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Date: November 4, 2026

To,
National Stock Exchange of India Ltd,
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East), Mumbai– 400051
Maharashtra, India.

Scrip: FIDEL

SUB : Update - Link for Audio Recording of call with Investors and Analysts

Ref : Reg 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

Dear Sir/Madam,

Pursuant to Reg 30 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the **Transcript of call with investors and/or analysts call held on Friday October 30th, 2026, at 4.00 p.m. IST** to discuss the unaudited Financial Results for the quarter and half year ended 30th September 2026 is Attached herewith:

Audio call link:
https://www.fidelsoftech.com/financial-results/

Request you to take this on your record.

Thanking you.

Yours faithfully,
For Fidel Softech Limited

PRACHI SUNIL KULKARNI
Digitally signed by PRACHI SUNIL KULKARNI
Date: 2026.11.04 10:55:41 +05'30'

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Fidel Softtech
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TRANSCRIPT

EARNINGS CALL
Q2 & H1 FY27

Friday
30th October 2026

04:00 PM
(IST) onwards

SPEAKERS

Mr. Sunil Kulkarni
Chairman

Mandar Inamdar
CFO

Investor-relations@fidelsoftech.com
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Finportal: Good day, everyone, and a very warm welcome to Q2 and H1 FY27 Earnings call for Fidel Softech Limited. The purpose of today's call is to discuss the company's financial performance, key business developments, and strategic priorities for the first half of FY27.

Before we begin, please note that this call is being recorded during the discussion, management may make forward-looking statements based on current expectations and assumptions. These statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied. Please refer to the company's relevant disclosures for further details.

Representing Fidel Softech today, we have Mr. Sunil Kulkarni, Chairman and CEO. We will begin with the management team's opening remarks, followed by a question and answer session. With that, I invite Mr. Sunil Kulkarni to take the floor. Thank you and over to you, sir.

Sunil Kulkarni: Thanks a lot, Bhumika, I really appreciate it. Namaskar, dear investors, shareholders, and friends, thanks a lot for joining us today. Good afternoon. Thanks for showing continued interest and confidence in Fidel Today, I would like to discuss three things, mainly, and of course, touch upon many other things, but First, our performance during Q2 and the first half of FY 26-27. Second, how we are progressing with the integration of existing acquisitions, improving operating efficiencies and responding to the changes happening in the tech industry, particularly around AI. And third, our proposed acquisition of Softenger Private Limited, which I believe represents an important step in Fidel's first phase of growth. I will try to cover these points in about 10-15 minutes and then we'll open the floor for your questions.

Before discussing this quarter, I'd like to take you through our journey and put into perspective. Just four years back, Fidel was a company with approximately 25 crores in annual revenues. We have a strong presence in Japan with differentiated Japanese capabilities built over 20 years.

Good customer relationships and established capabilities in language and tech services. Over the years, we have expanded our capabilities, added new customers, entered new markets, and completed a few strategic acquisitions. Last financial year, we crossed 100 crores in annual revenue for the first time in our history. This was an important milestone for us. However, as I've already mentioned in investor communications.

Our ambition is not to stop at 100 crores. We have articulated our aspiration of growing Fidel five-fold towards 500 crores in annual revenues in five years to achieve that, we need to do more than simply add customers or increase headcount every year.

We need to build a larger operating platform, enter new markets, strengthen our capabilities while developing new ones and create a business model that can scale more efficiently. A recent acquisition, and now the proposed Softenger acquisition, are part of that strategy.

Coming to our quarterly performance, during Q2, our consolidated revenue was ₹37.97 crore, EBITDA was ₹5.61 crore, PBT was ₹4.62 crore, PAT was ₹3.60 crore, and EPS was ₹2.44. For the first half of the financial year, our consolidated revenue stood at ₹75.91 crore, and EBITDA was ₹10.64 crore.

PBT was ₹8.89 crore, PAT was ₹6.78 crore, and EPS was ₹4.68. We continue to remain profitable during the quarter. I would like to explain some of the factors affecting our cash savings and margin performance.

First, we implemented our annual salary appraisals during this quarter. We had moved our April cycle to July a couple of years ago, so that we could review the first quarter results before making compensation decisions.

Second, following Fidel's achievement of 100 crores in annual revenue, we provided a one-time appreciation incentive to key employees. Third, we distributed approximately 3 crores in dividends to shareholders.

Now, the dividend is the cash outflow and does not impact the reported operating profit. The salary revisions and employee incentives, however, did have an impact on operating costs. I just wanted to clarify this distinction.

More importantly, our focus is not only on quarterly revenue growth, but also on improving the quality of our earnings and cash generation over time. We continue to look closely at team members' utilization, project margins, delivery cost, and the opportunities to shift more work to offshore locations.

One question that investors naturally have is while Fidel has grown significantly through acquisitions, what is happening with organic growth? And where we see opportunities. So this is an important question we understand we are seeing different growth patterns across our business Earlier, it was easy. One has to attach oneself to few big system integrator firms and business would trickle to SMEs But it's difficult now just to depend on that or on network only as the world changes.

One needs serious capabilities, scale, competencies, and skills. In our standalone operation business, while growth looked subdued, at the same time, our Japan onsite business continues to see opportunities where customers require or prefer on-site delivery, local support, and bilingual capabilities. We are also seeing new opportunities in the US through Techvine. During Q2, we initiated an offshore engagement for a customer relationship originating from Techvine USA.

