



ICRA

ICRA Limited

May 29, 2026

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400001, India
Scrip Code: 532835

National Stock Exchange of India Limited

Exchange Plaza,
Plot no. C/1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai - 400051, India
Symbol: ICRA

Dear Sir/Madam,

Sub: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find enclosed transcript of "Q4 & FY26 Results" earnings call held on May 25, 2026.

We have uploaded the transcript on our website and the same can be accessed through the below URL:

<https://www.icra.in/InvestorRelation/Index>

Kindly take the above on record.

Regards,

Sincerely,

(S. Shakeb Rahman)
Company Secretary & Compliance Officer



“ICRA Limited
FY 2026 Investor and Analyst Conference Call”
May 25, 2026



MANAGEMENT: **MR. RAMNATH KRISHNAN – MANAGING DIRECTOR & GROUP CHIEF EXECUTIVE OFFICER – ICRA LIMITED**
MR. VENKATESH VISWANATHAN – GROUP CHIEF FINANCIAL OFFICER – ICRA LIMITED
MR. L. SHIVAKUMAR – EXECUTIVE VICE PRESIDENT – BUSINESS DEVELOPMENT & CHIEF BUSINESS OFFICER – ICRA LIMITED, AND CHIEF EXECUTIVE OFFICER - ICRA ESG RATINGS LIMITED
MR. ABHISHEK DAFRIA – HEAD OF GROUP STRATEGY AND BUSINESS TRANSFORMATION – ICRA LIMITED
MR. SHAILENDRA MRUTHYUNJAYAPPA – CHIEF EXECUTIVE OFFICER, ICRA ANALYTICS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the ICRA Limited FY 2026 Investor and Analyst Conference Call, hosted by ICRA. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

Joining us today from the management side, we have Mr. Ramnath Krishnan, Managing Director and Group CEO, ICRA Limited; Mr. Venkatesh Viswanathan, Group Chief Financial Officer; Mr. L. Shivakumar, EVP, Business Development and Chief Business Officer, ICRA Limited and CEO - ICRA ESG Ratings Limited; Mr. Abhishek Dafria, Head of Group Strategy and Business Transformation; and Mr. Shailendra Mruthyunjayappa, CEO of ICRA Analytics Limited, to discuss the performance of the company, followed by a Q&A session.

Before we begin today's conference call, I would like to remind you that some of the statements made in today's conference call may be forward-looking in nature and may involve some risks and uncertainties. Please refer to Slide number 23 of the investor presentation for detailed disclaimer. ICRA or any of its subsidiaries or the directors, officers or employees of ICRA or its subsidiaries shall have no liability whatsoever for any loss howsoever arising from any forward-looking statement or use of the investor presentation or its contents or otherwise arising in connection with this conference call.

Now I would like to hand the conference over to Mr. Ramnath Krishnan, Managing Director and Group CEO, ICRA, to commence the proceedings. Thank you, and over to you, sir.

Ramnath Krishnan: Thank you, operator, and good afternoon, everyone. Welcome to ICRA's earnings call for the fourth quarter and for the year ending 2026. I'll take you through the key highlights for the quarter and the year, share some important updates and then outline how we are positioned getting into this financial year, FY 2027.

Let me begin with headline financial performance for the last quarter of the previous financial year. We delivered a strong Q4 performance with consolidated revenue increasing by 28.4% year-on-year. Growth was led by the Research and Analytics segment, which recorded a 56.8% year-on-year increase, driven by acquisition of Fintellix and sustained demand for risk, data and compliance-oriented analytics solutions.

The Ratings business also continued to see steady growth of 10.6% year-on-year, supported by improved credit activity and deeper market engagement. The consolidated PBT before exceptional items and tax stood at INR 72.8 crores. For FY26, ICRA reported a strong all-around performance with revenue increasing by 20.4% year-on-year. The Ratings segment continued its steady trajectory with 14.2% growth, while Research and Analytics delivered a sharper growth of 29.8%, supported by the consolidation of Fintellix and increasing traction in risk and compliance solutions.

As a result, PBT grew by 10%, reflecting the growth in revenues and improved benefits from scale, while we continue to invest in talent, technology and integration of the acquired businesses. For better comparability, the PBT reported above excludes one-time exceptional charges arising from implementation of the new Labor Code and so on.

Our Ratings segment continued to demonstrate margin expansion driven by steady revenue growth and improved operating leverage. In Research and Analytics, revenue growth was strong across key areas such as risk, regulatory and data analytics solutions. The Knowledge Services business, what we now call KnowTech, while stable across its core areas, saw some moderation in growth due to discontinuation of certain engagements and increasing automation trends.

