

November 10, 2025

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

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

Dear Sir/Madam,

Sub: Transcript of the Earnings Conference call

Pursuant to Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that the Transcript of the Earnings Conference call, conducted through digital means on November 05, 2025 has been uploaded on the website of the Company under the following link: <https://www.digitide.com/investors/financial-information/>

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Yours faithfully,
For **Digitide Solutions Limited**

Neeraj Manchanda
Company Secretary & Compliance Officer
Membership No. A20060

Digitide Solutions Limited

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“Digitide Solutions Limited
Q2 FY ‘26 Earnings Conference Call”
November 05, 2025



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

MODERATOR: **MS. JYOTI SINGH – ARIHANT CAPITAL MARKETS**

Moderator: Ladies and gentlemen, good day and welcome to Digitide Solutions Limited Q2 FY '26 Earnings Call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Jyoti Singh. Thank you and over to you.

Jyoti Singh: Thank you, Heena. Hello and good morning to everyone. On behalf of Arihant Capital Markets, I thank you all for joining into the Q2 FY '26 Earnings Conference Call of Digitide Solutions Limited. Today, from the management, we have Mr. Gurmeet Chahal, ED and CEO, Mr. Suraj Prasad, CFO, Mr. Rajesh Lachhani, Head Investor Relations and M&A.

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

Rajesh Lachhani: Good day, ladies and gentlemen. Thank you very much, Jyoti, for hosting Digitide Solutions Q2 and H1 FY26 Earnings Conference Call. We will begin with a brief overview of the company's performance, after which we will open the floor for Q&A.

During the call, we will be making some forward-looking statements. These statements consider the environment we see as of today and carry risks and uncertainties that could cause the actual results to differ materially from those expressed in today's call. We do not undertake to update any forward-looking statements made in this call.

With that said, I will now turn over the call to Gurmeet Chahal for his opening remarks. Over to you, Gurmeet.

Gurmeet Chahal: Thank you, Rajesh. Good day, everyone and thank you for joining us for our Q2 and H1 FY '26 Earnings Call. I also want to take this opportunity to wishing you and your loved ones a very blessed Guru Nanak Jayanti.

Before diving into our results, I want to reiterate our 3x3x3 strategy, our roadmap to triple revenues to USD1 billion by FY31. This strategy centers on three potential verticals in each geography, powered by three integrated service lines positioning Digitide for scalable, sustainable growth. Hope our investors will remember that FY '26 is a year of transition and transformation for Digitide.

Our investments in establishing Digitide as a standalone company, bringing in new leadership and building advanced capabilities are deliberate and extremely necessary. While these actions have a short-term impact on our margins, they are critical to our long-term strategy and future success.

We are laying the foundations for an agile, innovative and future-ready organization. The green shoots are already evident, which I will cover shortly. These investments will enable us to capture new opportunities, drive operational excellence and deliver sustained value for all stakeholders as we move forward.

This strategy has five key execution pivots. First and foremost, strengthened leadership. We've brought in industry experts, ensuring disciplined execution and strategic clarity. Second, talent and culture. We are investing in top-tier talent and fostering a performance-driven, innovative environment. Third, streamlined organization structure. Integrated teams that deliver end-to-end solutions, capturing larger wallet shares and improving margins.

AI First Transformation is the fourth pivot. We have gone all-in on AI. We are embedding AI across our delivery models, thereby elevating productivity and service quality, and AI is also an enabler for all new business that we are running. Fifth pivot is strategic partnerships and acquisitions. We are expanding capabilities and market access through partnerships and actively looking at potential inorganic targets.

Now let me walk you through the Q2 performance highlights. Consolidated revenues reached INR764 crores, which is up 4% sequentially and 7% year-on-year. As we had mentioned at the beginning of our strategy and beginning of our financial year that we want to grow our tech and digital revenue and our international revenues.

I'm very pleased to share that our tech and digital segment revenues surged 16% sequentially and 23% year-on-year, now contributing 30% of our revenue up from 27% in the first quarter. This is driven by strong demand for AI-led transformation and digital solutions. The investments that we made up front have started to pay off.

