Arvind Arora:**

So, what's the area of focus on this R&D that we are, where we are spending on?

**Arun Jain**

There are two platforms that Manish had highlighted. eMACH.ai and Purple Fabric. Purple Fabric is the core area. It has huge potential which is there. We have 528 patents in Purple Fabric. So, this is the area where, as an investor, after multiple conversations, your focus is on lag indicators, and as an investor, you're not looking at lead indicators. So, your questions are not on the lead indicator; your questions are on the lag indicators.

If a Silicon Valley investor were there, then he would be looking at lead indicators rather than lag indicators.

**Manish Maakan:**

And I share two levers of AI: one is externally, second is internally.

**Arun Jain:**

So, that's where I think we are very bullish about what the potential is: Purple Fabric is going to offer for the R&D spends, which is a peanut compared to the AI space where people are investing $200 million a year; we are investing $20 million a year, which is across multiple lines of business. So, that's our current state, but AI is a core area of investment.

**Arvind Arora:**

Understood. And sir, like earlier you used to mention our focus is on incremental ₹100 crores. So, now if you look at our base, it's increased drastically. So, now, like how we are looking internally, like still we are looking at incremental ₹100 crores or is there any shift on the target part?

**Arun Jain:**

No shift. Every three quarters, ₹100 crores.

**Arvind Arora:**

Ok. So, then sir, our growth would not be like at least 20% if you are focusing only on ₹100 crores.

**Manish Maakan:**

Don't ask the last point question. You are right now seeing 19% LTM basis. You are seeing the last 6-7 quarters consistently. 23% LTM. The last two quarters close to ₹850 crores operating income. Let's just state less and focus on performance.

**Arvind Arora:**

Okay. Thank you, sir. All the best.

**Praveen Malik:**

Thanks, Arvind. Next, we have Mr Kushal Goenka from Mangal Keshav Financial Services.

**Kushal Goenka:**

Hello. So, my question was more on the gross margin side. As per my limited understanding is that once you are moving up the value chain, like I'm extrapolating from the likes of, say, manufacturing companies, when those companies move up the value chain, the gross margin should inherently increase. So, if we are moving up the value chain to Purple Fabric and eMACH.ai, shouldn't our gross margins, which are around 58-59%, should increase, and that should lead to an increase in EBITDA margin also? So, I just wanted to know a thought on this.

And also, numbers like if we see we did around 350 crores of PAT and I think so still we are you know on a like to like basis I think so we would cross that number this year after say like four years. So, just wanted to understand if we are moving up the value chain, shouldn't the gross margins and then the EBITDA margins and hence the PAT should have increased? So, are the ROIC of the investments that we are doing, the R&D investment?

**Arun Jain:**

First of all, I think you compared technology- this is one of the first issues for Indian investors. Are you comparing a tech company with a manufacturing company? Now, definitely these margins will go up; one day it will go up so much that you will find excitement over there. So, the question is not about which metrics we are tracking. As an analyst, you track all the metrics. As business leadership here, we don't track these metrics. We look at market trends, forward-looking patterns that are coming in the market, and what the right investment is to be made. If we have to make the company survive for the next 20 years, survival for 20 years is that the institution should grow year on year for the next 20 years; our focus is that.

Our focus is whether the headcount is so much for headcount revenue, per gross margin, 56% becomes 58% or not. Those are very micro-focused numbers. Those numbers will automatically come if you cut down the investment. We made a major investment last year. Rahul has asked a question: if my headcount cost remains at ₹680, ₹600, ₹700 crores, it remains there. Then whatever revenue growth will come, it will come to the bottom line.

So, you just extrapolate from that perspective, as a lead indicator perspective. If ₹900 crores is the number, ₹950 crores is the number, and my cost, I mean, ₹700 crores, it will be ₹250 crores EBITDA. It's not rocket science to look at it; that number will be coming through in the next two to three quarters. But we don't want to drive our business towards that. Our driving is towards what is right for the customer, right for the market, and right for sustainability and growth. Growth by design is the point Manish had mentioned. Our focus is on how many companies in India have grown and crossed ₹3000 crores in revenue. Most of the companies are stuck at ₹800-₹900 crores just because the investments are not complete.