This is significant because Techvine historically operated largely through high-end on-site consulting model. By introducing Fidel's offshore delivery capabilities, we can now offer these customers a wider range of services and improve delivery economics The first engagement took longer than expected, but we believe that once customers see the difference, it can open doors for additional projects.

Likewise, in Japan, one can see a bit higher revenues for IM as we are beginning to see cross-selling opportunities between Fidel and IM Corporation. We also added approximately 6 Japanese customers in India during this quarter, primarily companies establishing manufacturing facilities or GCCs These engagements are initially small, but they are relevant to our long-term strategy.

We want to enter customer relationships through one service and gradually expand into additional areas. For example, a Japanese manufacturing company entering India may require consulting or language support.

Over time, it might also require IT infrastructure, application support, cybersecurity, data analytics, and managed services. This is where Fidel's combination of technology, language localization, and local market understanding becomes valuable.

We do not expect every new customer to become a large account immediately. However, building these relationships is an important part of our organic growth strategy. Let me also address some points on profitability and margins. As we expand through acquisitions investors will naturally compare the margins of different businesses. Some of our language technology and specialized consulting business operate at high margins. On the other hand, traditional businesses, or sometime on-site business is operating at lower margins.

So, as our business mix changes, the consolidated margin profile has changed over period. We recognize this. Our objective currently is not to maximize margin in every individual business at the expense of growth.

Instead, we want to build up larger, sustainable and profitable group. At the same time, we see several opportunities to improve operating margins. First is offshore delivery. Wherever possible, we are trying to move suitable activities from on-site delivery to offshore or hybrid delivery model.

Second is resource utilization with a larger group, we can now share skills, reduce bench cost and improve deployment across customers and business units. Third is operational integration. For example, during Q2, IM Corporation moved into Fidel's Japan office. This is expected to save approximately 100K USD annually.

Fourth is leveraging AI in automating our operations. We also replaced the third-party localization ERP system, which was costing us annually approx. 30 lakhs with an internally developed solution using AI-assisted development. These may not appear to be very large numbers individually. But as we scale, we expect to identify many such opportunities and better execution. Our focus is to improve margins progressively through better execution rather than relying on price increase or aggressive cost reductions.

Let me also talk a bit about AI because this is probably one of the most important developments affecting our industry. AI is, of course, changing the technology service business. It is changing software development, language localization, customer support, infrastructure operations, and other activities.

Some traditional services may face pricing pressure. We cannot ignore the reality. But for Fidel, we are seeing AI from two different perspectives. First is how AI can improve our own productivity. We are already using AI-assisted development for building applications, automate workflows, reduce dependency on certain third-party software products. In our OTT and language service operations We have automated significant parts of the workflow.

We are also training our engineers to use AI-assisted development tools. The second perspective is how we can help customers adopt AI During Q2, we conducted several demos and POCs for customers. Commercial conversions are a bit slower than anticipated, but we believe the opportunity remains meaningful. Our approach is to focus on practical enterprise use case where AI can improve productivity, reduce operating costs, or improve service quality.

This becomes particularly interesting when we look at managed IT operations where AIOps and automation-led managed services could be the future. We do not expect AI to replace every engineer from support activity. But we believe that it can allow same delivery organization to handle greater volumes, improve response times, and operate more efficiently.

This brings me to the proposed Softenger acquisition. Today, our board has approved the proposed acquisition of Softenger Private Ltd together with its subsidiaries and related company, subject to applicable requirements and completion conditions.

Softenger is an established managed IT infrastructure and technology services company with approximately 27 years of operating history. Starting from Pune, it has presence across India, Singapore, Malaysia, and Dubai. So far, we had been, as Fidel, we are always in, like, in Japan, which is Far East And in India, which is far south, we were always looking for some kind of presence in ASEAN. With this, we get this opportunity.

The business brings approximately 200 crore in annual revenue, more than 60 enterprise customer relationships, and around 1,200 skilled professionals. Its customer includes Japanese enterprises, banks, financial institutions, capital market organizations, telecommunication companies, system integrators, and insurance firms.

For us, this is not simply an equation to add revenue. We see 3 important strategic benefits. First, skill and customer access. Building relationships with large enterprise customers take considerable time.

Softenger brings established customer relationships and delivery experience in enterprise its operations. We believe there will be opportunities to introduce Fidel's existing capabilities in AI, data analytics, and language technology to these customers. Similarly, we can introduce Softenger's infrastructure, cybersecurity and managed operations to selected Fidel Japanese customers.

Second, geographical diversification. Historically, Japan has been our strongest market. Through Softenger, we strengthen our presence in Singapore, Malaysia, and Middle East while continuing to build our business in India, Japan, and United States.

Now we are seen as an Asia Pac firm extending to the Middle East. This gives us a broader international platform. Third capabilities. Software Softenger strengthens our position in managed infrastructure, cybersecurity, data center operations, and enterprise IT support.

Managed IT business was one of our business unit where we were doing 10 to 15 crores of revenues. So, we are strengthening our business units, plus at the same time, creating more capabilities.

These are areas where customers require long-term support and operational continuity. We believe that combining these capabilities, AI automation, and offshore delivery creates more meaningful opportunities.

Let me also address an important aspect of this acquisition. Softenger operates in a business where margins are a bit lower than some of specialized technology services. We are aware of this and our evaluation has taken that into account.

Our investment thesis is not based on assuming that Softenger margins will immediately become comparable with Fidel's margin business. Instead, we see an approach to improve profitability gradually through operational efficiencies, automation, cross-selling, and better utilization.

