

February 02, 2026

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

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

Dear Sir/Madam,

Sub: Transcript of the Earnings Conference call

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of the Earnings Conference call, conducted through digital means on January 30, 2026.

The above-mentioned information will also be available on the website of the Company under the following link: <https://www.digitide.com/investors/financial-information/>

Request to please take the same on record.

Yours faithfully,
For **Digitide Solutions Limited**

Neeraj Manchanda
Company Secretary & Compliance Officer
Membership No. A20060

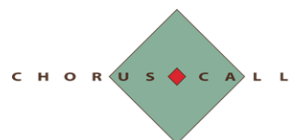
Encl: a/a

Digitide Solutions Limited

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“Digitide Solutions Limited
Q3 FY '26 Earnings Conference Call”
January 30, 2026



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

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

Moderator: Ladies and gentlemen, good day and welcome to Digitide Solutions Limited Q3 FY '26 Earnings Conference Call hosted by Arihant Capital Markets Limited. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Jyoti Singh from Arihant Capital. Thank you and over to you, ma'am.

Jyoti Singh: Thank you. Hello and good morning to everyone. On behalf of Arihant Capital Markets Limited, I thank you all for joining into the Q3 FY '26 Earnings Conference Call of Digitide Solutions Limited. Today from the management, we have Mr. Gurmeet Chahal, he is the CEO, and Mr. Suraj Prasad, he is the CFO. Mr. Rajesh Lachhani is the Head, Investor Relations and M&A.

So, without any further delays, I will hand over the call to Mr. Rajesh Lachhani, over to you, sir.

Rajesh Lachhani: Thanks a lot, Jyoti. Good day, ladies and gentlemen. Thank you very much for joining Digitide Solutions Q3 FY '26 Earnings Conference Call. We will begin with a brief overview of the company's performance, after which we will open the floor for Q&A.

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

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

Gurmeet Chahal: Thank you, Rajesh. Thank you, Jyoti. Good morning, everyone. Thank you for joining us for our Q3 and 9-month FY '26 Earnings Conference Call. Let me begin by wishing you all a very, very happy new year. Look, FY '26 is proving to be a defining year of transformation for Digitide.

Before we dive into the financials, I am incredibly proud to announce that Digitide has been certified as a great place to work for the seventh consecutive year. In a sector where talent is the ultimate differentiator, this is not just an HR milestone. This is a powerful attestation of our people's centricity.

Sustaining this for 7 years through a demerger and a public listing proves that our team sees immense value in our vision. For our shareholders, this translates into operational stability, lower attrition costs, and a high performance culture that is the primary engine behind our 3x3x3 strategy.

Our roadmap is clear, tripling revenues to USD1 billion by FY '31. We are moving from laying the foundation to building the structure. This quarter, the green shoots have turned into visible, measurable momentum. Despite a volatile macro environment, we have delivered a resilient Q3 performance.

Our consolidated revenues reached INR780 crores, which is a 6.5% year-on-year increase. This marks our fourth consecutive quarter of forward momentum. Our shift toward high-margin business is working.

Tech and digital revenues surged 19% year-on-year, now making up over 30% of our total mix. International footprint. Our global business grew 11% year-on-year, providing us with the premium pricing and geography diversity needed to de-risk our portfolio.

Our focus on profitable growth is reflected in our EBITDA of INR88 crores, with margins posting a modest uptick of 7 bps quarter-on-quarter. Although marginal, the improvement is noteworthy as it reflects the combined impact of improved operating leverage and better mix. While PAT was impacted by a one-off adjustment related to the new Labour Code, our adjusted PAT hit a 3 quarter high of INR24 crores.

The most exciting lead indicator, however, is our sales engine. Our total contract value (TCV) hit INR662 crores, a record high for digitide and a 20% sequential leap. We added 34 new logos this quarter, which proves that our value proposition is resonating deeply in the enterprise market.

We have solidified our status as a hyperscalers first partner. Adding GCP to our existing AWS and Microsoft partnerships makes us a rare triple threat in the AI space. Furthermore, earning the Microsoft Solution Partner designation for data and AI positions us among an elite group of partners globally.

We are not just talking about AI, we are operating with it. We deployed Agentic AI into our SmartPay, DigiCollect and DigiLoan platforms, fundamentally improving predictability for our customers.

We have handled 3.6 million automated transactions this quarter alone. And critically, and most important, we are future-proofing our greatest asset. Over 6,000 digitiders have now been re-skilled through our AI Learning Academy.

So in summary, Q3 confirms that Digitide is becoming the agile AI native leader we envisioned. We have the right partnerships, a record-breaking pipeline, and a culture that remains one of the best in the country. We are well-positioned for a strong FY '26 exit and an accelerated FY '27. Thank you to our employees, our 7-year great place to work legacy holders and our shareholders.