Our international business increased 6% sequentially and 4% year-on-year, now accounting for 37% of the total revenue up from 36% in Q1. The domestic business remained resilient despite some macroeconomic challenges. EBITDA stood at INR85 crores, up 3% sequentially with margins stable. Adjusted PAT was INR17 crore, reflecting selective investments in capabilities and talent.

In the first half, our revenues have crossed INR1,500 crores, so it's a milestone for us. We are up 6.4% Y-o-Y, underscoring the impact of our new structure and strategic investments. We have a very strong sales momentum. We booked INR550 crores in TCV. So, for the third straight quarter, we booked TCV more than INR500 crores. In this quarter, we also acquired 24 new logos.

We have also become the tier-1 partner for both AWS and Azure within a very short time, which is actually a testament to our capabilities and the investments that we made. This unlocks deeper collaboration and early access to next-gen AI/ML innovation, accelerating our ability to deliver faster, smarter, and more secure outcomes.

We have also expanded our AI Center of Excellence in Bangalore, accelerating proprietary platform development. Team Digitide won the world's largest Google Agentic AI Hackathon, and our conversational AI solutions are now live across 20-plus customers. We have also launched on a very large upskilling program. We call it DigiAIWave. In Phase 1, we are upskilling 10,000 professionals for AI scale.

We have also been recognized as a major contender in six Everest peak metrics. This is a testament to our growing capabilities and market impact. Out of the six two are in customer

lifecycle management, one for APAC, one for global markets, two for payroll, again, APAC and global markets. In fact, in the payroll business, in addition to being a major contender, we are also a star performer, and the third is in insurance, we are a major contender both in technology solutions and BPM solutions.

Outlook on growth and margin expansion. We remain committed to accelerated growth and unlocking higher margins through five strategic levers. Number one, elevating our service mix by increasing the share of technology and digital offerings that deliver scalable profitability. As I said, we've already made rapid strides on that front.

Second is accelerating international expansion to capture premium pricing opportunities and diversify revenue streams. Good progress has already been made on that. Third is driving operational excellence through automation, process optimization, and rigorous execution. This will always be an ongoing exercise.

Fourth is enforcing disciplined deal qualification and structured pricing to safeguard margins and ensure profitable growth. At the same time, through this, we will increase our win rates. Fifth is maximizing capital efficiency through strengthened revenue assurance and improved cash conversion.

I want to take this opportunity to thank our employees, clients, and stakeholders for their unwavering support. Together, we are building Digitide into a global leader in AI-first tech-enabled business solutions. The future is bright, and I am confident we will continue to outperform and set new benchmarks in the quarters ahead.

With that, I'll hand over to my colleague Suraj, our CFO, for a deeper dive into our financials. Over to you, Suraj.

Suraj Prasad:

Thank you, Gurmeet, and good morning, everyone. I'll take a few minutes to cover the updates for the quarter, what moved the numbers, and where we are leaning towards in the second half. I'll start with the financials and give you a walk through, how this is translating into the momentum for the next half of the year.

First, on revenue. In quarter 2, we delivered a revenue of INR764 crores, a 4% sequential and 7% year-on-year step-up. It is our third straight quarter for forward movement, driven by a higher share of revenues from tech and digital, as Gurmeet alluded to, where we have been deliberately leaning into and investing.

Moving to segment details. The BPM segment posted a revenue of INR536 crores, broadly flat compared to the prior year and the prior quarter. This segment was resilient for us, despite persisting softness in the BFSI segment. The segment reported an EBITDA of INR84 crores, with a margin of 15.6%.

As highlighted, tech and digital displayed strong momentum in this quarter, with the segment reporting a record revenue of INR228 crores in Q2, with robust quarter-on-quarter growth of 16% and year-on-year growth of 23%, mostly driven by AI-led transformation. The segment reported EBITDA of INR22 crores, up 16% sequentially, with a margin stable at 9.6%.