This has led to a shift in the overall business mix with a higher contribution from non-KnowTech businesses, which structurally have a different margin profile, resulting in some moderation at the segment level. We remain focused on scaling product-led offerings, driving efficiencies and expanding our global footprint and client base to support margin improvement over time.

Some of the key non-financial highlights. Last year marked a significant milestone as ICRA completed 35 years of operations, reflecting a long-standing track record of credibility, analytical rigor and market relevance. To commemorate this milestone, the Board has recommended a dividend of INR 105 per share that includes INR 35 per share of special dividend, consistent with 35 years of our existence subject to shareholders' approval.

During the year, we completed the acquisition of Fintellix and saw leadership transition in our analytics business with Mr. Mruthyunjayappa taking over as the CEO of ICRA Analytics and as the Head of our entire Research and Analytics vertical, which comprises 3 entities; ICRA Analytics, Fintellix and D2K Technologies. Mr. Mruthyunjayappa succeeds Mr. Jayanta Chatterjee, whom we thank for his contributions. Jayanta retired in the month of January of 2026.

Alongside this, we have structurally realigned our Research and Analytics segment businesses into KnowTech, BankTech and CapTech, supported by a unified IT and product engineering organization to enable scalable technology-led growth. We continue to make steady progress on our AI roadmap with focused initiatives aimed at enhancing operational efficiency and driving sustainable productivity gains across the organization.

We have begun deploying AI-powered agents and select processes as well as integrating AI layer into analytical tools offered by our subsidiaries to strengthen our client value proposition. We expect AI to augment and sharpen our capabilities while the deep domain knowledge and human expertise we have built over decades will remain at the core of our decision-making.

We were also pleased with the award given by the Institute of Company Secretaries of India during the year, recognizing our efforts in the area of CSR.

Looking ahead in terms of market outlook, with the ongoing West Asia conflict, India's GDP growth is estimated to have slowed down in the last quarter of FY26. However, a large part of

the adverse impact of the surge in global energy and commodity prices is expected to manifest itself in early FY27, which will weigh on GDP growth and macroeconomic outcomes.

Given the uncertainty around the resolution of the conflict or the timing of it, elevated energy prices for an extended period of time will pose a downside risk to growth in the near term. Besides the potential development of El Nino conditions and weak monsoon forecast for this year have dulled the agricultural outlook and rural prospects for the second half of this financial year. Assuming average crude price of \$95 to a barrel, ICRA currently predicts the GDP growth to moderate to 6.2% in real terms in FY27,

In FY27, looking at the credit environment, credit markets are expected to remain somewhat dynamic with bank credit likely to retain a competitive position over bond markets given current inflationary pressures and liquidity conditions. Higher hedging costs will make foreign currency borrowings relatively less attractive, further supporting domestic credit. Overall, the environment remains evolving with both opportunities and risks across different segments.

Specifically on the Research and Analytics business, key regulatory developments, including banks transition to an expected credit loss framework effective 1st April 2027, along with the evolving capital market regulations are expected to sustain demand for risk modeling, data infrastructure and compliance-oriented solutions. The company continues to align its offerings with these trends.

Our outlook remains anchored in structural drivers with rising regulatory intensity and accelerated Gen AI adoption reshaping client expectations. We are focused on strengthening our position through deeper global engagement and continued enhancement of our portfolio. Ongoing investments in analytics platforms, compliance capabilities and scalable delivery frameworks will support evolving market needs and drive long-term growth in the research and analytics business. This is the update I have for all of you. Thank you very much.

And I now hand over the call back to the operator.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Divij Punjabi with Banyan Tree Advisors. Please go ahead.

Divij Punjabi: I had 3 questions. One was on the ratings business. So in this quarter, we saw that the year-on-year growth was materially lower than peers. So what was the reason for that? Second is on the non-rating side. I'm seeing that ex of Fintellix growth is around 7% year-on-year.

So if you can just break this down into how the different segments, the core segments within non-ratings has done? And third is related to capital allocation. So is there any consideration around doing a buyback given that we have around INR 700 crores plus of cash on the books?

L. Shivakumar: Thanks for your questions. I'll take the first one. My name is Shivakumar. I'm the Chief Business Officer for ICRA. So on the ratings business, I think your observation was that we were materially lower.

No actually, we see it this way that broadly, we are in the same band at a very broad level at a similar band as several of our peers. One needs to know we all have a different base to contend with, if you see our own performance last 4 years, it's broadly in a similar band of double-digit growth.

So the way we see it is that our strategy of focusing on the growth segments, which is something we've been doing very consciously over the last 4 years, that has played out quite well. We have built quite a bit of strength and quite a bit of coverage in these growth segments. We intend to continue with the same strategy.

