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May 27, 2026

To,
Corporate Relationship Department
BSE Limited
P.J. Towers, Dalal Street
Mumbai — 400 001

To,
Listing Compliance Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor Plot No. C-1,
G-Block, Bandra-Kurla Complex,
Bandra (East), Mumbai- 400 051

Scrip Code: 532875

Scrip Symbol: ADSL

Sub: Transcript of Analyst/Investors earnings Call pertaining to Financial Results for the quarter and financial year ended March 31, 2026

Dear Sir / Madam,

In accordance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting the Transcripts of Earnings Call held on Friday, May 22, 2026, in respect of the financial results for the quarter and financial year ended March 31, 2026.

The same can also be viewed at <https://www.allieddigital.net/in/earning-conference-call>

This is for your information and records.

Thanking you,

Yours faithfully,

For Allied Digital Services Limited

Khyati Shah
Company Secretary

Encl: as above



Allied Digital Services Limited

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Allied Digital Services Limited

Q4 & FY2026 Earnings Conference Call Transcript

May 22, 2026

Call Duration	<ul style="list-style-type: none">• 52 minutes and 34 seconds
Management Attendees	<ul style="list-style-type: none">• Mr. Nitin D Shah, Founder, Chairman & Managing Director• Mr. Ramanan Ramanathan, Global Head Strategy responsible for Growth, Innovation and Partnerships• Mr. Nehal Shah, Whole-time Director• Mr. Paresh Shah, Global CEO• Mr. Gopal Tiwari, Chief Financial Officer
Participants during Q&A session	<ul style="list-style-type: none">• Kunal Bajaj – Choice India• Jay Adwani – Alokik• Nitin Gandhi – Inoquest Advisors• Maitri Shah – Sapphire Capital• Prateek Dedhia – Individual Investor

Moderator: Ladies and gentlemen, good day, and welcome to Allied Digital Services Limited Q4 and FY '26 Earnings Conference Call.

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

I now hand the conference over to Mr. Mayank Vaswani from CDR India. Thank you, and over to you.

Mayank Vaswani: Thank you, Yashashri. Good afternoon, everyone, and thank you for joining us on Allied Digital Services Limited's Earnings Call for the Fourth Quarter of FY 2025-26.

We have with us on the call today, Mr. Nitin Shah, Founder and CMD; Mr. Ramanan Ramanathan, Global Head of Strategy for Growth, Innovation and Partnerships; Mr. Nehal Shah, Whole-Time Director; Mr. Paresh Shah, Global CEO; Mr. Sunil Bhatt, Board Member and Chief Technical Officer; and Mr. Gopal Tiwari, Chief Financial Officer.

We will begin with comments from Mr. Nehal Shah, who will cover recent developments across the business, followed by Mr. Gopal Tiwari, who will walk us through the financial highlights. Mr. Paresh Shah will then discuss the operational performance and order wins. Thereafter, we will open the call for the Q&A session.

Before we begin, I would like to point out that some of the statements made in today's call may be forward-looking in nature, and a disclaimer to this effect has been included in the earnings documents that have been shared with all of you earlier.

I would now like to hand over the call to Mr. Nehal Shah, for his opening remarks. Over to you, Nehal.

Nehal Shah: Thank you, Mayank. Good afternoon, everyone, and thank you for joining us today. I trust you have had the opportunity to review the earnings materials shared earlier.

We are pleased to report a strong close to FY '26, delivering the highest quarterly revenue in Allied Digital's history in the fourth quarter. For the full year, consolidated revenue stood at Rs. 968 crore, growing 20% on a year-on-year basis and making the highest annual revenues achieved by the company to date. This performance reflects the increasing relevance of our digital transformation capabilities, deeper customer engagement and consistent execution across markets.

This performance was delivered amid a challenging operating environment marked by uncertainty and volatility, cautious views toward IT spends and cost pressures. Despite these headwinds, we continue to execute steadily, deepen customer relationships and expand our engagement across markets, reinforcing the resilience of our business model.

Our growth during the year was supported by strong momentum in both domestic and international businesses. In India, we won a large order from the Pune City Surveillance along with several other Enterprise orders. In the international business, we won a large order from a premier pharmaceutical customer supported by several other wins.

These large orders where both Government and Enterprise customers have indicated intent to accelerate investments in infrastructure modernization, digital platforms and operational transformation have contributed meaningfully to our top line growth. Having built strong customer trust through reliable execution and integrated service capabilities, we continue to pursue larger, more complex and multiyear transformation engagements such as this, which will enable us to scale our businesses further.

At the same time, FY '26 marked a defining phase in Enterprise AI adoption. With artificial intelligence rapidly becoming central to business strategy and technology decision-making, customers are increasingly aligning towards technology investments around AI-led transformation priorities, and we have continued to evolve our offerings and capabilities in line with these emerging trends.