For the half-year, as highlighted earlier by Gurmeet, Digitide reported revenues of INR1,500 crores for the 6 months, the first time we are crossing the INR1,500 milestone, up 6.4% year-on-year. Our quarter two FY26 EBITDA came at INR85 crores for the quarter, an increase of 3.1% sequentially, with a stable EBITDA margin of 11.1%.

Adjusted PAT was INR17 crores, and the reported PAT was INR3 crores. The bridge from adjusted PAT to reported PAT is towards our demerger-related expenses, including legal and professional fees of INR11.4 crores and the stamp duty of INR2.4 crores.

Reported PAT in this quarter also includes taxes due to dividend from one of our subsidiaries, Alldigi Technologies. And both our quarterly and half-yearly results reflect our collective investment in capabilities, talent, offerings and our new corporate structure as an independent listed company.

These investments are critical to position the organisation for achievement of a long-term objective of reaching USD1 billion revenue. Hence, they render a year-on-year comparison for the previous year when we were not a listed company, less relevant.

The cash conversion in H1 was impacted due to the demerger-related contract novations, new GST registrations, etcetera. However, we continue to maintain a strong balance sheet and remain well-funded with a quarter-end cash of INR77 crores, a gross debt of INR49 crores, and therefore a net cash of INR28 crores.

As guided earlier, with Q2, most of our demerger-related transitions and exceptional costs are now largely behind us. And going forward, we are going to focus more on the operating efficiencies with clear levers as Gurmeet highlighted. Our focus on pricing hygiene, deal qualification, improving our cash conversion cycles, process automation and upskilling talent continue to compound.

Happy to share that most of these investments across people, capabilities and platforms have progressed ahead of time, which gives us confidence for a better delivery in the coming quarters. Quarter 2 reflects disciplined execution and strong momentum.

Our tech and digital mix continues to rise, bookings remain healthy, and our balance sheet provides flexibility for future growth. We are completing the final phase of our internal tech transition under the One Digitide strategy with most of the enterprise applications now going live ahead of time.

Our approach, price for value, automated scaling, and accelerated closures is delivering results with larger AI-led international pipeline and sharper portfolio choices, we have clear visibility to stronger earnings in the second half. Thank you for your continued trust and we position for sustained growth. With that, I will hand it over back to the moderator for Q&A. Thank you very much.

Moderator:

Thank you very much. The first question is from the line of Dhananjay Mishra from Sunidhi Securities. Please go ahead.

- Dhananjay Mishra:** Good morning. Thanks for the opportunity. Sir, in the presentation, we have given this 3x3x3 strategy where we are talking about reaching USD1 billion revenue in the next 5 years and we will be improving EBITDA margin of 200%-300%. So, what base we have considered for EBITDA margin because from '25 to first half of '26, we are already down 350 bps.
- So, whether we should take 14.8% at the base EBITDA margin and from there we will improve 300 bps over next 5 years or we should consider 11% at present. So, this is the number one. And this merger related expenses, how long it will continue so that our reported PAT and adjusted PAT should remain in line? Thank you.
- Gurmeet Chahal:** So, Mr. Dhananjay, first of all, thank you for the two questions. Your first question, the benchmark for the long-term margin expansion is FY25 which we had clarified earlier also. And to your second question, the merger related expenses are done in this current quarter, which is quarter 2. Does that answer your question?
- Dhananjay Mishra:** Okay. So, in H2, we should because we are entering into this digital and AI space, which is more of the nonlinear in nature. So, can we expect the improvement, gradual improvement in EBITDA margin from next quarter onward?
- Gurmeet Chahal:** Yes. So, Mr. Dhananjay, given our accelerated growth and the changing mix, we should expect the margin expansion. And as we had highlighted earlier also, when we exit this financial year, which is quarter 4, we will start seeing that expansion becoming evident.
- Dhananjay Mishra:** Okay. That is all from my side. Thank you.
- Gurmeet Chahal:** Yes. Thank you. Thank you, Mr. Dhananjay.
- Moderator:** Thank you. The next question comes from the line of Jyoti Singh from Arihant Capital Markets Limited. Please go ahead.
- Jyoti Singh:** Thank you for the opportunity. I just wanted to understand in this quarter margin has compressed 360 bps on a year-on-year basis in H1. So can you break down the bridge to your target 200 bps expansion and what proportion comes from pyramid optimisation and AI-led productivity or also leverage?
- And second, like on this, also you have guided 2x improvement in billing realisation per FTE by 31. So what specific levers will drive this? Is it higher pricing, automation, led productivity or pyramid optimisation? Just wanted a clarity on this. Thank you.
- Gurmeet Chahal:** Jyoti, thank you. Let me take the second question first. So the revenue per FTE improvement will come from three levers. First is change and mix in favour of digital and technology. Second is more international revenue.
- And third is leveraging automation for our delivery, for our operations so that we can eliminate some of the low-value work and move the realization per FTE. So that's on the how we see the revenue per FTE expanding over the 5-year term.