If we see last 4 years and particularly this year, essentially, it's a play between bank credit and the bonds. And depending on the interest rates, depending on the bond yields, which are again impacted not only by domestic drivers, but also geopolitical drivers We are well positioned in these segments and our strategy would be to continue our focus on the growth segments.

Shailendra M.:

Thanks for the question. This is Shailendra, CEO of the R&A business. Your question was around the growth rate within R&A for the second half of the year, excluding Fintellix. So excluding Fintellix, we had a muted growth within knowledge services, the outsourcing services business, which was the bulk of what we do within ICRA Analytics.

But outside of that, the smaller -- what we used to call as the RMS business and Market data businesses actually grew, although on a small base, they delivered growth and turned profitable. Fintellix obviously got added only towards the second half of the year. All those numbers that you see reflect Fintellix numbers too.

Venkatesh Viswanathan:

Yes. And the third question was on capital allocation. On capital allocation, if you look back for the last 3 years, we have consistently increased the dividend payout. Even for the current year, if you look at the data, typically, we used to pay INR 60 per share normal dividend, which we have increased to INR 70. Additionally, there is a special dividend as well.

The second question is, are there any alternate way of looking at capital allocation? Yes, there are alternate ways, and we keep on continuing to look at those options especially considering the fact that there has been some changes to the taxation rules. We will continue to evaluate options on and as and when the Board approves that, we will relook at capital allocation further.

Divij Punjabi:

Sure. Thanks.

Moderator:

Thank you. The next question comes from the line of Rajiv Mehta with YES Securities. Please go ahead.

Rajiv Mehta:

Congrats on stable performance. So I have a few questions. First, what will be the outlook on the ratings growth in the current year? I mean what has been the kind of borrowing activity in April, May, if you can throw some light? And if this uncertainty lingers around for some more time, what kind of an impact it can have in the rating revenue growth?

Because I think the last 2 years, the rating revenue has grown by 14% at a very healthy clip. So do you see it moderating because the start for the year at peak? And if you can also highlight what is the base of surveillance fees, which will give us some growth, natural and maybe will help us in understanding how much moderation can come.

Ramnath Krishnan:

See as far as the ratings business is concerned, I mean, obviously, similar to any other business, it is a leverage play on the economic activity. Whilst we -- in the near term, we expect the bond market activity to be somewhat subdued given the spike in the yields and which is probably expected to persist a little longer.

But at the same time, we expect bank credit to grow quite well, which is what I think will probably drive bulk of our growth at this point in time. In the first couple of months of this financial year, we have not seen any significant slowdown in the market or generally speaking, in our ratings business. And we're hoping that the same trends will actually continue.

But there are some headwinds, thanks to the geopolitical crisis but it hasn't yet manifested itself in any significant challenges to cause us concern from a growth perspective.

Rajiv Mehta:

Yes. And in the research and analytics segment, you've been trying to point out in your wording also in the presentation and the press release that there could be margin shift because the revenue mix itself is shifting. So can you give us some indications of margins at the business level? Because I think Fintellix is a 20% EBITDA margin roughly.

Then you also have D2K you can highlight at a ballpark margin of D2K then the knowledge services is not growing well and the other businesses like BankTech and CapTech are growing better. So this revenue mix shift within the research and analytics, where do you see eventual margin stabilizing? How much of the margin give up can happen because of the shift?

Shailendra M.:

Yes, this is Shailendra again. I will not specifically guide you on any EBITDA margins, but I can broadly talk to directionally where we are headed, At an industry level BankTech type of businesses, which are product-led risk and regulatory solutions to the financial services industry. The kind of business delivers anywhere between 20% to 35% EBITDA margins. And we will also be pursuing on those lines.

Now why that broad range? It's because different geographies have different margin profiles. So based on how we shift our revenue mix from India to outside of India and more specifically to the developed markets, that will determine how much of that we can achieve. But broadly, this will be the margin profile of a product-led business.

Rajiv Mehta:

And the other one CapTech and D2K, some indication there?

Shailendra M.:

Again, I'll not comment specifically on D2K. The way we have now organized ourselves, I don't know if you've seen the investor presentation, we have organized ourselves into BankTech, CapTech and KnowTech. So BankTech consists of the erstwhile RMS businesses, which was the risk management solution.

