

August 14, 2025

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001.

National Stock Exchange of India Ltd.

Exchange Plaza, C/1, G Block,
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Mumbai - 400051.

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Department of Corporate Services**Kind Attn:** The Manager,
Listing Department

Subject: - Transcript of Earnings Call held on August 7, 2025.

Dear Sir/Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of the earnings call of the Company organized on August 7, 2025.

The same is also available on the Company's website at the link <https://www.birlasoft.com/company/investors/policies-reports-filings#>, under the head - Quarterly Reports → Earnings Call → Transcript.

Kindly take the same on record.

Thanking you.

Yours faithfully,

For Birlasoft Limited

Sneha

Prashant

Padve

Digitally signed
by Sneha
Prashant Padve
Date: 2025.08.14
14:21:49 +05'30'



Sneha Padve

Company Secretary & Compliance Officer
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Birlasoft Limited Q1 FY26 Earnings Conference Call

5.00pm IST, 07 August 2025

MANAGEMENT:

MR. ANGAN GUHA, CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

MS. KAMINI SHAH, CHIEF FINANCIAL OFFICER

MR. CHANDRASEKAR THYAGARAJAN, CHIEF FINANCIAL OFFICER DESIGNATE

MR. ABHINANDAN SINGH, HEAD - INVESTOR RELATIONS

Note:

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2. Any of the statements made herein may be construed as opinions only and as of the date. We expressly disclaim any obligation or undertaking to release any update or revision to any of the views contained herein to reflect any changes in our expectations with regard to any change in events, conditions or circumstances on which any of these opinions might have been based upon.

(1 crore = 10 million)

Moderator: Ladies and gentlemen, good day and welcome to the Birlasoft Limited Q1 FY 26 Earnings Conference Call. As a reminder, all participant lines will be in the lesson 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, then zero on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhinandan Singh, Head – Investor Relations, Birlasoft. Thank you and over to you, sir.

Abhinandan Singh: Thanks and welcome everyone to our Q1 FY 26 earnings call. By now you would have received or seen our results. Those are also available on our website www.birlasoft.com.

Before we get started, let me quickly introduce to you the members of our team who are present on this call along with me. We have our CEO and MD Mr. Angan Guha with us, and along with him we also have our CFO Ms. Kamini Shah and our CFO designate Mr. Chandrasekar Thyagarajan or Chandru as we call him. We will begin the call today with opening remarks from both Angan and Kamini as usual, and after that we'll open the floor up for your questions.

But before I hand over the floor to Angan, a quick reminder that anything that we say on this call on the company's outlook for the future could be a forward-looking statement involving significant uncertainty and therefore that must be heard or read in conjunction with the disclaimer that appears in our investor update, which you would have received and is also uploaded on our website as well as filed with the stock exchanges.

With that, let me hand over the floor now to Mr. Angan Guha, our CEO and MD. Over to you, Angan.

Angan Guha: Thank you, Abhi. Good evening and good morning to everyone wherever you are, and thank you for joining us today as we share some perspectives on our performance during the first quarter of the financial year FY26. As you already know from our announcement a couple of weeks ago, Kamini, who has been serving as our company's CFO since April 2023, has decided to move on for personal reasons. I would like to take this opportunity to thank her for her contribution over the past two odd years in driving efficiencies and ensuring strong cash flow generation. So thank you, Kamini.

I'm also pleased to welcome Chandru, who will take over as our CFO effective tomorrow, which is the 8th of August, back to Birlasoft. As many of you may recall, he served as the company's CFO earlier, during the period of 2020 to 2023. Chandru is a highly accomplished and seasoned finance leader and is also very familiar with our business. We are therefore pleased that we were able to find in him the best possible person to step in and take on the role of the company's next CFO.

