

August 08, 2025

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

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

Dear Sir/ Madam,

Sub: Transcript of the Earnings Conference call

Pursuant to Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that the Transcript of the Earnings Conference call, conducted through digital means on August 04, 2025, has been uploaded on the website of the Company under the following link: <https://digitide.com/investors-updates/#disclosure> (Financial Information).

Kindly take the same on record.

Yours faithfully,
For **Digitide Solutions Limited**

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MANCHANDA

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Neeraj Manchanda
Company Secretary & Compliance Officer
Encl:- as above

Digitide Solutions Limited

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Tel: 080-6105 6000 | CIN: L62099KA2024PLC184626 | Website: www.digitide.com



“Digitide Solutions Limited
Q1 FY '26 Earnings Conference Call”
August 04, 2025



**MANAGEMENT: MR. GURMEET CHAHAL – CHIEF EXECUTIVE OFFICER
AND EXECUTIVE DIRECTOR – DIGITIDE SOLUTIONS
LIMITED
MR. SURAJ PRASAD – CHIEF FINANCIAL OFFICER –
DIGITIDE SOLUTIONS LIMITED**

MODERATOR: MR. CYRIL PAUL – ERNST & YOUNG

Moderator: Ladies and gentlemen, good day and welcome to Digitide Solutions Q1 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

Please note that this conference has been recorded. I now hand the conference over to Mr. Cyril Paul from Ernst & Young. Thank you and over to you, sir.

Cyril Paul: Thank you. Good evening and welcome to the Q1 FY26 Earnings Call for Digitide Solutions. The company has published its results and has uploaded the investor presentation on the exchanges and is also available on the company's website www.digitide.com.

From the company, we have Mr. Gurmeet Chahal, CEO and Executive Director, and Mr. Suraj Prasad, the CFO, both of whom would be anchoring the call. Before we start, a disclaimer. Some of the statements made in today's call may be forward-looking in nature.

Such forward-looking statements are subject to risks and uncertainties which would cause actual results to differ from those anticipated. Such statements are based on management's beliefs and assumptions made by information currently available to the management. Audiences are cautioned not to place undue reliance on these forward-looking statements while making their investment decisions.

On that note, let me hand over the charge to Mr. Gurmeet Chahal, CEO and Executive Director of Digitide Solutions. Over to you, sir.

Gurmeet Chahal: Thank you, Cyril. A very good day to everyone and thank you for joining us for our Q1 Earnings Call. Today I am joined by my colleague and our CFO, Suraj Prasad. Today's call will begin with a brief recap of our long-term strategy which we outlined during our last earnings call, followed by a detailed review of quarters, financial, and business performance. We will then open the floor for your questions. This quarter marks a bold new beginning for us.

As of June 2025, we completed our de-merger from Quess Corp Ltd. and became an independent listed entity on 11th of June. This move is just not a structural change. It is a strategic leap forward to accelerate value creation, sharpen our market focus, and build an enterprise that drives long-term sustainable returns for all of our stakeholders. A quick recap of our 3x3x3 strategy. You know, our strategy is a bold roadmap to triple our revenues by financial year '31.

The core is simple. Focus on three high potential verticals in each geography, powered by three integrated service lines. This model allows us to drive scale, differentiation, and profitability. We have activated this strategy through five high-impact levers and have already made very good progress.

The five levers are building an agile organization, which means streamlined structures with integrated end-to-end delivery teams, bringing on board experienced and domain-rich leaders

with proven transformation credentials, a high-performance culture fueled by innovation and continuous learning. That's the third lever.

Fourth is automation and AI embedment across service lines to boost client value and margin. And the fifth lever is looking at a very strategic acquisition strategy and partnerships that enhance capability and market access. Across these five, we've made significant progress, and I did talk about that in our last earnings call as well.

In parallel, we started to reshape our portfolio last quarter. What that means is exiting non-strategic contracts, exiting low-margin contracts, so that we can sharpen our focus and free up resources for high-growth bets. This realignment is on track to complete in the second quarter of this financial year, and we are already seeing some green shoots and early gains.

Now, I'm going to pivot on our Q1 performance highlights. In Q1, we continued to build momentum despite the macroeconomic turbulence and the ongoing portfolio transformation. Consolidated revenues clocked INR736 crores, which is a 6% year-on-year increase. Our domestic market contributed 64% of the total revenue, and the international markets came in at 36%.

