IDAL/2026-27/SE/105 **November 6, 2026**

National Stock Exchange of India Ltd **Scrip Symbol - INTELLECT**

BSE Ltd. **Scrip Code - 538835**

Dear Sir/Madam,

Sub: Disclosure of Earnings Call Transcript

Please find attached herewith the transcript of the Investor Earnings Call held on October 30, 2026 on the unaudited financial results for the quarter and half year ended September 30, 2026.

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

Kindly take the above information on record.

Yours Truly,

For **Intellect Design Arena Limited**

PRAKASH BHARADWAJ

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Date: 2026.11.06 15:35:14 +05'30'

Prakash Bharadwaj
Company Secretary and Compliance Officer
ACS-37214

Investors Meeting Transcript

Praveen Malik:

Greetings and welcome everyone!

Thank you for joining us today to discuss the Intellect Design Arena Limited financial results for the second quarter of fiscal year 2026-27, ending 30th September 2026. The investor presentation and press release have been sent to you and are also available on our website. Our leadership team is present on this call to discuss the results.

We have with us today:

- Mr Arun Jain, Chairman and Managing Director
- Mr Manish Maakan, Executive President & Group Chief Revenue Officer and Chief Executive Officer of Intellect Wholesale Banking
- Mr Rajesh Saxena, CEO of Intellect Consumer Banking
- Mr Banesh Prabhu, CEO of IntellectAI
- Ms Vasudha Subramaniam, CFO
- Mr Vikas Misra, Chief Strategy Officer

Besides some other senior members of Intellect management are present in the call.
I will now hand it over to Manish to give his comments on the results. This will be followed by the comments of Vasudha. Thereafter, there will be a Q&A session where your questions will be answered by the senior members of the management team. During the Q&A, you can ask a question by clicking on raise hand, and we will unmute you so that everyone is able to listen.

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

Manish Maakan:
Good afternoon, everyone. Praveen, thanks for the introduction, and thanks to everyone for joining us. Our theme remains Growth by Design, which we shared at the beginning of last quarter. Last quarter we had set out four growth engines and five measures by which we said we should look at judging us. This quarter's presentation shows them as four strategic pillars built on the same strategy. Before going into any more details, I want to go a little deeper into the first one, which shapes our future on all four pillars-MSOCK.

MSOCK is about making enterprise knowledge computable. This was a significant innovation that we brought to market in September. We launched MSOCK, a multi-dimensional, multi-layer system of connected knowledge. Here is the problem it solves: the industry has invested over billions in AI, yet productivity has barely moved. AI tools are brilliant on day zero and side lined by day two, because AI knows the world but not the institution, its systems, its dependencies, its rules and its connected knowledge.

MSOCK closes that gap. Just as the relational database made data queriable, MSOCK makes enterprise knowledge connected and computable; so AI can understand a mission-critical system, whatever you saw on your screen, see the blast radius for a chain, and act under governance before anything else is touched. The five engines around which we have built these capabilities. It coexists with whatever our customers already have, and our message is simple: keep your agents, keep your AI tools, and add MSOCK to make your knowledge computable. How MSOCK matters to Intellect: It opens a new market segment for us, where every bank, insurer or capital markets firm with a complex legacy estate must understand it before it can modernise it. Our challenge to the market: bring one complex module, give us three weeks, and we will map it, govern it, and prove the blast radius.

Second, it strengthens everything we sell eMACH.ai and Purple Fabric are now engineered using MSOCK, and it is already changing our own economics, and Q2 already shows it. MSOCK is now validated across 141 internal projects, with 39 patents filed. In this quarter we took 25 institutions live, up from 16 in Q1, yet our total cost stayed flat versus Q1, including higher marketing cost. More output from the same cost base is exactly what MSOCK is built to deliver, and in a moment, we will show what this has meant for one specific customer.

Our four pillars for strategic growth let me start with the evidence first. Our trailing-twelve-month income is up 17% and has risen in each of the last seven quarters on an LTM basis. We recorded 21 wins this quarter, including 8 destiny wins, up from 7 in Q1 and 25 financial institutions went live on our platforms, up from 16 in Q1, and we delivered at a lower delivery cost than Q1.

Let me show how these trace back to the choices made.

First one AI-led transformation-the choice was to invest in proprietary AI ahead of demand. The output is AI now winning deals on its own merit. A large US property and casualty insurer chose us in two deals in AI-led submission processing and underwriting. An AI-led digital bank in Bahrain, focussing on business clients and digital assets, chose eMACH.ai as its digital core. One of Mexico's largest banks will use AI-led document processing in its new trade finance platform. A global contract research organisation and an Indian precision manufacturer chose iAPX, which is our procurement platform, for AI-led accounts-payable automation; outside banking all together A Kuwait leading retailer chose our AI-driven customer personalisation. In total, 7 of our 21 wins this quarter were AI-led. AI is no longer just a feature of our proposals; it is a reason customers choose us in banking and beyond.

The Choice since FY 27 the 2nd Pillar is Marcus drive. Stay on the pillar slide please.

A Pillar 2 was to focus on strategic markets and global growth. This has been our focus and Most of our investment in last couple of years has gone into the Americas and Europe, and the output is platform-scale decisions from major banks., Like I shared one of Mexico's largest banks came back to buy eMACH.ai Trade Finance; One of the the Nordics region leading but selected eMACH.ai Payments for its UK operations; and a leading US financial services provider selected Payments for its US business. 9 of our 21 wins this quarter came from the Americas and Europe, which is more than half of this quarter's value and more than half of our new signings.

Pillar 3 is strategic platforms and innovation; the choice was to build platform that turn into domain expertise and propositions that sell repeatedly. Our credit union business, is a classic example acquired through Central 1, continues to win more. A transaction-banking platform which has been chosen in the UAE and Jordan for repeatedly, a composable core-banking platform in five countries, and a payments modernisation across the UK and US. Repeatability is what lets our IP scale without custom development; a repeat proposition sells faster, implements faster and needs less customisation. It's been proven that. I just want to add One specific item over here, which we will look through our numbers later: I Would like to share one of our large credit unions, who had made a decision on an alternative platform prior to our acquisition of Central 1, completed its migration to an alternate Platform there by creating reduction in our SaaS revenue this quarter, and it's important to call that out as you go through our results.