At 350 to 400 crore consolidated revenues now, even a relatively modest improvement in operating margins can have a meaningful impact when applied to a business of this scale. For example, on a 300 to 400 crore revenue base, a 1% improvement in operating margin could represent approximately 3 to 4 crores in additional annual profit.

This is an illustration, not a forecast. We also recognize that integration will take time. Our approach is not to disrupt existing customer relationships or delivery operations. The proposed transaction includes continuity of key management personnel along with performance link incentives to future business performance. We believe retained experience management or retaining that while introducing group level capabilities and governance is the right approach.

We will prioritize customer continuity, employee retention, financial discipline, and operational improvements. Another important acquisition is where whether the acquisition creates value for our shareholders. We have evaluated the transaction not only from a revenue perspective, but also from the standpoint of profitability, existing assets management continuity and future cash generation.

The proposed structure includes incentives which are aligned to management rewards with future business results. We believe this is more important because our objective is not simply to complete an acquisition, but to ensure that the acquired business continues to perform and improves over time. We will remain disciplined in our approach to capital allocation and funding. We also understand that increasing the scale of the group brings additional responsibilities around governance, financial reporting, working capital, and operational controls. These will remain important priorities for management.

The detailed transaction terms and required disclosures will be available through our Stock Exchange filing. Let me also connect this equation with our longer-term ambition or aspiration. When we first discuss the aspiration of growing Fidel from 100 to 500 crore, we were looking at a 5-year journey. The idea was to combine organic growth with selective strategic acquisitions. With Softenger, the picture changes considerably based on our current business rates, the run rate, the combined group could have an indicated and annualized revenue exceeding 350 crore.

This means that, subject to completion of the acquisition, we would be significantly closer to our scale ambition. However, I want to emphasize something. Reaching 500 crores in revenue is not just the final objective. Building a profitable, sustainable, and well-governed 500 core company is one of the objective.

Every time you must have noticed in past 18 quarters, once we reach, say, quarterly 10 crore, 15 crore. Our first objective has been to sustain it, ensure that we can hold to it, we can deliver it, and then move to the next level. Hence, we do not want to grow only for the sake of growing. We want to create a business with stronger customer relationships, diversified revenue streams. Better delivery capabilities spread over different geographies and improving operating efficiencies. The proposed acquisition potentially accelerates our revenue journey, but converting that scale into sustainable earnings and shareholder value will require disciplined execution. As we look at the coming quarters, our priorities are clear. We will continue strengthening our existing business, improve offshore delivery, develop AI capabilities, and integrate the companies that we have acquired.

Subject to completion, Softenger will become an important part of this journey. We welcome their team on board. We see opportunities across managed IT operations, cybersecurity, data centers, AI-assisted development, enterprise applications, language technology, and data analytics. At the same time, we remain conscious of the risks, including customer spending patterns, AI-led changes in service delivery, wage inflation, foreign exchange fluctuations, and the challenges of integrating a larger international organization.

We will approach these opportunities with our team continuous learning together with financial and operating discipline I believe Fidel is reaching an interesting stage in its evolution. We have established a strong foundation in Japan for more than two decades We have developed delivery capabilities in India. We have entered US market and strengthened our international presence.

And now with Softenger, we have an opportunity to bring these capabilities together into a much larger global service platform. Our first journey was about proving that Fidel could grow from 25 crore to 100 crore.

Our next journey is about demonstrating we can build a financial technology group.With strong capabilities, better operational leverage, and sustainable profitability. I thank all our shareholders, our employee team members, our alumni, our partners for their continued trust and support. With that, I would like to take any questions. Thanks a lot.

Finportal: Thank you so much, Sunil, sir, for the detailed discussion and insights into the company's performance for H1 FY27. We will now open the floor for Q&A session. Participants who wish to ask a question are requested to either raise their hand and unmute themselves to ask the question or type them in the chat box. To ensure we can accommodate as many as participants as possible, we request everyone to limit themselves to 3 questions at a time. Participants may rejoin the queue for any additional questions. With that, we can take the first question.

Sunil Kulkarni: By the way, just to I want to add, I have Mandar Inamdar, Jayant, our finance manager, and Anil Patwardhanji, who's our advisor with me today to answer some of the questions if I'm unable to answer. But operational business anyway, I look forward to it. Yeah, thanks a lot. We can start with the first question. Yeah.

Finportal: Done, sir, we have a hand raise from Angira. Angira, you can ask your question.

Sunil Kulkarni: Namaskar, yeah

Angira: Oh, hello, good afternoon, sir. Yeah. Sir, my questions are related to your acquisition of Softenger. So, I just wanted to understand that the business is relatively large in comparison to what, Fidel's existing operations are, so can you throw some like that, what attracted you towards this acquisition, and how it will complement your existing Japan-focused business?

Sunil Kulkarni: Great. Thanks a lot. So, basically Softenger current business, especially in Singapore and Malaysia. They already have certain so they have almost 60, 70 plus enterprise customers. Like you take, say, MUFJ, Mitsubishi Bank, NTT and so on. So many of them today, even if we would like to enter, it is very difficult to enter all these organizations. So, they have a lot of out of these customers, there are certain Japanese organizations, they already have as customers.