I will now hand it over to my colleague Suraj to walk through the financials in detail. Thank you.

Suraj Prasad:

Thank you Gurmeet and a very good morning to everyone on the call. I will start with the financials for Q3 to FY '26 and also give you a walkthrough on how this is translating into the

momentum for the upcoming quarters. Revenue, as Gurmeet highlighted, we continue to deliver a stable growth with revenues of INR780 crores, increasing both sequentially and on a year-on-year basis.

This growth amidst the softer macro environment and our own reorganization post, the demerger and listing, demonstrates our inherent resilience in our business. Talking about the segments, revenue growth was broad-based as BPM revenues of INR545 crores was up 2% quarter-on-quarter and Y-o-Y, with a strong momentum in tech and digital segment which continued to grow as revenue was up 3% quarter-on-quarter and 19% Y-o-Y to INR236 crores.

As a result, the share of tech and digital business continues to improve in line with our earlier aspiration and guidance, rising by 30 basis points to 30.2%. International revenues also increased 3% quarter-on-quarter and 11% Y-o-Y to INR292 crores, which now accounts for 37.4% of our total revenue, increasing by 20 bps quarter-on-quarter.

Now moving on to EBITDA and margins, EBITDA improved 3% quarter-on-quarter to INR88 crores with a corresponding uptick in margins. The improvement in margins, though modest, is meaningful as it reflects the combined impact of operating leverage and the better mix. Segment-wise EBITDA from BPM increased by 4% sequentially to INR86 crores with EBITDA margins improving by 33 bps.

Tech and digital EBITDA witnessed 6% growth in EBITDA to INR23 crores with margins improving by 23 bps to 9.6%. With a stronger pipeline and robust deal workings as Gurmeet highlighted and most of the transformation and demerger-related investments now fully absorbed, we are on track to our margin expansion plan as guided earlier.

Adjusted PAT rose by 43% quarter-on-quarter to INR24 crores. The adjustments included exceptional loss of INR25.4 crores towards the Labour Code changes which was announced on 21st of November. The INR 22.1 crores towards gratuity and INR3.3 crores towards debtors and leave encashment. And these impacts have been recognized as exceptional items in our financial statements.

Working capital and DSO. If you would recall, we had post our demerger, we had went into the process of novating all of our contracts from Ques GTS to Digitide and we had a stretch of our DSO days starting in Q1 to 91 days. We improved that to 83 days in the last quarter and happy to report that our working capital cycle continues to improve. DSO days improved by another 3 days to 79 days as we had guided.

We also reported strong operating cash flow during this quarter at INR92 crores which translates to 105% of my EBITDA which is really strong and we expect that to strengthen further. As we exit FY '26, we expect the DSOs to stabilize further more supported by the normalized billing post demerger-related novations, improved collection rigor and revenue assurance which we have put in place across all the group entities.

Our balance sheet remains strong, with a healthy liquidity and net cash position improving from INR113 crores in quarter 2 FY '26 to INR125 crores in quarter 3. Robust balance sheet position

provides us the flexibility to continue investing in our capabilities, leadership, strategic priorities and partnerships and any potential inorganic pursuits.

In closing, overall quarter 3 has been stable and confidence building quarter. At the business front, tech and digital and international business which is our key forte for growth continues to rise. Bookings remain healthy and the balance sheet provides the flexibility for future growth. Also the revenue growth coming in each quarter and the margins continue to improve and the PATs strengthening, cash conversions normalizing, we are entering quarter 4 and the last leg of FY '26 with a clear visibility and a strong momentum for growth.

With that, I hand the call back to the moderator for any questions and answers. Thank you.

Moderator: Thank you very much. We will now begin with the question and answer session. The first question comes from the line of Jyoti Singh from Arihant Capital. Please go ahead.

Jyoti Singh: Thank you for the opportunity. Sir, just wanted to understand like this EBITDA margin remain at 11% despite revenue growth. So what are the top 2 structural margin expansion lever over the next 6 to 8 quarters? And this targeted of 200 to 300 EBITDA expansion that we are expecting. So from mixed shift versus operational efficiency, how much? And another, when should one expect that margin in tech and digital to converge closer to BPM levels? Wanted to understand these three points.

Gurmeet Chahal: So Jyoti, thank you for your question. See the structural levers for improvement in margin are the product mix. When I say the product mix, the more we move into tech and digital, that will improve our margins. Second is the geography mix. And as you see on both those levers, we have positive momentum. And we see that continuing based on the strength of the pipeline that we have both for our international and tech and digital business.