So, this is the core strategy as an investor to understand the theory of Intellect is ₹4000 crore/₹1000 crore. We mentioned about 2 years back, or 1 year back, one and a half years back, that we will be ₹4000 crores by 2028, ₹4000 crores and ₹1000 crores. I think we are running on those milestones, and ₹4000 crores and ₹1000 crores are good numbers for us to look at the thesis of investment.

**Manish Maakan:**

Predictability and quality are what we are focused on, and we continue to drive.

**Arun Jain:**

But if you compare quarter to quarter, platform to this, I think all are so; the market is so variable. No, and you don't want to get stuck in those areas. Some of the companies, when three years back you asked the question, platform revenue should be more. What happens to license revenue? You mentioned that it will be hybrid mode. It will never be a total platform usage.

And many questions were asked: this company has stopped giving license revenue, this company has stopped giving. If you understand the customer behaviour, we react as per Design Thinking to the customer behaviour and act accordingly. We don't get better patterns of trends. And that's a very myopic view of driving the business and sustained business growth.

**Kushal Goenka:**

Thank you so much, Arun. That's helpful.

**Praveen Malik:**

Thanks, Kushal. Next, we have Mr Vivek Taruga. Mr Vivek Turaga from Best Pals Advisory.

**Vivek Taruga:**

Mr Arun, you were not there in those 2-3 conference calls back; there was a mention about tailwinds in mainframe modernisation. You are building up the capacity for it. So can you comment on that?

**Manish Maakan:**

I also just announced that we have added a senior leader with a mainframe background. We have added in the team; that's why investments are happening. We are working with cloud partners, also hyperscalers, to bring from mainframe to cloud.

**Vivek Taruga:**

So, are we winning or are we confident? If you can throw light on it?

**Manish Maakan:**

We have multiple wins. We have announced that we are moving from mainframe to cloud; how do you move it at scale is what we are looking at.

**Vivek Taruga:**

Second question is, as you mentioned in the first slide, Mr Manish, you mentioned that you have an unfair advantage, like in the last five to six years of eMACH.ai plus Purple Fabric. If you can go deeper, like because of these two, how has our deal win rate been vis-à-vis competition? If you can explain to us why we should think it is an unfair advantage? I understand the technology part, but when you compare in the market, what kind of deals are we getting, or is it like what is that unfair advantage helping us? Is it like the sales cycle is becoming lesser? You can explain, sir.

**Manish Maakan:**

Good question. I'll give you an example of two of our young platforms, Trade Finance and Lending. There are far more mature platforms out there that have been ahead; in some platforms, I'm ahead of everyone else. Our win rate suddenly over there is growing because we started with AI first rather than conventional battle; we can demonstrate modern new technology with AI first that's driving wins for us, and that's what you're going to continue to see. Embedding all number of CPX you are seeing AI first in there is making that difference. So, eMACH just as an architecture which is compassable, hyper scalable, plus AI first, and then Purple Fabric as a platform, which is significant in North America for my insurance as well as individual platform deals. So, they are dual engine right now.

**Vivek Taruga:**

So, what way is it like, is it like convert, I don't know if I'm able to, is my, like, is it like only in two, three products or across the products we are finding unfair advantages of it?

**Manish Maakan:**

Across the products we are implementing, I was giving you examples of some of my young platforms where I would have taken much longer to win at the rates I am looking to win. The mature platforms are continuing to create an expansion because AI first is there. You saw several Middle East deals I have announced. My dominance over there- why is it continuing? Not just because of what I had before. It's the AI capabilities which is making that industry specific innovations.

**Vivek Taruga:**

So, my third question is this may be like repetitive but please for the greater clarity because Mr. Arun mentioned he will conduct some conference call for investors on AI and we couldn't do it So, whenever we speak to many institutions like Bajaj Finance or HDFC or even Equitas when we went for Analyst Day many were mentioning that there's a lot of software that they are trying to build in-house more than before because of people call it vibe coding or whatever. So, what is your view?

