August 3, 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 July 28, 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**

SHAILESH A BARVE Digitally signed by SHAILESHA BARVE Date: 2026.08.03 11:59:45 +05'30'

Shailesha Barve
Company Secretary & Compliance Officer
Membership No. A50601

Encl: a/a

"Digitide Solutions Limited

Q1 FY27 Earnings Conference Call"

July 28, 2026

MANAGEMENT: **MR. SAMEER AHLUWALIA – CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR – 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: **MR. RIDDHESH KADAM – ARIHANT CAPITAL MARKETS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Digitide Solutions Limited Q1 FY27 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 this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Riddhesh Kadam from Arihant Capital Markets Limited. Thank you, and over to you, Mr. Kadam.

Riddhesh Kadam: Hello, and good morning to everyone. On behalf of Arihant Capital Markets, I thank you all for joining into the Q1 FY27 earnings conference call of Digitide Solutions Limited. Today from the management, we have Mr. Sameer Ahluwalia, CEO and Executive Director; Mr. Suraj Prasad, CFO; Mr. Rajesh Lachhani, Head, Investor Relations and M&A.

So, without any further delay, I'll hand over the call to management for their opening remarks. Over to you, sir.

Sameer Ahluwalia: Thank you. Good morning, everyone, and a warm welcome to all of you joining us on Digitide's earnings call today. Since this is my first earnings call as a Group CEO and ED, let me briefly introduce myself and share the perspective I bring to Digitide before discussing our Q1 performance and the outlook.

A bit about me. I've spent over two decades building, scaling, and reorganizing businesses across technology, operations, and consulting. My career spans roles across global firms, including running a large banking and capital market business for a leading Indian technology services company, leading post-acquisition integration and global expansion at a multinational consulting firm, and managing a business unit contributing over half of a listed company's revenue.

And most recently, serving as a Managing Director and Senior Partner at a US-headquartered consulting firm focused on private equity and restructuring mandates. I also had the privilege of starting my career in the GE ecosystem, which shaped many of my core leadership principles. So, what can you expect from me are some of the things I'm going to spend my time as we kind of move forward.

First, deep domain expertise in outsourcing and overall professional services as a topic. This is the industry where I have built my career. Second, a private equity mindset focused on disciplined execution, clear accountability, and measurable performance outcomes across the entire organization. Third, a strong on-the-ground presence in India because I am based in India, close to our delivery engine, our talent base, and our operating realities.

Fourth, I have a huge appreciation on the impact of AI and emerging technologies and how they are changing the client expectations and the service delivery models that we have to offer. And the last point, which is the belief that we are driving through the entire organization, that sustainable value creation comes not from growth alone, but from pursuing the right kind of growth.

Now, over the past several weeks, I have spent my time doing one thing above all, which is listening. I met our clients, I met our teams across locations, my management group, our Board, our investors, and our partners. And after understanding the business, I leave that process with a very clear conviction.

We at Digitide are not short on capability. The talent that we have is real. The clients that we service are real. And more importantly, the opportunity that we have ahead of us is very, very real. The question is not whether we have the assets to succeed. The question is, are we solving and bringing together greater clarity, more discipline, and clear accountability to various stakeholders that are part of our overall ecosystem?

Before I talk about the future, let me briefly address the quarter as well. Q1 was clearly below our expectations. While revenue at INR775 crores grew 5.3% year-on-year, the sequential performance was impacted. Reported EBITDA for the quarter was INR76.9 crores, translating to an EBITDA margin of 9.9%. And finally, we turned profitable after two quarters. Suraj will talk through the financial performance in detail later.

One of the most important takeaway from the quarter is not the result itself; it is the decisions behind it. As I reviewed the business with my management team, it became clear that certain accounts and opportunities were consuming disproportionate management attention and generating inadequate returns.

We, therefore, chose to rationalize parts of our portfolio, and we didn't shy away from walking away from opportunities that did not meet our standards for profitability and long-term value creation. These actions have already started to happen, and they will continue through the year. More to come as we meet you again.

At the same time, the industry that we are in is experiencing additional pressure from labor code-related changes and minimum wage revisions across several Indian states, impacting both margins and bookings in the quarter, and we'll speak more on that as well. But I want to be clear: the decisions that we have taken were not to protect the current quarter or the next one.

They were taken to improve the next several years, and they point to a deliberate choice about how this company will be run going forward. We are not going to chase top line for its own sake. We are going to chase the quality of our revenue and the quality of our earnings and use that as the input to unlock value for all Digitide stakeholders.

I also want to frame the change that we are bringing because I do not want it to be misunderstood. This is a forward-looking execution roadmap, and the actions behind it have already started. These are basically four moves that we are making. First, Get Unified. We are moving into a new operating model where interlock, a shared agenda, and performance markers become the most important units of currency. We are going back to first principles. We have simplified our operating model into four parts.