On top of that, as we leverage AI to automate and optimize our operations, that will give further boost to the margin. On the tech and digital, there has been a margin expansion versus Q2. And as we all know, in the tech and digital deals, there is a lag between the start of the revenue and the margin uptake. So the good news is that we are already seeing that expansion just between Q2 and Q3. And again, like I said, given the nature of that business, we will expect that to continue.

As regards your third question on the guidance of 200 to 300 bips improvement, that was in line with our FY '31 goal. So we stay committed to that.

Jyoti Singh: Okay. Thank you, sir. And also, sir, I wanted to understand on the billing rate side, what is currently and over the last 4 to 6 quarters and where is the inflection point expected?

Gurmeet Chahal: So can you please expand that when you say on the billing rate? Is it revenue per employee?

Jyoti Singh: Yeah, revenue per employee, sir.

Gurmeet Chahal: Okay. Got it. So look, our revenue per employee has been inching up as well. In fact, versus Q3, there is a 1.5% improvement on the revenue per headcount. And as you would have also noticed,

that our headcount has actually come down a little bit. So that's again telling us that the changes that we are making in optimization are working now.

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

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

Sanjay Shah: Good morning, gentlemen. And thanks for a nice explanation and congratulations on achieving the awards. So my question was regarding this INR662 crore TCV we booked. So what are the time you expect these contracts to convert into revenue? And how much of the current order book is digital and how much is from BPM? And are you seeing any pricing pressure on the deal difference in BFSI and international markets?

Gurmeet Chahal: Mr. Sanjay, good morning and thank you for your questions and thank you for your wishes. So the deal conversions, let me answer the deal conversion first. So Mr. Shah, most of our contracts are three-year contracts, you know.

And a rule of thumb is that once we book in the next financial year, 60% to 70% of revenue of the ACV gets materialized. And that's been our historical revenue realization from the book deals. So we don't see a change in that, which is in line with what the industry has. The sustained improvement in bookings quarter on quarter is now reflecting in the revenue growth, Mr. Shah, as you can see.

Your second question was -- the second question was on the split between tech and digital and the BPS. While at some level, it's very difficult to pass that given that now a lot of our BPM deals also have a tech quotient in it. But overall, when I look at both our pipeline and the bookings that we've had, the tech and digital is higher than our current mix. And that is also reflective. As you can see, in the last two quarters, our tech and digital has grown double digits. So even our current pipeline is biased strongly towards tech and digital.

And then your last question was that, are we seeing some margin pressure from the BFSI segment? Look, the BFSI segment has been under pressure. So it is natural that they would also want to optimize their cost and vendor spend could be one of them. And there is where our proactive approach of embedding AI and giving a benefit to our customers has been working in our favor. And in fact, if you see at a segment level, our BPM margin has also gone up. And the reason I mention that is in BPM, we have a lot of exposure to BFSI.

So I hope I have answered your questions, Mr. Shah.

Sanjay Shah: Yes, sir. Yes, sir. Very much. Sir, can I add on a few questions more?

Gurmeet Chahal: Absolutely, sir.

Sanjay Shah: Sir, you have indicated a growth trajectory with a clear 3x3x3 strategy. Can you highlight upon and indicate how that as you last pointed out regarding inorganic growth route also. So what are

your threshold on that acquisition threshold? And will that be a margin accretive and how that will dilute you in the near terms?

Gurmeet Chahal:

Sure. So, Mr. Shah, you are absolutely right. As we have been continuously guiding that inorganic is part of our strategy. I had also highlighted earlier that our inorganic strategy is absolutely clear. We are looking at five cohorts in that. You know, two with a mix of horizontal and vertical capabilities.

So, horizontal capabilities that align with our current capabilities, complement them and which are the higher growth areas. So, digital engineering, data and analytics and HRO. These are all double digit growth. Our strategy is very conscious that the acquisition will be for an asset that brings us global revenues, biased towards tech and digital so that one, our international mix improves which is going to be value-accretive from a margin perspective and second, with a bias towards tech and digital assets which is also going to be margin-accretive.

So, to summarize, inorganic is a strategy we are actively looking for targets. We are looking for targets that will be margin-accretive and our targets that will strengthen our capabilities in the area that we have chosen like I said, digital engineering, data and analytics and AI, HRO because HRO is a nice adjacency to what we already do.

I hope that answers your question, Mr. Shah.

Sanjay Shah:

Yes, sir. Very much, sir. So, my last two questions were regarding, can you highlight upon how should investors think about Alldigi's contribution to consolidated EBITDA and cash flow? And are there any plans to simplify the group structure and to improve the value and visibility for Alldigi shareholders and even Digitide shareholders?