Now let me take you through some of the key highlights of our performance. For the full year, we reported consolidated revenues of Rs. 968 crore in FY '26, higher by 20% over FY '25 revenues of Rs. 807 crore. Those of you who have been tracking our journey closely will recall that during our Q1 FY'24 earnings call in August '23, we had articulated our aspiration of achieving Rs. 1,000 crore-plus top line milestone. We are pleased to share that we have now come very close to the milestone in FY '26 and based on the quarter 4 revenue run rate we have surpassed it on an annualized basis.

For the full year, profit after tax stood at Rs. 36 crore as compared to Rs. 32 crore in FY '25, reflecting year-on-year growth of 10%. Profitability during the year was impacted by certain onetime charges and provisions. However, the underlying operating performance of the business remains strong, and we remain confident that we will progressively reflect in the company's financial performance over the coming quarter.

Recognizing the resilient performance, the Board of Directors has maintained the dividend at 30% equivalent to Rs. 1.50 per equity share with a Rs. 5 face value.

From a geographic standpoint, both our domestic and international business delivered healthy double-digit growth during FY '26. Revenues from India grew 17% year-on-year and the fourth quarter, domestic revenues were significantly higher by 37% year-on-year, driven by strong execution momentum and completion of key milestones across major engagements. International revenues grew 22% year-on-year during FY '26, reflecting improving traction across the global markets and deeper customer engagement.

From a segment perspective, our Services business continued to perform strongly, reporting a 21% year-on-year growth in FY '26, while Solutions revenue increased by 17%. As we have highlighted earlier, our Solutions business often acts as a strategic entry point, enabling larger annuity-led Managed Services engagements over time. This integrated operating model strengthens customer relationships, enhances revenue visibility and supports long-term margin sustainability.

In terms of customer mix, revenues from Enterprise customers grew strongly by 31% year-on-year during FY '26, while Government revenues were lower by 6% during the year. This clearly demonstrates that our growth is increasingly being driven by the Enterprise segment and that the business is not overly dependent on Government-led opportunities. At the same time, Government business continues to remain an important and strategic component of our revenue mix, and we anticipate a meaningful rebound in this segment during FY '27, '28.

Before I conclude, I would like to touch upon governance, which remains a key area of focus for us as we prepare Allied Digital for its next phase of growth. As the scale of complexity of the business continues to evolve, we are equally focused on strengthening the underlying processes, systems and governance framework and support sustainable growth.

Alongside investments in leadership, global delivery capabilities, and larger transformation engagements, we have remained committed to continuously enhance governance standards across the organization. In line with this approach, following the completion of the previous auditor's tenure, we appointed a larger and more reputed audit firm to strengthen our financial oversight and reporting framework. Upon coming on board, they undertook a comprehensive review of our financial statements, internal controls and accounting processes and had raised certain observations and qualifications in the quarter 4 of FY'25 audit report.

I am pleased to share that over the past 12 months, we have worked extensively to address each of these observations through the necessary corrective actions, process improvements and policy refinements. As a result of this effort, the qualifications have now been withdrawn and the auditors have acknowledged the company's proactive approach and commitment towards strengthening governance, compliance and financial reporting standards.

I will request Gopal, our CFO, to elaborate further on the specifics during the remarks, but I would like to emphasize that this exercise has significantly strengthened our financial reporting, the framework and the governance standards as well. Our accounting policies, asset valuations, internal controls and reporting practices have all undergone detailed review and validation resulting in a stronger and more resilient institutional foundation for the company.

I would like to sincerely thank our shareholders for their continued trust, patience and support throughout the process. While we have remained committed to transparency and integrity, we believe the successful completion of this exercise further enhances confidence in the quality, reliability and robustness of Allied Digital's financial reporting and governance framework going forward.

Over to Gopal Tiwari, our CFO, to take you through the financial highlights for the quarter. Thank you.

Gopal Tiwari:

Thank you, Nehal, and good afternoon, everyone.

FY26 has been a milestone year for Allied Digital with the company reporting the highest annual revenue in its history. Revenues for the year stood at Rs. 968 crore, representing a strong year-on-year growth of 20%.

On the profitability front, adjusted EBITDA increased by 14% year-on-year basis to Rs. 112 crore, while EBITDA margins were resilient at 11%. PBT before exceptional items for FY26 improved by 33% year-on-year to Rs. 81 crore, reflecting stronger operational performance, improved scale and better operating leverage across the business.