- Rajiv Mehta:** Risk Management solutions.
- Shailendra M.:** Plus Fintellix and D2K. Now as a combined division within R&A, BankTech, we are trying to move to a more consolidated integrated organization, and we'll strive to achieve this at a combined level.
- Rajiv Mehta:** And with regards to the synergies that we were supposed to extract from D2K Acquisition, where are we in terms of those synergies already being extracted out in the last 1.5-2 years since we have taken over? And also possibly please talk us through about the synergies through which Fintellix acquisition will also become beneficial for us. This is my last question. Thanks
- Shailendra M.:** Yes. So although D2K acquisition happened a couple of years ago, the deeper integration has only recently along with Fintellix coming on board, we are driving that is -- integration is going as per plan. We have now been able to put all our products together into a more combined product suite, realizing the benefits of carrying all of these products together, which are broadly complementary in nature.
- And with overlapping customers, which is now not only just expanding our footprint in India and the region, but we are also beginning to see this manifest in customers having multiple of our products. And we believe this will start playing out over the next 2 years and where we strengthen our customer relationships and expand the solution offerings within each of those customers, especially the large ones.
- Moderator:** The next question comes from Niril with Awriga. Please go ahead.
- Niril:** Ratings growing in double digits in FY 27 and operating leverage at play, is it realistic to assume for the margins to go above 40% in the coming years? And second is on the non-ratings Moody's part of the business. Are we seeing further in-sourcing of projects by the parent or that has stabilized? And what sort of growth or project visibility you have for the next couple of years.
- Venkatesh Viswanathan:** Yes. On the first question on rating margins, we don't give a guidance on margin .. Generally speaking, Ratings business, if they revenue grow double digit, there is some margin addition. If you look back, you will figure out that whenever any company has had double digit revenue growth , there's some amount of leverage that kicks in as employee cost growth are sub-10%, and with good investments in technology, it should give you some kind of a pass-through in terms of margins. On the second question, can you just repeat on the second question?
- Niril:** Sure. So, my second question was with respect to non-ratings Moody's part of business -- are we seeing further in-sourcing of projects by the parent or that has stabilized? And what sort of visibility in terms of new project wins for that knowledge service part of the business we have for the next couple of years?
- Venkatesh Viswanathan:** On the Moody side, I think you would have seen the last couple of years, the growth has been muted. And we think that going forward also, we will see some kind of a moderation in growth.. We don't expect higher double-digit growth there. And as regards the in-sourcing from parent is

concerned, they keep on automating the processes on an ongoing basis and certain amount of in-sourcing happens periodically. But based on our past experience, some amount of in-sourcing happens, some new project work comes up which keeps on happening on an ongoing basis.

Moderator: The next question comes from the line of Pritesh Chheda with Lucky Investments. Please go ahead.

Pritesh Chheda: Can you callout the organic growth in the Research, Analytics business for FY26?

Venkatesh Viswanathan: See, I think Shailendra did cover that earlier, we don't give a separate growth between organic and inorganic. The overall growth, as mentioned in our press release, is driven by the acquisition of Fintellix. We also mentioned that the biggest business in research and analytics, which is the knowledge services is seeing some moderation from Fintellix acquisition.

Pritesh Chheda: Okay. And what would be your outlook for growth for the coming years and in conjunction with the aspiration of making research as 50% of the company level revenue?

Venkatesh Viswanathan: We don't give an outlook for revenue growth. But having said that, I think the acquisition of Fintellix gives us a very good platform for growth. As Shailendra did explain, there's a lot of work on consolidation happening along with diversification to other geographies. So we expect that the acquisition of Fintellix will drive growth in the next 2 to 3 years. We can't quantify the growth, but the growth will be reasonable, and it will also try to offset some of the moderation that is happening in the knowledge services.

Pritesh Chheda: Okay. And since which quarter was Fintellix consolidated?

Venkatesh Viswanathan: From October, we have started consolidating Fintellix -- 6 months.

Pritesh Chheda: Half year basically.

Ramnath Krishnan: Just to clarify, further on what Venkat just said. I mean FY '26 and even if you were to exclude Fintellix, if you look at the other businesses that were existing prior to October of 2025, the knowledge services business saw modest growth. But the other 2 businesses, basically Risk management and Market data, the two large verticals that are part of ICRA Analytics, both saw pretty healthy growth. So, at an aggregate level, even if one were to exclude Fintellix, the rest of the operations did actually deliver growth over the previous year.

Moderator: The next question comes from the line of Abhijeet Sakhare with Kotak Bank.

Abhijeet Sakhare: My first question was on the Ratings business. While you did mention that double-digit revenue growth would imply margin improvement. But what is your assessment of the current margin gap between ICRA and the other players?

Venkatesh Viswanathan: From a current margin perspective, I'm sure there are 3 players that you are talking about. I think each one works with a different set of clients. We do recognize the fact that there is a margin

difference between us and the other 2 CRAs -- and our intent is obviously to cover some of those as we ramp up our sales.

We have worked a lot on the sales side and if we continue the way we have done in the last 3 years, and if you have seen our margin trajectory, the growth has been quite reasonable in the last 3 to 4 years.

Moderator: Does that answer your question, Abhijeet?

Abhijeet Sakhare: Hello. Can you hear me?