The EBITDA for the quarter stood at INR83 crores, which is an 11.2% margin, a modest increase over our Q4. The significant piece is that our business EBITDA margin expanded by almost 203 basis points. The overall EBITDA held firm as we invested deliberately in leadership, solution, innovation, and go-to-market accelerations. We believe these investments are designed to unlock significant operating leverage in the coming quarters.

Our PAT for the quarter stood at INR10 crores, marking a 150 basis point sequential improvement even after absorbing one-time listing-related exceptional costs of about INR9 crores. Coming to the segment performance, we acted swiftly to streamline and sharpen our business mix, transitioning away from non-core and inefficient segments and contracts. Our BPM business posted INR539 crores in revenue, up 6% year-on-year. Even given the softness in the BFSI segment, margins rose to 17%, a 255 bps sequential rise, reflecting disciplined execution and improved operating leverage.

Our tech and digital segment generated INR197 crores in revenue, growing about 0.7% sequentially and 4% year-on-year. Steady progress even as we realigned the portfolio. The margin rose 63 basis points sequentially.

Let me now give you a view onto the sales side. We began FY '26 with strong sales momentum, securing 27 new client logos, including a marquee cloud transformation engagement. These wins validate our positioning and demonstrate client confidence in our differentiated offerings.

In this quarter, we also launched 15 new AI-led pilots, underscoring our commitment to AI-led delivery. Our total contract value for Q1 stood at INR523 crores, fueling future revenue visibility and reinforcing our market traction. Our customer centricity continues to shine through.

Our Net Promoter Score jumped to 71.3, one of the highest in the industry, and a significant improvement over last year. This is a strong testament to deepening client relationships and

superior service delivery. On the leadership and people front, we are very proud to be recognized as a great place to work for six years in a row. In fact, this time our ranking improved to 19. You know, this is not just a badge of honour, actually. It's a reflection of our people-first philosophy, market leading people practices, and relentless investment in culture, talent, and leadership.

A key area of focus for us going forward is driving margin expansion and stronger return on equity. We remain focused on unlocking higher margins and enhancing return on equity through five strategic levers. The first is elevating our service mix with more tech and digital offerings that scale profitability.

Second is doubling down on international expansion to capture premium pricing and diversify revenue. Third is driving operational excellence through automation, optimization, and process rigor. Fourth is applying discipline, deal qualification, and structured pricing to preserve margins and ensure profitable growth. And fifth is strengthening revenue assurance and cash conversion to maximize capital efficiency.

We believe these levers from a high conviction blueprint for delivering sustained EBITDA margin expansion and long-term RO improvements, ensuring we create exceptional value for our shareholders. In summary, we enter financial year '26 with a high-quality order book, energized teams, and an unmatched clarity of purpose.

Our conviction is strong, our execution is bold, and our ambition is clear. We are not just building for growth. We are building to lead. Thank you to our employees, clients, and stakeholders for your unwavering support. Together, we will make Digitide a global leader in AI-first tech-enabled business solutions.

With that, I'll hand it over to Suraj for a deeper dive into our financials. Thank you.

Suraj Prasad:

Thank you, Gurmeet. Good evening, everyone. Thank you for joining this call. I'm really pleased to share our financial results for the first quarter of FY '26. We'll also spend some time to outline our strategic progress since we last met, and also, subsequently, our successful de-merger and listing.

For the quarter, it laid a solid foundation for the start of the year, reflecting a very strategic reset which initiated our disciplined approach to sustainable growth, even in this transformation. Our first quarter revenue touched INR736 crores, representing a stable 0.4% sequential growth and a 6% year-on-year growth.

This performance underscores our ability to maintain growth momentum despite challenging market conditions and demonstrates our strength in our diversified portfolio during our ongoing transformation journey.

EBITDA for the quarter is at INR83 crores, maintaining our margin at 11.2%. While, as Gurmeet mentioned, while the EBITDA margin remains flat sequentially, we are particularly encouraged by the underlying improvement in the business margins across both of our segments, tech and digital, as well as BPM.

This vindicates our approach to the focus on the key businesses and also revamps some of the non-core portfolio which we initiated last year. And this also re-underscores our operational excellence, which means the NPS core which we spoke about also underscores the fact that we have been able to deliver seamlessly even in this transition phase. Net profit for the quarter was INR10 crores, a 1.3% PAT margin. This is a 150 basis points sequential improvement.