One, our business units. They own the P&L of the account, they own the service delivery management to our customers, and they own the careers of our people. Around 55,000 people are mapped to our business units. Second, our service lines. This group owns the competency roadmap. They create capabilities, they create products, they create alliances. Three, our go-to-market engine is getting very simplified. We have organized that into two forces.

One, which is committed and focusing on West across the US and Canada as markets, and the other one, which is focusing on India Plus. The engine drives net new growth for the company. They are not managing P&L; they are not managing capabilities; they are driving new growth for the company.

The most important one and the last one is our corporate functions, which we are consolidating, including creating a new COO office alongside our existing CFO office. Together, these two offices will be accountable for driving cash for the company. It becomes a very important performance markers of how our new operating model will be tracked and will be accountable for.

The second move that we are making is strengthening and modernizing our core. Our core India BPM business remains one of the largest and strongest assets in the company. The issue here is not relevance; the issue here is economics. Over the years, parts of this portfolio have become margin-dilutive and resource-intensive. We, therefore, undertook a rigorous review of account profitability, the pricing discipline, the delivery efficiency, and contract economics. And as I say this, this is not something that we will do tomorrow; this is already happening.

This means we will be more selective about the business that we pursue, more disciplined about the returns we expect, and more focused on improving account quality. At the same time, we are applying automation AI to reshape delivery models, improve productivity, and expand our margins. Our objective is straightforward: growth that creates value, not growth at any cost. Investors should expect a stronger focus on profitable revenue, better account economics, and a structurally stronger margin profile over time.

The third move is what we are calling as Go West and Go Digital. Today, Digitide has a very interesting start in the Western corridor. We deliver customer care, healthcare RCM, collections, and BPM in the market. We also do a lot of insurance sector-focused work on tech and digital. As many of you would know, we have our own insurance-focused technology platform alongside AI and cloud-focused professional services teams.

Much of this combined work is now being contextualized and deployed for multi-sectors, and we will come back and talk more about that in future quarters as well. Over time, we expect this shift to increase both our shares of digital revenues and the quality of our revenue mix, creating a stronger growth profile for the company.

The fourth move: Going All Out. Like many companies, you come to a point where organic growth alone is not enough to achieve its aspirations. As we look at Digitide's future, we see clear opportunities to strengthen our capabilities, our market presence, and our access to strategic clients. We will, therefore, run a deliberate program built on three tracks. We call it BPA: B for build, P for partner, A for acquire. We will continue to invest and build our existing platforms in payroll, insurance, and collections.

We will pursue partnerships from hyperscalers to platform companies and others to extend our reach and make us more valuable to clients. We are continuing to look at selective M&A to strengthen our position in priority markets, enhance our capabilities, and deepen our relationships.

These four moves are now the lens through which we will make decisions, allocate capital, and measure our progress. We are building a company that is more focused, more profitable, more technology-led, and more value-oriented than the one we are today. I will now hand over the call to Suraj to provide details on our financial performance.

Suraj Prasad: Thank you, Sameer, and good morning, everyone. I will now take you through our Q1 FY27 financial performance and the drivers behind those numbers and the actions we have taken into Q2. On revenue, consolidated revenue for Quarter 1 FY27 was INR775 crores, up 5.3% year-on-year and down 3.1% sequentially. The sequential softness reflects lower book-to-bill conversion and a conscious choice to be selective. We renegotiated or stepped away from opportunities that did not meet our thresholds on pricing, margin, or long-term value.

We prioritized quality of revenue over volume. The mix continued to improve. Tech and Digital grew 20.3% year-on-year to about INR237 crores, 31% of revenue. And International grew 10.2% year-on-year to about INR296 crores, 38% of our revenue.

Moving on to profitability, reported EBITDA was at INR76.9 crores and 9.9% margin. Sequential EBITDA was lower by about INR11 crores. Of this, if you recall, INR9.9 crores relate to a one-off in March quarter on renewal of certain leases cost which was previously recorded as short-term rent was capitalized as a right-of-use asset upon renewal of those properties.

On a like-to-like basis, the sequential operating decline was about INR1 crores. The substantive operating movement this quarter was the reconstructed wage cost following the new labor codes and the minimum wage revisions across the country. This is about INR10 crores in this quarter. This is a regulatory change affecting the sector as a whole rather than anything specific to our delivery base.

We are in active discussions with our clients on repricing and cost-of-living adjustments to offset the wage impact. On depreciation, the total depreciation and amortization was INR55 crores, of which about INR36 crores is right-of-use lease depreciation under Ind AS 116 and about INR19 crores is owned asset and intangible depreciation.

The higher figure in March quarter reflected the lease regrouping I mentioned and a change in salvage value assumptions. On a normalized basis, you should think about the depreciation at roughly INR55 crores to INR57 crores a quarter. After depreciation and amortization, EBIT for the quarter was INR22 crores, up by INR1 crores from INR21 crores of the preceding quarter.