Our platforms are also earning independent recognition. At the ET Enterprise AI Awards, Arun was recognised as an Indian CEO Driving AI Innovation, and Purple Fabric was named Best AI Development Platform. These are market recognitions of what we have done.

Our pillar 4 is strategic deal wins and go-lives. The choice was to use delivery success to deepen relationships with our more than 500 customers in 62 countries, with MSOCK now embedded in our implementation teams. Every go-live adds to an installed base that is one of our largest growth assets.

On the deals: I shared the largest Mexico deal. Earlier we have one CBX-modernise their cash management platform, and immaculate execution using MSOCK saw the bank migrate the delivery with precision and control. That has now resulted in the bank extending its engagement to eMACH.ai Trade finance and Supply Chain Finance, front to back -one of our strategic deals. A programme of that scale typically takes 18 to 24 months; with MSOCK, we are designing to deliver it in 12 to 14 months.

This is not one off success which we have in the last two quarters, three other significant programmes went live ahead of plan: a wealth platform for a major.. global major in its first country in Asia, four months early on a 15-month programme; a cash management platform for a major Middle East powerhouse, three months early on an 11-month programme; and a lending platform

transformation in Europe, was advanced by three months. Across markets and product platforms, we are seeing early deliveries for our success. Delivering early, and right the first time, is what earns the next decision; that is what we mean by implementation certainty, and MSOCK is what lets us deliver it repeatedly.

Mexico has shown how we deepen relationships and open new channels. for UK wealth A joint venture was established to expand our TAM. A new segment of AI-native digital banking Bahrain Digital Bank is another example, with of how modern new AI- banks are leveraging Intellect as a platform. And we launched a new product category, Islamic banking, winning our first Sharia-compliant bank client in the Maldives. Each of these expands our addressable market on the same platform, without a matching increase in custom development; this is what I really wanted to demonstrate means what growth by design.

Slides 8 and 9 show what our 21 wins are and you would have had a chance to look at them at this stage go to the pipeline: it stands at ₹13,125 crores, up 9% year-on-year and close to four times our trailing income, and it holds 103 destiny deals: 29 above ₹50 crores, 35 between ₹30-50 crores, and 39 between ₹20-30 crores. Pipeline growth has moderated because our focus is now building the pipeline to converting it, and the pillars are converting: we closed 8 destiny deals this quarter. Among our high-value pursuits, we added 18 new ones, and while16 decisions, half them wins came from our. Our deals are also getting larger, and their shape is changing; newer wins increasingly combine an upfront license with a multi-year annual subscription fees, each of them builds forward revenue for us.

On awards and leadership: page 12 of the deck shows the awards we have won, and page 13 shows how we are deepening our leadership talent. Vijay Anand joined us as Senior Executive Vice President and Chief Operating Officer for Wholesale Banking. Leadership depth and MSOCK together answer the question investors ask us most: can you deliver, and what are you winning? Q2's answer is yes; more go-lives from a flat cost base.

Our priorities remain unchanged from Q1 and in the same order: commercialising AI and MSOCK, and converting the higher-value pipeline. We continue to ask you to judge us on the same five measures we have explicitly and deliberately defined out. First, AI adoption; 7 of our 21 wins were AI-led., priority market growth: 9 of 21 wins, and more than half of new signings, came from the Americas and Europe, including 3 Tier-1 platform decisions. Third, destiny conversions: 8 new against 7 last quarter and 15 in the first half.. License-linked revenue is growing faster. Operating leverage: more go-lives from a flat cost base. I'll now hand over to Vasudha, who will explain through how this momentum is translating into revenue quality, profitability, working capital and cash.

Thank you.

Vasudha Subramaniam:
Thank you, Manish. Good evening, everyone. I will now take you through Intellect's financial performance for Q2, beginning with our last-twelve-months performance, followed by quarterly results, profitability, cash, collections and working capital.

Our LTM performance reflects continued growth in revenue, with increasing contribution from license-linked revenue. LTM total income reached ₹3,388 crores, representing a 17% year-on-year growth. License-linked revenue, comprising license, platform and AMC, increased to ₹1,768 crores from ₹1,497 crores, representing 18% growth and contributing 52% of total income. Platform revenue increased to ₹591 crores from ₹392 crores, representing 51% of growth, while AMC revenue increased by 12% to ₹603 crores.

Moving On profitability, gross margin as a percentage of total income stood at 56.7%. LTM EBITDA stood at ₹736 crores, representing 21.7% of revenue, despite over ₹100 crores of investment made in AI. Our non-GAAP adjusted EBITDA, excluding stock compensation cost, stood at ₹802 crores. Profit before tax stood at ₹503 crores, and profit after tax before exceptional items stood at ₹378 crores. Collections increased 26% to ₹3,282 crores, and cash and cash equivalents stood at ₹1,216 crores. Improving the conversion of revenue growth into earnings growth remains an important financial priority for us.

Coming to the second quarter performance: total income for Q2 stood at ₹878 crores. On revenue composition, license-linked revenue stood at ₹457 crores, platform revenue at ₹133 crores, and AMC revenue at ₹160 crores; license-linked revenue accounted for approximately 52% of total income. Gross margin improved to 57.2%, and EBITDA stood at ₹199 crores, representing 22.7% of revenue. PBT stood at ₹137 crores and PAT at ₹104 crores. We remain focused on strengthening operating performance through disciplined cost management and improved productivity.

On cash, collections and liquidity: Q2 collections stood at ₹815 crores. Cash and cash equivalents stood at ₹1,216 crores as of 30th September, compared with ₹927 crores in the corresponding period last year, an increase of 31%, strengthening our liquidity position. This growth in collections and cash balance gives us financial flexibility to support operating requirements and ongoing investments. On working capital, our days sales outstanding, excluding the contractually not due amount, stood at 111 days. We continue to closely monitor receivables and collections, with a focus on working capital efficiency and maintaining collections discipline.

Before I conclude, I would also like to share a leadership announcement. The Board has approved the appointment of Mr Suresh Eshwara Prabhala as an additional director, designated as an independent director, for a term of five years, subject to shareholder approval through a special resolution. Suresh brings 28 years of experience in financial services, including 22 years in private equity investments. He has held senior leadership positions at JP Morgan, Mount Kellett Capital Management and ADV Partners Capital Management (ADV), and currently serves as CIO at 2380 Capital. His extensive experience in investment, financial markets and corporate governance will bring valuable perspectives to the Board as Intellect continues its global growth journey.