On the question about the margin expansion, I can share that and will request Suraj to add to that. Jyoti, you are absolutely right. There are a couple of levers. In fact, the five levers that I highlighted are actually part of that revenue expansion. I can talk more about each of those.

So one is the service mix. As the service mix improves to more tech and digital and more international, that will have an effect on the margin expansion. You know, operational excellence through automation, process optimization, and pyramid optimization is the other one. And deal qualification upfront so that we are not taking on, you know, deals which are not margin accretive. So we want to eliminate that.

Hopefully the investors will remember that at the beginning of the year, we did take a very conscious call to exit some of the low margin revenue. So, going forward, we do not want to bring more deals with lower margin.

And then, of course, you know, strengthen the revenue assurance and cash conversion. So as an impact of all these five levers, we are confident of the expansion in the long-term. Suraj, do you want to add to that?

Suraj Prasad:

Yes, that's right. So thanks, Jyoti, for the question. So, like we had spoken earlier, the mix into our tech and digital business and alluding to the earlier question as well, more AI-influenced offerings, we have already seen margin expansion in our existing portfolio with more tech-influenced businesses.

And the international growth is also coming in the right trajectory as we had guided to. So that also gives us confidence that the margin expansion is more real. And coming back to your first question, the year-on-year comparison would be slightly incorrect because most of these costs, which investments we are doing in this year, would be not there in the previous year.

And also as most of the corporate-related costs as an independent company would not be there in the previous year's results. So, I would probably say that that will be less relevant in comparison. If you normalize all of them, we are very much on track. And now with the pricing and other levers Gurmeet spoke about, the margin expansion is something which we see by the end of the year gaining traction.

Jyoti Singh:

Okay. Thank you, sir. Yes, so just on the international side, like currently we are having 37% of revenue that is coming from international clients. So with a strong US base, so are you observing any pricing pressure or deal delays in discretionary spending from the BFSI and tech sectors?

Gurmeet Chahal:

So, Jyoti, yes, there are some macroeconomic headwinds. However, given that a lot of our business in the international market is platform-led, we've been partially insulated, but I would not discount the macroeconomic headwinds of the US as a geography. So in fact, despite those, we have been able to grow our international revenue 6% sequentially and 4% year-on-year.

It's probably a testament to the strategy and investments that we made upfront and we very carefully chose the markets. In fact, the three markets that we are focused on, which is Healthcare, BFSI and Fast Growth Tech, one, they have relatively large addressable market. Secondly, especially Healthcare and Fast Growth Tech are growing double digits.

Financial services, though it may not be growing that much, but the size of that market is huge. And through our differentiated AI-first strategy, we are able to make entry. And once we make an entry, we have a track record of expanding.

Jyoti Singh: Okay. Thank you so much, sir. I will come in the queue.

Moderator: Thank you. The next question comes from the line of Zaki Nasser from Nasser Investments. Please go ahead.

Zaki Nasser: Sir, can you hear me?

Moderator: Yes, sir, we can hear you.

