

May 22, 2026

**Listing Department,  
BSE Ltd.,**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai-400 001  
Scrip Code: **544413**

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

Dear Sir/Madam,

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

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of the Earnings Conference call, conducted through digital means on May 19, 2026.

The above-mentioned information will also be available on the website of the Company under the following link: <https://www.digitide.com/investors/financial-information/>

Request to please take the same on record.

Yours faithfully,  
For **Digitide Solutions Limited**

**Neeraj Manchanda**  
**Company Secretary & Compliance Officer**  
**Membership No. A20060**

Encl: a/a

**Digitide Solutions Limited**

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“Digitide Solutions Limited Q4 FY26 Earnings  
Conference Call”

**May 19, 2026**



**MANAGEMENT:** **MR. GURMEET CHAHAL – CHIEF EXECUTIVE OFFICER,  
DIGITIDE SOLUTIONS LIMITED**  
**MR. SURAJ PRASAD – CHIEF FINANCIAL OFFICER,  
DIGITIDE SOLUTIONS LIMITED**  
**MR. RAJESH LACHHANI – HEAD, INVESTOR RELATIONS  
AND M&A, DIGITIDE SOLUTIONS LIMITED**

**MODERATOR:** **MS. ANANYA MUKNE – ARIHANT CAPITAL MARKETS  
LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Digitide Solutions Limited Q4 FY26 earnings conference call hosted by Arihant Capital Markets Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Ananya Mukne from Arihant Capital Markets. Thank you and over to you.

**Ananya Mukne:** Hello and good morning to everyone. On behalf of Arihant Capital Markets, I thank you all for joining into the Q4 FY26 Earnings Conference Call of Digitide Solutions Limited.

Today, from the Management, we have Mr. Gurmeet Chahal – Chief Executive Officer, Mr. Suraj Prasad – Chief Financial Officer and Mr. Rajesh Lachhani – Head of Investor Relations and M&A.

So, without any further delay, I will hand over the call to Mr. Gurmeet Chahal for his opening remarks. Over to you, sir.

**Gurmeet Chahal:** Thank you, Ananya. Good day, everyone and thank you for joining us for our Q4 FY26 Earnings Call.

As we close out this fiscal year, I want to emphasize a singular theme, “**Consistent Measurable Progression**”. One year into our journey as an independent listed company, Digitide has moved decisively from a domestic BPM-led organization into an AI-First Tech and Digital powerhouse with deeper international relevance.

Despite a macroeconomic backdrop characterized by industry uncertainty, geopolitical headwinds and cautious decision-making cycles, we delivered growth with intense operational discipline.

What we described as green shoots at the start of the year have now solidified into structural quarter-on-quarter execution. We have built a resilient foundation aligned tightly with our “**3x3 Strategy**” to scale to **USD 1 billion, or approximately INR 8,400 crores, by FY31** and we are exiting the year with powerful momentum.

**Specifically, on Q4 FY26:**

Our performance this quarter demonstrates that our core growth engine is working, marked by our 5<sup>th</sup> consecutive quarter of sequential top-line forward momentum. We are progressing quarter-on-quarter across our key operational and revenue parameters:

- Number one, our revenues reached INR 800 crores delivering a strong 2.5% sequential growth and a 9.2% year-on-year expansion.
- Our Tech and Digital revenues climbed 5.8% quarter-on-quarter and 27.2% year-on-year to INR 249 crores. This segment now accounts for 31% of our total revenue mix up from previous quarters, proving our rapid transition to higher-value technology-led services.
- Our international footprint expanded 4.3% sequentially and 16.4% year-on-year to INR 304 crores, lifting our international mix to 38.1% of revenue.
- EBITDA stood at INR 88 crores for the quarter, mirroring our strong Q3 performance.

What these numbers demonstrate is the absorptive capacity of our operational model. Despite fully absorbing a wage code compliance in Q4, our operational profitability did not compress. Adjusted PAT stood at INR 11 crores for the quarter, bringing full-year adjusted PAT to INR 70 crores. While our trailing net profit reflects the final stages of our corporate transition and post-demerger alignment, the true vitality of our business is reflected in our cash conversion.

Our underlying operational cash health remains very strong, highlighted by INR 145 crores in operating cash flow this quarter alone. And Suraj will later break down our balance sheet strength shortly.

For the full year FY26, total revenue reached INR 3080, up 7.1% year-on-year. Tech and Digital led the charge, contributing nearly 30% of the FY26 revenues and expansion of 280 basis points over last year, while our international mix scaled by 180 basis points to 37.3%.

**Let me talk a little bit about the sales momentum:**

Our commercial engine is firing on all cylinders. Sales momentum remained exceptionally healthy in Q4, with TCV bookings of INR 620 crores. This marks our second consecutive quarter of 600-plus TCV, providing us with high revenue visibility heading into the new fiscal year. We added 29 new logos this quarter alone, including eight international clients.

Our partnership-led strategy is also yielding opportunities. Digitide now has active formal relationships across all three major hyperscalers. In addition, our digital assurance partnership with Tricentis has translated into a robust pipeline and distinct partner awards across North America and India.

We are aggressively converting our AI capabilities into large-scale commercial monetization. I am incredibly proud to announce that Digitide has won several milestone enterprise deals, including setting up a dedicated AI center of excellence in Bengaluru and Coimbatore for a global P&C insurance major. Our expansion into Coimbatore highlights how our early deliberate bet on Tier-2 and Tier-3 hubs has materialized into a formidable competitive advantage.