Now with that backdrop, let me delve into our Q1 performance. You may recall in our last earnings call I had mentioned that we were witnessing some ramp downs as well as some insourcing amongst a few of our customers, which was likely to affect our growth performance

in Q1. That was mainly on account of the prevailing macroeconomic environment where customers are still focused on cost optimization, cutting back on discretionary spending, and maintaining a “hold and wait” approach with regard to large transformational programs.

Consequently, the revenue for Q1 has been sequentially lower by 1% in dollar terms and has come in at \$150.7 million. Three out of our four verticals have actually shown growth. BFSI, Life Sciences & Services, and Energy & Utilities have delivered sequential growth in dollar terms during the quarter. However, our Manufacturing vertical, which is our largest vertical, has registered a very soft performance due to project completions, ramp downs, as well as insourcing, which has more than offset the growth that has been contributed by the other verticals.

On the margin front we entered Q1 with a base-effect headwind because in Q4 we had a significant amount of margin tailwind due to some one offs that were absent in Q1. In that backdrop, I believe we have managed to minimize the margin contraction sequentially and delivered an EBIDTA margin of 12.4% for the quarter. Kamini will share more on margins and net earnings in her remarks.

Coming to deal wins, more than half of the TCV secured in Q1 comprises of new deals that we have won during the quarter. The quantum of TCV deal wins in Q1 is at roughly about \$141 million. However, this is lower than what we had delivered in Q4 because as you know the second half of the financial year, which is the 3rd and the 4th quarter, are very renewals-heavy. So traditionally the Q3 and Q4 deal wins are higher. In addition to that, there was one deal that got right-shifted to Q2, which is why you saw a little bit of softness in signing deals in Q1, but we are hoping that we will cover it up in this quarter, which is the quarter we are in, Q2.

But I would also like to point out that we have secured some marquee deal wins that demonstrate our enhanced tech capabilities, particularly in emerging areas such as GenAI.

For instance, we have partnered with a leading player in the US energy sector to deliver cutting edge Agentic AI use cases within their supply chain, accelerating intelligent automation and operational resilience.

Similarly, we won another engagement with a global technology leader for a landmark enterprise-wide quality engineering transformation program, wherein we will be integrating Agentic AI driven automation.

These engagements will add to our growing base of existing customers where we are already deploying advanced AI-powered capabilities, including Agentic AI.

Looking ahead, as I've observed earlier in my comments, the demand environment continues to be difficult. This has resulted not only in a prolonged period of time during which customers have been reluctant to take up long term transformational projects, but also in delayed decision making and cuts in their discretionary spending.

As a result, while our pipeline remains strong, conversion to deals have been relatively tepid. While we expect sequential growth in Q2, we do anticipate that the challenging market conditions will reflect in our performance through the course of the current year.

At this point, I will ask Kamini, our Chief Financial Officer, to share her perspectives on the quarter under review. Kamini, over to you.

Kamini Shah:

Thank you, Angan. Good day everyone. Thank you for joining us. It's a pleasure to talk to you again. Let me take you through some of the financial highlights for the first quarter (Q1) of FY '26. Our revenue performance for Q1 reflects the challenging demand conditions that we are operating under. On our last call, we had indicated that we are seeing some project closures and ramp down, and on account of that, our revenue for the quarter declined 1% quarter-on-quarter in dollar terms to \$150.7 million.

As Angan has observed in his remarks, three out of four verticals have registered sequential growth during Q1 in dollar terms. Energy & Utilities sustained its growth trajectory during the quarter under review, growing 1.9% quarter on quarter. BFSI has also grown, albeit marginally. And the Life Sciences & Services vertical has returned to growth during Q1, recording a 1.4% growth quarter on quarter. The Manufacturing vertical, however, witnessed a 4% quarter-on-quarter degrowth, which is for the reasons that Angan mentioned.

If you look at our service lines, our ERP business saw a sequential decline reflecting its correlation with the Manufacturing vertical. The Infra business, which is a much larger smaller piece of our overall business, also witnessed a degrowth due to the completion of a project. The Digital & Data business, however, has registered a growth of 2.6% quarter on quarter. This is on the back of new engagements and incremental revenue from existing accounts.