With that, I conclude the financial review and thank you. We will be happy to take your questions.

Praveen Malik:
Thank you, Vasudha. Now the platform is open for Q&A. In case you'd like to ask any questions, please click on Raise Hand, and we will unmute you. First, we have Adi Jawar from AK Investment. Adi, please ask your question.

Adi Jawar:
Thank you for the opportunity, sir. Good set of numbers. I have one question regarding revenue recognition. We have implementation revenue, where we also undertake customisations and sell licences. How do we recognise the licence revenue in such cases? Is the licence revenue recognised separately, or does it get converted into AMC after implementation? I am trying to understand how we account for the licence and implementation components, particularly when customisations are involved. Once the implementation is completed, does the revenue remain stable through AMC, or is it largely recognised during the implementation phase?

Arun Jain:
You may be a new investor in the company. Let me explain our business model. Today, our revenue is classified into three categories. A1 is licence revenue, A2 is implementation revenue, which includes customisation, and A3 is AMC revenue. Within implementation, we have implementation revenue (A2.1) and customisation revenue (A2.2). AMC revenue is typically a percentage of the licence revenue, say 20%. Once the implementation is completed, the implementation revenue ceases, and the AMC revenue begins. So, your understanding is correct.

Adi Jhawar:
Okay. So, we are not accruing this anywhere? If we are selling a licence and undertaking customisation, that revenue sits under licence revenue only, right?

Arun Jain:
No, no. It sits under implementation revenue. If there is customisation, it will be classified as customisation revenue, which accounts for 48% of the revenue in this segment. The licence component will be recognised under licence revenue. That portion will not be reflected in implementation revenue. Please go ahead.

Adi Jhawar:
What I am trying to understand is, if we are undertaking customisation under A2 and selling a licence as well, shouldn't the revenue from maintaining that product continue and move to A3 as AMC revenue?

Arun Jain:
How will the customisation revenue move to AMC? It will not. I think we should take this question separately. The CFO will address your question. Let us have some more conversation.

Adi Jhawar:
Okay. My next question is, are we confident of achieving revenue of ₹900 crore plus in Q4 and the PBT guidance of ₹1,000 crore for next year?

Arun Jain:
If you look at the numbers, that is why we are confident. The business is progressing in a structured manner. Earlier, we were reporting quarterly revenue in the range of ₹700 crore to ₹730 crore. Then, in Q4, we achieved ₹850 crore. As an investor, you may have had a doubt when we published the Q4 results about whether we would be able to sustain revenue above ₹800 crore. However, in the last two quarters, Q1 and Q2, our revenue has remained close to ₹850 crore. We have been able to sustain the Q4 revenue levels in both Q1 and Q2. That gives us a new baseline of ₹850 crore. We are definitely confident of crossing ₹900 crore in the next two quarters. We will discuss the numbers for the next year separately.

Adi Jhawar:
Okay. Lastly, I have one more question. Do you see any risk, given that we are dealing with a large number of projects and licences?

Arun Jain:
Please ask one question at a time, as there are 240 people participating. Are you asking whether there is any risk in our execution?

Praveen Malik:
A request to everyone: please ask only one question at a time. If you have another question, you can ask it once again after allowing others to participate. Thanks, Adi. Next, we have Dev Mehta from Unique PMS. Dev, please go ahead.

Dev Mehta:
I'd like a bifurcation of the R&D expense for the quarter, and on an LTM basis — how much was expensed and how much was capitalised?

Vasudha Subramaniam:
On an LTM basis, R&D expense that was expensed through the P&L was approximately ₹230 crores, and around ₹170 crores was capitalised. For the quarter specifically, approximately ₹54 crores was expensed and about ₹42-43 crores was capitalised.

Dev Mehta:
Understood, thank you. Second question: FY21 was an inflection point for the company, after which margins moved up to the 24-25% range. Even in the annual report, FY27 is described as a similar inflection point. Are we still confident in that guidance; that FY27 will be an inflection point for the company?

Arun Jain:

Yes. FY27 is an inflection point from two perspectives, as Manish has laid out. First, we have built a technology called MSOCK. If you think like a Silicon Valley investor, this is a genuine technology invention; for the first time, we have connected an entire financial institution's knowledge across business capability, product, user journeys and call chains, kafka into a single system of connected knowledge. That product launched on 9th September, and in the six weeks since, I have personally met close to 30 CIOs across the US, India and Europe, and our entire senior management team has been meeting customers. Today, we have 30 active conversations on how MSOCK can be applied on top of Anthropic to drive the right business outcomes and deliver accurate results. The significant investments that companies are making in the cloud are not translating into actual cost savings. As Manish mentioned, 141 projects have gone live on MSOCK. We have demonstrated that a project that would typically take 12 months can be delivered in 8 months. This is a very compelling proof point for the technology. Our ability to win new deals is also expected to improve significantly because of the capabilities Intellect has built to deliver on its existing pipeline of ₹13,000 crore. This will provide a positive tailwind for the business. This is one area where we see an impact on margins and costs. The other important point Manish highlighted is our cost structure. Our costs stood at ₹680 crore last quarter, and we have managed to maintain the same cost structure this quarter. It is very rare to maintain a similar cost base across two consecutive quarters. As revenue increases, the operating leverage will become evident. If our current revenue of ₹850 crore increases to ₹900 crore, out of the additional ₹50 crore in revenue, approximately ₹40 crore will flow through to margins. That is where the value will be created for investors. You can see the impact on margins going forward.

Dev Mehta:
We remain committed to our guidance of achieving ₹4,000 crore in revenue by FY28.

Arun Jain:
That's right.

Praveen Malik:
Thanks, Dev. Next, we have Vivek Taruga — please unmute yourself and ask your question.

Vivek Taruga:
Sir, thanks for the opportunity. My question was regarding MSOCK. Arun sir was explaining in most of the interviews that we have both effort reduction and, also, the kind of token maximisation in terms of the intelligence we are using because of MSOCK. If we think that this is a tailwind, how is it looking? I know it is too soon, but you have had conversations. I am just trying to understand. As you also mentioned in one of your interviews, MSOCK will help us crack the mainframe modernisation opportunity. So, if you can lay it out, how is it looking? Are you already very confident? Are you seeing the deals move faster? And will the cost structure of ₹680 crore remain the same up to what kind of revenue? Is it until ₹1,000 crore, or can you even maintain it at ₹1,100 crore to ₹1,200 crore? Because if you look at other AI companies, I don't know how to ask this

question, but there are huge savings coming in. If you look at product companies in Silicon Valley, they are growing north of 30% to 40% because of these gains. Are we going to see that kind of growth because MSOCK is providing a lot of tailwinds?

