Date: August 10, 2026

To
BSE Limited
Listing Department
Phiroze JeeJeebhoy Towers, Dalal Street Fort, Mumbai -400001
Scrip Code: 544614

To,
National Stock Exchange of India Limited
Listing Department
Exchange Plaza , Bandra Kurla Complex
Bandra (East), Mumbai -4000051
Symbol: CAPILLARY

Dear Sir/Madam

Subject: Announcement under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript - Earnings Call - Financial Results for the quarter ended June 30, 2026.

Pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations"), please find enclosed herewith the transcript of the earnings conference call with analysts and investors held on Tuesday, August 04, 2026.

The said transcript is also being made available on the website of the Company and can be accessed at the following link: https://www.capillarytech.com/investors/

We request you to take the above information on records.

Yours faithfully,

For Capillary Technologies India Limited

GIREDDY BHARGAVI REDDY

Digitally signed by GIREDDY BHARGAVI REDDY
Date: 2026.08.10 14:02:46 +05'30'

Gireddy Bhargavi Reddy
Company Secretary and Compliance Officer
Membership No. A17091
Place: Bengaluru

"Capillary Technologies India Limited

Q1 FY27 Earnings Conference Call"

August 04, 2026

MANAGEMENT: MR. ANEESH REDDY BODDU – FOUNDER, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – CAPILLARY TECHNOLOGIES INDIA LIMITED

MR. ANANT CHOUBEY – EXECUTIVE DIRECTOR, CHIEF FINANCIAL OFFICER AND CHIEF OPERATING OFFICER – CAPILLARY TECHNOLOGIES INDIA LIMITED

Moderator: Hello and good evening, everyone. On behalf of EY IR Practice], I welcome you all to Q1 FY27 Earnings Call of Capillary Technologies India Limited. Please note that the copy of the disclosures are available on the Investor section of the website, as well as on the stock exchange.

Please note that anything said on the call which reflects the outlook for the future or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces.

To give you some in-depth understanding of the company and answer to all your queries regarding the result and the company, we have with us from the management side Mr. Aneesh Reddy Boddu, Founder, Managing Director and CEO, and Mr. Anant Choubey, Executive Director, CFO and COO.

With that being said, I would like to hand over the call to Aneesh to take you guys through the presentation. Thank you. Over to you, Aneesh.

Aneesh Reddy: Hi, everyone. Thanks for joining the call today. I think Kanav covered some of these. Again, quickly re-introducing the company for everyone. Capillary operates in the loyalty and customer engagement space globally.

We're regarded to be a market leader by any analyst globally in this space. What do we mean by loyalty? Any kind of a long-term retention program for consumers or small businesses. In terms of markets, we today are fairly present across markets globally. US is our largest market. About 60%-odd of our revenue comes from the US, 15% comes from Europe, and about 25% comes from Asia today.

In terms of scale, we work with about 465 brands globally. 25 of these are Fortune 500 customers. Lots of scale on the platform, about 2.7 billion consumer profiles on the platform today. We've customers live in about 53 countries, 19 offices globally, in total about 750 employees.

We've an infrastructure-like product, we sit in every transaction that hits our customers, whether it's in the store or online or at the airport or wherever, and . uptime is important, so we are at almost a 5 9's product uptime again for this quarter.

So, in terms of our monetization model, more than 90% of our revenue comes from long-term subscription contracts, so typically 3, 5, 7 year contracts with these very large global enterprises. It's a cloud-native product, all our implementations are across four colos globally.

We're fairly well recognized by all analysts, pick any analyst in the marketing space, Forrester or Gartner or Everest or QKS , you will see us in the either in number one or very rarely in number two in what we do.

Moving ahead, I thought we'll just touch spend a minute on this, this is the Forrester Wave, the most recent one which came about 9 months ago. Forrester is the main leading marketing analyst globally, they have a report on loyalty for the last 10, 15 years now, they call it the Loyalty Wave.

So, if you look at Capillary, we're both from a current offering as well as what we're building and strategy, we are well ahead of the rest of the market. Like I'd mentioned last time, we have a 5 on 5 score on 22 out of their 27 criteria, 3 on 5 on the rest of the five criteria that they have.

We've definitely the most AI-first platform out there in the space. Pick any analyst, they will talk about our AI use cases being very ahead. We'll talk a little bit more about aiRA in some of the slides going ahead. What we also excel with is in supporting very complex programs for very, very large enterprises, that's our niche. With that, let's move ahead.

Quickly spending a minute on the on the product. The intent with the product is to deliver loyalty and retention as an outcome, and hence, unlike a lot of our competitors where they tend to have just a loyalty stack, some of the major agencies that you saw earlier, Epsilon, Bounteous, etc., which were there on the earlier slide, Capillary tends to be more broader as a product so that we can deliver loyalty or retention as an outcome.

So, now, at the base of the product is a data platform where we integrate into all kinds of data sources from a customer. If they have a CDP, we just plug into that right away. We don't monetize the data platform side of the stack. Loyalty is our bread and butter product, that's what we are known for globally.

Over 90% of our revenues globally today come from the loyalty stack. Think of loyalty as any kind of a retention mechanic, could be membership, subscriptions, points, like rewards, differs by industries, differs by mechanics that a business wants to use to retain their customers.

Then we have the Engage stack, which is a one-on-one personalized customer communication platform. Roughly about 5% of our revenue comes from the Engage stack today. Insights is all kinds of dashboards that are available for the business users to, look at all kinds of loyalty use cases. We don't monetize Insights, it's a layer on top of the product.

And finally, rewards, right, more applicable to banks and to telcos where they generally, rather than give points or coupons, it tends to be a additional reward that you get for being loyal So, that's the rewards stack, that's about 5%-7%-odd of our revenues there. Again, across the platform, we have our AI assistant which does a lot of stuff. We'll talk about it in the next few slides..

We'll get to aiRA in a few slides, but in the interim, I think we've had a pretty decent Q1 and a good start to the year. Like we always talk about really three levers of growth and three levers of profitability. On the first part, I think, on NRR, we've had roughly a 111% expansion from our, existing customer cohort.

Three levers there, more platform usage or inflation increases, product upgrades, and new brands and geographies. Now, if you take out one the largest customer we have, if you take them out, then the NRR has actually been 116%, so tends to continue to be in that, good range for majority of the customer cohort that we have.

Now, the second axis of growth for us is new customer wins. We continue to win large enterprises across globally. If you take the last 12 months of performance, our new ACV, which is the new annual recurring contract value that we've signed up, has grown about 75% year-on-year, excluding that one large healthcare customer that we had won the year before. So, very good momentum on new logo sign-ups across markets, whether it's Asia, UK, Europe, or US. So, good momentum there.