You would recollect that in the last call we had mentioned that our Q4 FY'25 margin performance has some one-time benefits pertaining to currency benefits, leave encashments and variable pay for our senior executive amounting to about 200 bps. We had also indicated that we were confident of offsetting half of that margin headwind coming into Q1 through operational efficiency. We have been able to minimize sequential margin contraction in Q1 despite a subdued top line, and delivered an EBITA margin of 12.4% in Q1.

The effective tax rate (ETR), which for us has historically been in the 25% to 26% range, saw a rise during Q1 to 35.9% on account of a provision made for higher tax. We have been engaging with tax experts and are transitioning our terms of engagement with key customers to more accurately align with our operating model.

With this, we expect to limit the impact of the incremental tax to the current financial year. Thereafter, we expect the ETR to come back to our historical levels. Adjusted for the incremental provision for tax, PAT for the quarter would have been at \$14.4 million and basic EPS at Rs 4.39 per share.

We have begun the new financial year with a robust balance sheet. Our cash and cash equivalents at the end of Q1 stood at \$266.6 million. This is up by about 16% year-on-year and 2.8% quarter-on-quarter. Our DSO was at 58 days; while is higher than what we normally reported in the

earlier quarters, this has been primarily due to delayed collections that have come in early July. Had these collections come within the time frame of June, our Q1 DSO would have been at 53 days.

We remain committed to staying focused on sustained robust cash flow generation. While we are still navigating through the challenging demand environment, I believe our ongoing efforts to drive operational efficiencies, generate healthy cash flows, and invest prudently in the business positions us well to benefit from a recovery in demand as and when that happens.

Thank you very much. Back to you, Abhi.

Abhinandan Singh: Thank you, Kamini. Thank you Angan. Moderator, can you please open the floor for questions?

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Girish Pai from BOB Capital Markets.

Girish Pai: Yes, thanks for the opportunity. Angan you mentioned that 2Q is going to be a growth quarter on a Q-o-Q basis. Will that continue into 3Q and 4Q?

Angan Guha: Girish, thank you for, your interest and thank you for asking me that question. Look, we are working towards a sequential growth in Q2, and our focus currently is Q2. We are working with our teams and with our clients to see how we can deliver sequential growth in Q2. Now, it'll all depend upon how my order book stacks up for Q2, as I'm sure you've seen. And I mentioned in the call, in Q1 we delivered about \$141 million worth of orders. One order slipped into Q2, which is now getting signed. So hopefully in Q2 we'll have a larger order book, right? Now if we really deliver a larger order book then barring the furloughs, I think operationally we can show some growth, but that will all depend upon how the Q2 order book looks like.

It's hard for me to say whether Q3 will really be a growth quarter today, because of the uncertainty that we are facing, but our job is going to be to focus on order book and deliver higher order book which will make sure that the revenue growth comes in subsequent quarters.

Girish Pai: Okay, and in the previous calls you've been saying that you would want to lower the exposure discretionary business from what I think was 70% to about a 50/50 mix. Where are you on the journey and is the new business coming at lower margins compared to the discretionary business that you've been getting?

Angan Guha: Here is how I'm seeing it play out. As you know, Q1 and Q2 are quarters which generally are a little lower in terms of order book because that's how our seasonality works. In Q3 and Q4, the renewals are very heavy. We are not anticipating at this point in time and again, I stress at this point in time, that our renewals will be at a lower margin. Our renewals will be at our current margin at the minimum. And in certain cases we may get a little bit of an extra margin even in our renewals business. However, what will happen though is, in our new deals, and I also talked about two or three big deals that we are working on in the range of about 30 million to 50 million, those deals will definitely come at a lower margin.

So, for us as a management team it'll be important to first of all win those deals, secure those deals, and deliver. And also work on our overall cost theme so that we can sustain the margins at the current levels.