What part of the software are they doing more in-house? I understand few people can do, not everybody can do it, but how are you seeing this trend of build versus buy? Are you seeing any pricing pressures because of it? Because it's a little bit confusing. This part is confusing because there are institutions which are still buying, but there are institutions which are saying, no, we understand our business better than the vendors. So, we have allocated to the technology guy, and he will make sure we build.

So, what are they actually trying to build? Is it like the system of record that you apply or on top of it? So, if you can be more, like, if you can give any clarity on it.

**Arun Jain:**

And this trend is happening. There are some of the adventurous banks that are doing this. And this adventurous banker comes in now and then. When the internet started, they started building their own digital platforms. And they started knowing that I can build a digital application. Then after 10 years of their career, they started going to, you know, spending ₹500 crores. Before, you know, a state-run company was building their own internet platform. They believe that anybody can build applications.

So, I think this trend of Anthropic giving a promise, or Claude giving the promise that you can build your own applications, to me, few banks will succeed, but they will be spending more money than on the buying decisions. But anybody who is building their own platform will have to spend more money because they have to maintain the technology, they have to upgrade the technology, and the cost of technology upgrades in the long run. But those capacities are available in large adventurous companies and big pockets for them to spend their money.

It's a last 30-year trend: all in-house development processes led to the transition to some product companies.

**Vivek Taruga:**

So, you are not finding it a problem for winning deals or pricing?

**Arun Jain:**

It will happen. I think this trend will happen, and they will come back after two years, after one and a half years, they will come back, and a few people will succeed, which is very good for them because they have a deep pocket to invest in the money. Today, JP Morgan Chase spent some 5-6 billion dollars. Should they be spending 5 billion dollars for running a bank technology?

**Manish Maakan:**

20 billion dollars technology; budget is two billion just for AI.

**Arun Jain:**

20 billion dollars. Now 20 billion dollars for JPMC, why should they spend? If they buy the technology they should run, even their technology budget is bigger than any technology company itself. So, those are the things which makes that some decision once you do it yourself, then obviously the cost goes up.

**Manish Maakan:**

I will also add one more thing, Arun. If we rewind, 18 months back, when new technology came, we were also very bullish, Cursor, we will just write the code overnight. We realised it's not writing the code overnight. The discipline which is required to make things deterministic, putting guardrails, guiderails, each one of us write the same query on OpenAI ChatGPT, we get different answers. Why?

Here it can solve even in minor search it can't give consistently so I personally went through that but now we have invested very significantly with Purple Fabric to ensure deterministic remains there. Financial world is not probabilistic you can do some of your surrounding applications productivity those things very good. These are core infrastructures of banks.

**Vivek Taruga:**

Got it. No, I understand but I have one last question is. Sorry Mr. Arun you were explaining something.

**Arun Jain:**

I am saying a lot of service companies are going to bank now because they say I will help you build the bank product. There is another trend in the market because they are repositioning the service business to a product business. So, just to bring to your notice you will hear that thing from the service company will build a product.

**Vivek Taruga:**

But that is not, despite this, we can continue around 15 to 20% growth with all this because this keeps happening in your view.

**Arun Jain:**

We have eight markets. Some markets will go up; some markets will come down. Now, only two markets aren't present. One is Eastern Europe; one is Latin America. So, 9th and 10th market will add over the period of time. So, whenever we are going to add those markets.

**Vivek Taruga:**

And we will never go to Japan.

**Arun Jain:**

Japan is here, but we also need to invest money. Japan and Australia we have to invest money. We are present there, but they  have not invested money.

**Manish Maakan:**

Those are the next four markets: Japan, Australia, Eastern Europe and Latin America. Latin America just announced a deal in Mexico. It's adjacent to the US, so we keep going to adjacent markets to where core markets are.

**Vivek Taruga:**

So, I'm sorry he's repeating the same question, so we will do a 15-20% worth even with these trends, right?

**Arun Jain:**

Yeah!

**Vivek Taruga:**

So, last question. Mr Arun, you have carved out Purple Fabric as a separate entity, and then you also mentioned, when you were doing the first Purple Fabric investor meeting, that the pace of addition of clients would be drastically different in Purple Fabric because it can be done more horizontally. So, any reasoning why you carved out, and are you seeing any big traction over there, or is there any financial reason to do that like that?