Finally, coming to M&A, we've announced the SessionM acquisition, which we had bought from Mastercard on May 1st. So, we've had two full months of the integration of the SessionM numbers into the overall plan. Like I had mentioned on the last call, this acquisition strengthens our footprint across markets, North America, LATAM, it adds to our REPAC portfolio as well.

And SessionM is, that product stack is known for its QSR and airline customers, so it's those two categories are places where we had customers, but not as much penetration, so it got us a good presence there. And finally, some very good talent that has also come from SessionM over.

As you might remember, we had done the Kognitiv acquisition in May of last year, it closed on May 1st, 2025. We've started the process of upgrading those customers over to Capillary, and this time, we're using a lot of AI to do it. And we think it'll be far more faster and far lesser effort on the customer as well as our side to get these upgrades done, right. So, that moving ahead.

Again, three large profitability levers for the firm. As we've always mentioned, any net retention rate-related expansion comes at a higher gross margin, because the cost of the servicing is already taken care of. Our subscription gross margin for the entire business, including the organic part and the inorganic part, is today at 66%.

Our organic gross margins are upwards of 75% now. So we've been consistently upwards of 75% for the last few quarters, so I think a lot of this NRR expansion on the organic side is fuelling better gross margins on the organic side of the business.

Coming to the second lever of profitability, this is around about 60% of our costs are not linked to, customer revenue and it is not related to COGS. So, these scale at a much lower pace than the revenue scales, right. So, if you look at year-on-year non-COGS cost for FY21 is at least 12%-15% lower than the revenue increase that you're seeing here and hence as revenue keeps scaling, our below the COGS cost will continue to scale at a much lower pace.

Finally, the third lever of margins is upgrade of customers from the M&A side. Now, like we had mentioned earlier, typically the acquisitions we do are more around the 30% gross margin mark, and as we migrate, they get to the platform margins of 70%-75%, and that drives the increase.

So, this quarter, for example, same quarter last year, we were at a roughly a 10% EBITDA margin, now we are more at a 18%, 17%-18% adjusted EBITDA margin overall, and roughly a 20% plus EBITDA margin for the organic side of the business, right.

So, big move there actually comes from the successful migration or the upgrades from customers for Brierley, Persuade, and Rewards+, those three acquisitions that we had done before 2020, before June of 2023, all of them have been migrated over, right, which is driving that big move on margins. That's the last part there.

I think in the last 6 months to 9 months, we've also now built a very AI-led upgrade platform where it really simplifies the amount of work needed to shift from, one of these acquired platforms to Capillary. We think it'll, it will continue to deliver good margins for us over the next year or two, right. So, yeah, with that moving forward.

We spoke a bit about this in the last I think as well, last analyst call as well. In terms of AI, we think it's a net positive for us. And today, for example we actually sit in the system of record. The loyalty stack is like a banking ledger for, all your points, rewards, all of that stuff, right. So, it is a system of record, and hence, AI or no AI, you will still need a system of record to keep that going.

It's also priced like a system of record, it's a per-transaction or a per-member based pricing that we have on that side, so not much change on this part of the business. Now, what we've done over the last year or so is try and expand beyond that into a system of intelligence, which is our aiRA stack.

Typically work that goes to an analytics agency, all to, manual dashboards, things like that, solve that through conversational analytics and Gen AI, fairly wide space in the loyalty marketing space, and it's priced on outcomes, like number of queries you ask, number of questions you're asking. And we're seeing very, very good adoption for this.

You know, today, out of our 150 customers, about 26 customers are actually live using the using the product. About just a little less than 10 of them are actually paying us for it, so it is a use, and then over a few months, you sign up for the outcome-based pricing type approach. So, we're seeing very good adoption as well as commercialization start on aiRA now.

The even in all our new deals, the very large ones that we're winning, aiRA is now turning to be that big differentiator over the market and our win rates continue to be upwards of 35%, so across the globe now, thanks to some of this AI stuff that's there in the product.

Finally, coming to the actions piece, which is, you've got your Insights+, you've got what you want to do, and in simple English, you can then go tell it to run a campaign, or tell it to update a CRM, or tell it to create a dashboard for you, or create a game, that's the Action Agents piece.

Again, as I had mentioned, Engage+, which kind of sits here, the Engage+ product, is only 5% of our revenue, so this is an attempt at, increasing that spread of revenues for us. More newer in terms of the Action Agents, I think we're still building out this part quite a bit, but overall, we're seeing very good traction to what's happening on the aiRA side, both in terms of the Analytics Agent and the Action Agent in the business. So, moving ahead.

Yeah, I mean, we spoke about this last time. The intent with aiRA is to provide intelligence and actions across the marketer's life cycle and go from that system of record overall. What we've been able to do well now on aiRA is a good learning loop as well, so we now have like, thousands of queries being, I mean, I think we read about 10,000 queries now, which our customers are asking this to do, and that acts as a very nice, learning loop for the product to improve by itself, right. So, with that, I'll move ahead.

This is a quick update on the SessionM acquisition. Things are on plan. I think it's been two months, and we had projected about a $32 million ARR of customer contracts that we had acquired through this. So, there've been no surprises on that side, so the all the entire $32 million have agreed to sign our paper, move over to Capillary, so that's been a good positive moment.

Secondly, we've been able to turn SessionM fully profitable. The first two months have generated, although small cash, like just a little around the INR5 crores-INR6 crores type mark, as is what we've been able to generate as free cash from the acquisition.

So the business is at a break-even, it's profitable now, and I think we, what we're also very excited about on the SessionM side is the quality of customers is really good, and a lot of them have shown a lot of interest in buying the aiRA stack, in trying to go beyond just the loyalty platform that SessionM is, into and taking the other products we have as well. So, we do think it's a it is going to be a big driver on the NRR side going forward as well.

Next is, I think we also now have a very good view of what we've actually spent to buy SessionM. Net of all the adjustment, we've actually paid about INR17-odd crores for buying the business, so it's also been a very, very good financial deal, you essentially spent $1.5 million to buy a or probably a couple of million to buy a $32 million ARR business, right, so it's been a very good deal.

We think we'll break even on this in a few quarters, right, so the business is already profitable, it's already started generating cash, so we do think it will deliver a payback possibly within this year, so with that moving forward.

We did a very small tuck-in, not material in terms of financial numbers on what we spent it's a platform called CustomerGlu, it enables front-end experiences, like Capillary is very known for the back-end scale that we have.

What CustomerGlu does is it enables front-end experiences in a mobile app or on a website for loyalty-like use cases, like you can quickly launch a game, just with a click, - you can launch, you don't need to write code, you can quickly launch experiences, things like that.