Girish Pai: Just two more questions on salary hikes. When will they happen and the quantum and the impact from a basis points perspective, which particular quarter will it hit you?

Angan Guha: We have not taken a decision on salary hikes just yet. I mean we've just started the year. I mean, as you would recollect, even last year we gave the salary hike only in Q3 of our financial year, so it's just been about a quarter. So we've not taken a decision on that yet.

Kamini Shah: And just to add to that, Girish, our senior leadership salary hikes were done at the beginning of this year around January, that is Q4 of last year. So at this point of time we will review the situation and take a decision on whether we would do it.

Girish Pai: And lastly, I had a question on the industry and there's a lot of talk about H1B visa process change that may happen from a lottery to something else. Should it change from a lottery process, from an industry standpoint, would that be an additional margin pressure that the industry is going to see?

Angan Guha: Girish, we'll have to wait and watch in terms of how it shapes up, right? Currently we don't have a comment on that because we'll have to see the new regulation, the way it comes out, and only then we can assess the situation. But currently for us, the way our business is shaping up, we have enough H1B resources ready to travel if needed, and we are also localizing our workforce by hiring locally. So I think we are covered at this stage unless the visa situation changes dramatically, which we can't comment on at this stage.

Girish Pai: Okay, thank you.

Moderator: Thank you. We have our next question from the line of Priyank Chheda from Vallum Capital. Please go ahead.

Priyank Chheda: Hi team, thank you for the opportunity. I'm sure, in these challenging times, there are a lot of things that, outside the macro, some things that Birlasoft as a team and the management team would implement so that we emerge out much more stronger. So I would want you to highlight the key learnings that you have had in the last 12 months or four quarters, which have been more challenging, and any corrective action plans that you have undertaken from those learnings.

Angan Guha: Priyank, thank you for the question and thank you for your interest in our company. So look, one of the biggest learnings for me and my management team in the last one year has been the fact that our order book has not been very strong, as you all know, right? So there is an enormous focus on our building the pipeline and driving more order book.

I think if you remember in FY24 we delivered about \$850 million worth of orders which came down to almost \$750 last year. So one of the big learnings is, unless we have an order book, obviously the revenue growth becomes a challenge. The entire team is focused on driving order books. So that is one.

Second is, we also realize that we need to be more domain orientated and as a result our new hiring that we are doing is building on more domain oriented hiring rather than generalist hiring. So that's number 2. Number 3, and we talked in our commentary, how do we drive a lot of delivery through our agentic AI platforms and we have some marquee platforms which are really, truly amazing platforms if you will.

How do we use those platforms to deliver to our customers and win new deals. We are focusing on that as well. We've also undertaken a companywide transformation on all parameters, whether it is customers, how do we serve customers better, what are the capabilities we build. And finally on the cost side. In a situation where there is so much uncertainty, we will obviously work a lot more on the cost. And again I want to make it very clear, it's not that we will fire our employees or anything, that's not the idea. But the right roles need to be done in the right geographies, which is what we will focus on, number one. And number two, we will continue to invest in the areas that we see growth in. So as you've seen, our Digital & Data business has shown a lot of growth. We want to continue to invest in that kind of business, but we need to kind of move the workforce in the right geographies where they actually need to be. We're looking at the cost side significantly but, keeping the long term in mind, we also want to invest in the right places.

So I guess broadly, Priyank, these are the big learnings, but if you ask me, our biggest job right now is to get the order book fixed, and if we can get the order book fixed, then the revenues will follow.

Priyank Chheda:

Very clear and should we see this implementation getting populated into order book like you mentioned? First the large deal that you're already working on, it slipped...so from Q2 and onwards, the clear mandate would be to first check the order book and it's accretion, and then would so the delivery will follow?

Angan Guha:

That is exactly right, Priyank. I mean, I'm hoping that we deliver more order book in Q2 than what we did in Q1, for sure. And then Q3, Q4, obviously the renewals come in, and then if we can swing at least one out of the two large deals, then clearly, the year will be good in order book. And I'm hoping if we can deliver a strong order book for the year then next year, we can commit to a larger growth.