And the last one is cleanup of the balance sheets is over now? In last three quarters we have seen many headwinds and we have seen many exceptional expenses. Is that a fag end of the provisioning?

Gurmeet Chahal:

Yeah. So, Mr. Shah, again, thank you. Very astute question. Let me answer your second question first. As we had mentioned in the last quarter, all the demerger related expenses were taken care of in the last quarter itself. This quarter, the labor code impact, which is an industry-wide impact, so we have taken care of that as well. You know, unless there is a regulatory change like labor code impact, we don't see any one-time expenses impacting.

Now your first question. Look, Mr. Shah, like we have said, we have created a culture of one Digitide. We have brought all the companies together. So I think looking at Alldigi as an independent entity would not be the right way to look at it. I know it's a listed company, but we are operating as one Digitide and that was the whole premise of this demerger and then getting listed.

To your other point, look, the decision of making it one entity, merging it, that's a decision that the shareholders and the Board will be taking. But, yes, we will, now that we have done with demerger, these priorities are over, we will definitely explore that and we will bring it up to the respective boards. Ultimately, it's the decision that the Board and the shareholders will make.

- Sanjay Shah:** That's great, sir. Very helpful and I wish you best of luck and see this company growing under your leadership, seeing a great future ahead, sir. Thank you very much.
- Gurmeet Chahal:** Thank you. Thank you, Mr. Shah. Thank you for your endorsement.
- Moderator:** Thank you. The next question comes from the line of Gaurav from Capital Farming Consultant. Please go ahead.
- Gaurav:** Hi, good morning to the team and thanks for giving an opportunity to ask a question. I hope I am audible.
- Gurmeet Chahal:** You are, Gaurav?
- Gaurav:** Yes. Thank you for confirming. My first question is on TCV and again building on the earlier participant's question. As for the presentation that we have published, I think slide number 20, in the last four quarters we have almost contracted a TCV of approximately INR2,300 crores in the last four quarters. I just want to understand, out of this approximately INR2,300 crores value, how much would have been converted into sales as on Q3 FY '26?
- So just to get an idea, like you said, in first year, a certain percentage get converted into sales and the remaining outstanding. So just to get an idea out of this INR2,300 crore, how much would have been converted into sales till Q3 FY '26?
- Gurmeet Chahal:** So, Gaurav, before I answer the question, there is some context that I'd like to bring. If you recall, in Q4 and Q1, we had also taken down some business, which was a conscious strategy. So the - and we had guided the market also that we are exiting some contracts, right? So typically, look, in our industry, as we are adding new contracts, there is always some dilution that is also happening.
- This dilution could be on account of some projects coming to a meaningful exit, you know. So when you look at this TCV to ACV to revenue conversion, the thumb rule is the bookings that I make in FY '25, let's say I was to make a INR2,000 crore TCV, that will translate roughly into an ACV of 600, give or take. So of that, about 60% to 70% should materialize in the subsequent year. So which would be about INR350 crores to INR400 crores on an annualized basis.
- But this is gross addition. Like I said, there will always be some dilutions also in a running business. So when you factor that, the net addition comes in the ballpark of about 200 to 250, you know, and then 5% revenue you always add to the in-year sales. So that means whatever I sell within FY '26, 5% to 7% of that gets added into the revenue.
- So that is the map at an overall level, Gaurav. And if you look at our revenue trajectory in the last three quarters. And if you net off for some of the proactive exits that we did, we are very much in line with that map.
- Gaurav:** Okay, I will just go through this number that you have. But let me just get into it a different way, but somehow on the same numbers only. As an analyst, if you want to get a visibility, right? Let's say starting Q4 or starting with the FY '27, Q1 FY '27, at this point of time, what is the

visibility that we have? Because this will ultimately take us to the FY '31 vision that we have in terms of achieving \$1 billion of revenue.

So based on the TCV that we have already contracted, what gives us confidence that what percentage of growth we can assume? I'm not looking for a forward-looking statement, but on a year-over-year basis growth, what we can expect from the already contracted TCV? In FY '27, we can achieve that much based on the already existing funding and which will be supplemented by the additional TCV that we will be doing quarter-on-quarter basis?

Gurmeet Chahal: Yes, Gaurav. So based on the first three quarters and the pipeline and the likely conversion in Q4, we are very, very confident that in FY '27, first of all, we will finish FY '26 stronger. And in FY '27 we will be doing a double-digit growth on the revenue. So based on those sales that we have already generated and the pipeline for Q4, we are very, very confident.