We're rebranding this product and calling it as Experiences+ fits very well with what aiRA and Engage+ can do. We're also pricing this again on a usage-based type model. We're already seeing a lot of our very large customers liking this because they don't need to depend on their IT teams to launch new interesting stuff in the app. But, again, not material from a spend or a revenue or an EBITDA, more an acqui-hire IP-led acquisition.

With that, I will hand over to Anant. Anant, over to you.

Anant Choubey: Thanks, Aneesh. Great.

Aneesh Reddy:

Anant Choubey: So, I'm glad to share our financial performance for the last quarter. We closed the quarter at INR256 crores revenue, which is 43% growth over Q1 last year. Now, this revenue growth coupled with scale leverage and other cost initiatives, the EBITDA for Q1 stands at INR44 crores that's a 132% improvement over Q1 last year.

PAT stands at -INR9.5 crores for the quarter. Now, adjusting this for one-time exceptional loss which happened due to a cyber-fraud incident and a one-time deferred tax liability, the normalized PAT for the quarter stands at INR25 crores.

Now, there is a year-on-year business growth of 43% and a year-on-year profit growth of 132%. Now, a great metric to look at for product companies is Rule of 40, meaning growth rate plus EBITDA percentage is equal to 40. That's kind of gold metric where product companies are valued on. On this metric, Capillary today stands at 60, which is 43% growth and 17% EBITDA.

If you look at only the organic business, the organic business grew at 17% year-on-year at about 23% EBITDA, so again at about 40 on a Rule of 40. Now, what drives this margin expansion or what drove this margin expansion from a year before, this improvement from 11% to 17% comes through combination of growth through NRR expansion, operating leverage on non-COGS cost as well as from M&A synergies.

Now, ARR is a good leading metric for the business. It has consistently grown from INR608 crores in FY25 to INR765 crores in FY26 to INR1,026 crores in Q1 FY27. It's a year-on-year growth of about 34% with strong contribution from SessionM acquisition, NRR as well as new ACV.

Now, trailing 12 months new ACV, if we exclude one large healthcare customer, we see a growth of about 75% year-on-year to about INR92 crores. Now, this is further supplementing our growth and efficiency. The trailing 12 month Q1 FY26 base included exceptional new contract value from one large healthcare customer, so that's what we have normalized to give you a figure on like-to-like basis..

Now, we talked about year-on-year performance. I take quarter-on-quarter performance on profitability, adjusted EBITDA improved from INR35 crores to INR44 crores in Q1 this year compared to Q1 last year. This is in spite of Q1 being a quarter when you have annual hikes. And normalized PAT improved from INR19 crores to INR25 crores from Q4 to Q1. Now, this also includes increased amortization from SessionM acquisition.

Now, understanding PAT and normalized PAT here, the delta between INR25 crores PAT and INR -9.5 crores normalized PAT, so we had an exceptional loss that happened due to a cyber-banking fraud and a one-time deferred tax liability, so that's what has been the adjustment over here to give you a view on the normalized PAT.

Now, if you look at our business over the last many quarters or years, EBITDA and adjusted EBITDA are nearly equal, given adjustment of finance income and ESOP expenses. If you look at the trend over the year, depreciation and amortization is at INR20 crores for Q1 this year, which is up from INR17 crores for same time last year. Now, this higher amortization reflects recent acquisitions of SessionM in this year and Kognitiv last year..

With this, we'll be happy to take any questions.

Moderator: Thanks, Aneesh and Anant. Now, I would request the participants to raise their hands in case they have questions. So, the first question was coming from Vinay Menon. Please go ahead, Vinay.

Vinay Menon: Yes, hello. Congratulations, sir, on a great set of numbers. A couple of questions from my side. If you can, call out the percentage of clients who migrated from SessionM already and what kind of run rate are we seeing across FY27 that would be helpful. Thank you.

Anant Choubey: Yes, please.

Aneesh Reddy: So, we've just done the SessionM acquisition, right. So, usually the way it works is, we spoke about it I think in the analyst day as well, that it typically takes about two to three years for all the customers to get upgraded. So, we will not start any SessionM migrations till probably end of this year, early next year, right.

Now, there are some customers who want to move irrespective of an upgrade that look we just want to move to Capillary, that we are fast tracking that's about three-four out of the 45-odd customers that have come from SessionM. But there is a lot of how do I put it, like, there is a lot of operational efficiencies that we're already seeing in SessionM, right, better run in terms of server costs, all that.

So, you will see more margins coming out over the next few quarters from SessionM as well, even without the upgrades piece. I think their infrastructure and the way they're running it when it was part of mastercard,it was definitely very excessive, so we do think we can get that business to a 5%-10% margins even without any upgrades.

Vinay Menon: Okay, that's helpful. And as clients migrate, will our subscription revenue go up, is that how we are looking at SessionM clients to be for our company?

Aneesh Reddy: Yes, so two parts, right, Vinay, so usually when you're upgrading a customer, you don't actually charge for more, right, I mean, because there's already an existing contract, you've just bought the, I mean, you've bought the company so you can't charge for more but let's say we're seeing a lot of these customers wanting to buy aiRA or buy the Engage product or buy Experiences+ and those are opportunities to charge more, right.

So, those are opportunities where the customers are willing to pay more because additional functionality is something that they were not using today. So, all of these books to -- the 110% to 116% NRR we keep talking about, right, depending on, so that is the place where this bigger book of business, this $32 million, does have a potential to add another 10% to 15% additional revenues each year through the NRR motion. Did I answer your question, Vinay?

Vinay Menon: Yes, that helped, sir. And just one more thing on aiRA, any kind of monthly run rate are you seeing? And last time, last quarter, you were mentioning that a lot of POCs were happening. How are you seeing aiRA scale over FY27?

Aneesh Reddy: Yes, so we are right now, I would say at like $2 million, $2.5 million in terms of revenue run rates on aiRA. I think my hope is that we'll try and get to probably at least 5% to 10% of our revenue coming from aiRA this year.

But, look, it is a new AI product. The adoption is very good. I think the thing that we have to deal with here is that these are all large enterprises we work with, so they really are very this thing about their budgeting cycles.. But in terms of adoption and in terms of as people turn over to their new financial year, can they put more budgets to it, I think we're seeing good traction there.

Vinay Menon: Okay. And one last thing on the acquisition you mentioned, that it will give you some kind of coding ability in the platform where you can and when clients can create something. So, if you can just elaborate on that and kind of give what functionality we wanted from this acquisition that would be helpful.

Aneesh Reddy: Yes, so today, Capillary is a loyalty platform, right. So, customer can go in and configure saying there is this weekend I want to give 3x bonus points on this airline, or this route or so it's the back-end configurations, the back-end coupons, all of that becomes, promotions becomes very easy with the Capillary platform.

Now, we also allow you to run games and give bonus points for running games and all of that stuff, right, the front-end experience is also a scratch card, a game, I'm sure you've played some of these on the various apps.