Arun Jain:
Yeah. So, I think that is a beautiful question. I think that is the right question for this conversation. A 1% margin here and a 1% margin there is not going to make your investment decision in this company. What your company is doing with MSOCK is much bigger. You are asking the right question about mainframe-to-cloud migration. There is a big shift happening right now. There are market tailwinds in the US and Europe, where these projects are taking place. After launching MSOCK, we are now in active conversations with seven banks on mainframe migration. Before MSOCK, with eMACH.ai, we were only in contention. So, if you look at the whole company strategy, we have eMACH.ai as a product line, which is Layer 1. Let's say this is Layer 1. We have eight different product lines, from DTB to core banking, lending, wealth, payments, trade finance and supply chain finance. So, there are eight product lines. The second layer is Purple Fabric, which is making the operations of the bank more efficient. We are working with banks, and there are at least 15 RFPs in Purple Fabric, where Purple Fabric as a platform is being considered. Two banks have gone live on Purple Fabric as a platform, which is a significant milestone. They are consuming the platform as a secure platform, and they have gone live. Now, this traction will happen in Purple Fabric, which we launched last year. That is Layer 2. So, the first layer is for business, the second layer is for operations, and the third layer is for technology. Our promise to the industry is that we can bring down the cost of a bank by 20% by applying all three pieces together, if the bank choses. In the mainframe-to-cloud area, we are able to harness knowledge. Most of the competitors in this space, in the mainframe-to-cloud area, are parsing companies. If you want to understand the technology, many companies are parsing the code, bringing the past knowledge and giving it to the cloud to go with forward engineering. The gap there is that it does not have context engineering, and it does not have the connected knowledge piece, which we call the Multidimensional Multilayer System of Connected Knowledge. So, that is what is missing in the mainframe business. When we are talking to existing players, whom my competitors like AWS or other players like CAST are positioning, I am working on top of it and giving three opportunities. First is to take their knowledge as Part 1. Then, to enable forward engineering using MSOCK. And third, to apply the eMACH.ai architecture on top of it. So, there are three options available in mainframe.

The mainframe-to-cloud migration deals will be upwards of double-digit millions, almost half the upper side of double-digit millions. So, this new space will help us. Coming to what you are talking about, whether ₹850 crore will go to ₹1,100 crore per quarter, yes, that is the hope we are looking for. Whether that will happen in 12 months or whether that will happen in 24 months, we will have to see. But definitely, the visibility that MSOCK has given us is significant. What I mentioned about ₹4,000 crore, I mentioned two years back. That was based on Purple Fabric and other initiatives. Now, I am saying that I have visibility of ₹5,000 crore as revenue for the company. And that will be at a very decent margin because my cost structures are not changing.

Vivek Taruga:
So, sir, my question was, should we look at growth rates going up now that we have the intelligence layer and, sorry, the knowledge layer? You have eMACH.ai, and you are also one of the few people who have done this, mixing ontology with the core products. All the products are on the same platform called eMACH.ai. So, shouldn't we be confident of growing at 25% to 30%? If you see many product companies, I understand I am not comparing you with other kinds of products. Even if you compare with banking product companies, shouldn't we see a higher growth rate than what we have had in the last 10 years? We have made a lot of investments, right? We have developed all the products, platform based products, and we have also come up with this layer. We are also in eight markets. So, I am coming from that context.

Arun Jain:
Sure. You can look at it. As and when it happens, we are not able to see when it will actually happen because the decision-making cycle time is still slow. So, when will we actually see a 30% growth rate or a 25% growth rate? To me, a 20% growth rate is a good number. We have calibrated the company at 20%. Because a 20% growth rate will bring a 40% growth rate or a 50% growth rate in margins. That is what, as an investor, is a great opportunity right now.

Vivek Taruga:
So, that is my question, sir. Next year should be better than ₹4,000 crore, right? If we are growing at 20%, it will be ₹4,300 crore to ₹4,400 crore.

Arun Jain:
Don't pin that on me. I am not a forecaster here. So, the next question.

Vivek Taruga:
Okay, sir. One last bookkeeping question, sir. A bookkeeping question. Manish mentioned that we have lost one SaaS customer. How should we look at that, sir? Is it a structural thing, or why did somebody leave? How should we look at it, because Manish has mentioned it?

Arun Jain:
No, I think, again, you have caught the right thing. It is a term getting over when we acquired Central 1. We knew that 80% of the customers would be retained because that is what we forecasted: 80% customer retention. That is why we did not pay any money to Central 1. We knew that their term would get over, and some 20% of the customers would move to other players. So, in this quarter, one, a few, one or two or three customers whose terms got expired moved out. We had given them a one-year period, during which they could move after one year, and they moved out of that. So, it is a natural progression that has happened in the sales revenue.

Vasudha Subramanian:
Despite that, we have achieved 51% growth on an LTM basis.

Praveen Malik:
Yeah. So, can you finish? Because there are other people waiting to ask questions.
You can be again in the queue.

Vivek Taruga:
Okay. Thank you, sir.

Praveen Malik:
Thanks, Vivek. Next, we have Prolin Nandu from Edelweiss Public Alternatives. Please go ahead.

Prolin Nandu:
Yeah. Arun, thank you so much for giving me the opportunity. I just wanted to understand. We have been talking about an increase in margins for quite some time now. If I look at some of your old transcripts, you have highlighted that our margins can reach 25% to 30% in the past as well. We have invested in eMACH.ai, Purple Fabric, and now the wrapper around cloud as well, or anthropic as well. I just wanted to understand why this time is different and why you are confident about margins improving right now, while the cost base is not increasing. Because, Arun, where I am coming from is that, in one of the interviews, you mentioned that maybe Indian investors are too much worried about the margin part, in some sense. But for the last five years, our profitability has been flat. In terms of overall PAT, we haven't seen an increase in PAT for the last five years. So, I am not sure what kind of patient investors you want, in some sense, to wait for five years for an increase in PAT. And on the margin part as well, in the past, you have commented that margins will increase. So, what is it that we investors should evaluate you on, apart from some of the other things that you have mentioned, such as deal wins and so on and so forth? On financial metrics, how should we evaluate you? Don't you think financial metrics should also be part of what we evaluate you on? And why are you so confident that?