Gaurav: Okay. And related to this only, we have mentioned in our presentation that we are working with more than 300 plus customers, and in the last four quarters, we have won approximately 120 new logos. So is it that in the last four quarters, we have expanded our customer base from 200 plus to 300 plus? Do we assume this or there is a different interpretation of 300 plus customer in total versus 120 new logos won in the last four quarters?

Gurmeet Chahal: Yeah. So look, Gaurav, the 300 is the key customers that we mentioned. Obviously our list of customers could be longer because you have to keep in mind, for example in the All-digi business, given the nature of that business being a payroll solutions provider, we will have a lot of smaller customers as well. But the key customers is the 300. And within that now, as we have added and we've also exited some contracts, that list will be about 325 to 330.

And when I say key customers, these are the customers where we see an opportunity to grow more. In fact within this also, we look at our top 100 customers both from a perspective of where we are with them and what is the total addressable market of their spend. And what's the wallet share expansion we can do. So I hope I have answered your question, Gaurav.

Gaurav: If you allow me to last question before I come in the queue for follow-up, can I go ahead for the last question?

Gurmeet Chahal: Sure.

Gaurav: So on a consolidated basis, we have reported an EBITDA approximately 11%, right, whereas when I was looking at the numbers reported by our key subsidiary, which is also listed, Alldigitech, right, we have reported an EBITDA of 30%, right? So if we exclude the EBITDA from our consolidated numbers contributed by Alldigi Tech, then the remaining entity of Digitide would be, I'm assuming somewhere around 10% or even less than 10% of EBITDA contributing, right.

So I was just wondering, as an analyst, as a shareholder, right, what innovative business Alldigi is doing where they are commanding an EBITDA of 30% and what labor-intensive or I would say not-so-exciting business remaining Digitide is doing which is giving us a peanut contribution or EBITDA of just hardly 10%-odd, right.

So can you, as a CEO, can you give us a crystal-clear differentiator between the business model being operated by Alldigi vis-a-vis Digitide, right. I'm not bringing any other listed peers or our industry competitors into this comparison just Alldigi versus Digitide remaining.

Gurmeet Chahal:

So Gaurav, again very astute observation. So, first of all like I said earlier I think we should look at both Alldigi and Digitide as one. You know, that's how we are operating today. But to answer your question the nature of business that is parked within Alldigi is slightly different from what is the other part of Digitide. What I mean by that is Alldigi has a platform-led business, which is the payroll business.

And as you can imagine that the platform-led business is always a much higher EBITDA margin. That's number one because it's a non-linear growth that we expect through that channel. So the margin profile is very different. Even on the BPM business, almost 67% of the BPM business that gets reported under Alldigi is the business which is higher margin.

So as a combination of the two, the business that we report under Alldigi is of a higher margin profile. Then, if you look at the other business that we have that is largely domestic BPM. And as we all know that the margin profile of the domestic BPM business is materially different from that of international.

Now on that Gaurav, our strategy is how do we improve that? And there are multiple things we are doing. One, the quality of deals that we are taking hereafter. Second, how are we embedding more tech in the domestic BPM so that we can take out the non-value-added things and improve the margin profile.

Third is looking at some segments which are more attractive for us and within those segments also changing the product mix. For example, today, some of my business is platform-led. Can I make more platform-led business even in the domestic market? So those are some of the changes we are making so that in the days to come, we can see a margin expansion in the domestic BPM as well. So I hope I have answered your question.

Moderator:

The next question comes from the line of Manthan Patel from Patel Investments.

Manthan Patel:

I have basically two questions. First question as we are aspiring for a billion-dollar revenue by 2031, when can we see double-digit revenue growth for upcoming two, three years? And the second question is how much business is right now annuity-based?

Gurmeet Chahal:

So, Manthan like I answered the previous question. We are very, very confident that in FY '27 we should see double-digit revenue growth based on the bookings we have done so far and the sales momentum. That's your first question. And your second question if you don't mind repeating?

Manthan Patel:

How much part of the revenue is annuity-based? Like, platform-based?

Gurmeet Chahal:

Yeah. So, the annuity-based business is two-fold. One, obviously which is platform-linked and second is managed services contracts. So at an overall Digitide level, almost 70% of our business is annuity-based.

Moderator: Thank you. The next question comes from the line of Alekh Dalal from 130 Capital. Please go ahead.

Alekh Dalal: One is, there's been obviously a debate on how much AI is going to cannibalize the core business. So, can you give us a sense of how much cannibalizing versus how much you are replacing it by sort of new AI-led opportunities? That's the first question and then I'll ask my follow-up after that. Thanks.