Finance costs were INR15 crores, including about INR11 crores of it being lease interest. On the related question of cash lease payments, we expect total lease outflows for FY27 in the range of INR175 crores to INR180 crores, in line with our previous guidance. On PAT, we returned to a positive trajectory at the group level after two quarters with a reported profit of INR2.9 crores and no exceptional items, a clean base to build from.

Now talking about the commercial engine, TCV bookings were INR205 crores this quarter with 26 key logos added. Bookings were below our ambition, but pipeline quality, including the three large international deals being shaped with all the hyperscalers, gives us the confidence.

Our priorities are clear: improve book-to-bill conversion, convert high-profitability pipeline with pricing discipline, accelerate repricing where account economics are below expectations, and grow Tech and Digital, International, and AI-led revenue as a larger share of our mix. We have now around 5.7 million AI interactions at 80% to 85% containment rate.

Moving on to balance sheet and controls, we retain the flexibility to invest in capability platforms and partnerships which Sameer spoke about. DSO for the quarter stands at 82 days. On a sequential basis, this is higher by seven days compared to previous quarter, which was at 75 days, and on a year-on-year basis, this was better by nine days from a 91 days in the last year's same quarter.

Q1 historically tends to be higher for us as our contracts and purchase orders come up for revision. The ongoing repricing decisions with our customers on legacy low-margin contracts and the billing impact of wage-related regulatory changes are also key factors in this quarter. Neither reflect a deterioration in collection quality, and we expect this to normalize as our pricing conversations conclude.

Our Q2 focus is converting the higher receivable and unbilled balances into cash. Right-of-use assets and lease liabilities are broadly stable this quarter. We have also made progress in many of our tax matters, including receipt of an income tax refund for FY25-26 and closure of several GST matters with clean orders, which also strengthens our discipline around financial operations.

To summarize, the mix improved, EBIT was up sequentially, and PAT returned to positive at the group level on a clean base with no exceptional items. As Sameer said, the next phase of Digitide is about acceleration, and from a finance standpoint, that means three things: margin expansion, disciplined capital allocation, and cash conversion.

We believe Q1 is the trough on margins, and we are working towards EBITDA margin expansion in FY27. We are confident in the direction, and we look forward to demonstrating it in our numbers in the upcoming quarters. With that, I will hand the call back to the moderator for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Aditya Dayal from Zeva Consultants. Please go ahead.

Aditya Dayal: Hello. Am I audible?

Moderator: Yes, sir, you're audible.

Aditya Dayal: Thanks for the opportunity. I just had a few questions. First is that the margins that we have posted on a standalone basis, excluding Alldigi, is around 5%, and this has been the run rate since the last quarter. So, the first question is how we are looking on the margins. Second, on an on-ballpark basis, we had converted, I mean, we had orders of around INR500 crores per quarter. So, how many of that orders has been converted till today?

Sameer Ahluwalia: Thanks, Aditya. Let me kind of start with the second one first, and then we'll come to the margin one. Yes, on an average, I think the firm has been clocking INR500 crores as a kind of a closed book that we do, and we carried forward that book into this quarter as well. Going back to some of the points that I shared, we took a deliberate call: one, the contracts that we have, should we continue to service them at the price profile the customer wants us to pay?

And we've kind of at least gone back to few of them to discuss if there are some more mutually beneficial T&Cs that we can agree. Second is our book-to-bill conversion for the quarter has been on an average between 11% to 13%. And that's what has been realized in the quarter as well. Third is there are certain customers where there is a deferment of work as well.

What I mean by that is things that we were expecting to book and bill in this quarter are actually moving to Q2 and Q3 for various reasons they are having on their side. Either it is because of the tech progress they are doing or is it because of any other micro-macro or management shifts that they are going through.

So, those are two or three things that drove the sentiment of where we are in terms of booking as well as in terms of our book-to-bill ratio. On your margin profile, I will let Suraj share our thoughts as well.

Suraj Prasad: Yes, thank you, Sameer. Hi, Aditya. So, your question was on the standalone profit, which is excluding Alldigi. So, if you look at the Q4 to Q1, may not be comparable in that sense because in Q4, there was a dividend income recognized, therefore the movement may not be like-to-like. If you exclude the Alldigi results, which is already in public domain, the remaining of Digitide has also improved sequentially quarter-on-quarter, and the standalone number which you see is because of the Q4 dividend income in last Q4, which is not there in Q1 of this year. I hope that answers your question.

Aditya Dayal: And sir, how are we looking forward towards this margins? I mean, what is the number that we are going to maintain ahead is my first question. And just a follow-up on that, we are targeting some INR9,000 crores of revenues by FY30 or '31, and out of those INR9,000 crores, INR1,800 crores is going to come from inorganic.