Arun Jain:

I got the question. So, your question typically is that margins are not growing. We mentioned last year that we are investing ₹100 crore in the AI business. That was a clearly self-identified number. Instead of keeping that cash for investors, we are investing it back into the AI business. Your company has built MSOCK and Purple Fabric through internal investment. If anybody else had been there, they would have required ₹500 crores to ₹1,000 crore of investment to build what MSOCK and Purple Fabric have built. Now, if you look at leading AI companies, AI companies are not making profits in the world. AI companies are only building products right now, and they are not making profits. Today, the balance of eMACH plus AI together is helping us retain our margins at 20%.

To me, that is a great celebration point. We are transforming the company into an AI company without taking any third-party investment and without diluting your equity. All the internal research has been done with the same kind of investment, of just ₹100 crore. Any AI company raising funds is not raising less than $100 million. So, that is where you have to measure it. Now, the second measurement you want is: are our costs coming down at Intellect? During the phase of investment,

our costs went up from ₹600 crore to ₹680 crore. Now, it is in the range of ₹680 crore per quarter. For the last two quarters, the cost has remained constant. What we are saying is that, over the next few quarters, my cost will not increase in proportion to what it was doing earlier. It will remain between ₹680 crore and ₹700 crore. Now, in that scenario, if my revenue goes to ₹950 crore, that is where the margin improvement will happen.

Prolin Nandu:
Thank you, Arun. Looking forward.

Arun Jain:
Yeah.

Praveen Malik:
Thanks, Prolin. Next, we have Dhruvesh Shanghvi from Prop Tree Asset Management.

Dhruvesh Sanghvi:
Very quickly, just one question, sir. This is the first time I am asking a question on the call. I have been an investor for almost four to five years now. Sir, just one question. When we look at ourselves as a smaller company in comparison to the leagues of Oracle Financial Services, we see that their LTM growth has recently shot up substantially. Even Temenos has been able to grow by 5% to 7%, and it seems that the entire industry has been able to grow well. Of course, we have also done very well. But if we are on the innovation side, versus the leagues of OFSS, how have they been able to grow so well? My question is a very naive one. If there is something sensible or some insight that you can share, it would be great, sir.

Thank you. That is my only question.

Arun Jain:

The nature of the product industry is that certain deals are there. If some company gets a very large deal during a particular period, then suddenly that period becomes an extremely good period. For example, our Q3 revenue was ₹720 crore, and our Q4 revenue was ₹850 crore. Now, in one quarter, in no other business can you get ₹120 crore of incremental revenue in just three months. OFSS has won some good deals in America, which we appreciate. Temenos has also done a good job in acquiring some customers in Africa, including one large deal that they announced. So, this is deal-based growth. But when I say that we are on the cutting edge of innovation, we are fighting a head-on battle with Temenos. And fighting a head-on battle with OFSS is a great credit to all of us, and to our investors for trusting us. We are fighting better, and with MSOCK, we will fight much better.

Because if I can deliver a project four months ahead of time, I don't think I have a visible customer yet. But that demonstration of delivering four months early will take six months for us to demonstrate in a physical manner. The client will agree to write a case study with me about

delivering four months ahead of time. And once the client goes to the market with the story that I can deliver four months ahead of time and I can do the transformation in eight months, that story will sell in the market. So, as a product company, we just need a little more patience.

One thing is that the product market has not gone away. There is a lot of fear in the market among investors that product companies are not in the space anymore, that people are building solutions, and that a lot of service companies are saying that they can build AI-based solutions and build products using Claude. I think those are misnomers. A service company cannot simply build a product where a microservices architecture or eMACH.ai architecture requires close to 800 to 900 small security issues and microservices issues to be addressed. It is a complex business in financial services. But as of now, a lot of investors are getting carried away with the myth that service companies will take over and product companies may not have the possibility of licence revenue. So, I just want to clarify the myth that is going around in Europe and America that service companies can take over product companies.

Dhruvesh
Thank you, sir.

Praveen Malik:
Thanks, Dhruvesh. Next, we have Paresh Sanghani from Club Millionaire. Please go ahead.

Paresh Sangani:
Good evening, Arun, and good evening to everyone as well. The question I had was that we are likely to have about ₹1,300 crore of cash by FY27, right? And we are producing about ₹350 crore of free cash annually as well. So, what would it take for us to consider a buyback, when peers like Temenos or Oracle, for example, have undertaken buybacks? Oracle's parent company globally has done almost a 40% buyback. The company that we admire the most, let's say Apple, has bought back 40% of its equity over the last 10 to 12 years. When I compare our valuation vis-à-vis their valuations, at current EV-to-sales valuations of less than two times, and our margins are also at a trough, I was wondering what it would take for us to consider doing a buyback in this company? Especially when it is far more tax-efficient than, let's say, giving out a dividend. When we receive dividends, we pay almost 40% as our marginal rate of tax. Thank you.

Arun Jain:
Thank you for asking this question. This is an option we have discussed at the Board level. So, it is not that these questions are not being discussed at the Board level. You have given this feedback on buybacks. With MSOCK being launched now, we are looking to invest this money in acquisitions. We are planning to acquire companies to gain access to their clients. MSOCK is a good tool to acquire clients and upgrade legacy players in their markets. So, we want to go to the Latin American market. We want to go to the European market and the Eastern European market, and we are looking at acquisitions. My strategy team, Vikas, who is running the Chief Strategy Office, is now evaluating three to four acquisitions of a certain size. The customers we want to acquire are specific customers who have 20 financial accounts in a new market where we don't have access. That way, I don't have

to go to the procurement office of MSA. I will short-circuit the MSA part and then use MSOCK to deliver the value of MSOCK to them.
So, that is what our strategy is.

Based on that, we will be able to take a decision on a buyback at the appropriate time.

Paresh Sanghvi:
Okay. Thank you, Arun.

Praveen Malik:
Thanks, Paresh. Next, we have Yash Sedani from Entigrity. Please go ahead.

Yash Sedani:
There was one transaction with JV this quarter. Can you just tell us the amount of that transaction? And I think if we exclude that transaction, we have seen some degrowth in profits as well. So how are we looking at this figure going forward? And clarity on this JV transaction?