Gurmeet Chahal: So, Alekh, thank you. Thank you for your question. So, look, you know, on AI, I mean, it can be seen as a threat and as a growth lever or an opportunity. We are seeing AI as latter, which is an opportunity to grow my top line and also optimize my bottom line. That's the reason we have proactively made a lot of investments in AI.

In fact, today, if you see both my BPM business and my Tech and Digital business has actually grown. And we have actually embedded a lot of AI already. For example, we are mapping about almost 4 million transactions through agent AIs. We have 15,000 AI agents complementing our human agents, you know. So, what that tells you is that while we have embedded AI, it's actually accretive for us. It's not dilutive or it's not compromising our business. That's one.

Second, also, if you peel the onion on our business, you know, of the BPM business that we have, which is roughly 70%, of that 70%, 60% is tied to platforms like our payroll platform, our collections platform, our loans platform, and the insurance platform that we have. Only 40% is what you would call non-platform led. Within that, also, there is some transaction in the procurement and supply chain.

The customer experience business that I have is biased towards three industries, which is BFSI, healthcare, and fast growth tech. These are the industries where human empathy is very, very important. And also, the nature of work that I do, which is revenue enablement for most part, requires that human touch. So that's why we don't believe that business is at risk.

Now this is, I mean, like 25% of my total business. But there also, the industries that I am in, the nature of work that I do, the human empathy and human touch is extremely important. And that's the reason we've been able to embed AI and, at the same time, actually, grow our revenues. I know it was a long answer, but I thought it's such an important topic. It deserves that context.

Alekh Dalal: No, no. Yeah. Very helpful. My second question is, as you now sort of enter the phase of standing on your own two feet as an independent company, can you give us some color on where you are in that journey in terms of management and organization structure?

Where do you still see gaps in terms of talent that you need to hire or areas that you need to work on or you're 100% there and now going forward is just growth from here? Just give us a sense of that, please. Thanks.

Gurmeet Chahal: Sure, sure. So again, Alekh, great question. If you will recall that when we outlined our blueprint for 2031, the 3x3x3, we had also said that there are five critical levels for us to execute on that blueprint. These five were leadership, talent and culture, organization, architecture, you know, offerings that we take to the market and inorganic growth. So those were the five building blocks.

Let me walk you through the progress that we have already made on each of these five. Today, we have a very, very strong leadership with a combined experience of 250 plus years, which is steered by a very diverse Board.

So, for example, our Chief Revenue Officer joined us from AWS-Saket. Our Chief AI and Strategy Officer joined us from CoForge, Sandeep. Our Chief Operations Officer Natarajan joined us from Accenture. Our Chief Marketing Officer joined us from LTIMindtree. Our India Business Leader who has joined us recently has joined us from 3i prior to that with the HCL.

Ruchi, who was the Group CHRO for Quess is now our CHRO and Suraj who was our Deputy CFO is the CFO here. So, we've got a very, very strong leadership in place and then N-1 also, we've made some changes in the last three quarters and we've got that in place. As you would have seen, we've got a very diverse board with a good representation of people from US, Canada, India, across industries. So, that's number one.

Second, on talent and culture, like I said, seventh year in a row, we are a great place to work. We are one of the best places for leadership academy, as the People's Magazine call it. The investments that we are making in not only hiring, but re-skilling our people. Like I said, 6,000 of our colleagues have already been trained on AI, so that's part of that.

Basically, what we are doing is we've got a very clearly defined talent strategy to bolster a performance-driven culture, right, and which is manifesting in things like the great place to work, which we have won now for 7 years in a row.

From an organization structure, I mean, we've got a simple market-focused structure with, you know, investments in sales and marketing, which we had highlighted in the first two quarters. And then, of course, a very, very differentiated delivery model, and that is also very important to understand. I have presence in 17 cities, so 40% of my talent is in Tier 2 and Tier 3 cities. On AI, I did highlight the progress that we have made in AI.

If you recall, we had said that we are going all in on AI as the bedrock of our platform-based tech, digital, and BPM offering suite, so we've done that. We have created a brand pulse of AI offerings. We look at AI through three personas, persona of industry, persona of process, and persona of -- sorry, industry, process, and persona of the CXO, like AI for CIO, AI for CHRO. And the proof of that is already in the numbers that I talked about, 4 million transactions, 59,000 AI agents.

The last piece of the fifth building block of our strategy was inorganic. And as I had alluded to Mr. Sanjay Shah's question, we have a well-defined strategy there which is growth in -- inorganic growth in prioritized areas to enhance our capabilities and market access, and we are continuously working on that. So I hope that answers your question on the building blocks of our strategy and where we are on that.

Alekh Dalal:

Thank you.

Moderator:

Thank you. The next question comes from the line of Anukool from InVed. Please go ahead.