Now, in case for you guys to capture those inorganic growth, you might require even a one-time sales company at a INR2,000 crores will give a valuation of INR2,000 crores of cash you require on books. So, how is that going to be funded, providingly, like Alldigi has been distributing 100% of its dividend to the Digitide on a consolidated basis? So, how are we looking forward? Is there going to be a equity dilution or are you going to -- or there will be debt on books?

Sameer Ahluwalia: So, let's kind of unpack your question, right? And because there are two, three different things that you've asked. One is what is our M&A strategy and how we're going to do it. So, going back to the opening comment, I think we will continue to pursue our inorganic and complementary aspirations through a build-partner-acquire strategy.

There are certain very niche platforms that we have built, both for India-to-India market as well as India-to-West market, and we'll continue to ensure that there is right kind of investment and management bandwidth and sales bandwidth applied to it. That's one. We have a separate group that is now focusing on partnership and alliances to ensure that our funnel, our revenue, and the capabilities that we have continue to be more relevant for our customers through that channel.

The third is acquisition. Now, our acquisition has to tie to our overall strategy at a firm level. We will not go and do one big acquisition. Okay? So, we might have to do 2 or 3 depending upon how we shape up into the next few quarters and bring them in. That's one.

Are we open to the idea? Answer is yes. Are we considering options? Answer is yes as well. But it will not, at least how we look at things today, it will not be one big acquisition. Does that answer your questions, Aditya?

Aditya Dayal: Yes. And sir, will there be an equity dilution going ahead?

Sameer Ahluwalia: As a management team, we do not see that as one of the options that we will execute, Aditya. Not something that we have decided or thought about.

Aditya Dayal: Sir, just one last question. We had a spare land or I guess a building, and I think like when is that going to be sold and like the cash is going to come in on the books?

Suraj Prasad: Aditya, we don't have any immediate plans of monetizing the land and buildings at this moment.

Aditya Dayal: Okay. Because sir, last time when I had a call with you and with the company secretary, I guess, he told me that there was a plan to monetize that land going ahead. I think around INR150 crores or something, but the timeline wasn't given.

Suraj Prasad: No, Aditya. The buildings, assets, etcetera, we have primarily for our operating use. This will be evaluated frequently, but there are no immediate plans of monetizing it at the moment. Should there be any plans, we will come out and guide the market accordingly.

Aditya Dayal: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Sanjay Shah from KSA Securities Private Limited. Thank you and over to you.

Sanjay Shah: Good morning, gentlemen. And Sameer, welcome and the best of luck to you, sir. Sir, my question was more regarding the performance which is deteriorated since we've demerged, and now even in Q1, both the segments, that is BPM has fell and even Tech and Digital is falling, including the most worrying is the TCV which has crashed. And you cited about the going out of some customers and bringing in high -- to bring the high-margin business, let go the low-margin.

So, what we have seen, this is the fifth quarter. So, what we have seen this before when we used to see this as a consolidated Quess, lot of green shots were observed. But after this, every quarter we see something or the other on the red side.

And now when you are as a new CEO when you have taken over, we would like to understand from you that what drives you that and what are the verticals where you feel we can grow from here with good margin and very less risk?

Because now for us, we believe we have entered in another a new era where 3x3x3 by 2031 is nowhere in the roadshow. So, how we can look this company as under your leadership?

Sameer Ahluwalia: Thank you for kind of zooming onto some of the points we wanted to cover. Honestly, that's a good segue. And also thank you for a warm welcome. See, let's kind of take a pause first, why we are where we are, right? As you rightly pointed out, when we got incubated with Quess, there were learnings that came with it. What we call as Chapter 1 of our existence.

We moved into a demerger phase and then got listed. That was kind of the Chapter 2 for the firm's existence. And in that chapter, two things happened. One, we got an independent identity, which we are very proud of, right? And the second is, we started to understand what does it mean to be in public markets. Yes? And as we kind of take those two learnings, now we are writing what we are calling as our Chapter 3. In your own words, a new era. Right?

Now, I will not say that we are changing our strategy. No, we are not, right? We will continue to kind of focus on some of the learnings and lessons that we had as part of our Chapter 2 and bring more focus and clear accountability, right? The strategy at some point in time has to move into execution, and the execution needs to have outcomes that our shareholders can touch and feel. So, where we are today, our intent is how do we bring those measurable outcomes to all of you?

The other point that you shared around Tech and Digital. Now, see, our play in Tech and Digital, if I say, will have 3 tracks. We have our platform businesses focused on 3 very specific areas: payroll, insurance, and collections. We'll continue to modernize and invest on those 3 platforms. We'll continue to bring more modules. We'll continue to expand the market penetration of those 3 platforms. So, that's one part of our Tech and Digital.

Second is the work that we are picking on AI and cloud, what we call as professional services work. So, in the quarter itself, we signed up six clients on AI and cloud. And we are being very focused here. We are not signing up other what we call as system integration projects. Our focus is very curated on AI and cloud. The third Tech and Digital track is AI for our BPM business. How do we ensure that we continue to drive and deliver business outcomes on the functions that we run on behalf of our customers?