**Arun Jain:**

We are working on 3-4 technologies in Purple Fabric, and that is the right question I would have expected today in the first question: what are you doing in AI, and why are we believing we are so bullish about AI, and why do we need a separate LOB? These are the three questions we will be asking after half an hour. I found that there is a lag indicator in the investor circle versus a lead indicator.

Because that is where the underlying future value of Goldmine is sitting, because there is a tailwind for AI. We have cracked one of the important points which Manish has looked at. Multiple technologies in last nine months, we have cracked a complete deterministic knowledge grid because the AI accuracy in industry is less than 80%. A lot of the time, Co-Pilots are used only for value upgrade, Cursor are used for just coding, but none of them is delivering value.

Today, we have designed a technology which has got a substantial accuracy and will be launched in the next two months. And this product has the ability to reduce three months' effort to three weeks' effort. And that is under the marketing GTM we are working on. We are testing this technology within Intellect. This technology has been tested in 78 different projects at Intellect.

We piloted the technology on the 15th of May. Between the 15th of May and 15th of July, we have reached 78 projects using this technology. Very early signs are that effort can come down by 60% total for the same project size. So, now you suddenly as an investor, you will jump to the point: what is the headcount reduction?

I'm saying the lead indicator shows that this is happening. It will take another three months for this technology to reverse-engineer our processes and systems, designed on SDLC, how do we move from SDLC to AI-DLC? And that is where many transitions in the company we are working on, that new methodology will evolve, and it will be more participatory with the customer. And this technology is so magical that within two hours, I can show the customer the spatial graph of his application, which nobody in the world has been able to do.

It's beyond Anthropic, which is using Claude. And that is where the significant potential is sitting there in the AI world at Intellect.

**Vivek Taruga:**

So, you have carved out because we are looking at new technologies, and it can fasten our, like, is there any other reason or is it just that it is going to address?

**Arun Jain:**

It's a different company altogether. It's a technology company, and Purple Fabric is a technology LOB.

**Vivek Taruga:**

Mr Arun, this is a request. You said you would conduct a conference call for investors explaining these things.

**Manish Maakan:**

In the next two months, we'll do the AI conference call, and then I think we should look at an investor meet also.

**Arun Jain:**

It's pending on me. We'll do it.

**Vivek Taruga:**

So, the last, just one small calculation. So, with all this given, for the future outlook, we have a content of 15 to 20% growth, right?

**Vikas Misra:**

You'll continue to get the same answer.

**Vivek Taruga:**

Thank you all the best, Arun, and thank you very much.

**Praveen Malik:**

Thanks, Vivek. Next, we have Mr. Ravi Mehta. Ravi Mehta from One-Up. Ravi, please ask your question.

**Ravi Mehta:**

Hi! Thanks. I just wanted to know if the newer deals where you are embedding Purple Fabric with eMACH, is there more customisation as a new norm? How does these deals happen?

**Vikas Misra:**

Can you repeat the question, Ravi, please?

**Ravi Mehta:**

Yeah. So, see what sense I got is that Purple Fabric is getting embedded in a lot of eMACH deals. It's kind of a blended offering. So, in such kind of deals is more customisation a new norm?

**Manish Maakan:**

No, no. So, just think of what is business operations. The operations flow is taken care of by eMACH. The intelligence flow over there is being taken care of Purple Fabric. As the intelligence flow consumption will increase you will see magic happen. The hockey stick you are asking for it will start returning there. Because the units of intelligence flow are different from licensing.

**Ravi Mehta:**

Okay. So, it's not like every deal has to be customised as per the requirements. Do platforms work in sync?

**Vikas Misra:**

You're right. Ravi. I mean this doesn't we don't have to customise everything because even in Purple Fabric we have very well-defined solutions that sit on top of our eMACH.ai platform and they work seamlessly with that so there is no need for us to go back to the customers and undertake the customisation exercise.