For improved comparability and transparency, EBITDA and PBT have been presented after adjusting for the impact of one-time additional ECL provision undertaken during the year. Though reported PBT is lower on a year-on-year basis, impact of one-time provision was partially offset by the recognition of deferred tax asset. As a result, profit after tax for FY26 was higher by 10% year-on-year basis from Rs. 32 crore to Rs. 36 crore. Excluding these non-recurring items, the underlying profitability of the business remained healthy and reflective of the continued improvement in operational performance and earnings quality.

Coming to the observations raised by our auditors in earlier reports, I am pleased to share that all key matters have now been addressed during the course of the year. The first matter pertains to non-compliance with Section 186(7) of the Companies Act, 2013, relating to certain non-interest-bearing loans extended to subsidiaries. I am pleased to share that the majority of these loans amounting to Rs. 112 crore out of total Rs. 117 crore had already been converted into equity by end of the financial year. The balance amount has either been squared off or interest has subsequently been charged, thereby aligning the treatment with regulatory requirements. We believe the conversion into equity more appropriately reflects the underlying intent and economic substance of these transactions as the funds were always intended to support long-term business growth and expansion.

The other matters related to differences between GST input tax credit reflected in the books and on the GST portal, non-conduct of physical verification of property, plant and equipment, intangible assets, inventories and investment property as well as non-recognition of expected credit losses on certain trade receivables and unbilled revenues. I am pleased to share that the auditors have acknowledged that all these matters have been addressed during the year. We completed the reconciliation of input tax credit differences, carried out comprehensive physical verification exercises and made the necessary adjustments required in this regard, resulting in a one-time additional provision during the year.

With these actions now completed, all the observations raised by our auditors have been resolved. As committed by me in one of our earlier con-calls, all observations by our new auditors have been dealt with successfully by the end of this current financial year itself.

With a healthy opportunity pipeline, improving execution visibility and increasing participation in larger transformation-led engagements, we remain confident of sustaining growth momentum while progressively improving operational leverage over the medium term.

I will now hand over to Paresh Shah, our Global CEO, to take you through the order book, strategic initiatives and outlook in greater details.

Paresh Shah:

Thank you, Gopal. Good afternoon, everyone, and thank you for joining us.

Let me briefly take you through some of the operational highlights for this quarter. We secured around Rs. 166 crore in new orders and renewals during this period, reflecting continued demand for our capabilities across digital transformation, infrastructure modernization, managed Services and AI-led Solutions.

The momentum remained broad-based across both domestic and international markets, supporting strong client engagements and consistent execution across our delivery network.

During the quarter, we strengthened our position in large and complex transformation programs with clients increasingly engaging us for integrated offerings across infrastructure, workplace transformation, managed Services and digital platforms. At the same time, we saw healthy traction in multiyear renewals, enhancing revenue visibility and reinforcing the depth of our customer relationships.

Some of the key engagements secured during the quarter were across smart governance, energy sector and global workplace services. In the Smart City segment, we secured a citywide integrated command and control centre engagement involving the end-to-end deployment of command-and-control software, field infrastructure, integration, commissioning and support services. The engagement reflects our growing presence in large-scale smart governance and mission-critical digital infrastructure programs.

We also expanded our footprint in the deep sea oil drilling sector through managed services and annual support maintenance engagements with leading Enterprise while further strengthening our global workplace Services portfolio through multi-region support engagements across North America, Latin America and Africa. These projects include multilingual service desk operations, on-site support and remote infrastructure management, highlighting scalability and breadth of our global delivery model.

In addition, we continue to witness strong renewal momentum across sectors, including BFSI, manufacturing, mining and metals, healthcare and real estate, reflecting sustained customer confidence in our delivery quality and long-term partnership approach. Several key order wins also progressed into the execution phase during this year, reflecting healthy conversion of our order pipeline into active delivery.

This not only improves revenue visibility going forward but also reinforces Allied Digital's positioning as a trusted partner for managing complex and mission-critical IT environments through an integrated portfolio of cloud, cybersecurity, infrastructure, workplace and digital transformation services.

With that, I will now hand over the call back to the moderator for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Kunal Bajaj from Choice Institutional Equities. Please go ahead.

Kunal Bajaj: Yes, hi. Thank you for the question. So, there are primarily two questions from my side. Firstly, how do we see the client interaction going on? Because what we see is that most of the large companies have been saying that most of the clients are deferring their investments. That is one.

Further, they have also mentioned that they see very strong competition from their peers. They are seeing that other peers are giving the same amount of work at a very lower price as compared to what they can offer. So how the mix between your revenue growth and margins would be? So, this is one.

And secondly, why I have been seeing that the India business growing, but the Government projects declining. So, any colour on that as well?

Nehal Shah: Thanks, Kunal, for the questions. I will take both the questions. So, the client interactions are going pretty decent with us. There are, of course, major margin pressures that are happening across the industry, and we are also facing the same. But we look at that as an opportunity because a lot of our service delivery, we have started using AI. And with AI getting implemented, AIOps getting implemented, we are seeing that there is a cost reduction that is happening across the line.