And when I say customers, they are both our customers in India as well as in the US, right? So, those are 3 tracks that we are driving in Tech and Digital. They were part of our strategy in Chapter 2 as well, but now there is more rigor, there is more accountability, and there is more sales focus as part of our new operating model. I hope that answered your question.

Sanjay Shah: Yes, you answered well, but need to understand much in deeper. So, for that, a personal meet is required. We'll touch base with you, call you, and have a detailed understanding about the business and the prospects ahead. Thank you.

Sameer Ahluwalia: Definitely, Sanjay. Definitely. Thank you. Appreciate it.

Moderator: Thank you. The next question is from the line of Manthan Patel from Patel Investments. Please go ahead.

Manthan Patel: Hello. Am I audible?

Moderator: Yes, sir, you're audible.

Sameer Ahluwalia: Yes, please. We can hear you.

Manthan Patel: Sir, right now looking at our company, our current structure is value-dilutive for Digitide shareholders. As you mentioned in your presentation that we are profitable this quarter, but if you remove Alldigi share of profit, then we are in negative. So, any plans for merging Alldigi with our company?

And secondly, by when we can see the outcome? Like, will we be able to come to the numbers which were pre-demerger level? Like, we are continuously deteriorating like quarter-on-quarter. So, any light on that?

Sameer Ahluwalia: I think we'll come to the demerger point, I'm sorry, the Alldigi point in a minute, but I want to answer the second one first. What is the road ahead? I think the road ahead is not about chasing revenue at any cost. And that's a decision that we took as I kind of came in and the management team subscribed to it, right?

We will chase quality of revenue and quality of earnings, and we want to use that as an input to unlock value for all Digitide stakeholders, right? That includes yourself, that includes our own talent that is working, and that includes our clients as well, eventually. So, the intent here is not chasing blind revenue but quality.

Now, it sounds very first principle and going back to basic, and that's the reality. We are going back to basics, right? We do not just want to pick a contract and then come back and see how do we make money on it? If a certain contract does not meet the profile that we want to have, we will not shy away from walking away from it. That's one, right?

Second is the quarters ahead of us, okay, will start reflecting more and more on some of the actions that we are taking now. Okay? Coming to a profitable status after 2 quarters is not a victory; it's a sign and an indication that the decisions that we have taken has started to realize some results.

All I expect from all of you is to keep tracking us on the actions and the decisions that we take. They will start reflecting on the outcomes that we have promised and committed as well. Now, going back to your first question around Alldigi, I'll ask Suraj to kind of give a response.

Suraj Prasad: Thank you, Manthan. I think we have mentioned this in the past. Any decision on merger of or any merger of Alldigi with Digitide is to be taken by the board of directors at the time. This is something from an organizational construct and the operating model Sameer walked us through. We operate as one interlock across geographies, across entities. The legal entity consolidation is something which the board will decide at an appropriate time. We don't have a specific timeline or an action plan against it at this moment.

Manthan Patel: Okay. But actually, in previous concalls, you mentioned that some of the Alldigi, I mean, the working expense of Alldigi are absorbed in our Digitide Solutions, and some of, I mean, at the expense of Digitide Solutions, Alldigi is having some kind of revenue. So, that is, I mean, value-dilutive for Digitide shareholders. So, any, I mean, any improvement on that front in future or anything like that?

Suraj Prasad: Yes, you're right, and exactly what we mentioned last time as well. So, we operate in an interlocked environment where a lot of those strategic leadership, go-to-market, and solutioning capabilities are housed in Digitide. Therefore, optically, it would look like it is incurring losses while Alldigi is profitable.

You have to look at the Digitide group as a whole because the way Sameer also articulated, the operating model, the solutioning, the products, service lines, etcetera., are centralized. There are separate tracks for each of those service lines across entities, and therefore there is support and corporate leadership from Digitide as well. So, that's why it is important to look at it --

Moderator: Sorry to interrupt you, sir. Your voice is breaking.

Suraj Prasad: Okay. Am I audible now?

Moderator: It's still breaking, sir.

Suraj Prasad: Okay. Let me come a little more closer. Am I audible now?

Moderator: No, sir, it's still breaking. Shall -- hello, can you please speak something, sir? Your voice is breaking.

Suraj Prasad: Is it audible now to you?

Moderator: Yes, it's better now.

Suraj Prasad: Okay. So, as I said, the point which I was trying to make is since the operating model which we operate in, where the service lines, capability, and go-to-market are fully interlocked across all our service lines, there are costs of entire group also sitting in Digitide expenses, which is on an arm's length principle being provided to respective entities.

Not all of the corporate expenses are cross-charged to the entities at this moment as a group. Some of them are shareholder activities, some of them are senior management activities which manages the entire group. So, in that sense, it will be important and pertinent for the investors to look at the results on a consolidated basis rather than on a standalone basis.