Moderator: Yes, Abhijeet go ahead.

Abhijeet Sakhare: Sorry. My second question was on the knowledge services business, sir. Historically, this business did enjoy healthy margins. Now that the growth has started to slow down, does it also spiral into like margin decline as well into the next 2 to 3 years?

Venkatesh Viswanathan: I would rather look at it differently. I think the focus for us as a management has been to largely grow the non-KS part of the Analytics, which has got a different margin profile from the KS business. KS business will see some moderation.

Our focus in the last few years has been always to grow the non-KS business. The margin profile will be different and the intent for us is to grow on absolute EBITDA terms. But as we have clarified in our press release also, there's going to be a shift in the margin profile

Abhijeet Sakhare: Got it sir. And sir in the -- sorry, in the non-KS business, sir, given that the current reported numbers are kind of impacted a little bit, how should we think about the steady-state margins?

Venkatesh Viswanathan: Sorry, which business? Non?

Abhijeet Sakhare: Non-KS.

Venkatesh Viswanathan: Sorry, again, come back on the question again, non-KS business?

Abhijeet Sakhare: So non-KS business, how should we think about the steady-state margins like over the next couple of years once we kind of have a stabilization of the numbers?

Venkatesh Viswanathan: We don't give a very specific margin guidance. And I think if you recollect, Shailendra earlier had said that kind of business that we are in on the product side, 20% to 35% is the EBITDA range.

Abhijeet Sakhare: Got it sir. Thank you so much.

Moderator: Thank you. The next question comes from the line of Gokul Maheshwari with Awriga Capital Advisors LLP. Please go ahead.

Gokul Maheshwari: Thank you for the opportunity. My question is just on the non-rating business. You've done a few acquisitions in the last few years. And as you are trying to move sort of build a business beyond the non-knowledge services business, is your product portfolio largely complete? Or is there more to be added with respect to build a bigger business over here?

Shailendra M.: Shailendra here. Let me take this. So like you've seen in the investor presentation, we have kind of now organized ourselves as Banking division and a Capital Markets division within the banking division, we are primarily serving the credit value stream and data value stream in those value streams, any analytical or data requirements is what we are trying to build out.

From a product portfolio completeness stand point we are pretty much there. There are a few gaps that we are trying to bridge by building internally. And that kind of completes what we want to be doing. We will continue to explore adjacencies beyond these 2 value streams, which will be obviously new areas for us to grow.

Within capital markets, we have a very good offering covering all the asset managers and newer segments within the capital markets that we are pursuing. Again, there are opportunities for us driven both by some of the regulatory tightening and requirements that are coming through as well as some new greenfield opportunities that we are spotting. So we'll continue to make investments there.

Gokul Maheshwari: Which I assume, so this is basically largely investments which you have to do from internal expansions rather than making acquisitions to fuel your growth. Is that a fair statement?

Shailendra M.: In our existing product sets, yes, where we are comfortable where we are. We have the right set of products. We do have to evolve those products with the advent of AI and the new evolution that we have to go through for the products, the next iteration of those products that we'll continue to do.

But by and large, in the spaces that we operate or the product portfolio that we have, we are complete with the exception of those new regulatory changes that are driving additional requirements. But like I said, we will be looking at adjacent spaces, which are new areas and we'll explore all opportunities.

Gokul Maheshwari: Okay. Great. Just as a feedback, I mean it was alluded in the previous questions also. We would be having more than INR 700 crores of net cash. And given the product portfolio is fairly comprehensive now on the non-rating business, you may consider -- and our business is not capital intensive, we will be generating INR 180 crores to INR 200 crores of cash flow again this year. So our cash balance will further go up. So -- just as feedback would be to rethink on ways to actually give money back to the shareholders if there are no opportunities to invest back in the business.

Venkatesh Viswanathan: Point noted Gokul.

Gokul Maheshwari: Great. Thank you.

Moderator: Thank you. The next question comes from the line of Ravi Purohit with Securities Investment Management Private Limited. Please go ahead.

Ravi Purohit: Yes, hi. Thanks for taking my question. A couple of questions. One is for Shailendra. We -- I think we've been shareholders for ICRA for a fairly long period of time. And just what if you -- from Fintellix like a completely new thing for a rating company in that sense.

So how does -- like what -- if you could share some real-life use cases as to what Fintellix actually do for the end customer, right? So right now, like most things that are spoken on the call or put out in the annual report, like Greek and Latin for a layman, right? When we analyze the rating business, we know what the rating business does, right?

What does Fintellix like if you had to explain it to like really a lay person, how would you explain what does it do? And what is the addressable market for a company like ours where -- which gives us confidence that we will grow over a period of time, right? Are we a tech company with some research or are we a research company with some tech? We have absolutely no idea. If you could just share some insights, it will be very, very useful for us to kind of understand and appreciate.