Zaki Nasser: Yes. Sir, good morning. And I think this quarter, we have seen a stable set of numbers, but anyway, you all have indicated that for Digitide H2 will be much better. So do you see the green shoots of improved performance in H2? My question would be, sir, what does 24 new logos and 50% of the new deals being AI-enabled mean for you, sir?

I mean, could you explain that a bit? That is number one. Number two is, sir, we said EBITDA margins will look up 2% to 3% over March '25. So that would mean 14% plus 2% to 3% up to 2030 a percent a year. Would that be a right interpretation, sir?

Gurmeet Chahal: So, Mr. Zaki, first of all, thank you for joining us and thank you for asking very insightful questions. So let me address your margin question. So that guidance of 200-basis-point expansion was the long-term guidance by FY '31. And yes, the baseline there was FY '25. So you are correct there.

Your second question on, are we seeing green shoots? Absolutely. Even in this quarter, we have grown 4% sequentially and 7% year-on-year. Within that, our tech and digital has grown 23% year-on-year and our...

Moderator: Sorry to interrupt, I am really sorry to interrupt, but Zaki from your end, there is a disturbance.

Zaki Nasser: Yes. It's okay now?

Moderator: Okay. Perfect.

Gurmeet Chahal: Yes. It's okay, Mr. Zaki.

Zaki Nasser: Is it okay now?

Gurmeet Chahal: Yes. We can hear you clear, yes. And there's no background noise. So, Mr. Zaki, as I was saying that we are already seeing the revenue growth and in the area that we want the growth to happen, which is international and tech and digital.

Now your second question was, what does 24 new logos mean? They mean an opportunity for us to scale with them. 70% of our revenues come from customers who have been with us for five years plus.

So what that means is once we start a relationship with a customer, they see value and they grow with us. So growing with select customers is a very conscious strategy and the 24 new logos will give us the growth momentum in the years to come.

Your second question was, what does 50% AI infused pipeline mean? So look, Mr. Zaki, we are leveraging AI as an opportunity. So what I mean by that is, we are building AI led solutions right from hiring, training, operations and we are embedding them proactively in our solutions.

It helps in multiple ways. One, it helps us to differentiate our solution. It helps us to provide enhanced return for our customers. And it also helps us -- it helps the customers, the additional savings that they have from these BAU initiatives, those savings they can plough back into growth led technology and digital projects, where we can be a service provider again.

So infusing AI into our solutions is absolutely critical. Like I had mentioned earlier, we are all in on AI and our mantra is any and every offering that we take to the market should be through the lens of AI first. So I hope I have answered all your questions, Mr. Zaki.

Moderator: The next question comes from the line of Pulkit Chawla from B&K Securities.

Pulkit Chawla: So first question, I think in the first in the opening remarks you did allude to that there was some softness in BFSI because there was some weakness in BPM. Could you please elaborate a bit more on that because none of your peers at the moment have mentioned any sort of softness. Was it something client-specific or any other issue?

Second, if you could also help me understand what sort of headcounts are today the company with, what's been the trend over the last few quarters as such, and how are -- is it a light -- right late indicator look at this point of time given the way that you're changing your model also?

Gurmeet Chahal: So, Mr. Chawla, first of all, thank you for joining and asking the question. So the softness that we talked about or we mentioned is, in the domestic market, a significant part of our business is collections business where we collect on behalf of the banks.

As you know, in the current -- in the quarter that went by, there were devastating floods in Punjab, Haryana, Uttarakhand, Himachal, and parts of Uttar Pradesh. So that -- those limited our ability to collect on behalf of our customers, which kind of reflected in the softness. So that's what we were alluding to. As regard your question on what's the headcount, at the end of, Mr. Suraj, you want to take that?

Suraj Prasad: Sure. Thanks, Mr. Pulkit. So the headcount was the end quarter two, we are 56,324, which is almost 2% growth quarter-on-quarter. So this continues the pattern where we grow on our domestic business, on the CLM business on a consecutive basis.