While our competition grapples with high attrition and escalating talent costs in primary metros, our established footprint in these emerging hubs unlocks access to highly stable, top-tier

engineering talent. This dual-city architecture gives us an unmatched combination of scale, cost optimization, and localized expertise. This win underscores our specialized strength in the P&C vertical and directly validates our proprietary tools, such as Pulse.nerve, our agentic AI framework powered by the Model Context Protocol, commonly referred to as MCP, which is already delivering approximately 40% productivity and 3x faster deployment cycles in the field.

**Now let me talk about our most important competitive mote, which happens to be talent:**

Our high-velocity, AI-First organization requires an ecosystem where the world's best talent can thrive. In today's competitive landscape, our culture is a primary driver of execution predictability.

To that end, I am thrilled to share that Digitide has been certified as a “**Great Place to Work**” for the seventh consecutive year. More distinctively, we have been ranked 3<sup>rd</sup> among “**India's Best Places, Best Workplaces in Health and Wellness 2026**”. This top-tier industry recognition confirms that our focus on sustainable high-performance is working, ensuring we remain an absolute magnet for the specialized technical talent required to fuel our compounding growth.

**Financial Year '27 Outlook--Moving from Foundation to Acceleration:**

In summary, 26 has been a foundational pivotal year of transformation for Digitide. We have proved our resilience, sharpened our solutions portfolio, secured major international logos and demonstrated undeniable sequential top-line gains.

As we look ahead, FY27 marks a clear inflection point. The heavy lifting of foundation building is complete. FY27 is about converting those strategic investments into scaled tangible outcomes.

1. We are fully positioned to deliver accelerated double-digit revenue growth led by high-value Tech and Digital and international expansion.
2. Sustained margin expansion, powered by an optimized revenue mix, the completion of our legacy investment phase and accelerating operational leverage. We are looking at a strong 100-basis point expansion by the time we exit FY27.
3. Velocity in deal closures, backed by our global alliances.
4. Scaled AI monetization, as our primary platforms and enterprise COEs enter full production.
5. Most important, a deepened strategic people focus by industrializing our advanced upskilling programs to build the industry's most agile AI workforce. Proactively nurturing our talent ecosystem ensures we safeguard our delivery margins and maintain the high execution predictability our customers rely on.

We enter the new fiscal year with confidence, sharp execution capabilities and a clear path to long-term value creation for our shareholders.

I want to thank our customers, partners, investors and above all our incredible team of Digitiders for their unwavering trust and dedication. Thank you.

I will now turn the call over to our CFO – Suraj, for a detailed walkthrough of our financial metrics. Suraj, over to you.

**Suraj Prasad:**

Thank you, Gurmeet, and good day to everyone on the call. I will start with the financials for Q4 FY26 and the full year FY26.

I will walk you through the key drivers of our reported performance and also take you through how these results are translating into stronger operating metrics, cash generation and balance sheet strength as we enter FY27.

**Firstly, on revenue:**

We close FY26 with another quarter of steady and consistent progress, marking a continuation of the trend we have been seeing through the year, sequential revenue momentum and improving mix. Quarter 4 FY26 marked the first quarter Digitide across INR 800 crores of revenue mark, growing 2.5% sequentially and 9.2% year-on-year.

For FY26, revenue stood at INR 3,080 crores, growing 7.1% year-on-year. We delivered sustained revenue growth with performance remaining resilient across quarters despite a softer macro environment.

Segment-wise growth remained broad-based, supported by stability in BPM and strong acceleration in Tech and Digital. As seen through the year, Tech and Digital continued to outpace the BPM business, further improving its share in the overall revenue mix.

BPM revenue remained resilient at INR 551 crores in Quarter 4, growing 1.1% sequentially and 2.6% year-on-year. For FY26, BPM revenue stood at INR 2,170 crores, contributing to 70% of the total revenue. Tech and Digital revenue increased to INR 249 crores in Quarter 4, growing 5.8% sequentially and a solid 27.2% year-on-year.

For FY26, Tech and Digital revenues stood at INR 910 crores, contributing approximately 30% to the overall revenue of Digitide. The Tech and Digital mix has expanded from 26.8% in FY25 to 29.6% in FY26, an expansion of 280 bps, and stood at 31.1% in Quarter 4 FY26, up 440 bps year-on-year. This is in line with our strategy of moving forward towards higher-value, technology-led and AI-enabled services.

International revenue continued to scale, growing 16.4% year-on-year to INR 304 crores in Quarter 4, taking the international mix to 38.1% in Quarter 4, an expansion of 238 bps year-on-year.

For FY26, international revenue contributions stood at 37.3%, up 180 bps from FY25, driving better price realization and quality of revenue.

As Gurmeet pointed out, on the deal momentum, we closed Quarter 4 with TCV bookings of INR 620 crores and added 29 new logos, including international logos.

For the full year, TCV bookings stood at INR 2,355 crores, with 114 new logos added during FY26. The hyperscalers led pipeline across AWS, GCP, and Microsoft remains healthy, providing stronger revenue visibility as we enter FY27.

**Now, coming to EBITDA and margins:**

Quarter 4 FY26 EBITDA stood at INR 88 crores, broadly flat quarter-on-quarter, up 6.9% year-on-year, with an EBITDA margin at 11%. Importantly, this is after absorbing approximately INR 4 crores of one-time impact from the implementation of the new wage code.

For Financial Year '26, EBITDA stood at INR 343 crores, with an EBITDA margin of 11.1%. The year-on-year margin moderation versus FY25, as the investor community would remember, are primarily on account of the demerger-related costs, as well as the new structural cost of corporate at Digitide. And this now includes the impact from the new wage code, as well as the targeted investment and international expansion, which we have been speaking about, which are foundational to our 3x3x3 strategy.

Importantly, segment margins improved sharply in Quarter 4. BPM EBITDA margin expanded 187 bps year-on-year to 16.3%, while Tech and Digital EBITDA margin expanded 289 bps year-on-year to 12.1%, validating our mix-shift thesis.