So, while that is happening, every CIO today or every CTO today is talking about using AI to reduce their cost overall. And that is exactly what we have done. If you would have gone through our presentation, we have specifically given case studies where we have done a lot of AI implementation at our different client sites. This is helping us to better the margins after getting a customer onboarded.

And yes, coming to your second question, the India business is growing. Government last quarter, if you would have realized due to the ongoing war between Iran and Israel, a lot of these Government tenders had to be put on the back burner. Typically, we also had certain customers that we bid for and we were about to win, but the equipment cost due to the war absolutely went haywire and went up. And eventually, we had to go out of those deals. And that is one of the reasons I feel this quarter, the Government business has become a little slow.

However, we are very confident that in the future quarters, it will be better. The other challenge with Government tender is so if there is a tender which has been built in December or that we bid for in December, they eventually with their internal processes and all of it, open up the financials only in the month of Feb or March. So, this 2 or 3 months of delay in

opening and awarding the contract to anyone sometimes creates a delay, which, in this case, in this scenario, in that quarter, typically raise the equipment cost, and we had to go out of certain customers. But now we see that most of the pricings have come back to stable.

We are seeing a lot of Government traction happening. We are having some very large contracts we are going to be bidding in the second and the third quarter of this year for which we have already started a lot of preparations. Very soon, you will be hearing that we did a pretty decent contract in Mumbai, which we will be announcing once the whole paperwork is done, which is the Government contract which we have won.

So, things are coming back to shape. The whole quarter which went behind us was pretty slow in the Government, due to the fluctuation in the pricing. And that is the only reason that you see this time our quarterly numbers, where the new announcement, recent announcements are also to the tune of only Rs. 166 crore. So hopefully, we should be able to buck this up in the next second or the third quarter.

Kunal Bajaj: Yes. Okay. So, what would be the scale of the order which you mentioned about the Bombay one?

Nehal Shah: It should be to the tune of about anywhere between Rs. 150 crore to Rs. 200 crore. We are still figuring out and the final signing one is going on. We should be able to come up with a number very soon. Apart from that, there are a lot of large projects. If I look at Maharashtra as a state, we have close to about Rs. 2,000 crore plus worth of pipeline coming up only in the state of Maharashtra, for which we are very keen on bidding and getting major contracts out of this.

So, I am not worried about the Government contracts and the pipeline that is coming up. It is just a matter of closure. When the RFP comes in, we bid for it, in and we get awarded. So maybe 1 quarter here and there, but we are sure to have those kinds of contracts coming our way.

Kunal Bajaj: Okay. And any guidance on the revenue because we have achieved Rs. 250 crore on a quarterly run rate. So, any guidance going forward for FY '27?

Nehal Shah: So, from a guidance perspective, I would try to give anywhere between 20% to 25% growth. But internally, we have a more aggressive growth. But for the outside world, it is anywhere between 20% to 25% kind of a growth that we are looking at year-over-year because our long-term target is to do 10x in 10 years is what we are trying to achieve.

Kunal Bajaj: With a margin profile of?

Nehal Shah: So, margins currently due to all these one-offs, our margins were in the tune of about 11% EBITDA. We want to target it to anywhere between 13% to 15% on the long term. So short term, we should be able to do 12.5%, 13% and on the longer term, we should be able to be 15%.

Kunal Bajaj: Okay. One very last question. So, as we continue expanding our high-growth areas such as cloud, cybersecurity and digital infrastructure, along with managed services. So how do we see the Solutions versus Services mix evolving going forward?

Nehal Shah: So, from a strategy perspective, we as a company would want to have a Services revenue tower going up always because that gives us a lot of consistency in the numbers and the reporting. But Solutions are also important because they give us the X factor of our top line growth and eventually, the Solutions business also converting into Services business.

So having said that, whenever we have large projects coming in, the Solutions bucket for that period when the implementation is going on is going to go up. And once the implementation is over and we go in the go-live phase, the O&M phase is going to start where our Services business consistently will keep on growing.

But if you ask me personally, I would want our Services business to keep on growing and take about 75% to 80% of our top line revenue because that gives a lot of consistency from a growth perspective because most of the Services contracts are signed for 5 years. So that helps us to not get desperate to look out for projects or business every quarter and try to cut down on our margins to onboard customers.

Moderator: Thank you. Next question is from the line of Jay Adwani from Alokik. Please go ahead.

Jay Adwani: Yes, hi, Nehal. I just wanted to ask, so the management has mentioned the part of the Section 186 and the FEMA compliance issues that have been rectified to loan conversion into equity and charging interest on remaining loans. Could you help me understand exactly the time line by which the company expects to fully resolve this audit qualification and receive a clean audit opinion?