Moderator: The next question comes from the line of Pratap from Mount Intra Finance.

Pratap: Yes. Hi. Sir, I just wanted to ask, the last quarter, we had pointed out that we are doing an AWS deal where we picked up a multi-year, three-year deal, where we kind of helping them migrate and modernize. And this quarter, again, we've pointed out that we've got a Tier 1 partnership

with AWS and Azure. So I just wanted to understand what is our growth expectation from this area? And what is the kind of -- how are we kind of changing our work profile? Since you're saying that we'll be investing in a kind of improving our offering. So what is our outlook on this front?

Gurmeet Chahal:

So, Mr. Pratap, thank you for joining and for your question. Yes, we did sign a banner deal last quarter and we've started the transition on that this quarter. That was actually an enabler for us to fast track our partnerships with the hyperscalers. So the partnership with the hyperscalers helps in multiple ways.

One, it will give us early access to any AI innovation. Second, the cloud is the bedrock of AI. I mean, most of the AI initiatives are built on cloud. So we will not be able to participate in those deals. Third is being a Tier 1 partner, which by the way, only a select few partners are Tier 1 partners globally. It also gives us access to some co-investments from the hyperscaler.

You know, depending on the nature of the deal, sometimes the hyperscalers would want to co-invest in that transformation, but they do that only through Tier 1 partners. So that's why, you know, we are very excited about this partnership.

And obviously this partnership was built on the capabilities that we invested in upfront. So, and already if you see our Tech & Digital business, you know, this quarter has grown 16% sequentially and 23% year-on-year. So we are very confident that that business will continue to grow double digits on a year-on-year basis.

And that is actually our long-term strategy that, you know, our Tech & Digital share should be higher than where we are today. Does that answer your question?

Pratap:

Yes, understood. So as you said, in our strategy, the five key areas, one of the areas was investment in talent. So are we hiring different kind of talent for this kind of work for our hyperscaler relationships?

Because as I understand, one is our main collections area where we are having some kind of, as you said, we have onboarded some people. And for this kind of work, do we have to hire some maybe different profile of people?

Gurmeet Chahal:

Yes, we do. And we have been doing that. We've hired a very senior leader to run our AI and the solutioning. That's just one example I'm taking, but under him, we have hired people with background in cloud technologies.

In fact, as I had mentioned, you know, Google ran an AI hackathon, which was -- which has actually come in the Guinness Book of World Records is the largest hackathon. And our team won. So that is a reflection of the kind of investments that we have made in the talent, the kind of investments. And we have made those investments very consciously upfront.

So you're absolutely right. Now, I also want to tell you that we are not just relying on bringing talent from outside. We are also doing a very large upskilling program, DigiAIWave, we call it. In Phase 1, we are actually upskilling 10,000 of our employees. The upskilling profile and the

path is based on their current role and their current capabilities. So it could be a beginner to advanced.

In the last quarter, the number of certifications that our employees have successfully completed on whether it is Azure, AWS, or Google is a reflection of those investments in training and development, in addition to bringing new kind of talent in-house. Does that answer your question?

Pratap: Understood. Understood. And just one last question. So I know it's still probably early days, but by when can we see this kind of translating into better TCV numbers for us, you know, coming down to the proof of pudding that we start winning maybe larger deals or more multi-year deals? Is there any kind of timeline that we look at, even if it's early days right now?

Gurmeet Chahal: Yes, so Mr. Pratap, two points. One, you know, this is the third quarter where our TCV bookings have been INR500 crores plus. In fact, in this quarter, our bookings were 5% higher sequentially. These large transformation deals also have relatively longer sales cycles, could be anywhere between 6 to 9 months.

We won a large deal last quarter. We won a large deal this quarter also. So, this trend will continue, but you know, to see a quantum jump, it will take 6 to 9 months, which is the nature of these kind of deals, Mr. Pratap.

Pratap: Okay, understood, sir. Thanks for taking my questions.

Moderator: Thank you. The next question comes from the line of Sanjay Shah from KSA Securities Private Limited. Please go ahead.