Our priorities remain clear. Drive a richer Tech and Digital mix, improve international revenue contribution, strengthen delivery efficiency, and maintain pricing discipline across the portfolio.

Productivity initiatives are also yielding results. Revenue per FTE improved 11.4% year-on-year to 584k, supported by AI-led delivery and also pyramid optimization.

**Now, coming to profit after tax and the exceptional items:**

The adjusted PAT for Quarter 4 FY26 grew by INR 11 crores, compared to INR 24 crores in Q3 FY26. I would like to take a moment to explain the sequential decline, as it's driven by specific accounting-led items that do not reflect the underlying operating performance.

In this quarter, we had renegotiated and extended for an extension term for certain leases, which were classified as short-term during the year, and have now been classified them as a lease asset under IndAS 116.

This has charged an additional INR 4 crores to the IndAS financing cost, which is below the EBITDA. Also, this year, we took a call to rationalize our residual value policy for some of the property, plant, and equipment, which were erstwhile carried at 5% of residual value. This acceleration of depreciation in this quarter to bring it in line with the group's depreciation policy results in an additional depreciation of INR 4 crores in Quarter 4 FY26.

So, together, these adjustments account for approximately INR 8 crores to INR 9 crores of incremental charges below EBITDA in Quarter 4. Both are accounting-driven and reflect alignment with the group policy and IndAS standards, rather than any deterioration in the operating performance. Reported PAT for Quarter 4 FY26 was INR (-5) crores, impacted by an exceptional charge of INR 16 crores. This represents the past service cost arising from the new wage code, which is applicable to the revised compensation structure which the company is rolling out from 1st of April 2026. This is a one-time non-cash adjustment with no recurring P&L impact.

For the full year, Digitide ended Financial Year '26 with a reported PAT of INR 6 crores and an adjusted PAT of INR 70 crores. After adjusting for exceptional items of 65 crores relating to demerger-related costs, the new Labor Code for the past service cost and the wage restructuring impact, the FY26 adjusted PAT margins to 2.3%.

**Now, moving on to working capital, DSO and cash flow:**

There has been significant progress which we have made in tightening our working capital cycle, as was clearly evident in our Quarter 4. We achieved a robust cash conversion.

We delivered cash flow from operations of INR 145 crores during Quarter 4, which translates into an OCF-to-EBITDA conversion of 165%. This reflects stronger collection rigor, improved revenue assurance, and normalization of billing cycles post demerger-related disruptions. So, you might remember, post demerging into Digitide, we had to renew and novate all of our contracts, which impacted our OCF conversion in the 1st Quarter. Now, that has been caught up, and we are currently in a very strong position as of year-end.

For the full year, OCF stood at INR 263 crores, representing a 76.5% conversion of FY26 EBITDA of INR 343 crores, a healthy outcome considering the disruptions in the first half of the year from novation of contracts.

DSO improved by four days sequentially to 75 days in Quarter 4, and a significant 16-day improvement from the peak of 91 days in Q1 FY26.

FY26 CAPEX was INR 105 crores, primarily directed towards technology platforms, AI capabilities, and infrastructure scale-up on IT and leasehold assets.

As we enter FY27, we will continue to focus on our cash conversion and the DSO discipline as key operating metrics across the organization.

**Moving on to balance sheet:**

Our balance sheet remains healthy, with strong liquidity and net cash position of INR 182 crores at the end of Quarter 4 FY26, up from INR 125 crores at the end of Q3 FY26, an increase of INR 57 crores.

Our credit profile remains strong. ICRA has assigned A+ stable and A1+ ratings on our bank facilities, and also reaffirmed our A1+ rating on our commercial paper, reflecting the strength of our balance sheet. This gives us flexibility to keep investing in capability building, hyperscaler-led partnerships, technology platforms, and strategic growth opportunities, including inorganic opportunities in the Tech and Digital space within our defined capital allocation framework while maintaining financial discipline.

Overall, Quarter 4 has been strong and the confidence-inspiring close to Financial Year 26. We have delivered revenue growth, strengthened cash conversion, reduced DSO, and maintained a healthy balance sheet. At the same time, our Tech and Digital and International mix continue to improve, segment margins continue to expand meaningfully, and we have exited the year with our best quarterly revenue print till date.

Now, with this, I will hand over the call back to the moderator.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We will take our first question from the line of Gaurav from Capital Farming Consultants. Please go ahead.

**Gaurav** Yes, hi. Thanks for an opportunity to ask a question. Congratulations to the management on its set of numbers.

My first question is that since we have reported a high single-digit growth in turnover, if you can guide what was the growth in USD terms in FY26 over FY25 since we have guided our vision of USD \$1 billion turnover by FY2031, right? And out of this growth, how much was contributed by our existing clients when we started FY26 and how much was given by new clients that were born during FY26?

**Gurmeet Chahal:** Gaurav, good morning. So, Gaurav, the constant currency growth is 5.2% over FY25, right? And your second question was, if you repeat that, was it about what percentage growth?

**Gaurav** Yes, I was asking that since you mentioned that 5% turnover growth in FY26 in USD terms, so how much of this was driven by existing clients and how much was given by new clients that we won during FY26?

**Gurmeet Chahal:** Yes, so Gaurav, while our existing customers continue to grow, this year, given the sales focus, we have added a slew of new logos. That's why if you see that our revenue contribution from

the top 10 customers actually came down by roughly 200 basis points, which underscores the point that the new accounts that we added are giving us the revenue momentum in the year.

**Gaurav** Okay, so you mean to say entire growth was driven by the new clients that we won during the financial year? Shall we read it like that?