Today, for a lot of our customers, if they have to do it, they have to go work with their IT team to actually build the front end out, right, like in the app go get a page done and usually all of these IT teams have their own roadmaps and so although the loyalty manager can like use our platform to run the back end very quickly, the front end would take them like two, three months to configure, get in the pipeline of the IT development and stuff.

What CustomerGlu, what Experiences+ does, now well it's an SDK that you plug in into the website or into the app once, right, and once you've done that we can like, how you're just in the back end configuring a new promotion, you could also go configure a front-end experience. so it really helps take out the dependency on the IT teams.

Think of it as a low-code, no-code platform to spin up games, experiences front ends, and kind of make the dependency on IT teams less and make the marketers more independent in that sense. I hope I answered that for you, Vinay.

Vinay Menon: Yes. Thank you so much, sir. I'll get back in the queue and all the best for future.

Moderator: Thanks, Vinay. The next question is from Shaurya Yadav. Please unmute yourself and go ahead.

Shaurya Yadav: Yes. Thanks for the opportunity. I've a couple of questions. First one, in last con call, you said we are upgrading Kognitiv customers to Capillary platform. So, where are we in that journey, and what challenges we are facing in that journey, if you can elaborate? And post-upgradation, how much incremental margins can flow in our consolidated financials?

Aneesh Reddy: Right. I think yes, so that process has started. I think the first customer will fully migrate on September 1st. And like I said, the way we're doing this migration is using an AI platform. So, the first customer is also an attempt to like fine-tune the AI platform to do further migrations, right.

Now, let me spend a minute on what this AI platform does in terms of helping migrations, right. So, because these are very old companies that we're buying, right, Kognitiv I think is a 1980s set-up company, their oldest customer is 30 years old on that platform.

So, what the AI pieces do is look up the code, look up the implementations, and automatically come up with what is it that has to be migrated, then it goes configures the Capillary platform, builds up any middleware that needs to sit in between the Kognitiv implementation and the Capillary implementation.

All of this is done in an AI-first approach without doing it with humans, right, so without doing it with people. And so with that, we're looking to have the first customer going live on September 1st. Now, once that happens and that's proven, then you can, – your Kognitiv is about 20 customers in total, I would actually not even 20, it's about 16-17 customers in in total.

So, then you could accelerate the next 10 in probably like a 2-3 quarter time frame. Right, so what took us like three years with a Brierley or a Rewards or a Persuade, Persuade actually took us like five, five years, the intent is that with this AI stuff, we should be able to see the same gains in probably like a 18 to 24-month type upgrade cycle.

And like we said, May 1st was when we May 1st last year is when we bought this, so the goal is that can we can we close, like can we get the upgrades done by latest September of next year, right, 2027.

Now, all the acquisitions that we do, typically work at a 30% gross margin, and post we can get them to a 65% or 70% plus gross margin. I definitely think, and Kognitiv was roughly about INR75-odd crores of revenues, so I think there's at least another INR10 to INR15, INR15 cores to INR20 crores of EBITDAs that will come through as the migrations happen..

So, we've already realized some of the gains with like better server cost, better all of that, so but there's more margins to see for sure. In fact, we had detailed this out a little bit in our last deck where we kind of broke our revenues down as saying, look, this year we're doing INR1,065 crores, out of that organic, which is the core Capillary platform revenues at 75% gross margins is about INR670-something crores, INR673 crores, I think. The rest was acquired revenues, which were barely at a break even, we were projecting about INR20 crores of margins from that the acquired revenues.

So, that INR20 crores from the INR390-odd crores of revenues that we're talking about has the potential to deliver a INR120 cores, INR130 crores incrementally as the migrations happen, right, as the upgrades happen. So, even in even in Kognitiv, probably in the next year, on that INR80 crores, you will at least see a INR20-odd crores of more margins coming through. Did I answer that question, Shaurya?

Shaurya Yadav: Yes, Aneesh. Thank you. Second question is on the organic NRR of 111%, so can you bifurcate how much is coming from upsell, cross-sell and the price increase? How we are upselling and cross-selling our services? Like what areas of rooms we are targeting?

Anant Choubey: Got it. So, Shaurya, we typically divide our NRR into a few categories. One category is essentially inflationary price increases as well as overage-linked expansions. The other is through upsell cross-sell and category three expanding for us is through entering into or expanding into newer geographies or newer customer cohorts, right. And on that, you then further have any churn in the business. So, net of churn is what you see as final NRR of 111%, right.

In terms of like I don't have exact numbers, but rough bifurcation would be I think about 4%-5% would be through inflationary increases and overages and then probably another 10% between upsells and entering into new customer cohorts with the customer.

Shaurya Yadav: Got it. And if you can tell like what will be our churn rate in this NRR?

Anant Choubey: About 5%-ish.

Shaurya Yadav: 5%-ish. Okay, got it. And just one more question, there was some cyber fraud incident, maybe last month, so was there any customer data or employee data breach due to that incident?

Anant Choubey: No, there was no exposure to any customer or employee data. It was just it was a banking fraud where the bank account of one of our subsidiaries was impacted.

Shaurya Yadav: Got it. Thank you and all the best.

Anant Choubey: Thank you.

Moderator: Thanks, Shaurya. The next question is from Jayesh Sagar. Please go ahead, Jayesh.

Jayesh Sagar: Hi. my questions are two-fold. First of all, thank you for this update and congratulations for performance in revenue. Two questions, one is, is the loss that you suffered due to fraud fully covered by insurance?

And question number two, if you could elaborate a little bit on how a customer, while transitioning from the Kognitiv platform or the other platform which you are acquiring to Capillary platform, will entail a higher gross margin?

Anant Choubey: Sure. So, on your first question, we do have insurance policy and we have initiated work on that, so our insurance provider is working on that. So, in short, yes, it is covered by insurance, but how much and when it would be recovered, I think that we don't have clarity on, so that work is in progress at this point in time.

On your second question, Jayesh, so a little longer answer here, most of our traditional competitors that we end up acquiring operate more in a agency model where there is a huge T&M, like a big team is involved in delivering loyalty as an outcome in the form of services. What predominantly changes from these companies to Capillary is that you are moving them onto a tech platform.

So for doing a work where you in the past used to have a lot of people, now you are able to just do that through some configurations on the tool.

Think of it as, and we have shown a demo before, that a process that used to take say a couple of weeks where you have developers creating a campaign, doing segmentation of customers, executing something that would require QA, all of that can happen on Capillary platform through through just configurations within an hour, right.

So, that's a big delta in moving from a T&M model to a tech platform. So, a large part of the cost, which was people cost, which brings your gross margin down to like 30s, changes drastically when you move on to a tech platform and get to late 60s or early 70s.