Sanjay Shah: Good morning, gentlemen. So thanks for opportunity and really very happy to understand about the talent pool which you explained about our company. And really excited to see our company from year-on-year from year on. So, like, I have only one question.

I need to understand the basic metrics of the working of our billing. That is, how much is the performance-based billing and how much is the fixed contract what we do with the customers and how that works?

Gurmeet Chahal: So, Mr. Sanjay, first of all, thank you for joining and thank you for your kind and encouraging words. Really appreciate that. So, Mr. Sanjay, we have three kinds of contracts at a high level in our business. So, one is time and material. So a lot of our technology projects and some of our BPM contracts, especially in the customer life cycle, are time and material.

The second billing model is fixed fee. Again, technology projects tend to fall in the fixed fee category. Third kind could be outcome-based. So for example, collections business that we do, a significant part of those contracts are outcome-based.

What that means is our fees is contingent on hitting a certain threshold. And then the fourth kind of contracts, which probably might be unique for us since we also have platforms, is really per transaction. There we have platform plus services.

So the exact number, I can have a rough order of magnitude, but we can always get back to you. I think our T&M is about 40%. Fixed fee is about 30% to 33%. Transaction-based is about 20%. And the remaining roughly 10% is outcome-based. Mr. Shah, does that answer your question?

Sanjay Shah: Yes, sir. Yes, very helpful, sir. And thanks for replying questions. And good luck to you and best wishes, sir.

Gurmeet Chahal: Thank you. Thank you, Mr. Shah.

Moderator: Thank you. The next question comes from the line of Ankit Dharamshi from RNM Capital Trust. Please go ahead.

Ankit Dharamshi: Hi, good morning. So my question is regarding the mix. I mean, we have been guiding that in a longer term, we will be expanding our margin with the improved mix, with Tech & Digital contributing higher.

So I wanted to understand, this quarter, our Tech & Digital mix was went up by 3%. But our EBITDA margin Q1, Q2, and Q3 are kind of down. So, I just wanted to understand why, I mean, in spite of Tech & Digital contributing higher, our margins -- EBITDA margins are lower.

And second question is just, our fund field investigators went up by around, I mean, have almost doubled. I just wanted to understand what is the reason for that. Thank you.

Gurmeet Chahal: So, Mr. Ankit, thank you for joining and thank you for your question. So I can take the first question. The tech and digital business or the contracts, they have an upfront transition. So typically in the first quarter of execution you don't see the impact. The margin impact is always back loaded in these projects. So that's the reason that you see that anomaly. I mean, I wouldn't call it an anomaly. It is the nature of that business. It's very consistent with the industry. On the second question, Suraj, you want to talk about?

Suraj Prasad: Thanks for the question. This is Suraj here. So if you look at from our unbilled movement, what we had done before our de-merger, which was effective April was to maximize our billing to the customers because we were anticipating a lot of contract novation, GST registration, etcetera, need to happen. So we had accelerated most of our billing to our customers and we accelerated our collections also in our March quarter.

And after which, as predicted, we had faced quite a bit of challenges in the first quarter in terms of our billing, but we have covered quite a bit of the distance back to normalcy in Q2. So while it looks from March to September, you would find that increase. Actually we are closer to a sort of a one-month billing. So our unbilled DSO is close to 33 days at the moment, which is almost like just last month billing.

And we are further improving that with our accurate collection mechanism, which Gurmeet spoke about in the coming quarters. So from a quarter-on-quarter comparison, it looks high. Even Q1, it had gone up and we have retracted successfully to the baseline as of now. So we would only be further improving from that baseline. Does that answer your question?