Arun Jain: The JV is on the licence we sold to the JV. So it's not a value which is excluded, because this JV has come with a value of a wealth management licence to be sold to the JV, and the JV will now be operating 50/50 in the UK market. So we are exploring the market. This is one of the monetisation strategies for a particular market. Either I acquire them, or I have to do a partnership with them. Both strategies are there. So this strategy with Fintel is a joint go-to-market in the UK, where they have more than 100-plus customers. So there, we will be accessing that, and that will be the value you're doing for us.

Yash Sidani:
Yeah. Okay. Thank you.

Praveen Malik:
Thanks, Yash. Next, we have Mayank Babla from Carnelian Capital. Please go ahead.

Mayank Babla:
Thank you for taking my question. My first question is, you know, if you could quantify the impact from the Central 1 client, which migrated out of our platform in the quarter, and how much more of an impact can we see in the forthcoming quarters? Because you said 20% you were expecting to churn out. So, if you could quantify this for us, please.

Arun Jain:
We can quantify later on. We'll quantify; we'll have to work it out which quarter somebody is going out, because they don't promise when their term is ending. So they keep on extending the term till the time the new vendor is ready to put them on a platform. That's the current uncertainty we have on when the particular client goes, because when the new vendor to whom they are going, that cycle time is next to three quarters. We'll tell you later on.

Mayank Babla:
Okay. And for the current quarter, if you can quantify that, that would be known, right?

Arun Jain:
Yeah. Current quarter, Rajesh, is anything there in the current quarter?

Rajesh Saxena:
Are you talking about quarter three or quarter two?

Mayank Babla:
Quarter three. Quarter three.

Rajesh Saxena:
I think in quarter three, we should be looking at about 3,00,000 or 400,000 US.

Mayank Babla:
Yeah. Thank you. And second, Arun sir, if you could help us explain, you know, in the MSOCK platform, the fourth pillar, which is four machines, if you could help us explain in simple terms what that bit means. I could not quite capture it. Forgive my simple question. Thank you.

Arun Jain:
I was asking. It's good that you asked that question. I think many investors would understand. If you look at it, any software system is like a knowledge tower of the bank. Let me explain to you. Like, you have a physical building of HDFC Bank, a physical building of ICICI Bank. Assume there is a knowledge building of 21 floors. There are two floors for business products and business capabilities, which the bank brings to the table. There are five operations floors. There are three technology floors. There are two risk floors, and there is one compliance floor. And then there's a governance and strategy floor. For now, all of this knowledge is sitting on 21 floors. We are connecting them together.

Now, when this knowledge is connected, I created a machine called the build machine. So, if I have to build a new application, I will use a build machine, where I will build the entire new application. Like, if I have to build a CRM to replace Salesforce in the Indian banking system, then I can build a CRM application for the bank, which is integrated with their customer on boarding application. I can combine both of them and build up a customer operating system. That's our approach to launching a new product in India: a customer operating system, which will have a CRM plus customer onboarding. Now, this is possible in the build machine.

Then there's a change machine. If a bank wants a change, like RBI wants a change, and last month there was a situation when RBI requested us on Wednesday that Sunday they want to make all of you must know about it. Now MSOCK has gone into the details of the change machine and says that

if we are to make Sunday working, then you need 22 different changes to be done in a system within 24 hours. In the absence of MSOCK, this work would have taken at least three to four weeks to find out what is the impact of a Sunday working day in an application, and that could have been significantly painful later on for making Sunday working in that area. So, that is a change machine.

Then there's a run machine, which is about when there's a defect in a bank, how quickly we can fix that defect. That's a run machine, when you're running the system.

And then there's a modern machine, where you want to modernise a legacy application to an eMACH.ai application or a new-generation application.
I hope this clarifies.

Mayank Babla:
Yeah, thank you for your explanation. That was helpful. Just one last question: who would you consider as the biggest competitor for your Purple Fabric platform?

Arun Jain:
For Purple Fabric, the competitors are C3.AI and Core AI, the two players in the US. Palantir is on the higher end of the platform, but they are in the defence sector more than the financial sector. So that's Purple Fabric. MSOCK, the nearest competition is CAST in the main area, but that's not a complete competitor. That's a parsing-based company, so that's a competitor in the area.

Mayank Babla:
Sure. Thank you for your answers, and best of luck to you.

Praveen Malik:
Thanks, Mayank. Next, we have Rishabh Aggarwal from Suraag Capital.

Rishabh Aggarwal:

Thank you, sir, for the opportunity. So, the first question, just touching upon the revenue again. If you exclude the JV investment, it seems like year-on-year, this quarter was around 8% growth, and the pipeline growth has also been 9%. Though, in the initial address, you did mention that now you're looking to convert the pipeline faster. So, I just wanted to get to whether there have been any negative surprises on the licence part, or even on the product platform revenue. It seems like there was a decline in revenue. Was that because most of the revenue is consumption-based rather than subscription-based?

Arun Jain:
We mentioned just before, to somebody else, that there's a Central 1 account which is done, got completed. So that's the reason for the platform revenue. Our revenue in LTM is 17% growth, not 8% to 9%. I don't know whether you're looking at quarter-on-quarter growth.

Rishab Agarwal:
Yeah, excluding the JV licence.

Arun Jain:
Yeah. So that is, we don't. For a product company, I think, take one indicator: LTM. That will be the single point which should be there, because there are fluctuating quarters, and there's no point taking quarter-on-quarter. We are not a services industry. So please stick with the one course, which is 17%.

Rishab Agarwal:
Got it. Just the second question, sir. Is MSOCK an extension of Enterprise Knowledge Garden? Because I completely understand that you're using a bank's complete context, building it into your better understanding of how the mainframe is working, then deciding whether a change or a run, and how that can impact a conversion from mainframe to cloud. But is that essentially an extension of the work you've done with EKG? It would be helpful to understand that.

Arun Jain:
Well, I should give you a reward for remembering EKG and connecting EKG to MSOCK. Definitely, these are the two generations of knowledge management. EKG was the first generation of knowledge management. This is the second generation of knowledge management. But this is a completely different set of technology which is there. The principle is: if knowledge is right, intelligence is right. The principle is the same, but there are two generations of technologies. One is EKG technology, which is vectorisation-based, and MSOCK is where we have 39 patents filed on knowledge accuracy, on the accuracy of the knowledge.