**Gurmeet Chahal:** No, Gaurav. What I said is, I was answering both your questions. First is, both our existing and the new customers grew in revenue.

Specifically, what I was answering was the revenue concentration. So, I was giving you a data point that the revenue contribution from the top 10 customers came down by roughly 200 basis points, which reflects the fact that we have added revenue from new customers as well.

**Gaurav** I got it, but I think the question remains unanswered. Would you be able to quantify that how much growth was driven by the existing client base and how much was driven by the new acquisitions of client? Would you be in a position to give some data point on that?

**Gurmeet Chahal:** Sure, sure, sure. I can. Look, in the year we added approximately 205 crores of incremental revenue.

Of that 205 crores, about 45% came from new customers that we added in the year. As you know that the in-year revenue contribution from newer deals is less because of the ramp-up phase and the remainder came from the expansion in the existing customers.

**Gaurav** Thanks. My second question is, since our subsidiary, Alldigi Tech, is also a listed entity and just a couple of days back they also reported their FY26 numbers. So, when we compare the standalone Alldigi and the consolidated Digitide, it seems that if we exclude Alldigi numbers from the consolidated Digitide, then the remaining Digitide, I mean to say, seems to be operating at the losses because Alldigi Tech is profitable and we all know the numbers that they have reported.

The PAT margins are handsome over there, right? Not in absolute numbers, but percentage-wise. Whereas consolidated Digitide, when reporting numbers, not only the high amount of PAT numbers and percentage reported by Alldigi Tech is hidden over there, but they are meaningfully less, right, in consolidated Digitide.

So, is this the correct understanding that the remaining Digitide just having the turnover, just having the numbers, but not making much cash, operating cash, I mean to say, profitable operations, right? Is that the correct understanding or you would like to explain in a different way?

**Gurmeet Chahal:** Sure. So, Gaurav, that would not be the correct understanding. And the reason is all the corporate costs that we carry are actually residing in Digitide, you know, which is for across all our operations, whether it is our subsidiaries in US, in Canada, Alldigi, and the Digitide.

So, the corporate costs are in Digitide. Hence, the comparison that you made would not be the right comparison.

**Gaurav**

But is it like many of the IT companies, if the corporate is the corporate entity, or I would say corporate center is bearing all these ads, right, then they pass on certain pricing in terms of internal contracts, right, to their subsidiaries, so that each and every subsidiary, vis-a-vis the revenue that they are earning, they are having appropriate cost as well. If we are not having that kind of an arrangement in Digitide, which has been followed in some of the other listed peers of yours in IT space, or is it the same practice that is being followed across the board?

**Suraj Prasad:**

So, Gaurav, this is Suraj. Let me address that in two parts. What we have at the operating model, definitely there are cost transfer pricing arrangements between entities.

What the operating model is that most of the corporate central leadership, as well as the sales leadership, which are in international geographies, are distributed across multiple legal entities. And most of our international revenues are emanating out of Alldigi, because that is led by the sales leadership based in the US, as well as the corporate leadership based in India. So, the architecture at Digitide is that the services, the practice, the delivery, and the sales leadership are managed centrally.

There is a proportion of cost allocated to Alldigi also, you are right, but that doesn't take care of the overall corporate cost, mostly towards the international sales cost based out of the US. So, on a like-to-like basis, it may not be fair to compare the standalone P&L and the consolidated P&L in isolation. It has to be looked at holistically.

**Moderator:**

Gaurav, I request you to join back the queue, please, as we have participants waiting for their turn. Thank you. Ladies and gentlemen, we request you to restrict to two questions at a time, please. Kindly rejoin the queue for follow-up questions. We will take our next question from the line of Aditya Banerjee, an individual investor. Please go ahead.

**Aditya Banerjee:**

Yes, hi. So, I have only one question that operating cash flow at 165% of EBITDA is exceptionally strong. So, what is the sustainable OCF conversion you target going forward?

**Suraj Prasad:**

Yes, sure, Aditya. So, as I mentioned during my opening speech, we had a transition into a new company, which meant all our contracts had to be novated from the name of Erstwhile Ques to Digitide. So, we had a major completion of our cash cycle in the first quarter.

In fact, we are minus 36% in quarter one. So, the reflection of what you see in Quarter 4 is also a catch-up of the overall full-year cash flow. What you should actually look at is the normalized cash flow for the full year, which is around 263 crores, which is around 77% of our operating EBITDA.

So, this should be a reasonable target. We, in fact, had overachieved our ambitions for this year. Our normal target baseline for this is 70% conversion.

This year, since we had an extraordinary year, we had significant process improvements during billing factors as well as the collections. So, we accelerated it over the second half of the year. But on an overall basis, you should assume around 70% of cash conversion from the EBITDA.

**Aditya Banerjee:** Okay, so thank you so much.

**Moderator:** Thank you. Next question is from the line of Sanjay Shah from KSA Securities Private Limited. Please go ahead.

**Sanjay Shah:** Yes, good morning, gentlemen. Thanks for the opportunity. So, my question was more on our hyperscaler-led pipeline. Currently, how converting into actual revenue from this hyperscaler pipeline of AWS, Azure, GCP?

**Gurmeet Chahal:** Mr. Shah, good morning. So, as you recall, in FY26, we signed the three partnerships, and now that has started to translate into revenue realization for us. First, let me tell you that right now, approximately 15% of our overall pipeline is hyperscaler-led. And then some of the growth momentum that you saw, 27% year-on-year in the Tech and Digital, is actually being contributed by the revenue that is translating from the conversion of these deals. The AI Center of Excellence deal that I highlighted in my opening remark is actually on Azure. So, three things are happening. Our pipeline, the hyperscaler-led pipeline is growing, and there is a contribution now directly from our partners in that. Secondly, that is helping us win more, and hence the acceleration in Tech and Digital revenue. And three, that creates the bedrock for AI transformation, as we all know that AI runs on data and data runs on cloud, to put it simply. So, our strategy is clearly working there, Mr. Shah.