Priyank Chheda:

Perfect. So just to summarize, this year, more focus will be on the order book than revenue recognition. So for this full year, should we consider that we would be ending somewhere around with single digit growth and then follow on for FY27, we should start accelerating to double digit growth?

Angan Guha:

I don't know whether the growth will be single-digit or whatever. It's hard for me to now say because we faced enormous headwind in Q4, as you know Priyank, right? Our de-growth was much steeper than what we had anticipated. So I can't really comment for the year now. My entire focus is quarter-on-quarter. So what we can say is we are working at least for a sequential growth in Q2. That will be our focus.

And apart from that, our only focus is to drive better order book. Now, mathematically it will tell you that if we can deliver upwards of \$850 million worth of orders, then definitely next year

we can show much more growth. Now I don't know whether it will be double-digit or whatever, that time will tell. But this is all keeping in mind, Priyank that the uncertainty at some point in time settles down, because we don't know what we don't know.

Priyank Chheda: Very clear. And now this last question and I'll come back in the queue. After the delivery of whatever the strategic actions that you have undertaken, you also mentioned in your opening commentary that we start this year with a very robust balance sheet. At the same time when you are implementing internals, do we need to look into the external, to acquire better capabilities, diversify, and, build a much more sustainable organization for the coming years?

Angan Guha: We have done a lot in building a solid organization per se. As you know we have zero debt, we're generating positive cash flows, and from that perspective I think we are world class. We need growth in the company. An acquisition currently, at least to my mind, is going to be a distraction. We will not look at an acquisition today.

We need at least 3 or 4 quarters of sustained quarterly growth performance and then look at something. We always are in the market, looking at assets at any point in time and if something really shows up which adds good value to us, then we are open to looking at it. But right now, the actions are very clear: we need to focus on building pipeline, delivering order book, and at least start delivering sequential revenue growth even before we think about an inorganic acquisition.

Priyank Chheda: No problem. So just on that. It's a request from a minority shareholder, to focus better on capital allocation for this year, maybe. I'm not talking for a permanent change, but in this year we can think of a better dividend payout or a buyback, so that our return on equity and the return ratios become much more attractive. And as we start FY27, again the capital allocations as per whatever the decided policy is can go on. Thank you.

Moderator: We have our next question from the line of Dipesh Mehta, Emkay Global.

Dipesh Mehta: Yes, thanks for the opportunity. A couple of questions. First about the outlook; I think last time you had indicated about quarter two to be a growth quarter and then I think for the full year also you made two observations. First, about our aspiration to deliver at least positive growth in FY26. And secondly, the EBITDA margin roughly around 13%, that's for the year.

So if you can provide your broad observation on these two things, whether we continue to aspire to reach positive growth and 13% of EBITDA for the year. Second question, you indicated right shifting of some deal. Can you help us understand whether those deals will be -- are already closed or we are yet to see that closure happening? And whether it would be large sized, in terms of a relatively chunky deal compared to our usual size of the deals? If you can answer these question, then I have a couple of follow-ups? Thanks.

Angan Guha: Thank you Dipesh. So Dipesh, first of all, on Q2, I'll concentrate on Q2 first. In Q2 our endeavour will be to deliver some positive growth. I can't comment on the quantum because the situation is very fluid, but I can tell you, the management team is working on delivering some amount of sequential revenue growth in Q2.

Now Q3, we will, like I said earlier to Girish also that if I deliver a strong order book in Q2 then maybe in Q3 we can continue our growth momentum. For the year, it is hard for me to say whether we'll be positive, quite frankly, Dipesh. Because we are starting from a much lower base. If you remember, last year our base was at about \$160-odd million. Now you know where our base is.