Shailendra M.: Sure. Fintellix is a RiskTech, RegTech company, right? But I'll try to elaborate on that. Financial institutions, whether they are banks, insurers, asset managers, etc, have a need to meet a variety of regulatory requirements. One is on the reporting side which means they have to get all their transaction data, analytical data into what is called as a regulatory data repository or a risk data depository.

Do the necessary calculations that the regulators expect, structure formatted data and feed it into the regulator system, either it is in files for the data extraction, APIs and a variety of other formats. And this is used by the regulators for a variety of reasons, including supervision, macros and so on and so forth. So that is one part of the business

Organizing the data, the risk and regulatory data are helping financial institutions meet with the external reporting requirements as well as certain internal regulatory use cases. The second set of solutions comes from credit-related requirements. There are analytical needs for a financial institution or a lender to be able to analyze, do decisions around credit, around monitoring of credit at a portfolio level at an individual level, whether it is spotting early warning signals, whether it is monitoring for nonperformance loans, whether it is coding, classifying those, and accounting for those, either as incurred loss method or the now expected credit loss method. So all of these analytical solutions are the other type of solutions that we have. So broadly in summary, this is -- this falls into the category of RiskTech and RegTech.

Ravi Purohit: Okay so, when we look at, let's say, someone like Oracle Financial Services, or Finacle from Infosys or Intellect Design who provide core banking solutions to the banks, right, and who provide risk analytics also -- this is something that they can also do what they may already be doing, right?

So, in that sense, how do like Fintellix stand out vis-a-vis other software companies core banking software companies or banking-related domain, specific software companies. How -- is there a difference between two and can you just share? Or kind of help us understand where the Fintellix stands out?

Shailendra M.:

Yes. See, the system that you're talking about, Finacle from Infosys or any other core banking system for that matter. They also sit within the transaction banking systems that are capturing transactions, their systems with record, they are keeping a record of the transactions as well as balances and so on. Our type of solution is more on the analytical side. It is consuming data from all of these upstream systems -- it could be a treasury system, core banking system, card processing system, internal banking system and several others specifically exist in a bank or a lender. We consume all of the data, structure and store it in a way that risk and regulatory cases can consume it. And then we build those risk and regulatory use cases on top of it. -- so we don't directly compete with the core banking vendors. In fact, in some cases, we plug on top of them. In some cases, we collaborate with them.

And our type of solution, the need for it stems from regulators coming with new requirements or changing the existing requirements, and financial institutions maturing enough that they want to invest and automate some of the risk and regulatory use cases. These are typical reasons why somebody would come and talk to us and consume products.

Ravi Purohit:

And how should we kind of look at the addressable market or the growth opportunities for us in the sense where our revenue is today versus what it can be potentially if all the things work well for us and we execute really, really well. What kind of business scale can we achieve? What kind of a business scale does the end market actually offer us for us to kind of scale up, right?

Shailendra M.:

I'll respond to that slightly differently. Every single regulated entity within the BFSI space will need solutions like ours. How much they will spend on solutions like that is based on their scale and complexity. And second is the regulatory push in terms of how much automation the regulators want to see from these regulated entities. So obviously, we see much higher levels of spending from the larger banks and financial institutions and the adoption levels are much, much lower within the smaller banks or the NBFCs and smaller entities.

But as the supervisors start looking at the next year and go down the chain, all of them will come under the pressure to start automating and being able to meet with the regulatory expectations. So, our total addressable market is every single lender or regulated entity that is delivered in the banking space.

Ravi Purohit:

And we typically send them like onetime licenses or this is like an annual product -- annuity product that we kind of sell to them.

Shailendra M.:

Our preferred model is to have an annuity sort of structure, but not every financial institution is ready to consume like that. Many procure based on their more conventional buying way, which is to say, give me an upfront license and a smaller recurring fee. We are making concerted

deferred to shift towards more of a recurring subscription model. And obviously, we will get there at the market matures to that standard.

Ravi Purohit:

Thanks Shailendra. And one question for you, Venkat and Ram -- in a sense, this I think is a common question across like most of the con-calls that we've had in the past, right, on capital allocation, right? So, if you could kind also help us understand or kind of renew our expectations in our minds when we look at acquisitions that we do, like what kind of IRR do we expect?

Or what kind of payback period would we expect when we make acquisitions, right -- even if you, let's say, cash IRRs, right? So, for example, if we spend \$25 million on Fintellix acquisition prior to D2K. And so typically, is there a benchmark IRR that we have or if you can share that with us?

So how is it better than kind of not holding excessive cash on the balance sheet or sharing -- sending it back to the shareholders -- so if you please share the difference between the two, that will be helpful for us to kind of also understand and appreciate.