Moving on to the segmental updates, starting with the BPM segment revenue was INR539 crores, 0.4% sequential growth, and 6% year-on-year, with a 17% EBITDA margin. The segment margin expanded by 255 basis points. This is driven primarily by improved operating leverage and the cost management, even as we face some headwinds in our verticals and BFSI, etc, and the continuing industry softening.

Our tech and digital business generated INR197 crores in revenue, 0.7% quarter-on-quarter growth, and 4% year-on-year. Tech and digital now contributes 27% of our top line, and segment EBITDA margin is at 9.8%.

This broad-based group also underscores the increased relevance for digital offerings in our client transformation journeys and the price offering of tech and digital embedded with BPM. From a geography standpoint, our international portfolio now contributes 36% of our revenue. Strengthening our position across all our growth markets.

As Gurmeet highlighted, our sales pipeline remains really healthy, and a good mix of new logos and new lines of business from our existing customers as well. I'll spend some time on the corporate updates. Post our de-merger, we strengthened our balance sheet that remains to be our core focus, and as of quarter-ended June, our gross debt stands at INR46 crores, while on a net basis, we are a net cash company at INR34 crores net cash.

I'd also want to highlight and the investors and analysts to be aware of our working capital dynamics during this quarter. There were expected temporary slowdowns in our billing and collections due to the new GST registrations and contract innovations across all of our customer portfolio after de-merger.

This has resulted in a DSO increasing to 91 days during the quarter. However, the good news is that we are already seeing normalization, and the DSO is tracking back to our historical levels. On strategic investments and exceptional items, our Q1 results reflect the focus investments in capabilities, people, and offerings in our transformation journey.

Exceptional items, as we have already pointed out is INR9 crores, which is basically the operational expenses and costs towards the de-merger and listing, which is a real investment we wanted to do to position us for a long-term success. Following our comprehensive portfolio review, we also successfully accelerated the exit from our non-core and low-efficiency businesses, as guided earlier.

We expect this process to conclude by Q2 of FY26. In terms of long-term commitment and the focus investments, we are continuing our commitment towards long-term guidance on revenue and margin growth. Our disappearing capital management supports progressive earnings per

share and paternal equity on the long-term basis and we continue on the same guidance we had stated for FY31.

In closing, our Q1 FY26 highlights our successful navigation of the de-merger transition while maintaining operational stability, improving profitability and also improving on our customer satisfaction stores, which is really important for us as an entire team. Margin expansion and operational improvements will be driven by the strategic portfolio which we spoke about.

And this, along with the cost optimization, the revenue assurance initiatives we have pioneered now and the AI-led product offerings, we would continue to be on a prudent capital allocation on the key sectors which we had guided earlier. I thank all of you to join this call and really appreciate all of your questions. I will hand it over to the moderator for your further questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sanjay Shah from KSA Securities Private Limited. Please go ahead.

Sanjay Shah: Good evening, gentlemen. Gurmeet sir, thanks for a wonderful explanation about the scorecard of the company and the future guidelines what you have sorted. Sir, even congratulating for an increased score of net promoter score, I think it's very helpful for the future growth of our company.

So, my question was to just understand about this TCV, total contract value, which has fallen from INR568 crores to INR523 crores. So, how we can read that, how that can impact our company?

Gurmeet Chahal : Thank you for your question and thank you for your kind comments. So, Sanjay, the TCV in Q1 is at 523 versus 568 that's a very marginal difference. And in this industry, typically, the last quarter is also a better quarter for bookings for obvious reasons. So, I think the momentum continues, Sanjay.

And there are always one or two deals that shift within the quarter. So, I wouldn't read into it too much. We've had two back-to-back quarters where our EN plus NN has been above INR500 crores. So, that's giving us the confidence that our strategy is working and we believe this momentum is going to continue.

Sanjay Shah: Great. So, my second question was regarding shrinking in our core business margin. We have been doing pretty well in all Digi-tech. But our core business of Digitide, the margin has come down to 11%, 11.5%. And I understand you explained about the non-core business exit. So, from Q2 onwards or further more quarters, how we see this rising margin and even top not compromising on the top line and coming back to the 14%, 15% Digitide margin?