- Ankit Dharamshi:** Yes. Got it. Thanks for the clarity. Thank you very much. Okay.
- Moderator:** Thank you. The next question comes from the line of Varun Pintu. Please go ahead.
- Varun Pintu:** So, sir, I know we have guided for 200, 300 bps margin improvement by FY31. But currently, our margin has dipped significantly. Do we expect our margins to at least revert back to around the 14% range in FY27 and what do we expect to exit FY26 at? What kind of margin?
- Suraj Prasad:** So, thank you Varun for the question. Yes, you're right. Our long-term guidance is for 200% response, higher margins by FY31. So we do not give our interim guidance for 27 as you're asking. But just to give you a trend, like you would have seen most of our investments, leadership capabilities and the merger-related costs are now behind us.
- So we should be seeing an uptick later by quarter 4 of this year for sure. And this is consistent with what we had guided to the market that while the overall FY26 margins would be impacted by this transition and the investments, we would start seeing that positive uptick from quarter 4. So we stand committed to that guidance and we'll see some uptick there.
- Varun Pintu:** Understood, sir. And the other question was, sir, that to achieve our 1 billion target by FY31, assuming that FY26 is going to be sort of a flat year for us, we have to hit sort of a 22%, 23% growth rate from next year onwards. So is this growth going to come towards the back end to closer to FY31 or do we expect it to happen more in a linear fashion starting from next year onwards?
- Gurmeet Chahal:** Mr. Varun, thanks for your question. This is Gurmeet here. Yes, so FY26 actually is not a flat year and we believe we will as we exit quarter 4, we'll actually be on the double-digit revenue growth. So if you recall when we had laid out the blueprint for a billion dollar, we had said that the 650 million incremental revenue, two-third of that will come organically and about a third or about 200 million will come inorganic.
- And so on the organic, we need to be growing in the 15% to 16% range. So if we exit this year at 10%, we should be accelerating that in the coming years, getting close to that 16% mark. And then on the inorganic, as I had mentioned in my opening remarks, we are actually looking at a couple of targets and that is a key part of our strategy, which will help us get to the billion dollar mark or the billion dollar goal that we have set for ourselves as a team by 2031.
- Varun Pintu:** Perfect. Thank you so much, sir.
- Moderator:** Thank you. The next question comes from the line of Jyoti Singh from Arihant Capital's Market Limited. Please go ahead.
- Jyoti Singh:** Thank you for the opportunity again. We have added 24 new logos in Q2. So with TCV booking of INR550 crores, what proportion of this means our transformative versus run the business contract and are we seeing any higher deal tenure in AI-led engagement, sir?
- Gurmeet Chahal:** So Jyoti, thanks for your question. So at a very high level, our business is technology and data, BPM and payroll platform-led business. So the growth is broad-based across all the three

business lines. Obviously, we have seen a little faster growth on the tech and digital and the payroll platform. So it's consistent with our hypothesis for growth. And then your second question, that are we seeing slowdown on the AI deals? Look, the AI deals, Jyoti, I will put them three kinds.

Jyoti Singh: Sorry to interrupt you, sir. It's not a slowdown, it's seeing higher deal tenure in AI engagement, AI-led engagement.

Gurmeet Chahal: Oh, you mean tenure as in three years versus five years?

Jyoti Singh: Yes, sir.

Gurmeet Chahal: Okay. Sorry, I misunderstood your question. So Jyoti, if you see in the industry with the pace of change of technology, a lot of customers have now started to gravitate towards three-year deals with option for two-year extension. So we are seeing a lot of three plus one plus one deals.

About three or four years back, there used to be a majority of the large deals used to be five years. But with the pace of technology change, I think most customers don't want to lock themselves. So what we are seeing is the median deal term is in the three-year range for the larger deals with an option to extend one plus one.

Jyoti Singh: Okay, thank you so much, sir.

Gurmeet Chahal: Thank you, Jyoti.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Rajesh Lachhani for closing comments.

Rajesh Lachhani: Thank you, Jyoti and thank you, Heena, for hosting us. And thanks, everyone, for joining this call. As Gurmeet said, we are seeing green shoots. Our tech and digital revenues are going up. The share is going up and our international revenues are going up. So we are on the trend that we had already guided. Most of the expenses related to demerger are now behind. And with that, you will see better performance going forward. With this, I will close this call. Thank you all for joining us.

Management: Thank you, everyone.

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