Jayesh Sagar: Thank you.

Moderator: Thanks, thanks, Jayesh. Next question is from Rishi Jhunjhunwala from IIFL. Rishi, please go ahead.

Rishi Jhunjhunwala: Yes. Thanks for the opportunity. Aneesh, Anant, can you give some, you know, firstly, on the ACV that you have talked about, does it include anything from the SessionM part also or is it only, our older business ex of the large healthcare client that we talked about?

Aneesh Reddy: It doesn't include any SessionM, Rishi.

Rishi Jhunjhunwala: Understood. Okay. And the other thing is, just want to understand, in terms of organic versus inorganic growth split-up, right, how do we measure it, right? Because there would be two months' contribution from SessionM in this, and I am assuming you have benefited from currency as well. What would be organic, inorganic split, and do we in any way hedge, you know, our currency exposures?

Aneesh Reddy: Anant, you want to take that or will I?

Anant Choubey: Yeah. So Rishi, in terms of growth, as I was mentioning, it's a 43% year-on-year growth for Q1 versus Q1, which actually considers two months of SessionM. So, in this year, there's two months of SessionM revenue versus zero in last year.

Now, if we remove that and just look at remove that, as well as Kognitiv, like any of the inorganic revenue, the organic growth is at 17% versus same time last year. The other question you asked is, is the benefits through currency, that's about that's about 6% on it.

Rishi Jhunjhunwala: And do we hedge our currency exposures or everything flows down to from top line to bottom line?

Anant Choubey: So, if you look at half of our cash actually is in USD and about half is in INR. Given about 60% of the business is U.S. and you kind of keep cash over there, so there is sort of a natural hedge in the business in that manner.

Rishi Jhunjhunwala: Got it. And lastly, the expectation of on ESOP expenses for this year and next, if you can give some color?

Anant Choubey: Sure. So, our ESOP expenses for this year would be about INR12 crores to INR15 crores, and you would see that our ESOP expenses will sort of remain in this range. We would typically like we look to maintain it between 1% to 2% of the top line, and that's been the trend, we are looking to continuing on that.

Rishi Jhunjhunwala: Understood. Thank you so much.

Moderator: Thanks, Rishi. The next question is from Akshay Jogani. Please go ahead, Akshay.

Akshay Jogani: Super, thank you. Thank you. Hi, hi, Aneesh. Hi, Anant. A couple of questions. During the call, you spoke about how companies when you acquire a company, the customer does not necessarily migrate right away and it's a journey, right. Now, historically, historically, you've spoken about how you are buying agency-type businesses and then sort of transitioning them to a software platform that you have, right. Now, when you are owning these businesses, the transition where they are still agency type and you are transitioning them to software, logically, an agency-type business would have people on the roles doing the work for the company.

And then I mean, you give them a software, it actually transitions to a the company employees, the marketing teams doing the same work. So, in the period of transition, how does it work? Like, they took up the platform, but the people in say SessionM are doing the work for the marketing teams?

Can you help us help me understand how this exactly works as you kind of materially change the business, right? Marketing team using a software is so different from marketing team telling an agency that, you know, can you help me with this?

Aneesh Reddy: Right. So, Akshay, two, three parts. So, you're right. I mean, the first few acquisitions we did, Persuade, Brielle, even Rewards to a large extent, were agency-like. SessionM is a SaaS company, so was Kognitiv, right, both are SaaS-ish. Now, they have different issues, but let me answer your question first on, so what happens in an agency is, you know, let's say you want to run a campaign, right.

Now, because they don't have a great software platform, they will have someone go do like a bunch of this, like go build, write code to like come up with that campaign, it takes two months, etc. Now, a lot of those companies that we bought didn't have like an India presence, right.

So, the first thing we do even before you migrate is that some of these low-level works of just keeping a platform updated, being able to run promotions, you can do that very well from here. especially when, these are very back-end like jobs, they are not even customer-facing. So, in fact, in none of our acquisitions do we change the customer-facing teams.

And all of these companies are, keep SessionM aside, are sub-scale, right, like $10 million, $11 million, $12 million revenues. So they can't have a set-up here in India. So, they would typically work out of, so that gives you the earlier movement margins, like even like even in Kognitiv, when we bought it, it was probably at like 5%, 10% margins.

Today, they are already at like a decent like because we have done some of these changes through last year already. Right, so essentially for the customer a lot of the, it's not just using the software, there was a lot of stuff which should ideally have been like no code or a configuration, which people end up ended up doing in some of these older companies.

So that's the piece that you are switching,. So, for example, Brielle is a good example I can give you. When we bought Brielle, or an year before we bought Brielle, it was I don't know, like 200-something people, right. Today, for that same revenue, we have 12 people.

So not because, you know, it's the same customer-facing people that we have, we haven't changed that that side of the angle at all, it's more the like you don't need to write code for running campaigns, you don't need to write code for pulling a report out, you don't need to do all of that, which is what agencies end up doing, right. For everything they will send you a bill and put some five people to do something.

So the two steps to margins are, one step is the you move to a like a India center for the back-end type work. The second step is you fully move to like software, right. So, that's the two steps to get to better margins in each of these cases.

Akshay Jogani: Sure. And just to be sure, so, for example, let's say a customer has not transitioned and let's say in the case of a SessionM, they do it very simple, they were already using a different software and now they have got a better software, right, I mean, I would imagine in with some deviances.

In that case, you would they would just take up a new software and learn how to do it or you would keep people on your rolls say in India or elsewhere who would kind of do the work for them?

Aneesh Reddy: So, let's take SessionM and how the margins will come there, I will explain that to you. So, today, if you look at Capillary on a on our book of business, our server costs are roughly about 7%, 8%, 9%. Less than like, right, depending on which colo, etc., like some are 7, some are 10, but in that. At SessionM, their server costs are 50% of revenue. Because it's just a badly architected platform, right.

So the first initial set of gains that we are seeing on SessionM is just by getting that architecture right. which, obviously, like we are a far more a cost-conscious and a much more frugally run company, so we are getting that act together.

Now, in SessionM's case, like I said, it's already a SaaS business. Right, so there's already a software that customers use themselves, right, it's not an agency. So, in SessionM's case, what we are doing is some of the UIs that they will use will also be available in our platform, so it's not much of a change of experience or re-learning for a customer. Did I answer that to you?

Akshay Jogani: Yeah, I have one more question. Yeah, that was super helpful. One more question is, this definition of NRR, ACV, it's sort of super confusing in the sense that can you help us understand what exactly do you mean by an NRR at a given point, what exactly do you mean by an ACV at a given point, and when you say organic NRR, does it mean that if a customer moves from Kognitiv to your platform, does that get added there or not? I mean, in some way, somewhere if you define this, it will be very helpful.