In Singapore and Malaysia, rather, ASEAN, there's a lot of Japanese companies' presence. We many times get requests from Japanese companies. Do you have a local presence out in ASEAN? But we never had, and setting up something from the ground again takes time. So, When we saw there is an opportunity to work with or integrate ourselves with this kind of company, which already has a setup out there It was kind of a, like, a no-brainer for us. We have engineers who can speak Japanese. They have engineers who can speak Malay, Chinese. There's a. so, when there's because always there's a requirement of bilingual English in ASEAN, and so we saw a lot of integration out there.

Mainly, I think secondly, last even in last 10 days, you might have seen the there's a lot of security-related cybersecurity-related issues in PHP, Java, or a lot of things happen. We have already had a business unit. So, this year when we completed 100 crores, Today, I'll speak more just excuse me for that, meaning just excuse me. So earlier we had only two ID we were just saying IT services and language services. But from this year, what we did is in IT, we have created all these business units and so on. So, one unit was and given them targets, like so, one was this managed IT service where we are already doing some cybersecurity VAPT testing.

This year we backed 100 million JPY contract in Japan, which was again about managed like an outsource operations, its operations. So, while we were doing and we had given each target to grow up these business units. We are looking at an opportunity where they already have a presence, high-end skills into cybersecurity, data center operations, and so on. So, without having to set up our own setup. We already are looking at skilled professional 100 plus SMEs, 500 plus certified engineers, even to hire these people takes time. So, we believe there was a like a good case for this. Yeah

Angira: Correct, understood, sir. So, the proposed acquisition, was valued at approximately 38.5 crores, versus their EBITDA of around 11 crores, so the basic rationale behind it was that it is delivering more projects and getting us entered into new companies, which we were not able to, like rom the start, so this will give us that space, correct?

Sunil Kulkarni: Correct. So, that was one.

Mandar: So, See what it this acquisition

Sunil Kulkarni: you're able to hear, right?

Mandar: Hello, I'm audible?

Angira: Sir, you are audible, but the volume is very distant.

Mandar: Yeah, one second so this proposed acquisition actually is helping us in two specific areas. One is the market access, like some Malaysia, Singapore and Dubai, where we do not have direct presence. Now we will be having presence through this acquired entity. The second is we have been able to get a customer base of 60 plus customers, and we will be able to leverage the Fidel soft offerings across these markets, as well as customers.

So, I think that is going to be the benefit and synergy, which we are looking at to leverage. Through this acquisition.

Sunil Kulkarni: Adding to that, regarding the value that 38 crores or whatever, our idea. So, whenever we are looking at any opportunity, what we typically see is. In next 3 to 4 years, should would we be able to recoup whatever we have invested in, meaning in terms of there are these, of course, synergies and cash and etc. But at the same time, we also have limitations. If suddenly something is something is to difficult for us to achieve, get back. Then, we have skipped many such opportunities as well. So, but when we looked at this, it was a reasonable fair deal that we felt mutually acceptable, again, for them as well as for us, and hence, hence we went forward, yeah

Angira: Okay, sir, I have a last question, and it is related to the EBITDA margins. So, if we see Softenger EBITDA margins are relatively lower than what we are, getting today. So, it will basically dilute our margins. So, what are your expected sustainable margins going forward that we can see and we can look forward.

Sunil Kulkarni: Correct. No, so this margins is always an issue and we understand. So, there are many, many areas, again, in that. So, for example, they have certain customers. Where they have been supporting, let's, like, 15, 20 years, where it is very difficult for even them to increase or ask for better rates, because of certain long-term, and so on. But at the same time, the salaries have increased, and so on. So, at the same time, there are some new areas that they are also doing around cybersecurity, or around data center.

Where they are seeing some better rates. Secondly, Malaysia and what they are working on the rates are extremely competitive. But when at the same customers, when we if we can take our data analytics practice, for example, or where we are taking some are bilingual Japanese capabilities or bring their capabilities into Japan-like market, we believe that we can see some revision of rates or Different kind of contracts or engagements that we can bring in, and so on. So so that we believe that there are sufficient areas where we can target without disrupting the current business, and so on which is A. then B is earlier, first two years, we were very conscious about trying to grow as well as trying to have better margins. So, in our first 2 grow years We were doing, let's say, 18% margin, 17 by 19 and so on.

But our own salespeople were getting confused. So, we left one or two projects that time, which were like significant higher, like 3 crore project, but it was not having that margin. And it didn't fit our margin this thing. So around two years back, we made a conscious decision that till 100 cores or till 300 cores to a sizable, let's focus more on growth because even when I was saying like 100 to 500 crores in five years, five years, even these today's times as an IT or tech guy 5 year feels very long enough kind of. So that's where we want to see, are we profitable, are we cash positive, are we making money? Are we trying to having our EBITDA in double digit? Can we bring our PAT in double digit?

So we want to ensure that can we get more? Of course we want. But our immediate focus till 300, 500 crores is how we can at least grow faster. And then if we have like-minded companies, if we have like-minded skill set people and areas that we want to go in, why not? Yeah, thanks.

Angira: Okay, understood, sir. So, thank you so much for answering all the queries. Thank you.

Sunil Kulkarni: Thanks a lot, really appreciate it. Thanks.

Finportal: Thank you, Angira. Next, we have Saket Saraogi. Saket, you can go ahead with your question.

Saket: Namaste Sir mere question yeh tha ki last 2 -3 saal se sir hindi chalega sir ?

Sunil Kulkarni: Ha chalega chalega definitely.

Saket: Sir the question is last 2 – 3 saal se humlog ne kafi acquisition kia hai toh mera question yeh tha ki do we have that bandwidth to manage this kind of a company? because this company has a sales floor of 1,200 people and we are only 300 people. So, what's your stay on that?