Gurmeet Chahal : So, Sanjay, in our last earnings call, we did explain that as we set up a standalone company coming out of the Quess Corp, there are certain expenses that we have to incur to create a setup -- standalone company. Second, we've been making very deliberate investments in leadership and basing up our offerings. So, we did say that versus the last financial year, we should expect 150 to 100 basis points dip.

And we had also said that because of the restructuring of the contracts and optimization of the portfolio, the first half of the year, which is Q1 and Q2, we should see some impact of that optimization and restructuring. We are very confident that from the second half, we will start to claw back.

And I did talk about the five levers, which we have already started to focus on. So, we are working on those five fundamental parameters so that we can get to the guidance that we had given in the last quarter. And we are committed and confident about that.

Sanjay Shah:

Great. So, my last question, it is regarding your last presentation where I saw that we have a competitive position and mode in IT BPM services. Can you highlight upon competitiveness and even mode? How do you see that? How competitive we are and what are the modes you see more to see loaded?

Gurmeet Chahal :

Yes. So, Sanjay, again, I must compliment you that you paid attention to every word we highlighted last time. So, the mode that I had referred to was in our BPM business. See, in our BPM business, majority of our business is platform led, which gives us stickiness in the contracts, which gives us stickiness or differentiation versus our competition.

And like I mentioned, we are actually further enhancing that by embedding AI. In fact, last time I gave the example of our collections platform, DigiCollect, and how we are embedding AI to make it more differentiated and bring further stickiness. The other thing that we are very consciously doing, Sanjay, in the new contracts, we are bundling technology, underlying technology with the services.

It enables us in two ways. One, it obviously creates entry barriers for our competition, but at the same time, it gives us the flexibility to execute on technology transformation more seamlessly. So, those are the modes that we have. So, I gave you two examples of modes that we already have and how we are strengthening them. And second, what kind of new modes we are creating.

Moderator:

The next question is from the line of Darshil Jhaveri from Crown Capital.

Darshil Jhaveri:

Hello. Good evening, sir. I hope I'm audible. Hello.

Gurmeet Chahal:

Yes, Darshil, you are audible.

Darshil Jhaveri:

Yes. Hi, hi. Firstly, sir, congratulations on a great performance. So, just wanted to know, like, I want to know our overall way of our growth. Like, I think we want to go 3x by FY '31. So, FY '26, I think, could be the year of consolidation where we've just demerged and we are just being restructuring a lot of our business.

But how do we see everything going FY '27? Like so what kind of growth can we expect next year? I'm assuming this year will be a very flattish year compared to last year. So, just wanted to gather your thoughts on it, sir.

Gurmeet Chahal:

So, Darshil, great question. So, in the current financial year, I don't believe we will be flat. We will definitely be in the upper quartile of the industry growth. Now, coming to the long-term, if

you look at our historical data, organically, we have grown at about 13% to 14% CAGR. So, we believe to be a \$1 billion enterprise, our organic growth should be in the 16% to 17% CAGR, and then the incremental 150 million to 200 million to the \$1 billion will come through our acquisition that we plan to do.

So, to summarize, three things. I don't expect FY '26 to be flat. In fact, this quarter also we've grown 6% year-on-year. So, we will definitely, by the time we end the year, we will be in the upper quadrant of the industry growth, number one. Number two, looking forward, our organic growth should be in the 16% to 17% ballpark, and then we will get the incremental 2% to 3% through the acquisitions. And we are not waiting for the acquisitions in the third or fourth year. We have actually started working on that journey as we speak.

Darshil Jhaveri: Okay, okay. That helps a lot, sir. So, and so, sir, like, if you mean to say, like, we'll be on the upper quarter, that would be around 11%, 12%? Or how would we look at it, sir?

Gurmeet Chahal: So, we definitely want to end the year in double-digit growth. You're absolutely right.

Darshil Jhaveri: Okay, okay, okay. That's really fair, sir. And so, if you're going to target 11% to 12% growth, so I understand you're saying EBITDA can be impacted by 100, 150 wages points. But with a higher operating leverage and maybe a lesser these exceptional costs. So, overall, we can have, like, kind of better PAT margins going forward, because, like, our H2 can be significantly better in terms of margins compared to H1. Would that also track?

Gurmeet Chahal: Yes, Darshil. So, we expect our margins to start climbing from the second half of this year. And, I mean, of course, higher revenue is one of the levers. And I did talk of the other four levers, which we are going to execute. And that's why I said, we are both committed and confident of a margin expansion in the second half of the year.