**Sanjay Shah:** Sir, how should investors think about our PulseNerve commercially? Will it remain service-enabled layer, or can it evolve into a recurring platform or IP revenue?

**Gurmeet Chahal:** So, Mr. Shah, the Pulse.nerve is actually an orchestration layer. So, it should not be seen as a platform. It is an enabler for AI transformation.

However, we have other IP assets. To give you an example, we have created a platform called DocuSense, which is an IP asset, reusable asset, which we are taking to our customers. Like that, we have also infused AI into some of our existing platforms like SmartPay for payroll and DigiCollect for collections.

So, they will give us the non-linear revenue. Pulse.nerve is an orchestration platform, which will be an enabler for the large service deals for AI.

**Sanjay Shah:** Sir, you highlighted strong healthcare outsourcing demand due to US policy changes. Is this translating into a large deal size or faster client conversion? And can we compare this with a company called Sagility?

**Gurmeet Chahal:** Yes. So, first answer, yes. In fact, in the first quarter of this financial year, we have already won two new healthcare deals. And if you recall, healthcare in US was a new vertical we started in 2026. We started to focus in 2026. So, our existing customer has expanded. We have added a new capability of revenue cycle management. And now we have added two more customers in US alone in the first quarter. So, definitely for us, healthcare is an area of focus, which is already translating into revenue and expansion. Your second question was comparison with Sagility. As we all know, you know, Sagility is a very respected organization who is 100% focused on healthcare, including payers and providers. Our focus currently, Mr. Shah, is more on the providers. So, it's not a like-to-like comparison. But yes, we are addressing opportunity, which they are also addressing on the provider side. And most of the wins that I highlighted are on the provider side, where we are doing three things.

We are their revenue enablement partner. We are their customer experience partner. And most important now, we are their revenue cycle management partner as well.

**Sanjay Shah:** Very helpful. So, my last question was regarding market.

**Moderator:** Sanjay, I request you to join back the queue, please, as we have participants waiting for their turn. Thank you. Next question is from the line of Amit Mehendale from Robo Capital. Please go ahead.

**Amit Mehendale:** Thank you. So, my first question is with regard to our revenue growth. I mean, looking at 1 billion targets in FY31, that effectively means that we have to, we are, you know, baking in the revenue growth of, say, upwards of 20%. So, are we expecting similar growth for FY27-28 as well?

**Gurmeet Chahal:** So, first of all, like I mentioned in my opening remark, we are very, very confident of a double-digit revenue growth in '27-28. So, that's the near term, you know.

**Amit Mehendale:** So, double-digit is, can you quantify double-digit like 15, 20, 25, some ballpark number will be helpful.

**Gurmeet Chahal:** Yes, early to mid-teens. Now coming to the FY31, look, our FY31 goal was INR 8400 crores, of which we had highlighted that about 1700 crores will come from inorganic route. So, that means we have to go at about 15% CAGR. FY26 was the first year or the foundational year in the six-year journey. We are already exiting at 9% year-on-year momentum. So, the 14% to 15% CAGR growth over the period is, we are very, very confident of that. So, our goal doesn't change from that perspective.

**Amit Mehendale:** Right. And the second question is on the operating cash flow that we generate, how do we plan to deploy that cash flow? I mean, or put it differently, like how much are we planning to spend on CAPEX and how much money will allocate to acquisitions?

**Suraj Prasad:** Yes. Thank you, Amit. This is Suraj. So, our operating cash flow generation is mostly flowed back into the business. So, we have typically around INR 100 crores of cash deployment, typically around INR 70-80 crores into my maintenance CAPEX. And typically, this year, like this year, and FY26-27, we have two large leasehold premises, which we are also moving into. So, around 15-20 crores into that. So, barring the maintenance CAPEX, it's mostly accrual to our cash flows, which we will also pursue for our inorganic acquisition strategy as well. So, our objective is to maximize our operating processes to improve the DSOs and consistently improve our operating cash conversion. And that will be deployed both for our internal growth as well as for inorganic pursuits.

**Amit Mehendale:** Okay, sir. Great. That's it from my side.

**Moderator:** Thank you. Next question is from the line of Arvind Dureja, an individual investor. Please go ahead.

**Arvind Dureja:** Yes. Hi. Thank you. Thank you for taking my question. Sir, you know, I have been listening to the con calls since Q4. And I vividly remember that in Q4, FY25, then Q1 and Q2, basically H1, FY26, you were pretty clear that there will be expansion in the margins. But even in Q4, your margins are flat. And now I see that depreciation has also inched up. So, ultimately, below the EBITDA, earlier your EBIT was close to 5%. Now, which has dropped to 3% or less than 3%. So, my question is, what will be your guidance for EBIT, rather than EBITDA? Because then now I can see depreciation has meaningfully improved. Now, on the call, you did say INR 4-odd crore was one off. So, even if we exclude that, there is still a meaningful, you know, expansion and depreciation. Yes.

**Gurmeet Chahal:** So, Arvind, thanks for your question. So, you had two parts to your question. Let me address the first one. See, if you look at our operational EBITDA, actually, and like I mentioned in my note up front, barring the wage code alignment that we did for Q4, our operational EBITDA has actually improved. In fact, Suraj also highlighted how our margins in the two segments, both BPM and Tech and Digital improved, you know. So, operationally, there is a margin improvement. From an outlook perspective, we are confident of a 100 basis point margin expansion in the coming year, as we exit the coming year.