Manthan Patel: Okay, sir. And another thing, my last question. Like, if you -- you have mentioned that AI is helping our company, then if AI is helping our company, then why productivity is being -- is coming down? Like, our employee expense is quite up from previous quarter. And in future, can we see employee expense going down, I mean, AI helping us and improving our productivity?

Suraj Prasad: So, Manthan, let me come to the second part first. As I mentioned in the opening speech, currently we are a BPM-heavy company with almost 55,000 professionals working for us. The labor code introduction across the country has had an impact of the wage definition for all of our employees at large. And as part of the wage code introduction, all the states have also announced their minimum wage revisions from at least 1st of April of this year.

So, the operating model has changed by way of regulation, and this has had a impact on our cost of operations. And as I said, many of them are in active discussions for discussion of the clients for repricing and renegotiations are underway. So, that is on the people cost perspective on a quarter-on-quarter basis if you were to look at.

Second, coming to AI, most of our operations, both internal as well as client-facing, are interfaced with AI. It would not be right to say that the productivities are not shaping in because the efficiencies at which it operates, whether it is internal or our BPM operations overlaid with AI, which Sameer spoke about, are an integral part of the delivery engine. It is not separate that people versus AI; it is actually a combined operation by the people, platforms, and AI on top of it.

Manthan Patel: Okay. Got it. Thank you.

Moderator: Thank you. The next question is from the line of Hitaindra Pradhan from Maximal Capital. Please go ahead.

Hitaindra Pradhan: I hope I'm audible?

Moderator: Yes, sir, you're audible.

Hitaindra Pradhan: Yes. So, my first question is like if we exclude Alldigi, so what portion of the BPM and Tech and Digital services belongs to our core company? I mean, the whole digital services that belongs to the core company or part of it also belongs to Alldigi?

Suraj Prasad: Sorry, Hitaindra, we couldn't fully follow you. You may have to repeat the question, please.

Hitaindra Pradhan: Yes, yes. I mean, so the, if you see that in the presentation slide number seven, you have flagged that Alldigi Tech, like the solutions that it covers is the CLM and the payroll, and the Digitide solutions says like, the BPM, the RCM, and the Tech and Digital services. So, just wanted to confirm that, I mean, the Tech and Digital, whole Tech and Digital is under the umbrella of Digitide or some of it also belongs to Alldigi Tech? Just wanted to confirm on the slide number seven that you...

Sameer Ahluwalia: So, from the presentation that you're referring, the Alldigi business again has two components, right? There is what we call as BPM business, which is something that we do for lot of our US customers and select domestic customers as well. That is classified as CXM, okay? That's basically the BPO-BPM equivalent business.

And then our EXM business is basically the platform business, which we categorize as T&D. So, our Alldigi will have both. It will have a BPM as well as Tech and Digital. And then when you look at Digitide, we have a equal split as well. We do our own BPO for lot of our India-to-India clients.

We are actively now pursuing to move into Tech and Digital in India as well. But lot of our international clients are in Tech and Digital for Digitide. Does that answer your question in terms of split and…

Hitaindra Pradhan: Yes, yes. It does. Thanks. And sir, the second question is the BPM, the revenue, I mean, our understanding was that it would be probably HSC or 10% sort of growth for FY27. The current quarter, if I understand it correctly, is because you are selective in terms of client and cost, etcetera.

But sir, the, like, the initial concern remains like, this is more vulnerable to the AI disruption. So, if you can give us some granularity in terms of, what are the processes which are being disrupted and how this business is evolving and what kind of growth that we are targeting for the BPM?

Suraj Prasad: Hitaindra, can you hear us? Unfortunately, your voice is coming in quite broken. We're not able to follow your question. So, can you try speaking with the handphone and once again, if you don't mind?

Hitaindra Pradhan: Yes, sir. Using headphone, there's some bit of disturbance since, last two days. Am I clear, sir, now? Hello?

Suraj Prasad: We can hear you but not very clear. So, we're not able to decipher your question really.

Hitaindra Pradhan: Okay, sir. So, maybe I will reach out, post-call to the IR and that would be better. Yes. You can go ahead. Thank you.

Suraj Prasad: Thank you.

Moderator: Thank you. The next question is from the line of Simran Thakkar from Beas Capital. Please go ahead.

Simran Thakkar: Thank you. Welcome, Sameer, on the Board. My first question goes like this. We see the AI-led revenue of INR15 crores, which is approximately 2% of the revenue, right? But we simultaneously saw degrowth in BPM and Tech and Digital. So, just wanting to understand and to decipher further as to whether this is incremental or was it cannibalization of the other two segments into AI revenue? And how do we see it going further based upon FY28 and onwards ambition in terms of AI-led revenue? Thank you.

Sameer Ahluwalia: That's a great question and kind of puts us at a podium to kind of do a little bit more unfiltered sharing, right? One is the AI-led revenue that we are speaking about is new AI projects. It is not cannibalized business, right? This quarter, as I said earlier, we signed six new clients for whom we are doing some AI strategy work, wherein we did some POCs and now moving into a rollout.