**Ravi Mehta:**

Sure, also I had a question on the internal use of Purple Fabric what I was given to understand that a lot of internal piloting is also happening. So, what is the kind of, I think you were just explaining about in the previous question about the efficiency cut down. So, what is your take on the internal use of Purple Fabric in terms of efficiency and cost savings? What have you experienced?

**Arun Jain:**

Yeah, so this effort saving will be there. As of now, we are not looking for them. Again, our focus is not headcount cut. Our focus is not about immediate cost saving. Our focus is how do we deliver to the customer faster. If I deliver the project early to the customer. If I can deliver six weeks before the delivery date and make the customer happy. That the first focus for us.

It will result into I am saying, from an effort perspective, I give an indication it can have the potential to save 60% of development efforts. That will come into action maybe two quarters later; it may come into action a quarter later, but those kinds of potential are there. And that risk is there for all the IT services companies that if development efforts come down by 60%, then it's a major risk for the industry.

**Manish Maakan:**

I'm looking at the number of quarter 4 go-lives; can I do them in quarter 3? The realisation of revenue faster, delivering is first time right. And you know our portfolio 80-85% comes from existing customers, can actually start cleaning out everyone else.

**Ravi Mehta:**

So, I think I had a related question which is partly getting answered: implementation revenue has been historically close to 45% of our revenue. Even though we have grown to this level. Now, if this thing pans out, then that can shrink meaningfully if the rollouts are faster and, you know, your go-lives are faster and the revenue recognition is happening. Is that a fair understanding of the revenue mix changing?

**Manish Maakan:**

Don't think of that. We are not in a time-and-materials business where, if it happens faster, our revenue could reduce or things like that. It's a fixed-price work; we do quite a bit of that from an implementation, and we drive productivity with that. So, like Arun said, two primary focuses.

# Deliver first time right.

# Deliver six weeks ahead of what you have committed.

That's where your focus is.

**Ravi Mehta:**

So, faster go-live means faster revenue recognition also. I am saying your subscription faster than the implementation because of the speed.

**Manish Maakan:**

That is QED.

**Ravi Mehta:**

Sure. Sure. Okay. And just one follow-up. Just a little bit number specific. Sorry for bothering this, but this quarter, we had an exceptional license revenue flow which still had, you know, kind of lower gross margins. So, are there any direct spends on the tech side or AI side which we are recognising in the, you know, software development line item? I just want to understand whether the spends for the future which are getting, you know, recognised here and hence we are seeing the gross margin which is so good.

**Arun Jain:**

We answered this question. Repeat the call, you'll find the answer. It was answered, and maybe you have not paid attention to that.

**Ravi Mehta:**

I was there; I think somebody was asking about higher technology and all those things. My limited point was only higher license historically tends to flow down, but this quarter it hasn't if I just look at. So, are there any incremental spends that we are reporting for software development?

**Arun Jain:**

No, the simple thing is: don't break down and don't analyse the numbers. You need to look at it: is the growth of 23% good for you as an investor or not? This is the number; this license should flow here, should flow there. We explained it's a ₹14 crore cost increase in this quarter; seven crores are for RSU/ESOP, seven crores are for business development, and travel that's the possibilities which I have for them.

**Manish Maakan:**

See, 23% LTM basis revenue growth, 31% license-linked revenue growth, which is higher margin, close to 20% gross margin growth; these are all leading indicators that say we are in a healthy state, and I think the management confidence of investing and delivering those investments to deliver this I think that's what matters, right?

**Vasudha Subramaniam:**

Yeah, a few crores between the quarters. If you look at the LTM growth, it's about 19% growth in the gross margin. And if you look at the current quarter's gross margin, it's 57%. So, maybe if you had listened to some three, four quarters before, we had said that we would like to hover around 56-57% of gross margin. So, we are anyway within our target.

**Ravi Mehta:**

Okay. Thanks.

**Praveen Malik:**

Thanks, Ravi. Next, we have Mr Vipul Kumar Shah from Sumangal Investments

**Vipul Kumar Shah:**

So, what is the cumulative spend  we have done on for developing Purple Fabric till date?

**Vasudha Subramaniam:**

Sorry, sir, come again please.