Darshil Jhaveri: Okay, okay, okay. Fair enough, sir. And I just wanted to understand, like, how is the macro environment right now? Like, even, like, in the both domestic and export market, like, is it very favorable in terms of demand? Or are we having to fight for every contract? What's the competitive intensity? Any kind of color on how the businesses are going would be really helpful, sir.

Gurmeet Chahal: So, Darshil, in our context, you will have to look through two lenses. Since 64% of our revenues come from India. So, there will be an India lens, and then there will be a North America lens. See, from the India lens perspective, the market is still strong. There has been a little bit of a softness in the financial services. However, we believe that things will start to pick up there. And we've not seen a really big impact in our domestic business.

On the international side, where majority of our tech and digital business comes from the international market, despite the optimization that we are doing in that portfolio, we are still clocked both sequential and year-on-year growth. And the reason we've been able to do that is we've been very clearly focused on the industry segments that are growing faster than the overall industry, number one.

Number two, our offerings, which are a bit differentiated. To give you an example, in the insurance, the PNC space, our strategy is based on the two product offerings that we have. One in the data space and second an end-to-end platform. And as insurance companies want to get more on the AI bandwagon, they have to get their underlying data structures in place that is helping us.

So because we are focused on industries that are growing faster and service lines that are growing faster, we've been able to hold steady and actually grow despite, you know, some of the headwinds which have impacted the business of our peers.

Moderator: The next question is from the line of Jyoti Singh from Arihant Capital Markets Limited.

Jyoti Singh: So apart from Digitide, I also wanted to know some of the overall view and guidance if you can give. And for the Digitide, I just wanted to understand that 44% of revenue from BFSI insurance.

So how are you de-risking vertical concentration amid macro uncertainty in financial services? And also, if you can share more on the AWS transformation deal size and scope and duration, does this indicate a shift toward larger and multi-year digital transformation mandates?

Gurmeet Chahal: Yes. So, Jyoti, first of all, thank you for your questions. So you had two questions. One is, how are we de-risking the concentration in financial services and insurance? And second, you wanted to know about the AWS transformation deal. And is it that a sign of the times to come?

So on the BFSI side, look, the banking financial services and insurance is the biggest spend in the industry. I mean, that size of that market makes it very, very attractive. Our de-risking is from three perspectives. One is geography. Second is the platform embedment. And third is the kind of services that we are creating afresh.

So look, because we've got exposure to, large exposure to both India and US, so our revenues are not dependent on one economy and what's happening there. So that's why, last couple of years, if you see, our growth has been where it has been. So there is a bit of a geography diversification there.

Second is, like in the banking and financial services, a significant part of our business is collections, which is platform driven. So which again gives us insulation, stickiness, like I explained. And we are further enhancing that.

Third is, because we are so laser focused on data analytics and AI, and that is a service line which is growing across. And the financial services, insurance, banking, is always an early adopter of technology. So that is again helping us, tide over the challenges that the overall segment softness brings with it. So those are the three ways we are de-risking.

Now coming to your second question. Look, as our stated goal is to grow our tech and digital business to 40% of our overall revenues, by FY '31. In that, one of the big bets we are taking is application and infrastructure modernization. And that's where the AWS, story fits in. So this application and infrastructure modernization will be hyperscaler led.

The deal that we have picked up is a multi-year, 3-year deal. In that deal, we are actually helping them migrate, modernize and we will also manage the assets on an ongoing basis. So, yes, from that regard, it's a truly transformational deal.

It's a testament to the investments that we have made in our leadership, both on the sales and the operations side. And in fact, as I look into our pipeline today, we have several other hyperscaler led deals. So, yes, we will see more and more hyperscaler led deals. We will see more larger transformational multi-year deals, Jyothi.

Moderator: The next question is from the line of Garvita Jain from Seven Islands PMS.

Garvita Jain: Yes. This is Garvita from Seven Islands PMS, sir. I have one question. Apart from INR9 crores of one-time cost, which we have incurred because of demerger, is there any one-off cost in the expenses? Because I can see that in the unallocated corporate expenses, there is a huge jump. So could you explain that, please?

Gurmeet Chahal: So Garvita, thank you. Yes, you are right. We did have a INR9 crores one-time because of the demerger, which Suraj did talk about that. Other than that, there is not a significant expense. I mean, other than, obviously, like I said, we've been very consciously making investments in beefing up our leadership, enhancing our offerings and also some of the other investments we are making on the operations side, yes. Suraj, if you want to add to that, please.