There are certain customers for whom we are helping them choose what is the right AI framework, right? So, we are between different customers in terms of their maturity and their consumption of AI, and that's the revenue that we kind of notified as part of our results.

Now, your other question around Tech and Digital and BPM. We do not report the AI that we deploy in Tech and Digital and BPM as a separate AI revenue. That's part of our BPM revenue itself, and in many cases, a lot of time it is co-shared with our customer as well. It's not reported separately.

Simran Thakkar: Understood. Understood. And my second question goes like this. The major, while you were coming up with your opening remarks and you mentioned that our three-industry focus would be payroll, insurance, and collections. My major question would be on insurance. How do we look at the competitive intensity?

Because the players playing into this particular industry and especially the geography that you are targeting are actually reporting good contractual terms and the value, etcetera. How do you look at the competitive intensity and where are we standing as of now there?

Sameer Ahluwalia: Yes. So, I think there are two parts to this. One is our market/sector/vertical strategy, and then within that strategy, how do we see ourselves against many of our peers? Now, in terms of the verticals where we are taking bets, BFS (banking, financial services) definitely is one sector we want to double down, both in India as well as in the West.

Insurance is a sector wherein we are continuing to expand in the West, not in India that much. We also see healthcare as the next sector wherein there is a lot of attention as well as sales activities converting into some meaningful orders for us are happening.

Third, outside BFS insurance, and healthcare, there is a little bit of oil and gas and a little bit of CMT as a sector as well in the US. So, these are, I would say, at a very broad level, four or five sectors wherein we are having conversation and the orders are getting converted.

Now, coming to insurance specifically, I think the focus that we have specifically in the US market is more around creating an account strategy which is very different for, let's say, the Tier 1, i.e., the Wall Street clients, as well as the mid-market client. A lot of insurance mid-market clients are currently underserviced and are under-penetrated by many large BPM and tech companies.

So, our sales activities are very focused around US mid-market and on some very specific topics that we are taking to them. We are not trying to be a catch-all and answer to every question paper that the customer has. The qualification and the response to the question papers that we qualify is very, very curated, right?

So, I want to take a pause here and see if this kind of answers your question. But that's how we're looking at the verticals overall in the West as well as very specific to insurance, how do we see as our growth going forward?

Simran Thakkar: Understood. Yes, that somewhat answers my question. Thank you for that.

Sameer Ahluwalia: Thank you.

Moderator: Thank you. The next question is from Jagdish Kumar, an Individual Investor. Please go ahead.

Jagdish Kumar: Yes. Thank you. So, the AI part, right? So, we are having a 2% revenue. So, this one is are we getting a new clients or already existing clients we are putting this as a new service? And also when it comes to the deal pipeline or anything regarding the AI, considering the competition, so could you please show little more deep insight into this one? Thank you.

Sameer Ahluwalia: Definitely. I think building onto the previous question, the AI revenue that we have reported is on new clients or rather new projects. So, it's a combination of both. There are some new customers that we have signed, and we are doing AI projects for them, and there are some existing customers for whom we do BPO or some other work who are now calling us to do new AI projects. But it's net new; it's not a reflection of our existing work.

Jagdish Kumar: Yes. Any future deal pipeline? I mean, I understand that is difficult to project, but still just to get a clarity or something, right? Maybe could you please show some light there?

Sameer Ahluwalia: That's a valid question, right? Otherwise, how will you track us, Jagdish? So, yes, we do have a INR100 crores to INR150 crores of AI funnel that we are chasing today at different stages of maturity, and the confidence level of converting them through the year is also very high. The other thing which is important marker to make a note of, our sales teams and our solution teams are different who are taking AI topic to the market.

They're not our typical BPO or BPM teams. So, we've invested to bring some AI-specific skills, both on sales, solutioning, and delivery, and the trifecta of these three is taking our narrative to our customers.

Jagdish Kumar: Okay. Just to add a top-up question here. So, as we do need to increase the employee base related to this particular skill set, if it is this niche skill set, right? So, the employees also will come at the cost. So, we are good for that?

Sameer Ahluwalia: We don't have an option, Jagdish. We have to, right? I mean, that's where the future is. But in all honesty, at some point in time, right, we might have to create an AI business unit with its own P&L. Today, we don't have it. Okay? But to your question, we do have to track it, we do have to report AI as a BU, it will have its own front-office sales, it will have its own expense items and many other things. Are we there yet? Answer is no. But is that something that we might have to do and we are open to it? Answer is yes.

Jagdish Kumar: Great. If I may add just top-up. So, this once we build and maybe in future, right, once we grow bit little bit, so this can be utilized for our existing BPO, KPO, or other BPM business as well, right?

Sameer Ahluwalia: 100%. Yes.