- Anukool:** Yeah. Hi, sir. Thanks for the opportunity. Sir, I wanted to understand that our tech and digital margins were around 9.4%, whereas our BPM margins were around 15.4%. So what are our plans to converge our tech and digital margin upwards? First question is this.
- Gurmeet Chahal:** So Anukool, thank you. So Anukool, as a reminder, when we started this business as a standalone entity, most of our tech and digital business was biased towards system integration and T&M contracts, which by nature are lower margin, and a significant part of that was on-site work in US and Canada, which again has a lower margin.
- So now what we are doing is actually you know, the partner ecosystem that we have developed, that's why we were laser focused on developing that partnership ecosystem so that we can get into larger, managed services, tech transformation deals. So the partnership now that we have with AWS, Microsoft, GCP, TriCentris as the leading testing platform and even Duck Creek in the insurance space, is positioning us for the larger transformation deals, which have a healthy offshore mix, which give us higher margin.
- So, you know, the building blocks for the transformation of the tech and digital business is already in place and we are seeing the sales momentum of that already and then which will start translating into revenue and the margin profile improvement. As you rightly said, between Q2 to Q3, we've already expanded our margin for the segment. So that's the game on improving the margin further on the tech and digital Anukool. I hope I've answered your question.
- Anukool:** Yes, sir. Yes, sir. Understood, sir. Sir, my other question is on the side that you had earlier guided that we will be exiting Q4 around 10% growth. So are we on a track to achieve that run rate?
- Gurmeet Chahal:** Sorry, I missed a part of your question. It was not clear on my end.
- Anukool:** Yeah, yeah. I'll just repeat my question. So earlier in the con call you had guided that we'll exit this year by around 10% on growth. So are we on a track to achieve the same?
- Gurmeet Chahal:** So, Anukool, like I mentioned earlier, based on the deals that we have won and the momentum that we generated in this quarter, we are very, very confident that we will finish the quarter 4 on a stronger note than quarter three and we are also confident that in FY '27, we will be in the double-digit revenue growth.
- Anukool:** All right, sir. Yeah, that's the answer to my question. Thank you so much.
- Gurmeet Chahal:** Thank you, Anukool.
- Moderator:** Thank you. The next question comes from the line of Madhur Rati from CCIPL. Please go ahead.
- Madhur Rathi:** I wanted to understand that out of our target of tripling revenues by FY '31, how much contribution is expected to come from our subsidiary Alldigi?
- Gurmeet Chahal:** So look, sorry, was there another question?
- Madhur Rathi:** Yes, please go ahead.

- Gurmeet Chahal:** So, Madhur, I will give you the architecture, how we have envisioned. So, today we are about 350 million, so we have to add about 650 million. We believe that two-thirds of that will come through organic growth, and that organic growth will be across the Digitide portfolio. You know, I don't see the Alldigi, I mean, Alldigi is already growing at a healthy 14-15%, which we see to continue.
- So the two-third will be coming from the organic growth. The one-third of that 650, roughly 200 million is what we expect through inorganic route, and like we had guided earlier, ideally we would like to do two-to-three acquisitions, which add about 150-160 million, which goes up to 200 million. So that's the overall architecture of that 1 billion. Obviously, the All Digi portfolio is going to be a key contributor to that, as is going to be the remainder of the business, which is picking steam every quarter.
- Madhur Rathi:** So my second question is about rupee depreciation. So what kind of benefit do we envisage from rupee depreciation in the standalone entity as well as our subsidiary Alldigi Tech?
- Gurmeet Chahal:** Yes, I mean, look, if you see, about 37% of our portfolio is international revenues. If you benchmark against last year, I would say the benefit is to tune off about 1.5% for us, overall, as Digitide.
- Madhur Rathi:** And for the Alldigi?
- Gurmeet Chahal:** So Alldigi, because in Alldigi, if I look at standalone Alldigi, given that they have slightly more international revenue, that would be in the range of 2.5%.
- Madhur Rathi:** Sir, so this is permanent improvement and we won't have to pass it on to our customers?
- Gurmeet Chahal:** No, this we don't have to pass on to our customers.
- Madhur Rathi:** Okay, sir, very great to know. And sir, also, sir, one question that, sir, aren't we thinking about shifting to Tier 2 and 3 geographies in India to lower our lease rental and employee costs like Bhopal, Ranchi, Coimbatore, etcetera?
- Gurmeet Chahal:** Yes, yes, absolutely. So in fact, today, Madhur, 40% of my talent is in Tier 2 and Tier 3 cities. We are already in 17 cities. For example, we have delivery centers in Mohali, Jamshedpur, Indore, Mithapur, Coimbatore, Lucknow, Pune, and we are absolutely committed to Tier 2 and Tier 3 and this is, if you ask me, one of our differentiators. Most of my peers do not have such a deep penetration in Tier 2 and Tier 3 cities as we have.
- Madhur Rathi:** Got it. Sir, one question was on margin and in the BPM segment, sir, one of our competitors, 1.1, they have very high margins, 25% plus because of the outcome-based revenue model that they follow. Sir, so you mentioned a lot on the AI and these automations, so where do we see outcome-based BPM as an overall mix for Alldigi as well as for Digitide going forward?
- Gurmeet Chahal:** Yes, so look, if you looked at our segment margin, our BPM margin is at 15% plus, so it's a healthy percentage from that perspective, but we are not stopping there, so we are doing three