Anant Choubey: So, Akshay, NRR is Net Retention Rate, so think of it this way, all the customers that are present on Capillary platform on 1st April 2026, how much revenue they contributed in 12 months period before that and how much revenue they are contributing in FY '27. In FY26, let's say you made $100 from them, in FY27, if you make $111 from them, then the NRR is 111%.

Akshay Jogani: Sure.

Anant Choubey: Akshay, and everyone else on the call, when we are saying organic, we are basically saying it's only Capillary platform revenues. Right, so organic for us is essentially revenues that are on the Capillary platform, right, so, yeah.

Akshay Jogani: But if someone moves from Kognitiv to your platform because you upsold them then?

Aneesh Reddy: We will consider that into NRR calculations next year, not in this year.

Akshay Jogani: Not in this year, okay. Yeah.

Aneesh Reddy: So that you have a like-for-like, right.

Akshay Jogani: Perfect. And ACV, how should we think of that in the sense that again, would be great, this simpler simple explanation would be super helpful. In terms of how you add it.

Anant Choubey: Sure. So, ACV is Annual Contract Value, right, and the metric that we showed you is new ACV. So, new annual contract value that Capillary won in that period. So, that's a leading indicator of how the business would be going forward, because whatever new we have won, that's the business which is going live on the platform and will give revenue in the following 12 months and thereafter.

Akshay Jogani: Okay. So, in this case, let's say I am already a customer of Capillary and let's say my billing was $1 million a year, and then I decided to buy two more say Engage platform and I started to pay $1.2 million a year instead. So, the ACV addition, new ACV, will be $0.2 million, right?

Anant Choubey: Correct.

Akshay Jogani: Right. Now, let's say in this case now, if let's say you acquired Kognitiv and one of the Kognitiv clients then moved to the Capillary platform, do you consider that a new ACV, or you do not consider that in new ACV?

Aneesh Reddy: You don't consider that in the new ACV because you're not signing a new contract. New ACV, we need, so even if there is a organic, you know, like just volume-based expansion of a customer, we don't consider that in new ACV. No inflation expansion, so new ACV is just where we are comping our sales guys, there is a new contract, only those are considered in new ACV. The way this migrated customer comes over is next year the revenue on the Capillary platform goes up, and then you track it through NRR.

Akshay Jogani: Makes sense. Super, this was helpful. Thank you so much, Aneesh. I will come back in the queue.

Moderator: Thanks, Akshay. So, the next question is from Achint. Please go ahead. And let's restrict our question to one only because of paucity of time. Yeah, Achint, you can mute yourself, unmute yourself and go ahead.

Achint: Yeah, Aneesh, can you tell me, let's say if there is an no constraint on funding, can a AI-native company create what you have? So, what are the key things which let's say a younger Aneesh with all the fundings and all the AI advancements which are happening to write code and everything still cannot match what Capillary is today?

Aneesh Reddy: Yeah, so look, we play in the enterprise space, right, and I've struggled with this myself over many years when we opened the U.S., when we whatever, right. So, just having a product doesn't mean that, a Fortune 500 is going to come and buy from you, and we have customers who are in the Fortune 50, right, like you've at least five customers in the Fortune 50.

They won't buy. Right, you need to be, it's not just matching what's there in the product, you also need to , have enough implementations, be very well regarded by analysts. Like, let's think about this, right, like even today enterprise AI adoption is abysmal, because it's risky. Right, and most large enterprises live on risk.

They don't want to, like you get fired for taking a very risky decision in a large enterprise, you don't get fired for doing nothing. Right, so in my mind to your point, look, I think I am a strong believer that, look the with AI, what's happening is your ability to build code is like is just like increasing significantly, right.

So, distribution, brand, analyst view of things, I think some of those end up becoming far bigger differentiators than just the ability to write code. So, at least in our head, it's both sides, right, so we continue to invest on being the best product out there and being at least a year ahead of everyone else, and also in all of these stuff because in a in a very confusing, very noisy world, you would mostly go ask someone else, key, who should I buy from, another customer, another analyst, another partner.

Right, so I feel the moats are in the moats are in as much in brand distribution, all of these pieces as it is in just the quality of the product. Did I answer that to you, Achint?

Achint: Yeah, this is this is very helpful. Thank you.

Aneesh Reddy: Thanks. Thanks, Achint.

Moderator: So, next question is from Sanjay Kumar Elangovan. Please go ahead.

Sanjay Kumar Elangovan: Yeah. Okay. So, if I look at FY '25 growth, it was 13% because you had you didn't have any acquisition, and now Q1 organic growth is around 11%. So, just trying to understand our organic growth in a year you don't do any acquisition. So, if you want to boost it by upselling or cross-selling, does it affect the economics, and how should I look at your organic growth in a year where you don't do any acquisitions?

Aneesh Reddy: Yeah, so Sanjay, the loyalty space is a red ocean, right. So, which is why we have this dual engine of organic and inorganic. Now, in the year that we didn't do an acquisition, that 13% number you're saying is actually wrong, it's more closer to 20%, because we had done an accounting change in that year.

Instead of looking at overall campaign revenues including SMS, costs, email costs, we had moved to a only margin model. So which is why you shouldn't, I mean, if you look at our DRHP, it's very well covered in the DRHP. You should look at the net revenue number, because then both accounting standards look similar.

If you look at that number, it's more like a 22%-23%-odd growth, I think it's, yeah, 498 to something around that, right. So, okay, the numbers are slipping me out, but if you look at the DRHP, the numbers are there.. So even this year, we will do roughly a 20% - 23% organic growth this year.

Q1 is a little bit of an aberration because this large healthcare customer we had didn't grow. So, which is why if you're if you remove that, it's a 116% NRR if you remove that one healthcare customer. So, overall through the year, we are looking at a 23% growth including a currency impact of about 6%. So, you will see about a 17%-odd full-year organic growth for the business.

Now, look, if you look, there's roughly about 90 companies in the loyalty space which are more than USD10 million in revenues, the USD10 million to USD100 million bracket, right, which is where probably our M&A thesis can play. And look, it is a red ocean, loyalty is an old business.

Now, if you look at what we are paying for our acquisitions, it's like 0.3%, 0.5%, .1%, right. Now, M&A actually in Capillary is a customer acquisition cost substitution story.we're not buying new functionality, we're not buying like we're not buying any of that. We're actually buying contracts, which are many-year contracts, we are migrating those customers over a couple of years, and moving, you know, and then they become 70% gross margin businesses or revenues for us.

So I do think, and we've mentioned about this in the DRHP as well, the right way to think of Capillary is 15% to 20% organic growth business and inorganic, and we will continue to do inorganic, it's almost like a sales motion. I have a team which constantly looks for acquisitions.