Rishab Agarwal:

Got it. And so, do you end up then using a frontier model only to basically build out the MSOCK graph? And is the customer okay with essentially sending out their data for inference to a frontier lab? Because essentially, you don't have your own model, right? You're basically sitting a harness on top of different frontier models.

Arun Jain:

That's right. So, we use a frontier model, but we use only 30% of the frontier model, because we maintain the MSOCK within the client environment. Only for specific cases of reasoning do we go to the frontier model, not for knowledge. We don't use knowledge from the frontier model, because the knowledge, the bank's knowledge, sits in a bank enterprise.

Rishab Agarwal:
Understood. And MSOCK will be considered as part of your implementation revenue if, in case, this starts?

Arun Jain:
As of now, what we are doing with MSOCK is improving the margin by delivering faster.

Rishab Agarwal:
Right. And, like, essentially, you're proving that the implementation would take maybe three weeks faster, four weeks faster. So the banks get converted better, you win better on... Just the last question, sir. Sorry.

Praveen Malik:
We are running out of time.

Rishab Agarwal:
Okay, maybe I'll take it offline.

Arun Jain:
Yeah. Send a question. I would love to answer any question about them.

Rishab Agarwal:
Sure. Thank you.

Praveen Malik:
Thanks. Next, we have Rohit Balakrishnan. Please unmute and go ahead.

Rohit Balakrishnan:

Yeah. I think, yeah. So, I think most of the questions have been answered, I think. So, I don't have... I just want to understand two things.

Sir, Manish sir told us that half of the deal signings are from markets like the Americas and Europe. So, I am hoping and assuming that going forward also, we will drive deeper penetration there. From a gross margin point of view, how do you see the gross margins? We've talked a lot about the leverage below gross margin. In the call, you said that costs won't increase, but this quarter was higher at 56%. But generally, the understanding that we have is that the deal values are much higher, and hence the gross margin could also be higher. Is that something that we should think about? Not immediately, not next quarter, not the next two quarters, but let's say two years out, FY28 or FY29. Do you see that this gross margin can also inch up a couple of percentage points? You see, look at Temenos, etc. Despite their cost structures, they're much higher. So, we anyway have a

cost structure advantage, which you have also talked about. So, if you can maybe talk a bit about that.

Arun Jain:

Yeah. So, now you take the margin. Say, you take the current book. I have a revenue of ₹845 crore, operational revenue of ₹845 crore, ₹847 crore, and a cost of ₹680 crore. That's the EBITDA margin which I have. If ₹850 crore becomes ₹950 crore and the cost remains at ₹700 crore, it becomes ₹250 crore. Or ₹950 crore, ₹250 crore on ₹950 crore, that will be how much margin-wise?

Rohit Balakrishnan:
27%.

Arun Jain:

27%, yeah. That's a lever which we have available. So, you need to understand that product company levers are different. Now, this goes to ₹1,000 crore, this becomes 30%.

So, I think you're managing the two things from an investor perspective. I'll recommend you should look at the operating cost lever with MSOCK. Our operating cost, as Manish has highlighted, is a lever that is in our hands now. It was not in our hands. When we had more contracts, we were increasing the cost. MSOCK has given us a break to say our cost will be contained. Even if ₹700 crore becomes ₹725 crore and revenue becomes ₹1,000 crore, it is still 27%.

So, those are the ways to look at it. And when it becomes ₹1,100 crore and ₹1,200 crore, then you're reaching the same level as Temenos, which is 32% or so. That will be the point when we reach revenues of $600 million or $650 million, when we reach those 30% levels.

Rohit Balakrishnan:

Right. No, so very clear now. Just one more question. I think somebody, I think Vivek, was trying to ask this also.

Sir, you mentioned MSOCK is like almost a Brahmastra for you. And you also mentioned that some of the other companies have been able to win deals which have accelerated their growth. I have been tracking and invested for the last six or seven years, so I have really seen your journey very closely.

My point was, sir, now over the last four years, we have incrementally invested in newer platforms to really strengthen our overall offering. In the marketplace today, from our winnability point of view, of course, we've won 21 deals, which is the highest we've won. When you go head-to-head with some of these other bigger names in terms of legacy and size, when do we see that

acceleration happening from a revenue growth point of view? I'm not trying to ask about this quarter or that quarter.

Because, sir, if you see, I want to take you back to 2022–23. At that time, especially in consumer banking, we were directly head-to-head in some of the deal wins with Temenos, nCino, Mambu and others as well. I think somewhere in the last couple of years, our win rates have somewhat come down. I think that is what the growth rate is also suggesting, which is fine. But now that we have really invested money, effort and time, do you see that this growth rate can really accelerate?

As Vivek was also saying in terms of your interviews, etc., and also when you try to read about it, of course, we are outside investors, so we don't know technology the way you do. But it just seems that all the pieces are coming together.

Arun Jain:

However, I think the point is, I think we are doing okay, because we are moving from ₹500 crore a quarter to ₹800 crore a quarter. We are doing our journey. Three quarters, and we are jumping to the next ship, then we are jumping to that. We are doing okay, so that's not a concern for me.

My concern is that your expectation is that we should be growing faster. Obviously, we have all the pieces of the puzzle coming together. So, this MSOCK investment is the final investment. I say it is an L5 investment. L1 investment, L2 investment, L3 investment was eMACH. Asset and Purple Fabric was L4 investment, and MSOCK is an L5 investment.

But the Indian stock market, unfortunately, doesn't like a ₹100 crore investment in AI. If I had not done this ₹100 crore investment and demonstrated ₹450 crore profit last year, as an investor, you would have been better off. Your stock price would have remained at ₹1,000 or ₹1,200, which was there, because the margin would have been at ₹450 crore instead of the ₹350 crore range.

So, unfortunately, that's the nature of the business. But when the margin comes back to ₹500 crore, obviously it will come back to the same price point. We don't worry about this as a company. That's what the stock market is; that's the nature of the market and how they treat investments in this market.

But if, with ₹100 crore, you are able to achieve a product of this magnitude, I think it's a big celebration for the company and for the shareholders of the company. So, that's the message I want to leave with you.

Rohit Balakrishnan:

No, sure. I mean, of course, the stock price was never my question, sir. Acceleration of growth is what I was trying to understand.