Sunil Kulkarni: Definitely Correct, correct. Great. Good question. Thanks a lot. Toh abhi, Hamara bhi abhi kya problem hota hai ki hum logo ko kya laga tha kya ki. So, rather, one of our idea to acquire these companies is also to get newer management-skilled people, or get a more better bandwidth. For example, abhi yeh IM corporation humne Japan me acquire kia toh uski wajah se 40 to 50 ke bichme jo executive ya experience people hai. Meaning, experienced people, from native Japanese, we could get in Japan.

And if as Fidel I would have gone out to hire such people. Humko milte hi nhi . Though I am in Japan for 30 years, I'm still looked upon as a foreigner, meaning, and so on. And imagine the plight of any new company that comes in Japan. Today, if you look at them.

They also have a kind of decent, good layer of strong people who are with them for 10 plus years as middle management who bring a lot of such capabilities. So one of our, these kind of through acquisitions also, we are trying to get good skilled and middle layer kind of skill sets. This is one. Two is kya hai humko phele kya laga tha ki are hum listed company hai toh durr durr se log humko humare pass join karne ke lia aayenge but aisa hua hi nahi . But then we realized, or when we did even 100 course, we see tin sau crore wale ko sau mei aane ka nhi hai aur sau wale ko tin sau wale mei jane ka hai toh vapis humare pass koi aata hi nhi.

So, attracting people at so, many people would say, when you go to 500 or 300, I would want to consider you, or I can join you, or I want to take it to 1,000, and so on. So, what we are realizing, getting people also Meaning, it's easier said than done. So, there are two aspects. As we are growing faster. So today, even in last one hour, I got some LinkedIn connect or something, which with people whom I never thought would try to connect to me.

So as you rightly said, at one end, while we are trying to grow, we are also trying to ensure. So third is because of our Japanese cultural hum jidhar jidhar gaye techvine USA, Fidel Technologies KK toh humari hi japan mei company thi usko integrate kia aur IM corporation toh humare customer tha . We have always been like cautious like in accepting them, making them feel like homely. Because many companies, Western companies, when they come in, they try to restructure immediately, bring profitability as a priority and And so on.

So which creates very like bad feelings, friction, and so on. I mean, Hamare idhar IM bhi utna hi comfortable hai ki they take me to their customers. They're like in last 3 months, like, it's an amazing growth out there. So we are creating that bandwidth, and that bandwidth will also come when people like people have that perception that Fidel is not a small lang tech company. Abhi aap dekho na chaar saal phele huamre jo topline tha 25Cr toh abhi next year humare agar PAT hota hai toh, That’s a good way to see. So, like, people will see that And so on. In fact, so I think rather we should we would be able to attract capabilities now while inheriting some in-house capabilities through these acquisitions. Yeah, thank you. Sorry, mera thoda Marathi-Mumbaiya hindi rehga isliye.

Saket: Sir, one more question I have, sir.

Sunil Kulkarni: Yeah, please, please.

Saket: Sir, now, when we're acquiring this company, this new company which is acquired now, sir, the risk is what I feel sometimes is that when we acquire a new company, the company may have some because this company has a very slow margin. Like, if we look for IT companies, even bad companies in India have 10-12% net margin, but here the margin is hardly 3-4%. So the work that the company is doing doesn't look very like something niche, or that kind of work. And now when we're acquiring such companies.

Aren’t there risk of any some kind of cockroaches coming out of the company, like, the profit is not very, very good? Ultimately, like, just been seeing paid 8Cr profit, but maybe there's some issues with that. So, how we have safeguarded that point, that the company is well-managed company, do we have any prior connect with the company also?

Sunil Kulkarni: So again, thanks a lot. again, we did all this third-party due diligence and that, but as so when we met there, few team members understood their business. We actually looked at the case studies that they are working with different customers We believe that that I mean, Inka jo India business, again, India pricing, and we all know Malaysia is still an ASEAN market where they're competing with Myanmar, Bangladesh. Cambodia and these kind of so I understand that's a at the same time, when we look at extremely technocrat people, well managed zero debt, no hanky panky in finances, running for almost 25 plus years.

Very good references from customers. So, when we look at that, it's just a question of their they were running the company in a certain way, which they are continuing run. And so Abhi at 200 core, they are doing, let's say, 10, 11 crores of EBITDA. Zero debt, so their PBT is almost same. PAT is around 8, 9 crores.

We are getting that at, like, 36, 38 crores. We thought that looking at their current business, at 3 to 5 years of contract duration, long-term contracts We believe that meaning, there is no willful or any this kind of tech can always bring disruption. Certain areas we can, as I said, we are trying to grow into hand areas, cybersecurity kind of areas. We are trying to go into Japan. We are trying to take them into our customers, we are going to their customers with, say, different other options that they never had, like the Spoggle, for example, data analytics. Or we also in capital markets. Recently, we had a we we got a project from capital markets firm for asset building asset management software, developing AI using AI and so on. So these kind of capabilities we can take to their BFSI customers and so on. So we believe that there are I mean, there is risk always. But to our extent, we have checked out we believe that we are very comfortable that, from a tech perspective, from customer perspective, we will be able to better the scenario, yeah.

Saket: Do you think that they have poor relations, so they may have not been able to ask for price increases that much? So now you see that when we take over the company, do we have a position that we can go for some price increases in the contract value and all?