Nehal Shah: I was trying to tell you that the 50% of the work which was to be done is done where we had to convert the loan to equity, which has already been done in the U.S. There are certain procedures that we have to get done through the RBI and get the approval of the RBI. The process for that has started. We are pretty sure generally, it takes about a quarter or 2. So in next 2 quarters, we should be able to get a clean sheet coming in from everywhere.

And typically, this loan, which was given was also given to a subsidiary to acquire a company in the U.S. So typically, it was later on considered as a loan, but it was always given to acquire an equity of the U.S. company. So, from our side, it was never a loan. It was just that I had kept a holding company in the U.S., which was trying to acquire a subsidiary of another company in the U.S.

So having said that, all of that is sorted now. We are pretty confident that once we get all the clearance coming in from RBI, we should be able to do away with this qualification as well. All the process for that, which is dependent from our side has been done. Now it is the timeline that will be required by the RBI to give us the approvals to get it sorted.

And there are certain other small loans about Rs. 5 crore, Rs. 6 crore that we have given to our subsidiaries to make sure that they are able to sustain themselves. We have started charging interest on them. But the tune of that loan is about Rs. 5 crore, Rs. 6 crore across about 4 or 5 of our subsidiaries.

Jay Adwani: Got it. Just another question. When do you expect to announce the project that you have won in Mumbai?

Nehal Shah: So, the paperwork is going on. We should be able to announce probably in 2 to 3 weeks.

Jay Adwani: Okay. Okay. Got it. And so, moving forward, once all the issues have been resolved, can we see like the profitability going higher in the next financial year?

Nehal Shah: Yes. So typically, if you see, we have been trying to grow our EBITDA as much as we can. So, from a rupee perspective, we have been able to grow the EBITDA margins, and the EBITDA was Rs. 112 crore this year, if you remove the exceptional items.

So, we are pretty confident that once all this cleaning is done, everything is sorted, we have got a cleaner report coming in from the auditor as well. We do not see any new hiccups coming up in the future quarters. And I am pretty sure with the same kind of momentum that we are having, our margins and our bottom line will keep on improving going forward.

Jay Adwani: Got it. Okay. Just one last question. So going through the results, so the purchases and expenses have grown quite a bit. So that is one of the reasons the profit has been affected. Can you just elaborate as to why that has happened? Because I think last year, it was around Rs. 467 crore for the financial year, the operating expense, like the purchases and direct expenses. But this year, it is gone up to Rs. 585 crore?

Gopal Tiwari: I think you are referring to this total direct expenses, right, which is book expenses. So, see, I will tell you the total direct expenses generally are in the range of 60% on a year-over-year basis. Quarterly, you will find 2%, 3% here and there. Every quarter, there is an up and down. That is mainly because of, suppose in any quarter, there are multiple projects are under capex phase.

So, our supply of equipment increases and our direct expenses are higher to that extent. So, in this quarter, our multiple projects were on. Because of that, our direct expenses, supply of equipment got increased by around 3%, 4% in comparison to the standard or direct expenses level. So that impacted.

And secondly, other expenses also you will find in this quarter is higher because that onetime provision is also taken under that, the Rs. 36-odd crore that ECL provision, that is also part of this quarter's expenses. So, if you take out that amount from these expenses, this bottom line, our EBITDA or PBT, everything gets improved to that extent.

So, this is only onetime expense, which have been booked. And that is also not an expense. It is actually provision. We have taken extra additional provision towards ECL as per the advice of the auditors and change in our ECL policy estimation also. Same onwards, we will get larger, amounts will be taken back to our profitability up. I hope you are clear now.

Jay Adwani: Yes. Also, the last earnings call, you said that you were working on the Western Railways project by the Government. Do you have any update on that?

Nehal Shah: Yes. So that Western Railway project, unfortunately, we had to let it go because by the time the pricing was about to open, the equipment procurement cost went up by 25%, 30%. And our margins that we are sitting on was all getting wiped off. So, we conveyed our message to Western Railway and asked them to do a retender since they were not able to increase the price in the tender itself.

So, we will have a retender of it coming up in July second week. So that is one of the places that we were very confident because there were 2 bidders, and we had a very high chance of getting. It was close to about, there were 2 orders, Rs. 165 crore and Rs. 85 crore. Both of it unfortunately went for a rebid, and we are expecting the tender to be out by mid-July, where we should be able to bid again.

Moderator: Thank you. We will take our next question from the line of Nitin Gandhi from Inoquest Advisors. Please go ahead.