So mathematically it will tell you that delivering positive growth may or may not be possible. It is quite difficult at this stage, but I will not comment for the year and you know we don't give a guidance. We would like to take one quarter at a time. That's point number 1. Point number 2 on deals construct. Look, we have one-two reasonably large deals. One deal is getting signed in the month of August, so we have reasonable momentum on the deal flow. The two big deals that you're referring to, like I had said, even in the last call, those are Q3-Q4 decisions, we are working on it. Hopefully we will be able to close one out of the two, and if that happens, then at least we will be able to deliver robust order book for the year, if not revenue.

Dipesh, our entire focus this year, because of the fact that we are starting from a huge headwind position, is to really focus on quarter-on-quarter growth and on delivering order book rather than looking at year-on-year because year-on-year obviously will look very, very muted.

Dipesh Mehta: Fair point. And on the margin side, if also you can comment?

Angan Guha: Our first quarter, as you have seen, our margins were at 12.4%. Last year for the entire year we delivered a 13% margin. Our endeavour is at least to keep the margins at that level. Now, I don't know whether we'll be exactly 13% or 12.8% or 12.6% or 13.1%. I don't know, but it will be in that range. Our endeavour will be to keep the margins in that range.

Dipesh Mehta: Understand. Now I have a couple of follow ups. First of all, Manufacturing. If you can provide some sense, how one should understand, Manufacturing growth playing out? There are some headwinds. So if you can give a broad sense, if you can slice and dice into some sub-segments, how you're seeing demand trends there and whether this pain is likely to be prolonged or you expected to see a rebound entering into second half. And second, similar question for ERP segment. So ERP, if you can give some sense. Couple of quarters back, I think you were hopeful about recovery in ERP. Now again, ERP is seeing challenges for the last three quarters. So if you can give some sense there.

And one question for Kamini, ETR increase, I think you provided some statement, but I missed it. If you can help us understand. What led to this increase in effective tax rate?

Angan Guha: Dipesh, I will talk about the Manufacturing and the ERP situation, and then I will hand it over to Kamini for her comments on the ETR. So look, Manufacturing is a manifestation of what we are seeing in the market now. While we work with some really marquee names in Manufacturing, the reality is we also work with a lot of mid-size manufacturing companies in the U.S. as well as in Europe.

Now with everything that is happening on the tariffs side, there is also a little bit of uncertainty in terms of decision making and prolonged decision making. And as you also know, our Manufacturing business actually sits in two areas. One is the pure manufacturing. And second

is in the healthcare space also we work a lot with med devices customers, which is also manufacturing.

I'm of the opinion that our med devices business is now turning around, that will continue to show positive momentum. Our discrete manufacturing is going to be under pressure, which is why that has an effect on our ERP business because the ERP and Manufacturing businesses go hand-in-hand.

It is hard for me to comment, with the way the world is moving and the way the tariff situation is playing out, in terms of when this business will move around. Only because it is a "wait and watch" policy in terms of our customers' decision making process.

So we'll watch the space and as the quarters go by, I will give you an update when the clarity comes in. But our endeavor on the ground is also to kind of turn the Manufacturing business around and see if we can deliver growth in the coming quarters.

On ETR, I'll hand it over to Kamini.

Kamini Shah: Dipesh, like I had mentioned, if you look at our typical ETR, we've always been in the range of 25% to 26%. But you know, this quarter we've had to take it to about 36% because of the provision that we have made. What I had called out was that we are engaging today with tax experts and we have started transitioning our terms of engagement with key customers.

So our current assessment is that this impact is going to be for this financial year and then going forward we expect the ETR to come back to our historical levels. So that's really our current outlook at this point of time and we are working through this, engaging with the experts.

Dipesh Mehta: So broadly...I'm not very clear....let's say, what led to this increase, because you said certain clients you are in conversation and all those things. And this 35% plus kind of number is likely to be there for next 3 quarters at least. So if you can provide some sense, what led to the increase?