Sunil Kulkarni: So to certain customers, as I said, meaning Abhi, for example, they have a customer from 2004 or 5 I mean, abhi some of these systems kaise hai ki who band hi nhi kar sakte but company ke pass who system par dalne ke lia budget hi nahi hai , for example. But they want support. But for newer systems, they are trying to, for example, giving some better rates, for example. But their Singapore and Malaysia customers where we want focus more because of our Japan connection. I think there we can play a significant role. We are also seeing that Singapore, because of high it's getting expensive. Some of these companies are trying to move their IT infrastructure to Malaysia. So while migrating that, a lot of new projects will be created where irrespective earlier rates.

These would be seen as project work again. So I think there again, we see some opportunities out there. So coming there opportunity. So in Dubai, where they have some business which is slowly growing and they already have certain POs for next one and one and a half years Again, these are better margins.

Today, it looks like the 10 Cr ka EBITDA pe kya chal rha hai in logo ka aisa kuch lagta hai . But as I said, when we look at the opportunity size and their customers and are seriously meaning abhi aaj ke doar mei if I go to, let's say, so recently in August, we got a vendor code for a big one of the leading chip companies in the world. You might know, I cannot name that, but getting their almost took one year and we are just close to get the project, But udhar bhi jo naya manager aaye he want to have business in center in Philippines, not in India. And just getting vendor code, this, that takes a lot of time. So getting a direct route into 60, 70 plus enterprise customers, BFSI is huge, huge.

Mandar: Yeah, just to add to what Sunil Sir has been trying to communicate Saket, I think we have got a base of now this new set of customers. We certainly have existing relationships through Softengers. Now, getting access to such customers across three different geographies and then now connecting with them some with value added services coming from Fidel Soft, I think we will be able to get better deals As we progress on integration.

So, my expectation from this deal would be to strengthen these relationships, continue to hold on to the existing stream of revenues, and then focus on value-added services to drive the margin improvement So it will be 2 or 3 tier structure with the set of customers, and it will take little time. But I think that is going to be the strategy.

Saket: Just last question, like, for those new acquired entity, sir, do we have any internet target, like, in 3 years, maybe? What kind of revenue and margin do we expect, or is there anything we have thought of?

Sunil Kulkarni: For them, or for us, okay? What's the question? Yeah.

Saket: No, for the new acquired entity, this Softenger, for that only, do we have any particular revenue target for 3 years, or maybe any margin level that we are expecting

Sunil Kulkarni: Okay. So again, these are all projection, this is that, but last year they were doing around, say, 157, 160 crores. They closed at 200 crore. Their H1, which is unaudited, they did around 120 to 125 crores. So, which means they will be doing roughly around I mean, it's a mota-mota, so they look at around 240 this year.

And so on. So, and then they had a projection of reaching, let's say, 300 CR in next 3 to 4 years. But now, coming together, if we can again, this is just revenues on margins also they were looking at moving a bit of Around 10 11 to around 14, 15, kind of in next 3 to 4 years. Again, at that scale, adding one point, two point, one step at a time by going into higher-end services. Again, that said, this is all plan paper. Paper par toh sab aacha hi dikhta hai.

With ground level, par humlog ikkatha aane ke baad, I think how we can perform execute. I don't want to sound at aadmi ka kya hota ki , admi decision let hain fir bad me, it looks like we are justifying it. Toh aisa nhi hai humne bhi thoda dekha dono ikkatha aane ke baad, It’s a good play.Good opportunity.

Mandar: And saket, you will appreciate that, say, current focus is that how do we progress on this deal, and then how do we leverage our strength in the second half of this financial year, which is already indicated by Sunil Sir. And while doing that, certainly we will come up with our business plan for next financial year That is, like, I would say the outlook of the company. And then, once we have clarity about the next year, how it is going to shape up, maybe taking that as a base, we would like to see how next two years are going to pan out. So that is how we will progress

But the strategy and the approach, I think we have explained it in detail to you.

Saket: Yeah, so just the last question then the company which we have acquired now looks reasonably doing okay at the valuation which we have acquired, that looks comparatively quite good for our side. But why does the promoter need to sell at such kind valuation?

Sunil Kulkarni: Correct. Correct. So there were three original founders or promoters who started this in 1999 or 2,000 kind of era, out of which 2 promoters, one aged almost 85, 88, one promoter, almost 70, 72 years old. They kind of moved out of operations last almost 10, 12 years back So, this was last 10 years, while they were always mentoring and guiding, but actually operational level, only one founder was together with another one as a non-equity holder, but director. They both were running this business.

So when we kind of sounded and we all came together, these two again, they had never had a succession like the earlier other founders also, their kids are also not coming into this business. This lone founder is trying to take it to the next level, but like the way we have 5x in 5 years, or this kind of plan or vision, they were also struggling. And so this gives an exit to the earlier to founder, like the anyway who were out of business or out of operations for last 10 plus years. Plus this founder and the other directors

They plan to stay for next coming years and then together with key staff or members, we continue to grow. So these days, I mean, in Japan we had the same problem when we had acquired IM Corporation, Kikuchi-san is almost 82 years old. His kids are not coming in He also wanted to integrate, because where he wanted to ensure that the customers, the employees do not get into inconvenience and so on. And then, as a customer, he knew us from 2005.

And we all came together, and so on. So here, as you rightly mentioned, this more of this succession thing was one part, and then attaching themselves to a big like a kind of a listed firm and going opposite to drive it through a shared vision was another part, yeah.