Venkatesh Viswanathan:

I will take that. From an acquisition, we have a standard framework, which includes many parameters including IRR, payback period etc and we generally stick to that and are monitored internally and reviewed internally.

Ravi Purohit:

Venkat, if you don't disclose it to your shareholders, how do we know whether you have failed or passed in that acquisition or whether -- how do we assess whether it has actually worked or it has not worked, right? I mean -- is this not like a disconnect between the two, right?

Ramnath Krishnan:

No, no. See, there are 2 parts to this One, we have a framework, naturally we'll look at the payback period, we'll look at IRR. Most importantly, we first look at the synergies that the opportunity might bring the adjacencies that the opportunity might bring to our table. So that's the first -- and apart from that, when we look at IRR and payback, all the structure, management or the rest of it, etcetera.

Once that is done, I mean, naturally, I mean, as we are a Board governed entity, we take the proposal to the Board, and the Board evaluates all of this and then it gives us the approval to go ahead of the transaction or otherwise. But one of the contours of the transaction are approved by the Board, the Board periodically reviews them to see what we promised to deliver is consistent with actually what is being delivered. And that will go on until the time that the integration is completed. So, it is not as though, it goes completely unsupervised.

We don't put it out in public domain. But internally, the Board actually look at it, do they review it periodically to see whether the milestones are actually being met and whether what was actually promised or what was what we expected to deliver is consistent with what is actually being delivered. The answer is yes.

Ravi Purohit:

But still, like there is any like -- I mean I think if it's already like -- there is an internal benchmark from the Board. But I'm just thinking like, when I look at Moody's presentations in the US or

S&P's presentations in the US, right, I think there is always a communication that this is what our benchmarks are, right? Whether we meet or not is different -- that's an outcome, right? But the process is also kind of shared to a limited extent, right, to whatever cost it would -- if you don't share the process and the outcome, shareholders will always be in the dark, right?

We don't even know how much scale-up has happened since the acquisition, whether the ROEs were met, whether the ROCEs were met, the paybacks were met. For us, it will -- once it is all a merged entity, there is absolutely like a black hole, right? So, we have to basically just look at the numbers and assume that whether it has happened or not happened.

So -- but disclosure, from a shareholder family point of view, I think it might make sense and maybe you won't regret. So how should we kind of communicate with the shareholders that we have done justice to the money that we have spent on acquisitions over a long period of time? And is there a tracking method that you can share with the shareholders? That's all I had.

Moderator: The next question comes from the line of Nishant, a Retail Investor. Please go ahead.

Nishant: Hi. Just a couple of things. One is I was looking at Page 9 of your presentation. So the organic growth was muted for the research and analytics business. So what is the rough segment profit contribution of Fintellix?

Venkatesh Viswanathan: We don't give any specific Fintellix contribution.

Nishant: But you will have to disclose it in any case as part of the annual report, right, because this is like an acquired business.

Venkatesh Viswanathan: Till the time we disclose for everyone, we have to maintain that parity.

Nishant: Come again?

L. Shivakumar: Till the time we disclose for all the shareholders, we'll have to maintain that parity, because right now, it is not in the public domain.

Nishant: Okay. But this should be a public call, right? What is a, anyway, it's okay. The second thing is when you look at growth, it should be.

Venkatesh Viswanathan: One more thing, Nishant, I think we have given a note on the Fintellix, especially in the notes to accounts where we have said, I think, around 26% is the EBITDA for Fintellix.

Nishant: Understand. Understand. Okay. Got it. Got it. The second one is, in terms of just understanding the growth on a steady-state basis, right, after we exclude the impact of labor code, basically, there is zip code a 20% growth. That's the order of magnitude we should be looking at, right, in terms of the delivered growth for FY26?

Venkatesh Viswanathan: Sorry, how much you mentioned?