or four things. One is converting more and more of our contracts from FTE to managed services or outcome-based.

Second, infusing AI and technology so that we can optimize the cost. In fact, if you see versus last quarter, while our revenues have gone up, we have not added headcount. In fact, my headcount has come down by about 400 people, and my revenue per headcount has also gone up by about 1.5%, so we are already executing on that and it's actually working.

Madhur Rathi: Sir, so considering we are already implementing these things, can we expect late teens to early 20s margin in the BPM segment over the next 5 years?

Gurmeet Chahal: Yes, so look, overall, as a company, we have said that by 2031, we expect 200-300 basis point expansion. Given that almost 70% of our current portfolio is BPM and we expect it to be 60%, so the margin and it will be through a mix of the levels that I highlighted, and also as we do more and more international BPM business, that will also expand our margin.

Madhur Rathi: Got it. Sir, just final question from my end. Sir, if I consider what percentage of our total revenue currently would come from this managed services or outcome based revenue model and sir, what is the incremental margin we earn on that versus our overall BPM segment currently?

Gurmeet Chahal: So look, and Suraj, keep me honest, 40% of our contracts are time and material overall. The other contracts will be a mix of outcome managed services and fix plus variable, because there are multiple models that we have. The margin profile is not just a function of the model. It is a function of many other things, the nature of work I am doing.

For example, if I am doing a high-end technology project on a time and material, it could still have a much higher margin profile given the nature of the work. I could also be doing a managed services work which is at a low margin. So just your billing model or how you have contracted doesn't control the margin. What it controls is your ability to manage the margin better and claw back some of it. So that's how it is. It will be very difficult to give you margin by the nature of contracts.

Madhur Rathi: Sir, would it be higher by 5%-6% on an average on a conservative basis or that is a higher number that I am quoting?

Gurmeet Chahal: Again, look, on paper, yes. One would expect and the reason I'm saying this Madhur, don't get me wrong. So for example, if I'm doing a project in US on site, and if I just lift and shift and bring it to offshore, I can expect more than that margin expansion, even if I'm doing it in a time and material manner, right?

So the onsite margin could be let's say 6%-7%, offshore margin could be 15%-16% at a minimum. So right there, you can see a 10% change, while I have not changed the billing model, right? Typically on the managed services contracts, yes, there is an ability for the organization that over the term of the contract, one could expect a margin expansion of 4%-5%. So from that perspective, your yardstick is correct.

- Madhur Rathi:** Sir, just a final question from mine. Sir, on the acquisition front, you mentioned that we are looking at digital engineering, data analytics and AI and HR. So my question is specifically to the HR segment. So the HR acquisitions will be done through Alldigi versus Digitide so that that business -- so they are already doing payroll processing
- So I would expect that to be an extension to the services that they are providing. So on that front, because I think that would create much more shareholder value for both these for us as well as for them, because their valuation is an inherent reflection of our valuation. So I wanted to get some of your thoughts on that.
- Gurmeet Chahal:** So Madhur, like I said, we look at it as one Digitide. Where the acquisition is made is a function of many things, the nature of the business we are acquiring, the kind of customers, so we have to look at the synergies, we have to look at the people synergies, so obviously those are some of the filters we will apply when we look at any acquisition, whether it is HR or digital engineering, but from overall perspective it is an acquisition by Digitide. So we look at everything as one Digitide, like I mentioned earlier also.
- Madhur Rathi:** Got it. Sir, thank you so much and all the best.
- Gurmeet Chahal:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraint, that was the last question for today, I now hand the conference over to the management for closing comments. Thank you and over to you, sir.
- Gurmeet Chahal:** So Jyothi and the Arihant Capital team, thank you, and I want to thank everyone who joined us today. Very, very encouraging, you know, thank you for your continued trust in Digitide. We are on the right track and we'll be in touch very soon. Thank you so much.
- Moderator:** Thank you. On behalf of Arihant Capital Markets Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.