Mandar: So, Saket, you will appreciate it's a perfect fit for the buyers and sellers. We have been able to address the needs of each other, and that is how we are coming together.

Saket: Well, thank you so much, thank you

Sunil Kulkarni: Thanks, yeah.

Mandar: Thank you.

Finportal: Then, thank you, sir. Now we have some questions in the Q&A box. First, question is from Divya Daga. She has some, five questions. I'll read it out one by one. What is the operating margin and net profit margin of Softenger and Soft Data also, the debt level ?

Sunil Kulkarni: Yeah, so they don't they have zero debt. They have an OD kind of, which sometimes they take this ODs to the tune of 4 crores. But at currently it has not been utilized. Currently, at the EBITDA level, we are looking at around 5.5, 5.5% of margins, operating margins. Currently, as I said, this is through cash and swap. Some certain shares would be like Fidel would be swapped. From a funding perspective, we are looking at different options. We have taken time November, December to put together and then we also do not want to stretch ourselves through debt, but at the same time, we are looking at currently options

Sunil Kulkarni: So this is the second one How much of the current revenue, meaning their revenue is coming from AI, is it?

Finportal: No, our revenue

Sunil Kulkarni: Our revenue. So, our revenue, I think I will be able to tell more on on At a year-end level. So, at a quarter level, what's happening is that we have, like, for example, last year, I think we did almost 2 to 3 CR of our revenue in an entire year. So sometimes we are doing some free POCs, some we are doing some paid engagements. So at a quarter level difficult. But as I said, to be honest, that conversion is not happening that fast, meaning humko lagta hai AI customer implement karega. So abhi recently we have now three FD start in Japan this quarter like so we'll see some revenues out there, but this will meaning for companies, it would be just as an on-site consulting kind of agreement. But like our image of AI customer AI like visual AI or analytics They just want to use help them like recently we did a like an internal seminar how to use Claude for a Japanese client, for example So, and so on. So we are keeping a tab on that, but at a quarter level, it's very difficult to give that how much revenue, etc. What is the marginal previous acquisition like?

Finportal: What is the margins in previous acquisition and techvine?

Sunil Kulkarni: Equine, Yeah. So, I am, business is very low margin, like, again, when we acquired, they were doing around 3, 3.5, but we have now raised it to almost 4.5 to 5% now, I think. Techvine, again, is around 5 to, 6 %.

Mandar: And so just to add to that, see these margins at entity level is getting right now discussed, whereas the leverages we are getting in Fidel offshore revenue streams. So that gets captured as a part of revenue stream Fidel India. So I think now it's an integrated business because the year of acquisition was last year we have done all these acquisitions, and now we are going ahead as a one integrated business, whether it is in us or whether it is in Japan or whether it is in India

So we will have to look at the margin profile of the company at the company level.

Sunil Kulkarni: And from an expected revenue and PAT in 27, again, meaning as I said, this acquisition, et cetera, will come in play from in the last quarter itself. So at least Q1 and Q2. If we look at this, we did around 75 crores of top line. We hope that we can Double that. Our our PAT was a bit less than what we had expected in the first two quarters.

We hope we can take it to better levels in the next two halves. Our idea is if we can continue to keep our EPS at the double digit level. So few years back when we were doing six, eight kind of EPS, we were always trying to tell ourselves, can we move to 10? Last year was the first time we did 10.02 or something like that. So our idea is if we can continue to keep our EPS set at a double digit level. So again, yeah

Finportal: So thanks a lot,. Then there is question from Ram charan?

Sunil Kulkarni: I will read

Finportal: Read it out for other participants as well, sir.

Sunil Kulkarni: Yeah, so the transaction involves a combination of cash and share swap. Could management provide more clarity on the funding structure, particularly the cash component, proposed share swap, and potential impact on existing shareholders?

Sunil Kulkarni: So again, we are looking at different funding options at this thing out of 38 Around 8 crores, I think we are looking at kind of a share swap and remaining would we are looking at how we can either through some would be through internal accrual, some we'll see what kind of funding structure we can get in. Yeah

Finportal: Shivi San could management pro if certain questions are not answered, well, we can ask later also, and… or you can write to us also, and we'll be more than happy to answer. Could management provide an update on the proposed migration to the NSE mainboard?

Sunil Kulkarni: Very good question. When we are going to a movie, and hamara number ate, tabi ticket window change ho jaate hai waisa humare hota hai. Last year, we were there, we were kind of eligible, but by March, they changed the structure to 100 core top line and 75 crores worth of Net worth so you couldn't go in, but this year again, so now we are short of one condition, which is the net worth condition which requires around 75 crores. Our net worth last was around 56, 58 crores kind of thing. So we are looking at how we can take or close that, and try to migrate at the NSE Main Board, preferably our preference is, of course, this year before any new rule or new change comes in. I'm seeing that there are talks of some changes out there, but we want to see if we can expedite because the the more we go on mainboard, there is more liquidity options, we get benchmarked against better companies, and we get to see how they work, and there's better governance. Of course, we want to ensure that we want to go mainboard at the earliest, but whether it will be in next month or this thing, at least I think within this fiscal year we want to try. Yeah. Okay.

Finportal: So, there, again, their current business derives so, Nishita has asked Softenger derives approximately 80-85% of his business account management contracts generally lasting 1 to 3 years. How much of this revenue is recurring or contractually committed, and there are any significant Client concentration risks.