Right, and now everyone in the market knows that we buy, so we have a big inbound, and we buy at great prices, that that discipline, I think, will continue to remain, right.

Sanjay Kumar Elangovan: No, I understood the M&A economics, but when you upsell or cross-sell, does it affect the economics, or are you forced to boost growth, do you have to cut down on your economics?

Aneesh Reddy: Upsell or cross-sell, you actually, think of it as, let's say whatever revenues that you bought, they migrated to Capillary. Now, those revenues continue to show the same 115% odd of net retention rate. So, those revenues once they come in, continue to grow at the same pace because there is no product like aiRA that, I mean, they didn't have something, so they will buy that, or they will buy our experiences stack.

So, that should not hamper, in fact, probably next time we can pull out saying what has been the NRR on the inorganic customers who migrated over. It's very similar, once you're on the Capillary platform, there's no differentiation there, so.

Sanjay Kumar Elangovan: Okay, and last on aiRA, can you give the actual ARR net of cannibalization, because I think it affects two other products, so what is the aiRA and any economics there in terms of let's say gross margin after the inference cost? I know it's early days, but anything on churn, retention on the early cohort of aiRA customers?

Aneesh Reddy: We're at about USD2.5 million-ish in ARR right now on aiRA, Sanjay, none of this is cannibalized. Like, the Action Agents side, I think, like we said, Engage is a very small 5% of revenue today, that will get, from the Action Agents side, I think we can grow that book of business, but today, there is no cannibalization on that side.

Sanjay Kumar Elangovan: Okay, and gross margins in aiRA or contribution margins in aiRA?

Aneesh Reddy: Similar because it's all upwards of 80%.

Sanjay Kumar Elangovan: Okay.

Aneesh Reddy: Yeah.

Sanjay Kumar Elangovan: Got it. All right, thank you. All the best.

Aneesh Reddy: Thanks.

Moderator: Thanks. So, due to paucity of time, we'll take that as the last question. Whoever has any more questions can reach out to us, either the Capillary or the EY team. So, I would like to hand over back to Aneesh for his closing remarks.

Aneesh Reddy: Kanav, I think we have another 5 minutes, and I know last time also Srinivasu's question didn't get asked, so we can continue another 5 minutes, I think we have three more questions.

Moderator: Sure, okay. So, Srinivasu, you can go ahead.

Srinivasu: Yeah, my question is about agentic commerce. When a shopper is an agent rather than a person, what will happen to these points and tiers and gamified front ends like Experiences+ that you have talked about, right? Is Capillary's roadmap is to expose and earn and burn this through agent accessible end points?

Aneesh Reddy: Absolutely. I think, Srinivasu, that's a great question, right, so like you said when an agent is shopping, today as humans, right, if the I mean, cognitive load of, you know, like typically in loyalty, you get 2%, 3%, 4% points, right, so in, usually, loyalty in today's world is a very subconscious type where I get something, so If I get 5% points from this airline, so I will go there. It's not a very rational decision.

When an agent buys, on the other hand, even a 1% difference, the agent will say, okay, like this is better than that, right. So, in an agent buying decision, we think loyalty will move to becoming more rational, not just the subconscious preference of, oh, I know I get something, so we think that both promotions, the value of points, personalizing it to a user, all of this becomes a lot more critical, because an agent is not lazy like humans are.

It is going to like measure to the last rupee, the last penny, and then take a call. So, and that's where I we think we actually have a massive edge, because then when an agent is communicating with a platform or with a customer of ours, the turnaround times, the tech needed, all of that needs to be like really, really good.

If you look at most of our competitors, they're all agencies, so their tech is like gone and done and dusted, right. So, we do think in fact, in a lot of our newer wins that we talk about this quite a bit, that, you know, the importance of promotions, the importance of coupons, the importance of like less than 100-millisecond turnarounds, all of that becomes much more critical in an extremely rational agent-like behavior, than it is actually in, when a human is buying. Did I answer that question for you, Srinivasu?

Srinivasu: Yeah, yes, thanks, thanks a lot, yeah.

Aneesh Reddy: Yeah.

Moderator: Thanks. We have the next question from Shankar Narayanan. Please go ahead.

Shankar Narayanan: Evening, sir. Thanks for the opportunity.

Shankar Narayanan: Yeah. So, firstly, you have been quite multiple times that our big competitors are large agencies. Can you just quantify the market share in the loyalty program space held by these agencies and an independent software player like us, and maybe the large ERP guys?

Aneesh Reddy: Yeah, the very large agencies are, you know, I can name them, right, they're all on the Forrester report which is there on our website, which is also there on the first few slides. So, it's people like Epsilon, last reported revenue, Epsilon was a $2 billion, Merkle, which is part of Dentsu, last reported revenues was upwards of $0.5 billion. We know that, you know, Kobie, Bond Brand, all of that gang is again in that few hundred million of revenues.

Now, software only is a much more newer, there's us, there's Salesforce, I mean, they have a small loyalty product, there's Oracle's CrowdTwist, which we haven't seen in competition for many years now. You know, like, I would say less than 10% of actual revenues, far less than 10% of actual revenues sits with software today as compared with agencies.

Shankar Narayanan: Got it. So, just to get an understanding, because they typically deal with the CMOs of Fortune companies where they deal the marketing budgets..

Aneesh Reddy: We also have the same budget. Like, our customers are CMOs again.

Shankar Narayanan: Got it. So most of the growth is coming from shift towards an independent software player like us, right? Is that the right way to put?

Aneesh Reddy: Correct. More and more, I think teams want to have faster speed, and this agency model or everything taking 2 months just doesn't work, that's driving the shift, yeah.

Shankar Narayanan: Got it. Thanks.

Moderator: Thanks. So, next question is from Chintan Shah. Please go ahead.

Chintan Shah: Hi, Aneesh. This question is for you. So, just one question that I had was now, Capillary has build a lot of capabilities across different verticals and now we have more AI offerings as well. So do you think now we are at a position where we should able to sort of attract more larger clients organically as well, or do you think there's still needs more to be done for that to happen?

Aneesh Reddy: Chintan, loyalty is a very sticky business, here. So, the problem with a sticky business, it's sticky for everyone, right, whether it's for us or for our competitor. So the problem we see is that, you know, like the product slide I showed you, the average number of places you integrate with a customer is about 9 different places.

Anant Choubey: I'll take it forward there. So, Chintan, I'm guessing there are 2 parts to the question here. One is on the enterprise customers organic motion on that. Just a slight different data point. If you look at some of our Fortune 50 and Fortune 500 customers, those have all been organic inbound, like the largest healthcare customer or one of the largest healthcare pharmacy chain in the US or one of the largest fuel retailers, some of these are Fortune 50 customers, have been all organic inbound.