- Nitin Gandhi:** Can you share tax percentage because I am finding it comparatively low?
- Gopal Tiwari:** Good question. I mean, this quarter, you will find that our tax implication is pretty low. I mean, rather we have gain in that. So that is because of deferred tax asset. Current quarter and the year for whole year, you will see the tax liability is there. But because of this deferred tax asset, we have got benefit of Rs. 21 crore, which is getting credited to tax liability.
- Hence, the PAT amount has improved against Rs. 32 crore of last year, it is now Rs. 36 crore almost because of deferred tax asset benefit. And that is mainly on account of our extra provision made in this year towards ECL. So that has impacted our tax impact.
- Nitin Gandhi:** So, going forward, you remain 25% next year, right?
- Gopal Tiwari:** Yes, yes. But we have got our deferred tax asset, I mean, substantial amount lying in credit. So that benefit will always be there in coming future for some time. So not to this extent, but it will be there by and large. More or less, yes.
- Nitin Gandhi:** Okay. Can you guide what is the likely tax rate going to be for at least FY '27?
- Nehal Shah:** It should be 25%, maybe 1%, 2% or 3% here or there, depending upon the deferred tax we get.
- Moderator:** Thank you. We will take our next question from the line of Maitri Shah from Sapphire Capital. Please go ahead.
- Maitri Shah:** Yes, hi. Firstly, on the deferred tax assets. So do you see that kind of happening for this year as well, FY '27?
- Gopal Tiwari:** Yes, there could be a deferred tax asset, but it will not be to that extent because this year, because of this extra provision, we have got this benefit. But definitely, it will be there because we have got some credits lying in our books. So that impact will be there in current year also.
- Maitri Shah:** Okay. Okay. And we won the Mumbai project, you said close to Rs. 150 crore, Rs. 200 crore. What sort of timeline on completion do we have once we finally get this awarded?
- Nehal Shah:** So, the implementation will take about 9 months and then we have O&M, which will go on for 5 years. It is typical transaction that we do for all our other projects.
- Maitri Shah:** Okay. That is great. You also mentioned we are adding a lot of AI capabilities to our projects going forward. And since we are seeing now the increase in profitability coming, how do you see the margins growing

from here on now on a short-term and a long-term basis? What drivers do you see helping these margin improvements and what investments are you putting in on the AI side?

Paresh Shah: Yes. This is Paresh Shah. I am just answering that. So, we already did good proof of concepts last quarter also. We have our own agentic AI architecture. Today, the industry is moving into AI wholesome in the sense, especially large customers are significantly adopting AI as their front end for all Services. So that we see as a big traction. We are moving into AI-first strategy. That is what we had adopted to make sure for large volume, we use AI agent architectures.

So, this is one of the very key transformation that is happening across the industry as the Services is getting moved more, especially IT Services into AI-based approaches. So, we see the traction also and we see a lot of momentum coming ahead in coming years.

Maitri Shah: Any quantification on the margins? How do you see the improvement happening over 1 to 2 years' time?

Paresh Shah: Yes. So, we definitely see that there will be an improvement in the margins because labour will be reduced and that would definitely impact the margins. And mainly apart from AI, what is important is automation because finally the customers wants to see how they can also bring in savings, which will impact them and also able to give that justification for those contracts where they award to us and Allied Digital is constantly investing into AI more and more in terms of resources, in terms of technology and in terms of training. So, all these three are our key aspects of our journey this year also.

Ramanan R: If I can add to that, Ramanan here. We have sort of a three-pronged strategy for AI. One is most of the Smart City Solutions that you are going to be seeing going forward is going to have a significant element of AI in not only our Solutions, but also in the technologies that are being used. You are going to have more sensor technologies, which are going to have an incorporation of edge AI, which means that the sensors themselves are very intelligent and AI processing by nature. But then you will need a larger umbrella AI solution, which will gather all the data collected and be able to make meaningful decisions. So that is one.

The second is there is a tremendous opportunity for Managed Services to incorporate AI in every element of its operation, which Paresh already described. And so, we have our digital desk, which is quite advanced, which is competing with the industry in terms of its ability to be a global service desk.

But now we have an AI plus feature integrated into it, which is going to reduce the time required to resolve tickets, which is going to improve the automation that is possible and which is also going to improve the workflows that are possible. So that is the second part.

The third which we see in Allied Digital is that agentic AI is in its infancy in terms of its implementations across the world. So, we are not at a disadvantage to have our own agentic AI-based Solutions and systems starting to get deployed in an area which is a level playing field for the rest of the world. It is no technology company, or IT company is too advanced in that. And therefore, we are also putting our strategies to how we can provide agentic AI Solutions and Services for customers whom we already have and new customers we can acquire. So that is the three-pronged strategy that we are looking at.

And that is going to be significant for Allied Digital because as you can see, AI is going to affect coding. We have not been in general in coding, but we have been in the deployment of managed Services. And more and more AI, the flavour of AI is going to be Managed Services in applications development as well as in infrastructure management.