Jagdish Kumar: Yes. That's great. Yes. So, this capex whatever we are doing here will be beneficial in every way.

Sameer Ahluwalia: Exactly.

Jagdish Kumar: Thanks, and all the best. Yes. And final question, if anything are we investors as we long-term shareholders, right? Are we missing as AI, anything else we need to focus and continue to track your company? Anything else you wanted to highlight other than which you already stated?

Sameer Ahluwalia: I think the most important marker that I expect all shareholders to track us is the margin improvement plan that we are executing. I think that becomes very important. And at the end of the day, how the outcome of that unlocks ROE for all of you, right? So, track us on our actions for margin improvement, track us on the quality of revenue, track us on quality of earnings, and track us on ROE.

Moderator: Mr. Jagdish Kumar, I would request you to rejoin the queue for a follow-up question. The next question is from the line of Anukool Arora from InVed. Please go ahead.

Anukool Arora: Yes. Hi sir. Thanks for the opportunity. Sir, in the last previous few calls, we had guidance for a double-digit revenue growth is what we are seeing for FY27. So, are we sticking to that guidance?

Sameer Ahluwalia: See, I want to be very clear here, Anukool, right? Of overall how we are thinking about FY27. Revenue is not the only metric we are managing for this year. Our most important priority is margin improvement across the account base, and we are very confident that that's the right lever to pull for long-term value creation. Hence, my request to all my investors is to measure us on profitability growth rather than the revenue itself.

And as I kind of spend more time with all of you over the quarters, I want to be very, very unfiltered here. It's a deliberate choice that we are making because we want to lay out the foundation for growth that is both high quality and more sustainable. Yes. Does that answer your question, Anukool?

Anukool Arora: Yes, sir. Definitely. Sir, just a follow-up on that. I think you are saying that we are focusing on margin creation. So, anything that you can highlight in terms of what sort of EBITDA margins do we see going forward?

Suraj Prasad: Yes, Anukool, this is Suraj here. If you followed Sameer that we have started initiated the process of being selective in our deals, selective in our revenue prospects, and also which means our account-level profitability given the revised cost structure from the labor code and so on. So, and that process has already started. You will start seeing that playing out throughout the year.

At an overall level, I would continue to say that we will be on track with our 200-bps margin expansion in this fiscal.

Anukool Arora: Got it, sir. That answers my question. Thank you so much, sir.

Suraj Prasad: Thank you, Anukool.

Moderator: Thank you. The next question is from the line of Zohair Hussain Nasser from Nasser Investments. Please go ahead.

Zohair Hussain Nasser: Hi. Thank you so much and congratulations, Sameer on taking over. So, my question is basically is the USD1 billion revenue target that the company has set right after demerger still the operating target for FY31 or have you recalibrated on the timeline for that?

Sameer Ahluwalia: Zohair, thank you for bringing that up. I mean, a continuation to whatever we've shared in the last hour. I think we will not manage this business to a headline number at the expense of the quality of that revenue. I mean, that's one sentiment I think I want to leave with everybody. Our focus is very deliberate. We're going to value our business, which is bringing higher profitability over higher volume, right? What that means in practice is that we are building a more profitable, more resilient, and more durable revenue base.

Are we shying away from a billion-dollar number that we have shared? Answer is no. But there is no point in reaching that number if I'm not profitable, and I'm not able to unlock value for the stakeholders that are with us, right? So, we'll the North Star stays, but the path to that North Star is more profitability and being more relevant to everybody who are part of that journey with us.

Zohair Hussain Nasser: Thank you. And what sort of revenue growth do you envision over the next couple of years, maybe if you could give us over the next two years and the next five years on a Y-o-Y basis?

Sameer Ahluwalia: It's going to be a growth that we will all enjoy. There has to be profitable and it has to unlock value. We'll come back in the subsequent quarters, what does it mean in terms of percentages and many other markers around that. Yes?

Zohair Hussain Nasser: Okay. And how do you see the headcount number playing out over the next couple of years?

Suraj Prasad: So, Zohair, if you look at our headcount as a marker, it has been consistently coming down as we progress more into our Tech and Digital business and also improving productivity in our existing business. So, that will continue to play out in the future. As Sameer also mentioned, most of our processes will be now tech-enabled. It doesn't mean that we'll take people out of the equation; this will be a tech on top of the delivery pipeline which we have. So, but as an overall marker, you would find that headcount will be on a declining trend over the next couple of quarters.

Zohair Hussain Nasser: Got it. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, that was the last question. I would now like to hand the conference over to the management for closing comments.

Sameer Ahluwalia: I mean, as part of closing statement, I mean, the only sentiment I want to leave with the shareholders, thank you for your continued trust and more importantly, your patience. The next phase for Digitide is about acceleration, and you will see some of those turning into real outcomes. Accelerating our profitability, accelerating our execution, and accelerating value creation. Thank you for your support, and I look forward to updating you more on our progress in the quarters ahead. Have a good day.

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