Sunil Kulkarni: Of course, there are client concentration risk always, but what's happening is many of these like like when a company starts, you need a CA when a company closes, you need a CA. Likewise, when the moment company gets created, you need an email, website, network security, PCs, and so on. So the kind of work they are doing, especially it looks boring or it looks back into, but managing a telecom network or database servers for a bank Is highly crucial kind of activity. So even if the customer decides they cannot kill or change overnight And that's why they have contract, even if the contract is there, one, three years.

They are supporting, well, 10 plus years for many of these customers. So, of course, the revenue or certain decreases, sometimes people leave, sometimes team members go on, or certain projects or certain systems merge together. And earlier you were supporting them with 10 people, now you don't require that, all that. And so these things happen, but there is a sizable amount of revenue that recurs, and of course, there is growth coming from newer opportunities. I mean, let say, when an IT manager moves into a new company, let's say there's an IT manager who was in Barclays and they were supporting, say, Barclays

And this guy moves to Citibank. So he then calls them, hey, can you support you? Because I was working with you there for the last 10 years. Why don't you get me support you here? And then Again, this adds new business. So that's why there is more of an account management except to it. It's not an account manager in that same account, but connecting with people, and then those relationships get carried forward. Yeah.

Sunil Kulkarni: This is Mr. Rajesh Kumar. How does management intend to leverage Fidel's Japan relationships and Softange's presence across Singapore, Malaysia, and Dubai to generate cross-selling opportunities?

Sunil Kulkarni: So many of their customers who have some Japanese linkage, there are immediate targets where we believe that When we walk in talking in Japanese and showcasing our different capabilities.That will, again, give us more opportunities out there. So we also have today a lot of things in our basket. So around fixed protocol, fixed connectivity, we are working in capital markets. We have Sparkle, which is into data analytics.

We already have the cybersecurity kind of think we have AI-enabled AI-assisted development services. So many of these Services, we believe that we can take into Singapore, Malaysia In Dubai, they are also getting into, say, like, not just data center, but utilities kind of support and so on. Again, these are high-end areas. If you're able to tap such this thing, we might get some new businesses. And of course,wherever they like, today, we also know don't know exact what kind of pain points their customers might have, but we have sizable, slowly, we have built some competencies which can be taken out to these customers.

At the same time, let's say we are working with Japanese system integrators in Japan We can take them and Japan recently, if you have noted, there was really a lot of banks, a lot of companies faced a cybersecurity threat. And so there is an opportunity to build up a 24 by 7 knock, sock kind of thing bilingual or Japanese for the Japan market and so on, which is our strength again

Finportal: Guru Preet Singji, following the warnings undertaken for the recent acquisition, what is the current debt position of the company? Does management expect to comfortably service and repair this debt while continuing with its expansion plan?

Sunil Kulkarni: Great. So thanks a lot. So On Fidel book, we had taken data from around 16 crores, 14, 16 crores. This was in yen JPY denomination at around 3 to 3.5%. Many because most of our remittances come from Japan Automatically against those limitations, we pay the certain debt installment every month, and then so on. So, again, that is the rate is comfortable, these are, 5-7 years, or kind of so, that's getting paid. The debt that was on the books of IM. So, IM corporation, if you look at the acquisition price was very small, or, like, negligible. It was just for certain debt that we paid.

But main We kind of have taken responsibility for their debt, so the debt is already on their books because of consolidation, of course, it comes on our books and so on. But through their own cash flows, we are trying to see how we can repay that. They were already earlier paying also. So we are trying to see how we can ensure that comfortably we can pay that. So together, it looks like 30, 40 crores of debt today. But One sizable part is getting paid by IM through their own cash flows. Certain part is paid by our own cash flows, and it is at 3.5% kind of.

So today. We and of course, taking any new debt, etc, we are also cautious. We But what is happening is each of these deals, we are looking at learning something new. So first acquisition that we did a structure where we took a debt in JPY. Till that, we were also debt free. Second acquisition we did, we didn't do anything. We just insured met their bankers that we'll honor their debt. But that was a structure that we were able to put This kind of engagement we are looking at, can we do a share swap? Can we do some other kind of fund sourcing, and so on. So we are also learning our way how to manage funds and and so on. But rest assured, we don't want to stretch ourselves in terms of debt.

Yeah, I think I answered most of these questions here. Yeah.

Finportal: Sir, I think we have one last question from Divya again. What is the current net cash position?

Sunil Kulkarni: At Fidel or Softenger?

Finportal: At a group level.

Sunil Kulkarni: At a group level, I'll ask Jayant, do we have any data? Yes, yes.

Jayant: So current cash and bank balance position is for the consolidated fidel group, it is around 14 crores.

Sunil Kulkarni:14 crores is the at a consolidated level, yeah

Finportal: Sir, it's net cash, excluding the current liabilities.

Jayant: Yes, yes, it's a net cash

Finportal: Okay. Okay, done.

Finportal: I think, sir, we have covered all the questions. I would now like to conclude. Thank you so much, Sunil, sir, for your time, and taking our time to address all the questions, and sharing the valuable insights. We also thank all the participants for joining on the call and engaging in the discussion. If any questions remain unanswered, please feel free to reach out to us Add the email ID shared in the chat box. On behalf of FinPortal, thank you once again for your participation. Thank you, Sunil, sir, for your time.

Sunil Kulkarni: Thanks a lot for all, and thanks, bhumika, for arranging this. really appreciate it. Thanks, Namaskar, thanks.

Finportal: Thank you.