**Arvind Dureja:** But sir, I remember in Q2, you were pretty clear that you will see margin expansion in Q4 of FY26, which has not happened. And now you are pushing to Q4 of FY27, meaning we will still have the similar margin of close to 11%. Can you talk about the profitability, because it was close to INR 130 odd crores in FY25, dropped to INR 70 crores. So, what profit, I mean, what kind of profitability do we expect? Because ultimately, EBITDA is meaningless for an investor. Ultimately, we have to look at the profits.

**Suraj Prasad:** Yes, Arvind, this is Suraj. It's a great point, Arvind. So, look at it in two parts. First of all, the operating margin improvements in both the segments as we guided are improving. Of course, there has been additional element of cost coming by way of the wage code. If you understand,

we are into a people business. So, this fundamentally shifts our baseline cost for our BPM business, particularly India BPM business, which was a little outside of our guidance as it was not known to us. And your question on depreciation, as I mentioned, there are two parts to it. There is an additional actual depreciation of around four crores, which is a one-time charge for the Quarter 4. But fundamentally, if you look at our lease payments, we have guided that we will be moving towards consolidation of premises, which will increase our leasehold asset for the temporary for the time being. But over a period, it will deliver efficiencies. So, both these are on track. The operating margin improvement on a year-on-year basis, as Gurmeet mentioned, based on the revised structure of wages as well as the new wage code impact for compliance, both factored in as well. We should be improving it by 100 basis points in the next year. And that guidance we can give you at this point.

**Arvind Dureja:** So, now the profit that you have, you posted, you know, barring one of adjustments of close to INR 11 crores plus, I suppose, INR 4 crores for additional depreciation and finance cost. So, that's roughly INR 8 crores, right? And you minus 25% for taxes, which is close to INR 6 crores. So, are you saying that going forward, your profitability will be close to INR 15 crores to INR 17 crores ballpark?

**Suraj Prasad:** See, let's look at it on a full year basis, Arvind. So, your adjustments towards the one-off items are correct. So, some of them, if you know.

**Arvind Dureja:** I am sorry to interrupt. I mean, why should we look at it on a full year basis? Because then from Q4, you have this additional depreciation, which I suppose will continue from Q1. Earlier, last year, Q4, your depreciation was INR 49 crores. This year it is INR 66 crores. You said INR 4 crores is one-off. So, even if we exclude that, I suppose steady state, your depreciation going forward should be INR 62 crores. Am I right?

**Suraj Prasad:** Yes. So, Arvind, we are matching two things. The INR 4 crores depreciation, which is a one-off, which I mentioned is on our property plant and equipment, which is our capital assets. What you are looking at the depreciation is overall depreciation, including the lease assets. Our lease assets have gone up in this year, if you notice, both Digitide and all-Digitide. We have taken long-term leases for the premises, which will start reflecting in our lease costs. But it is at a significant, better commercial value than what we are existing before the moment. So, you will find an operating improvement in that, even despite this depreciation movement. So, both the lease assets, your observation is right, that will be at a steady state. But the CAPEX depreciation of INR 4 crores, which I mentioned, is on the property plant and equipment, which is a one-time. I hope that's clear. Thank you.

**Moderator:** Thank you. Next question is from the line of Anukul Arora from Inved Research. Please go ahead.

- Anukul Arora:** Yes, hi. Thanks for the opportunity. So, just following up on the last question, on the depreciation side. So, on the steady state, are we expecting this run rate of INR 62 odd crores to continue going forward?
- Suraj Prasad:** So, the depreciation, which is the one-time increase, which you can normalize look at, it will be around INR 38 crores to INR 40 crores on a lease basis, which will be a steady state depreciation, almost 120 to INR 130 crores. And as I mentioned, some of the leases are very long-term leases. So, there will be a slight uptick from the last quarter, FY25, if you look at. But if you look at the steady state from Quarter 4 onwards, it should be around INR 40 crores on a recurring basis, which will be consistent.
- Anukul Arora:** It will be INR 40 odd crores, right?
- Suraj Prasad:** That's right.
- Anukul Arora:** All right. All right. So, my other question, I think in the last call you had mentioned that some inorganic growth as a part of a strategy is what we are looking at. So, anything on that, any potential acquisitions that you have done?
- Gurmeet Chahal:** So, thank you for the question. As we had highlighted, that inorganic is a critical part of our growth thesis. So, we are continuously looking at targets. In fact, as we speak, we are evaluating about six potential targets, two at an advanced stage. But given that we are a value investor, whatever acquisition that we make will have to pass through the lens of our value thesis. We are hopeful that this year we will be able to make at least one acquisition.
- Anukul Arora:** Understood, sir. So, that would be very good. Just one last question, if I can ask.
- Moderator:** I request you to join back the queue, please, as we have participants waiting for their turn. Thank you.
- Suraj Prasad:** This is Suraj. So, the earlier question, just to clarify, the INR 40 crores depreciation which I mentioned is on the leasehold assets. The INR 20 odd crores of the recurring depreciation on the PPE will continue. Overall depreciation, if that was the question, they take around INR 60 odd crores.
- Moderator:** Thank you. We will take the next question from the line of Ankit Dharamshi from RNM Capital Trust. Please go ahead.
- Ankit Dharamshi:** Hi, good afternoon. Thanks for the opportunity. So, I have a follow-up question. Can you just give a bridge for the 100-bps margin expansion that you guided? How much would be from Tech and Digital? How much would come from Alldigi and how much would come from our BPM business? That is the one question. And second question, since now we told that we have moved to the new campus and now we have longer-term lease contracts. So, are we looking to save any of our physical assets? And I mean, can you just guide on that? And third, on the growth

part also, if you can put some curve, I mean, the double-digit growth that we are getting, 14% to 16%, how much would be from Alldigi and how much would be from the digital? I mean, standalone digital.