Arun Jain:
Sure. Sure. We'll do it. We will likely do it and MSOCK will make our winnability much higher.

Rohit Balakrishnan:

Sir, maybe one request. I think two or three years back, you did a Technology Day where you talked about each product going through five stages. Maybe at some point you can try and do that. That was very useful to understand the journey. It's just a request, if it's possible. I'm sure you are very busy, but if at some point that can be arranged, it would be very useful.

Arun Jain:
We will do that. I think it is definitely required for us to have a Technology Day. So, let me schedule a Technology Day. I was more in the market, so that's why I was postponing it.

Rohit Balakrishnan:
Yeah. And in person would be better, sir. Yeah, in person.

Arun Jain:

Sure. But the question is, it's a global investor base, so sometimes online...

Rohit Balakrishnan:
Yeah, I mean, yeah. I'll leave it up to you. Yeah, that's up to you. Thank you, sir. Thank you.

Praveen Malik:
Thanks a lot. Can we take one more question at least?

Arun Jain:
Yeah, you can take it.

Praveen Malik:
Next, we have Ravi Mehta from OneUp. Please go ahead.

Ravi Mehta:

Thanks for this opportunity. Just a couple of questions on MSOCK. It's been a great journey from eMACH.ai to Purple Fabric to MSOCK, the way we've evolved.

One thing is, how much of our internal operations or implementations are currently going through MSOCK? Is that the reason for the cost stickiness we are seeing, or is this yet to play out fully? Have you just started using it, and are you yet to reap the benefits, just from internal working?

Manish Maakan: We, as I said, are doing 141 implementations internally on this. That's giving us the confidence and helping us manage costs. I gave four examples where three to four months of advanced deliveries to customers have happened. So, taking any new technology out to the market, every customer will ask, "Where have you done it before?" This is an example of 140 implementations having leveraged it. That's why we're looking at it. It's a different scale of disruption we were trying to work upon. It's a technology marvel.

Ravi Mehta:
Sir that you've already done this implementation, and then you're taking the product to the market. So, can this be offered as an independent layer? It need not be bundled with eMACH or Purple Fabric. How are you thinking about the go-to-market, as it opens up a different market for you where you need not be selling eMACH?

Manish Maakan:
So, Ravi, that's what I said. The first proof was delivering eMACH using MSOCK, where the hardening, confidence and trust got established between us and the customer. Next is for the customer to be able to use MSOCK to do any proprietary or legacy modernisation. The large bucket over there is mainframe to cloud, where we can take it out.

So, we're going to market as a separate product line. While we use it for internal operations, it's available for customers to harness their knowledge and move forward.

Ravi Mehta:
So, incrementally, Purple Fabric and MSOCK both seem to be products independent of the core banking offering we have, and that opens up a lot of other industries also. How are you thinking about the go-to-market? Because now the markets are wide for this offering.

Arun Jain:
That's right. So, I think your point is right. eMACH offering, Purple Fabric offering, and these are three independent offerings, and they can independently go to market.

For MSOCK, we are looking for a top-down strategy for large accounts and a bottom-up strategy. That's why the acquisition plan has come in. We didn't have an acquisition plan. I never shared an acquisition plan with you at any time in the past. Now I want to acquire MSOCK customers, because I can acquire a Latin American bank with MSOCK much faster than with eMACH. eMACH takes longer to acquire. MSOCK will take a shorter time to acquire and grow that revenue.

So, I can go to Japan, which I'm not accessing till now, with MSOCK. Those markets which are not accessible to me, MSOCK will make accessible. It's a different product line and a different go-to-market strategy.

My time in the last 90 days was totally on MSOCK. The eMACH business was run by Rajesh, Manish and Banesh. They were running the eMACH business. They relieved me for the MSOCK positioning.

So, it's a very different positioning which is going to be there. That's why I stayed four weeks in the US and understood the market, in terms of what the market could be.

It could be completely leveraged. It could be a separate subsidiary. It could be a separate way to go to market. As of now, we're just evaluating all of it.

Ravi Mehta:
And will partnerships be a big lever, like SI?

Arun Jain:
Obviously, partnership is a low-hanging fruit.

Ravi Mehta:

Okay, because that was also the case for Purple Fabric. Are you working jointly with the partners on these products?

Arun Jain:

We are working, but as of now, for Purple Fabric, we believe they can do it. So, as of now, those AI implementations are still in the early stages. Now, after they fail in providing 64 friction points, they take some time to come back. So, we are patiently looking at it. Those banks who have tried to implement themselves, and after 12 months they fail, then they come to the platform vendors and float an RFP. So, that's the trend we are seeing in the market. So, Purple Fabric will deliver results in 2027-28. Definitely, a MSOCK, real-fast product to get the results.

Ravi Mehta:
And these are again one-time licence-kind offerings, or are these more of a subscription, as I understand?

Arun Jain:

Subscription.

Ravi Mehta:
Okay. If this can accelerate growth, I'm just wondering: you always say that we have designed the organisation for 20% growth. Now, if Purple Fabric and MSOCK can accelerate that, what will go into the design thinking to make this company designed for higher growth? What other investments might you have to do, if the things are coming together and growth is inflecting? I just wanted to understand, from your perspective, how you design the growth.

Arun Jain:
Yeah. So, now we are designing the organisation on market-led design. Till now, we have product-led design, so more market-led design will be done. That's why acquisition and market access are required.

Monetisation is the second piece. How do we licence MSOCK? In partnership mode, royalty mode, exclusive partnership mode, all those options are open. So, it's a game of strategy. MSOCK can work on the Claude mode. The beauty is it can work as a plug-in to Claude Code to get better value. So, there are multiple opportunities at any strategic level.

Ravi Mehta:
And, like, for eMACH, when we launched, we had partnered with AWS. So, here also, are we talking to the cloud hyperscalers, or just the SI players around?

Arun Jain:
I'm not participating with hyperscalers. You want to participate with the beauty consulting companies, so that they have more skin in the game.

Ravi Mehta:
Sure. Thank you so much for answering, and good luck.

Praveen Malik:
Thanks, Ravi. Arun, we're now well over our scheduled time, so I'd request those participants whose questions couldn't be taken today to send them to us by email — we'll respond to those. Thank you, everyone, for joining today. You can now log off. Thank you to the management team as well.

Arun Jain:
Thank you.

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