**Vipul Kumar Shah:**

What is the total spent we have done for developing Purple Fabric till date?

**Arun Jain:**

Till date it would have been over ₹700-₹800 crores over the last 8 years. Almost ₹100 crore per  year we have spent.

**Vipul Kumar Shah:**

And all have been charged to P&L sir?

**Arun Jain:**

Charged to P&L yeah or whatever the capitalisation we do.

**Vasudha Subramaniam:**

Partly into P&L, partly into development. Up to the stage of you know doing a feasibility study it will be to the P&L. Once the technical feasibility is done and the roadmap is clear it will get into development. I mean C1

**Arun Jain:**

It's a part of C1 once it's when it is 180 Crore  investment.

**Vipul Kumar Shah:**

Okay and lastly we are going to de-merge Purple Fabric into a separate company. Right sir?

**Arun Jain:**

No sir. No no there is nothing like that. Are you suggesting sir?

**Vipul Kumar Shah:**

Yeah! I am suggesting. Why don't you do it? What do you mean by having a separate this thing which you are in your press release?

**Vikas Misra:**

It's a separate line of business so that the required and desired focus can be given to this particular initiative. We heard you in terms of the demerger but as of now there are no such plans.

**Vipul Shah:**

Okay. Thank you, sir, and all the best.

**Praveen Malik:**

Thank you. There are two more questions out there. Should we close or take the questions?

**Vikas Misra:**

Please go ahead, Praveen. We can take the questions.

**Praveen Malik:**

Next, we have Mr Pranay Jain. Mr Pranay Jain from Banyan Tree Advisors.

**Pranay Jain**:

Thank you so much for the opportunity. Just one question on Purple Fabric. I wanted to understand, you know, the kind of things that we are doing on Purple Fabric and some of the deals that we have announced previously. Can we kind of cater to more non-BFSI clients, which could possibly expand our TAM for Purple Fabric?

**Arun Jain:**

We are using another unit called Direct to Corporate. They are APX and procurement space, we are expanding to other customers. So, we are using Purple Fabric for non-banking clients.

**Vikas Misra:**

It’s already in motion, Pranay.

**Pranay Jain**:

Got it. Okay. Got, yeah, that's it from my side.

**Praveen Malik:**

Thanks, Pranay. Last, we have Mr Sandeep Nabira. Mr Sandeep Nabira is an individual investor.

**Sandeep Nabira:**

Good evening, everyone. Thanks for accommodating my question. I think a couple of quarters back we announced that we have some 14-15 strategic implementation or kind of, you know, consulting companies. And we said we would be using their domain expertise to extend Purple Fabric in the respective domain. So, has there been any progress on that?

And the R&D what do we talk about? Are we spending to extend Purple Fabric to other domains?

**Manish Maakan:**

We are using cloud partnerships and AI partnerships on Purple Fabric. The domain side is taking our eMACH products forward, and the consulting companies – how we can go deeper with it.

**Vikas Misra:**

Yeah, and if you're referring to the 14 value discovery agreements that we signed with some of our partners, it is still in progress. I think a lot depends upon this. Some of them we have already seen some success, but obviously there need to be certain solutions that we need to build using those partners and take them to the market. It's still in progress.

**Sandeep Nabira:**

So, can we expect something in the next couple of quarters so that it can be new revenue?

**Vikas Misra:**

Definitely we can, and that's what our intent is in signing with them. That's where we are seeing the movement also.

**Sandeep Nabira:**

Excellent! Thank you so much. And the last one, and quick one, is it possible to give the breakdown of revenue from the continuing customers/existing customers and the revenue from the new customers as a breakdown, if that would not be too much, you know, to report?

**Vikas Misra:**

We don't disclose it only here. We don't disclose that, and we don't have existing customers also, so you should be happy about it.

**Sandeep Nabira:**

Yeah, no concern there. I was just wanting to know, you know, what are the new customers we are adding? It's fine. Thank you so much. Appreciate it.

**Praveen Malik:**

Thank you, Sandeep. Thank you, everybody, for joining today. In case you still have any questions, please do write to us. Accordingly, they will be replied to. Thank you. Now you can log off.

***Note: This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.***