Maitri Shah: Okay. That was very informative. Thank you. Secondly, I think in the previous comment, you mentioned somewhere, maybe I have heard that wrong, but are we looking at a 12.5%, 13% margin for this year? Did I hear that correct?

Nehal Shah: Yes. So that is a target that we would want to try and achieve. You are right, closely try to slowly go to 12% and then try to improve from there on. We would try to do that as soon as we can. And with the kind of contracts coming in, we are confident that we should be able to reach 12%, 12.5%, 13% this year pretty soon.

Maitri Shah: Got it. Great. Any bid pipeline do we have currently orders that we are kind of waiting for the like advice from clients?

Nehal Shah: No. So the pipeline is pretty strong. We have a couple of orders that we feel will go our way. These are large contracts, Government contracts which are due for coming up as an RFP in the next 2 quarters, mostly coming in from the state of Maharashtra. There are 2 large contracts, both worth Rs. 600 crore individually. And we are a front runner there.

Apart from that, there are pretty decent contracts that we have. There is a Noida Smart City, which is coming up where we are very keen of getting onboarded there as well. Apart from that, the Western Railway contracts, which are going to be coming up soon again. There are certain high court orders that are there in the various courts that are going to be coming up.

There are digital win projects. So, the pipeline, seemingly is very, very strong, not only domestically, but even internationally, where we are seeing a lot of traction happening from our customers either for getting us new business in existing accounts or getting new contracts. So, from a strategy perspective, I think we are bang on. The only question is that when do these deals come out in the open customer accepts the change and we start billing them. So, the time taking there is what we have to look after and make sure that we keep on adding more revenue to have a sustainable growth.

Maitri Shah: Okay. That is great. And lastly, just a last question on the growth. How do you see because we have reached Rs. 1,000 crore run rate now by the end of quarter 4. How do you see that panning out by the end of quarter 4 next year? And any sort of targets for the next like a medium-term revenue growth?

Nehal Shah: We have reached Rs. 1,000 crore. Next 4 quarters, so the long-term target, of course, I gave you 10x. For the next short-term target, which eventually comes up to about 20% to 25% kind of a growth is what we are looking at consistently from year-over-year. That is the target for the outside world, yes.

Moderator: Thank you. Next question is from the line of Pratik Dedhia, an Individual Investor. Please go ahead.

Pratik Dedhia: Okay. Yes. So, my question was on the AI side. So, I think thanks for the clear picture in terms of how you are going with AI strategy. My question is, how have you seen the implementation time from now to once you scale up your AI initiatives, how does it impact the implementation time? And vis-a-vis how do you see your projects bidding happening as well post you have the AI initiatives implemented?

Paresh Shah: Yes. So just to update you, last quarter, we already did two proof of concepts. We already have one customer right now where we are implementing automation and AI together, one of the large BFSI customers.

And so, our Agentic AI framework is quite ready, but we have a road map for it. We have a lot of expansion plans. And what we see is to implement it, basically, it is a complete transformation strategy, which every customer picks up, and they get the savings of the automation and the AI together. And it is a journey where we see that every other new project that is coming is by default looking at AI as a solution. So, we are quite ready to address that.

We are also adopting some new strategies to make sure we can speed up implementations in this coming year, not only with our road map, but also

adopting a lot of integrated third-party tools that can speed up the AI transformation for organizations. So yes, we are using both these strategies to make sure our platform as well as third-party platforms are ready-to-use platforms for very large organizations can also be deployed.

Pratik Dedhia: Okay. Any quantification if you can provide in terms of time reduction that you see, if possible?

Paresh Shah: So, you are mentioning time reduction to implement, right?

Pratik Dedhia: Yes, yes.

Paresh Shah: Yes. So, every customer adopts AI in a phased manner also, okay? And it all depends on how their data quality is also. So even if we have the solution ready to make it operational as well as beneficial, it is a kind of a journey. And the journey can be as short as 6 months where they can implement more automation and less AI. And over the time, implement more AI and take it forward and get the benefits faster.

So usually, at some rule is short-term around 6 months, they can really improve the user experience and gain benefits of automation. And over long term, probably a year, they can see more benefits of AI as, you know, they are able to handle the volume of transactions in a bigger way.

Pratik Dedhia: Okay. Got it. And how do you see resource or headcount utilization post AI implementation strategy works out?

Paresh Shah: Yes. So, resource and as more and more AI implementation happens, the front ending, the Level 1 support, okay, definitely gets impacted because more and more AI agent is able to address the front ending of the issues. So, a lot of filtering as well as routing happens to the AI agent, okay? And that will definitely impact the low-level resources, which are definitely addressing the issue of the customer first. okay? So, we see definitely a reduction on the resource count for any customer close to 20%, 25% in a matter of 6 months or a year.