**Gurmeet Chahal:** So, you had three questions. Let me start with the first one, Ankit. The margin expansion of 100-basis points, there are essentially three levels. One is the revenue mix, which will be led by the acceleration of Tech and Digital. Second would be the geography mix, you know, pivoting more towards international. And then there is a third element, which is the operational efficiencies that we are driving in the business. So, the overall 100%, if I were to say, you know, the Tech and Digital should give us about 40% of that. The international expansion should also give us about 40%. The remaining will come through the operational efficiencies. So, that was your first question. Second question, Ankit, you broke in between a little bit, if you don't mind repeating, so that we answer your exact question.

**Ankit Dharamshi:** Are we looking to monetize any of our physical assets?

**Gurmeet Chahal:** No, we are not. And now your third question was that the growth. So, look, we have two segments, you know, which is the Tech and Digital and the BPM. Our stated goal is that by 31, our Tech and Digital should be contributing 40% and our international should be contributing 50% of the overall revenue. So, the revenue acceleration will be biased towards the international, which has both BPM and tech and tech standalone. So, the majority of the revenue acceleration will come from Tech and Digital and BPM in international, while we continue to grow in the domestic business as well. So, I hope I have answered all three of your questions, Ankit.

**Moderator:** We will move on to the next question from the line of Manoj Jethva from KSA Shares and Securities. Please go ahead.

**Manoj Jethva:** Good morning, sir, and thank you for the opportunity. So, my question is pertaining to healthcare opportunity in the U.S. as we are focusing more on the provider side, which is almost around \$200 billion to \$300 billion opportunity. So, where we are standing in today right now and how we envisage the healthcare opportunity in achieving the goal of \$1 billion in revenue by FY31, sir?

**Gurmeet Chahal:** Sure. Mr. Jethwa, like I had highlighted to a previous question, healthcare is a chosen vertical for us. We started to focus on healthcare in a meaningful way only in FY26. We are already crossed about \$25 million of revenue there, slightly more than that. By 2031, we believe that healthcare will be 12 to 15% of our revenue mix. So, that means we are looking at about \$120 to \$150 million. So, it's almost a 5.5x to 6x growth from where we are. So, we are actually going to incubate. We have started a new vertical and it will be a meaningful 12 to 15% of our contribution when we are a billion-dollar company.

**Manoj Jethva:** So, my second question is pertaining to the vision of the one billion dollar revenue, but how do you reconcile the present perception of the investors and what are the milestones an investor

should see which could think the company from a solution driven company rather than just a BPM company, sir?

**Gurmeet Chahal:** Yes. So, you are absolutely right. We are pivoting towards both Tech and Digital and international. In fact, as an investor, you should look at the acceleration in these two. On Tech and Digital, 27% year on year growth and in international, 16% year on year growth. I would argue that both are actually in the topmost quartile of the industry. So, the thesis that we had when we started this journey, that these are the two areas we are going to double down. We have done that and we have actually demonstrated in FY26 that it is working. And the proof is in the growth that we are seeing in those two segments. And like I answered to a previous question on the architecture for one billion. So, when we started that our vision was INR 8400 crores by 2031, INR 1700 crores to come inorganic. We are exiting the year at 9% momentum. So, now we have to grow at about 14% to 15% organic, which we are super confident given the wins that we have had, the traction we are seeing in the current pipeline that we have. Thank you.

**Moderator:** Manoj, I request you to join back the queue, please. Thank you. Next question is from the line of Gaurav from Capital Farming Consultants. Please go ahead.

**Gaurav:** Thanks for follow up question. Since we are saying that we have a healthy balance sheet and surplus cash, but we can see that there is finance cost on quarterly basis as well as on yearly basis. So, Suraj, if you can help us in understanding what exactly is this finance cost? Is this interest, there is borrowing or something else? That is the first part.

**Suraj Prasad:** Sure, Gaurav. So, if you look at it, our finance costs for a quarter, if you look at the last quarter, we had an overall cost of around INR 15 crores, of which around INR 12 crores are coming from my IndAS financing cost. As I mentioned, this includes the one time of around 4 crores, which was done from a recognition of leases. So, on an organic basis, if you look at around INR 8 crores to INR 9 crores is the running cost, which is coming from our lease accounting. The balance is a mix of two, roughly around 90% of that would be coming from our working capital lines, which is predominantly in our US and Canada business. At a standalone level, we don't have any debt. And balance is towards your financing costs as per defined benefit plan accounting. So, that also includes the accounting cost to it. But overall, if you knock off the financing cost from the leases, it is within INR 3 crores on a quarterly basis.

**Gaurav:** Yes, so second part is just for understanding purpose in terms of our business, right? Since we have a large headcount that we have employed for a lot of our customers, depending on the assignments that we have, right? So, if this staff of ours, headcount of ours, do they work from our premises, which is owned by the company on its balance sheet? Or do we have the rented premises for which we are supposed to pay the monthly rent? If yes, then on a quarterly basis in the numbers that we have reported, in which line item does that rent resides?

**Suraj Prasad:** Okay, so Gaurav, to answer your first question, almost all of our premises are on lease. We have only one own premises, which is owned by the company for a small set of people. But primarily,

it is a leased model. So, most of the employees work out of office, and they are out of lease premises. Now, to a second question, where the rent resides as per the IndAS accounting of 116, accounting is of 116. These are broken into two parts. The leases are amortized over the lease term. And they reflect in two line items, one as depreciation, and one as financing cost. So, if you look at the corresponding item, you will find the right of use asset, which we create in our balance sheet for those leases, and the lease liability also, which is created in our balance sheet. So, those rental costs are reflecting in your depreciation and interest. To an earlier question, which I mentioned, the overall cost of under INR 44 crores in the Quarter 4, the normalized basis 40 crores is towards IndAS depreciation, it may not directly translate to the rental. So, for which we can look at our cash flow statement, however, annual lease payments on INR 168 crores. These are sort of more closer estimates to the actual rental cost the company is paying on a cash basis. I hope that's clear.