- Nishant:** 20% is the order of magnitude that I got.
- Venkatesh Viswanathan:** Yes, yes. It'll be, I mean, if you exclude you are right. Roughly, it will be in that range. You're talking about the segmental or you're talking about overall PBT?
- Nishant:** Essentially segmental, so the way I was thinking about it is that the segmental profit that you disclosed on Page 9 is the core operating EBIT, excluding the impact of interest income. So that seems to be in the zip code of 20%. That's the right order of magnitude, right?
- Venkatesh Viswanathan:** Closer to that. Actually, it'll be slightly lower than that, especially you're talking about research and analytics, right?
- Nishant:** Overall. Overall, both put together.
- Venkatesh Viswanathan:** Yes, you're right. It'll be closer to 20% - 21% if we exclude the amortization as well, investment amount.
- Nishant:** Got it. Okay. Then what is the total dollar-denominated business that we have on the top line?
- Venkatesh Viswanathan:** Dollar would be roughly around, just give me a second
- Nishant:** Sure. Yes.
- Shailendra M.:** Are you asking specifically within the R&A business?
- Nishant:** No. Overall, I'm just trying to understand how much of the revenue for the company total. So let's say, if I look at the INR 600 crores of top line that you have for FY26, how much of that would be denominated in dollars?
- Ramnath Krishnan:** Roughly about USD 18 million.
- Nishant:** USD 18 million, okay. That's about one-third roughly of like, maybe a shade below one-third. Okay. I understand. And that effect, is that the currency impact doesn't have a full flow-through in Q4, is it?
- Venkatesh Viswanathan:** It has.
- Nishant:** I'm just trying to understand how much of the growth was because of currency versus. So?
- Venkatesh Viswanathan:** So there will be a flow-through of the currency. Roughly, one-fourth of that you take and compare it with last. There is some growth on account of currency. But typically, we don't recommend to look at only the quarter because what also happens in some quarters is there's some true-up which happens for incentives etc. If you look at the previous quarter, there was an impact of the labor code and all. So rather than that, we would rather want it to be in a half year or full year to the extent possible.

Nishant: Understand. And of the costs, are there, let's say, significant dollar-denominated costs like, let's say, product licenses or other?

Venkatesh Viswanathan: Not significant.

Nishant: Okay. Okay. Understand. So basically, the way I should think about it is that about \$18 million is effectively dollar-denominated revenue and rupee-denominated costs.

Venkatesh Viswanathan: Yes, roughly.

Nishant: Understood. Okay. And just one last question with respect to Fintellix. Who would be the competitor for us in this business?

Shailendra M.: So let me take that. It's Shailendra here. Globally, a couple of names I'll give you, Regnology and Nasdaq Technologies. These again in a private equity slash public company-backed entities that have grown through a lot of acquisitions over the last few years. They are the ones that we typically find in the large global banks or internationally when we chase opportunities.

We also see a different kind of competition. There are a lot of system integrators that will be there who will be pitching for more bespoke builds or customized solutions around this. But from a product standpoint, these are the larger global players. There were many more which have now gotten consolidated into these two, through a series of acquisitions that have happened over the last 24 months.

Within India, we come across the usual suspects. Some of the other CRAs have equivalent risk and reg solutions. And there are smaller entities that have one or two of the solutions that we also have within our larger portfolio.

Nishant: Understand. So effectively, the way to think about this business is that you have data provided by the lender or the regulated entity. And then you sort of organize the data and provide access mechanisms to the regulator or to the regulatory engagement team in that bank or with the regulator, effectively like a streamlined pipe for them to access and sort of view the compliance track of the company? Is that the way to think about the machine here?

Shailendra M.: I'll add a couple of more layers to that. What you said is right. That is one part of what we do, but also think of the regulatory rules, regulatory templates, regulatory calculations that are required to be done, including any underlying models that are required to be able to achieve that. Those are all part of the solution. So we also constantly have to make sure that the product continues to meet the regulatory frameworks and regulatory requirements as prescribed by the respective jurisdiction regulators. So that's part of what customers pay for.

Nishant: Understand. And today, it is only credit institutions, or you also do insurance?

Shailendra M.: We do. So, it is all types of financial institutions, obviously, a high concentration within the lending universe, but we are trying to foray into some of the other adjacent areas.

- Nishant:** Okay. Thank you. I don't have any further questions. Thanks for taking my questions.
- Moderator:** Thank you. The next question comes from the line of Divij Punjabi with Banyan Tree Advisors. Please go ahead.
- Divij Punjabi:** Thank you so much for explaining the product of Fintellix. Just wanted to understand like, do we foresee any risks from the AI or Gen AI on the regulatory reporting side? Because what I understand is we take certain data, structure it in a, structure it as per what regulation requires and then pass it on to the regulator. So like can AI, like some AI model do this?
- Shailendra M.:** Well, AI will threaten every aspect of the technology world and every workflow within any enterprise. But honestly, this is the place which will be far touched because of the regulatory complexity that is involved and the fact that the level of accurately required, the level of SME expertise that is required to interpret the regulations and construct those regulatory submissions and any calculations, that is quite high.
- An external provider who brings his expertise doing it for financial institution, I think they also rely upon that aspect. Is there a possibility that some parts of this will get automated or written by AI? Yes, there is always that possibility and you can never rule that out. But by and large, this space will continue to exist, and I believe, going forward, will be very, very relevant for regulated entities.
- Moderator:** Does that answer your question, Divij?
- Divij Punjabi:** Yes. Thanks a lot.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. On behalf of ICRA Management, that concludes this conference call. I thank all the participants for joining us. Thank you.