So, that I think has a presence in the US and the brand awareness is increasing, that has constantly been improving for us. Point to note here is that, we're just 5-year-old in the US, so it took some time for some of this inbound to start happening, but now that we are leader on a lot of these independent analyst reports, lot of that inbound has started happening now.

On the other side, obviously, if somebody has already, like if somebody is already on another platform, the time that it would take because of the stickiness for them to like really get pained with it and do a RFP and come in the market, that is a constraint, and that's where the inorganic motion of buying companies come into the play. So, we use combination of both these to acquire more large or super large enterprise customers.

Chintan Shah: Anant, if I just flip it, is it fair to say that despite all this AI, etc., coming in, still it's not going to make a difference for somebody else to sort of use that and acquire clients, unless the customers use it in-house?

Anant Choubey: So, if you look at, AI is not really making things move from a provider to in-house, rather what you're seeing more and more is that even programs that were being run in-house are like some of those are actually coming in the market to look at the best provider and move their programs to that. And I think one of the main reason for that is that loyalty is actually a like, it's bought by marketer, right, as an it's more CMO buy than a CIO buy.

And anything to do with marketing is fast changing. So, your requirements today versus your requirements next year keep on changing. And in places where some of these have been run in-house, this constant ask from CMO to kind of get things done or ask for newer features, newer activations for their customers.

Like if you think of loyalty, it's not just point earn and burn, right, you will have badges, milestones, referrals, like bunch of those features that that team would keep looking for, and that's where most in-house programs tend to end up becoming slow or constrained for marketers to try out new things.

So, we are seeing things moving from in-house to tech providers, as well as we're seeing things from an agency world to a tech provider. So, you're kind of seeing tailwinds on both these cohorts of the TAM for us.

Chintan Shah: Got it, understood. Anant, that was very helpful. And just one last clarification, on the SessionM acquisition cost, if I'm not wrong, earlier the cost to be paid was around $17 million, right, and now we're saying we have net paid INR17 crores. So, what am I missing here, is the remaining part, there's a huge leverage that we got or what exactly is the gap here?

Anant Choubey: So, Chintan, it's actually a $20 million buy. The deal value, enterprise value for the SessionM business that we bought is $20 million. But the way we had structured the deal was that it would be adjusted for any net debt items at the time of closing.

Now, we had to structure it this way because some business was sitting in SessionM entity, some business was sitting in Mastercard, so there was lack of clarity to the seller as well at the time when we were doing term sheet on a clean, like, they didn't have a clean balance sheet or P&L statement for this portion of the business, because of again business sitting in multiple entities. So, when we did the final true-up on 30th April, this value basically got down to about INR17 crores.

Aneesh Reddy: And just to clarify, there is no debt on the SessionM entities we have got. So, it's not like it is INR17 crores plus some debt or something. These are debt-free entities as well.

Chintan Shah: Okay, got it, understood. And finally, what have we paid for this Experiences+, the Glu acquisition?

Anant Choubey: Less than a few 100K , you know, not worth talking about, Chintan.

Chintan Shah: Okay, got it. Understood. Thanks, Aneesh and thanks, Anant.

Anant Choubey: Thank you.

Moderator: Yeah, thanks. We have a last question from Kumar Saurabh. Please go ahead.

Kumar Saurabh: Hello, hi, Aneesh. Congrats on good set of numbers and glad to connect again. Two questions, one, this quarter, our ACV is INR92 crores against INR53 crores, and FY26 versus FY25, this number was almost flat. And now it's a 80% growth. So how should we read it in terms of what is supposed to come in next 2-3 quarters?

Aneesh Reddy: Let me take that, Anant. So, first of all, Saurabh, the numbers we reported is a trailing 12 month, it's not only one quarter, so both the 53 and the 90-odd numbers are trailing 12 month numbers, right. Because it's our average deal cycles are 9 months, it's a large enterprise business, so looking quarter-to-quarter is not the best way for a business like ours.

Now, look, we are seeing good momentum on new sales, which is what is that 53 to 90-something, right. So, we continue to see very good momentum, both in the US, Europe, and Asia. My belief is that you should you know, that like I don't know if we will do a 75% overall for the full year, but we will definitely do like at least 30%-40% more OV more new ACV than last year, for sure.

Kumar Saurabh: Last year, exactly, exactly. Okay. The other question I had is, the latest acquisition, SessionM, this is little different from all the previous acquisitions we have done because of the software nature of the business, and those businesses, if I remember, it took us 2-3 years to reach to 44% contribution margin. I don't know if that converts into a 20% plus EBITDA margin, but you can correct me. Given SessionM acquisition is little different, if you can educate little bit on how will be the growth trajectory and the EBITDA margin trajectory of SessionM you're planning for?

Aneesh Reddy: So, like even Kognitiv, which was last year's, by Saurabh was saas-ish, it was not agency-only, right. Now, look, I think all of these, the way to think about it is when you're at a 70%-odd gross margin, as a business, you probably have 25% cost of SG&A, right, cost of sales and all of this, so you should get to about a 40% like free cash, 35% free cash being generated by that book of business.

In SessionM, like we said, the problem is slightly different, their server costs are 50% of revenue, actually more, right, their server costs are a very, very large part of revenue. So, that we can bring down even without upgrading those customers to Capillary, right. So, we believe that there is at least, I would say, at least $6-7-8 million that we might save over the next few quarters, the next 3-4 quarters, by just not focusing on upgrading them to the Capillary platform, but by just bringing this server cost down, right. And so, my gut is the journey from roughly a break-even now will be to a 15%-odd in a year, and then over another year, we will get to that 35%-40% margin.

Kumar Saurabh: Got it. So, just to conclude, as I think we are doing better compared to I mean we are doing very good both on the organic and inorganic side, will you retain with the same kind of guidance or do you think now it is looking on the conservative side, or will you wait for one or two more quarters to you know just have a look at it?

Aneesh Reddy: We will definitely beat our INR1,065 crores and revenue and INR172 crores number. I don't think we want to revise any guidance right now. We'll meet those numbers, but by how much, I don't think we should do it now.

Kumar Saurabh: Great, great. Wish you all the best, Aneesh.

Aneesh Reddy: Thank you.

Moderator: So, that will be the last question for today. So, I would like to hand it over to the management for their closing remarks.

Aneesh Reddy: Thanks, Kanav. I think it's been a good quarter, both on the organic and the inorganic side. I think we had this fraud incident, which was a bummer, but as a business, I think we are very excited about what we're seeing, both from a logos that we're able to win, the kind of conversations we're having, the adoption that we're seeing on the AI products. So, we continue to, I think build on, and we do believe that hopefully someday we'll be able to get to being the largest and the best loyalty business out there. So, thanks, everyone, for joining us today. Thank you.

Anant Choubey: Thank you, take care, everyone.