Suraj Prasad: Yes. Maybe. Garvita, what Gurmeet alluded to, so there are one-timers which are primarily related to the listing and demerger per se, but the remaining expenses are increased mostly due to the normal growth, which we had already guided to, which is the independent list entity cost.

So please also need to keep in mind the entire transformation of enterprise stack, the tech stack, the offerings, all of the investments. What you see in the corporate expenses going up is all towards leadership capabilities and market things. There's no one-time in that. These are direct investments. We will look forward to getting the benefits very soon.

Moderator: The next question is from the line of Ankit Dharamshi from RNM Capital.

Ankit Dharamshi: Hi. Good evening. Thanks for the opportunity. Am I audible?

Gurmeet Chahal: Yes, Ankit. You are audible. Please go ahead.

Ankit Dharamshi: Yes. So I had two questions. One is the segment EBITDA margin expansion that we have seen. Can you just tell us what are the key drivers for the 200 basis plus expansion across VPN and 60 basis expansion across tech and digital? And what is the steady state margin which is going to be sustainable for both the verticals?

And my second question is the DSO that we told that have increased to 91 days. In last fall also, we told that going to get -- I mean, we are going to ensure that we kind of streamline that and there will be 5% to 7% improvement by the end of FY '26. So are we sticking with the same guidance that by the end of FY '26, DSO will be better? Or do we see there is some more pain left and we may see DSO days further worsening or how is that? Yes.

Gurmeet Chahal :

Ankit, thanks for your questions. So, Ankit, on the first one, the margin expansion in the segments is attributed to the operational rigor that our teams have been driving and a very focused approach on driving cost efficiency. So that's what you see. On the DSO, in this quarter, it's an exception. And the reason it's an exception is, as we went from a part of Qess to an independent listed company, we had to innovate all our contracts.

While we have been extremely diligent about contract innovation and we had a task force set up for that, however, some of the processes, for example, GST registration, re-registration in states, some customers have to mandatorily do a contract review. So those things have actually had an impact. So we believe this is a one-time impact because of the contract innovations. From a long term, we are committed to be driving improvement in our DSO. So from next quarter, you should see the improvement already showing.

Ankit Dharamshi:

Okay. And what would be the steady-state margins which we are eyeing for both the verticals? For BPM, would it be in the range of somewhere around 20% to 22% kind of an EBITDA margin that we are targeting?

Suraj Prasad:

Yes. So, Ankit, so we have given an overall guidance for the long-term INR531 crores, as well as the near-term guidance for the current year. So in this current year, what we had also mentioned in the last call was that where we have these investments, pretty much two activities are happening in the first half of the year. One is the deep investments in people, capabilities and offerings, and also the one-time cost towards the new listed entity and so on. And third is towards our margin improvement plan from second half of the year.

So as we spoke earlier also, the segment margins will follow industry trend in the exact separate lines of business. BPM, we expect it to be back to the same levels from next year onwards. But this year, from the second half itself, we are already seeing that margin uptick happening. I wouldn't want to give a specific guidance to the number of margin -- percentage margin for each of the segments.

But at an overall level, as we said, there -- the margin outlook is the same. The 100 basis points to 150 basis points depend on the overall margin, which includes the corporate investments, as well as the one-time cost of a listed company. So thereafter, it should be a margin uptick. And we don't expect any slowness in that, given the fact that one of the levers, which Gurmeet also spoke about, is having a high amount of focus on the international market, as well as the second-digit market. Both of these are going to protect the market from the current levels. But we'll have to wait for a couple of quarters, whereas from Q3 onwards, we will start seeing that uptick.

Moderator:

The next question is from the line of Zaki Abbas Nasser, an Individual Investor.

Zaki Abbas Nasser:

Good evening and thanks for the opportunity. As I remember, sir, last time we had, now in the last con-call, you had said that you'll end the year at around 12%-ish to 14%-ish increase in your overall growth. Now we are in the midst of the second quarter also. Do you see this happening, sir? I mean, would you be fairly confident that you will close the year at whatever guidance you gave in the first quarter? Considering the international scenario.