Pratik Dedhia: All right. And should that be accelerated translation into your margins as well. So, your guidance is for 12%, 12.5% for this year and then probably going ahead. So how should I correlate that to your margin expansion?

Paresh Shah: Yes. So, profitability definitely will improve. There is no doubt. But it also depends on how large and how the customer is really embracing AI because that is a very important factor. Certain industries and the large volume industries like BFSI definitely embrace AI much better. And that will see a difference.

And more regulated industries like pharma and all, they are slow to adopt. So that can make a difference. But overall, as a margin, if you look at it,

definitely, it will be much, much better because definitely that impact of AI and automation, in fact, automation happens even first. So, you can immediately see benefits there.

Pratik Dedhia: Got it. All right. And my next question is more from a geographical perspective. So how are you seeing your business traction on the US side more from the AI Ask adoption and so I heard the first participant's question as well in terms of how the conversations are going. But if you can throw more light on how the conversations are aligning to the AI side and how the contracts are being revisited there?

Paresh Shah: So just to add, globally, AI adoption in US is obviously quite high, okay? And that is why there are more opportunities. And especially large customers, if you look at it, they definitely have some or the other way, adopted AI is in the centre stage, okay?

And that is what we see that it is a great opportunity to work with some large customers adopting industry standard platforms and building complete end-to-end AI automation journey for them together. So, we see definitely more adoption at the global level and slower adoption, but definite adoption even in India.

Ramanan R: If I can add to that, you see, there is a lot of dynamic changes and real-time changes happening in the AI marketplace, both in terms of announcements being made, which the customers are watching a little warily as well as actual implementations that are being done, where there is an immediate advantage of leveraging AI for improving the workings of the organization based on the data that is already collected.

So, definitely, when you go to a customer today, they want to know what are the AI capabilities that the organization is developing, what are the tools that they are familiar with, what are the tools that they have developed? And what is the way we can immediately engage in leveraging all of this in whatever we are already doing.

So that is evident, for example, in our Managed Services, where we have not only just been providing field level support and network operating centres and all that, but we have developed our own Digital Desk. And so, everybody wants to know how Digital Desk is now being powered by AI for leveraging advantages for reduced cost, increases reliability and better infrastructure management.

The same is true in terms of business systems that are there. But that is an area that is still watchfully being looked at because you need safeguard, you need guardrails. You need cybersecurity to ensure that there is no penetration of anything illegally as well as you need to make sure that there is no opportunity for proprietary data to get accessed by

others who are not supposed to have access to. So, it is definitely changing that every conversation with every customer has an AI component and Allied Digital is working and firing on all cylinders to be able to address those opportunities.

Paresh Shah: So, one more point we wanted to add is, as you know, there are AI-based data centres coming up left and right. And that has given also another open up new doors for Allied Digital to give Managed Services for those AI data centres and help customers easily migrate and adopt AI on their local data sovereignty-based data centres. So that is an advantage that we feel that Allied can take as an early mover in terms of technologies.

Pratik Dedhia: Okay. That is good to know. And one follow-up from the things that you mentioned, any client that you would have lost for the client themselves taking up the AI adoption and taking the automation internal as against, say, depending upon you guys?

Nehal Shah: Not so far Pratik. We have not seen any customers taking anything in-house. In fact, rather, the requirements of outsourcing have gone up where opportunities are being created for vendors who have made AI adaptability very easy. CIOs today are talking and wanting vendors who can help them in their AI journey. So, this, according to us, at our size, we feel this is an absolute opportunity for us for growth.

Moderator: Thank you. As there are no further questions, I now hand the conference over to management for closing comments. Over to you, sir.

Nehal Shah: Thank you once again for your participation and engagement during today's call. We remain encouraged by the direction of our business and the significant opportunities emerging across the evolving global technology landscape. Having now achieved Rs. 1,000 crore annualized revenue milestone on a quarterly run rate basis, we believe Allied is entering a new phase of growth and evolution.

Looking ahead, we aspire to scale the business 10x over the next decade, which would imply a compounded annual trajectory growth of approximately 20% to 25%. Over the past few years, we have undertaken a comprehensive transformation across multiple dimensions of the organization, including governance, transparency, leadership development, human capital delivery capabilities and our sales and go-to-market framework.

We believe these initiatives have significantly strengthened the foundation of the company and created a more agile, scalable and resilient platform capable of supporting sustained long-term growth.

Should you require any further information or have additional questions, please feel free to reach out to our team or connect with CDR India. We sincerely appreciate your continued support and confidence in Allied Digital Services. Thank you.

Moderator: Thank you. On behalf of Allied Digital Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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