**Gaurav:**

Just a clarity on this, just a clarity on this, since you highlighted that in our cash flow statement, right, these lease payments 168 CR that you are mentioning. And since we are highlighting also that our EBITDA is somewhere around 18%, and these lease payments are after that EBITDA line item like interest and the depreciation, and since it is an actual cash outflow to run the business. So, as an investor, right, when we are looking at the reported EBITDA number, doesn't it signify that we are looking at a wrong number to evaluate the business like the CEO just mentioned that we are a value investor as a company, right? So, as an investor, when we evaluate Digitide, we should include the lease payments that is being paid when arriving at the net profitability, right? Like someone was asking, we should concentrate more on the profit before interest and taxes, right, EBITDA rather than the EBITDA, because lease payment in which we are supposed to make the payment, it is not that we have made the CAPEX and all that the non-cash item depreciation is getting charged, which is any which way is cash flow to the company, but it is cash outflow from the company. Is that the correct understanding that our profitability is marginally less what we are claiming in terms of the, again and again claiming on the EBITDA numbers, cash inflow and why I am coming on that number, our envisaged return on equity 18% by FY2031. And now, when we are looking at the reported numbers, it is less than the FD, right, which investors are getting. So, I am connecting both of them. Is it really depressed numbers or something else?

**Suraj Prasad:**

Gaurav, I think if you understand how the financial reporting happens, this is not an indicator of depressed numbers, this is how the Indian accounting standards mandate it to be reported, right? So, when you look at the return of equity, every investor should look at the profit after tax, which is even after your tax calculations for all practical purposes. So, you are right in saying that the operating health of the company would be reported directly with EBIT, which is normally how the investors and the company also internally looks at it. However, the financial reporting standards require it to be mentioned below the line, because it gives equal treatment to companies who have their own premises versus the leased premises. There's an equitable comparison method, which is as per the law of the land. I hope that's clear.

**Gaurav:**

Thanks a lot.

- Moderator:** Thank you. Next question is from the line of Manthan Patel from Patel Investments. Please go ahead.
- Manthan Patel:** Sir, I have only one simple question. What will be our steady state net profit margin, the bottom line, without adjustments and anything?
- Suraj Prasad:** So, if you look at the adjustments which you have done during the year, if you normalize that, you have a reported PAT of around 2.3% for the financial year. This is the number if you exclude all the one-timers or exceptional items, etc. from your financial reporting. So, that's the number for FY26.
- Manthan Patel:** No, I am asking about the percentage. In percentage terms, what will be the net profit margin in coming quarters, like steady state?
- Suraj Prasad:** Yes. So, if you look at a steady state from a guidance perspective, as Gurmeet mentioned for an earlier question, our operating margin performance, we are expanding it. Our target is to move by 100 basis points in the next full financial year. That definitely will have a disproportionate impact on the PAT, because as you mentioned, that takes into account multiple depreciation leases, etc. So, it will be much higher than that at the bottom line level if you look at like-to-like. But from an operating performance, what we should be looking at is a 100-bps expansion in my EBITA.
- Manthan Patel:** Sir, still my question is not answered. Sir, I am asking only for one number, net profit margin in percentage terms, steady state.
- Suraj Prasad:** So, that's what we can say. This is a gradual process of improvement for 100 basis points by the end of next year, sir. We can't give a specific number.
- Manthan Patel:** Sir, I am not asking for guidance, sir. I am just asking for like steady state margins in percentage terms, like 3%, 4%. What will be the net profit margin without adjustments? And I am not talking about EBITDA number. I am talking about net profit margin percentage.
- Rajesh Lachhani:** Manthanji, this is Rajesh Lachhani. See, that eventually is guidance, right? If we guide on the revenue and we give you the profit percentage, it's actually translating into a guidance of PAT, which we normally do not do. I think Gurmeet and Suraj have very clearly mentioned that we are looking for an operating EBITDA expansion of 100 bps by exit Q4 FY27. And you can come down to the profit numbers by yourself because you've already given guidance for depreciation and finance costs, etc. So, I will ask you to do that workings and arrive at the conclusion.
- Manthan Patel:** Sir, that I am doing for last two or three quarters, but in every quarter, there is some exceptional items. And in this quarter, there is huge increase in depreciation and amortization costs. So, those numbers I cannot arrive at.

**Suraj Prasad:** So, Manthan, this is Suraj again. As we said, we have also mentioned about what the specific exceptional items in Q4, mostly in the depreciation side as well as from the wage code. So, if you understand from Q1 of next year, the full wage restructuring and the wage code is fully in impact. So, you can assume that the expansion what we talked about in the operational EBITDA is relating to that. My depreciation is, I have already guided the incremental depreciation for the full year, both on leases as well as others. At a steady state basis, as I mentioned, it's around 2.3% of PAT. Your corresponding increase in PAT would be higher than what it is in the operating margin is what I mentioned. So, from a baseline perspective, what I have given you is the current baseline of 2.3%. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to management for closing comments. Over to you.

**Gurmeet Chahal:** Ananya, thank you. And I want to thank all the participants who joined us today. Like I mentioned earlier, we are entering FY27 with confidence, sharp execution capabilities and clear path to long-term value creation for our shareholders. Once again, thank you.

**Moderator:** Thank you. On behalf of Arihant Capital Markets Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.