- Gurmeet Chahal:** Okay. Thank you, Mr. Zaki. So, I mean, I think one of the earlier participants had also asked this question. Look, we are, as I said, by the time we exit the year, we will be in the upper quartile of the industry growth early double digits. We see that visibility based on both the momentum in the sales that we have had and the pipeline that we have today. To your point on the macroeconomic, of course, we don't have a control on that. But from what we know today, we are fairly confident that we will be in that cohort of growth, Mr. Zaki.
- Zaki Abbas Nasser:** Fantastic, sir. And coming to my next question, sir, we do almost two-thirds of our business in India. And which is, of course, currently a much more stabler business. So, wouldn't you want to continue this two-third India versus one-third international business? Because maybe India gives a better stability to the company, sir. Your thoughts on this?
- Gurmeet Chahal:** So, absolutely. 64% of our business comes from India and that's why I said, in our inherent business model, there is a risk diversification because of the geography. And the Indian economy continues to do well. So, we are -- that's why we are very, very confident that we will be able to grow at the level that we've planned for.
- Having said that, 36% of our revenues come from the international markets. And the macroeconomic pressures there have been a little more stronger, as we all know. But given the industries that we operate in and the service lines that we are focused in, we've been able to absorb those inefficiencies. And that, again, is giving us the confidence. And that's why, last quarter, we made that commitment that by the year end, and again, I reaffirm that, that as we are exiting the year, we will be in the upper quartile.
- Zaki Abbas Nasser:** Okay, sir. What I meant to ask is, last con call, you said that in the longer term, you would want 50% of your business to come from international markets. So, would you stand by that or would you feel that maybe two-thirds out of India is a better model to work on?
- Gurmeet Chahal:** . Look, yes. In the long-term, we will make -- we gave two guidances. One, we said 40% of our business will be tech and digital, which is 26% today -- 27% today. And second is, we said that our international and the domestic business will be 50%-50%, right? So, we still stand by that.
- As we have to expand our margins, the margin expansion will come from higher-end work from international geographies where we get premium. Even in that, our domestic business will be growing. Our domestic -- we are not defocusing on our domestic business. Our domestic business will continue to grow. It's an area of focus for us today. It will continue to be so. It's just that our international business, we expect it to grow a little faster. So, that's what we have planned for Mr. Zaki.
- Moderator:** The next question is from the line of Darshil Jhaveri from Crown Capital.
- Darshil Jhaveri:** Hello. Thank you so much for allowing me another question, sir. I just wanted to know, like, all our exceptional one-off items have been done in this quarter or are there some pending for the next quarter, sir?
- Suraj Prasad:** Sure, Darshil, I'll take that. This is Suraj here. So, we would have some bit of exceptional items in Q2 as well. And this is based on our long-term contract for some professional services along

with the demerger. But that will be quite in line with the current levels. And we don't expect significant one-off items after that.

Darshil Jhaveri: Okay. After Q2, there will be no any one-offs, right? And this one-off could be in the lines of Q1, hopefully.

Suraj Prasad: That's right.

Moderator: The next question is from the line of Manthan D. Patel from Patel and Investments.

Manthan D. Patel: Hello, sir. Am I audible?

Manthan D. Patel: Sir, I have just one question. What will be the steady-state OCF to EBITDA conversion ratio, like for long-term?

Gurmeet Chahal: Manthan, see, the steady-state will try to come to a steady-state, which we were there in the last year. So if you look at in the past, we were almost at around 60% OCF to EBITDA. Now, with these investments, etc going in and this working capital flux, which we have in the first quarter, we'll have to come out of that and probably give you a much more detailed picture. You will see that coming back to the same steady-state over the Q3 to Q4.

So we -- this is a very steady business with a lot of deep relationships, etcetera. So from an OCF point of view, we never had a big challenge. Now we're getting into more deeper tech and digital operations, which will only get better than that. So but we still continue to believe that the 60%-odd will continue in the future as well.

Moderator: As there are no further questions from the participants, I now hand the conference over to Mr. Gurmeet Chahal for closing comments. Over to you, sir.

Gurmeet Chahal: And again, thank you for joining us. Like I said, we are very, very excited about the financial year '26. We are entering with a high-quality order book. Energized teams and unmatched clarity of purpose. So once again, I want to thank our employees, investors and stakeholders, and everyone who joined us today. Thank you very much. We'll see you soon.

Moderator: On behalf of Digitide Solutions, that concludes this conference. Thank you for joining us and you may now disconnect your lines.