Kamini Shah: So I think it's also a factor of some of our engagements, Dipesh, that we're looking at, which is why I said we are engaging with our tax experts at this point of time and what we really need is to just work with our customers to realign the contract terms. Which is the reason why I'm saying that, I mean, I know this is much higher than what we've had historically, but we do expect to get this back and I think our focus right now is to make sure that we take all the necessary steps to get back to this [historical] levels.

Dipesh Mehta: Okay, thanks.

Moderator: Thank you. We have our next question from the line of Sandeep Shah from Equirus Securities. Please go ahead.

Sandeep Shah: Yes, thanks for the opportunity. And then in terms of whatever you explained till now, it looks like even after two-and-a-half years of effort in terms of turning around the ship and the Birlasoft growth profile, it still looks like our restructuring and turnaround efforts are undergoing. So what is not executing as per your plan? Is it more to do with the capability gaps? Is it more to do with

the execution aggression, or do you believe it's more to do with the macro headwinds which is impacting us?

Angan Guha:

Sandeep, if I were to make an honest assessment in terms of what is going wrong with us, there are two big things that are going wrong with us. And look, macro is where it is. I mean that is not in our control, so I will not talk about it. It is our top 24 customers or top 40 customers which essentially give us 93% of our business. If you look at their performance over the last 4 quarters, they have not matched up to the kind of growth that we have seen probably 6 quarters back, right? So they have slowed down.

Now one can argue whether this is because their spending has been going down, which clearly it is. It is also because some of the work is becoming insourced as far as they are concerned, some projects have got over, which has impacted us in the last 6 quarters tremendously. So clearly our focus needs to go back into mining these accounts, winning more in those accounts to get back the business on track. That's number one.

Number 2, from a capability perspective, again, if you look at our Digital & Data business, they've done reasonably well. Our Infrastructure business has grown significantly if you were to compare it over 3-4 quarters. One big issue that we are facing is ERP, and ERP is very coupled with our manufacturing business.

So if I were to now look forward four quarters, what will be our plan? Like I was telling Dipesh earlier, Sandeep, my plan will be very simple. Go back to the basics on mining the 24 and 16 accounts. That's important. So the 40 accounts we have to mine. We have to start adding more and more newer logos in that, in the bucket of 40. That is number 2.

And number 3, how can we work with our partners like SAP, Oracle, etc. and, invest in more leadership to turn around our ERP business. If we can do these three things, at least in the medium term we can get back the company into a growth mode.

Now economic external economic factors, like I said are not in our control, so hard for me to comment on how that will move, but at least internally these are the three things that we have thought of in terms of investments, in terms of push focus to get the overall company back on growth. Because remember ERP still contributes, with all the headwind that we have faced over the last 3-4 years it still contributes to 200 million out of the 620-630 million that we have. So that's a big business.

Sandeep Shah:

Okay but Angan, sorry to stress on this, in the review process, we should be having some amount of lead indicators about these things happening in the next 1 quarter, 2 quarters, or 3 quarters. So why the execution is more on the reactive approach rather than a proactive approach? Because the way you are explaining, it looks like second half could also be a difficult period for us in terms of growth?

Angan Guha:

Sandeep, look, it's not reactive. We know exactly what is happening. And again, there are a lot of specifics. I can't discuss specific customer issues, but we know exactly which vertical, which account, which markets are really not doing well, and we have a plan to fix them.

The only reason I'm not giving a forward-looking guidance one is because we don't give a guidance, and second is because the uncertainty is so much. I am not being able to pinpoint something but what I can tell you, Sandeep, is this the entire management team is focused on those two things that I spoke about. One is creating pipeline, delivering the order book, and I will tell you if you deliver the order book, the revenue will follow, and we have a plan in multiple levels. We have a plan for our top 24 clients, the next 16 clients, what we call as the "attack accounts", which are 16 clients that we want to have in our portfolio. And there is a proper plan account by account, people by people, service line by service line, which aligns to our long term growth strategy. Now it will be all about execution. And execution from your perspective will be higher order book and if we can deliver higher order book, then the revenue will follow.

Sandeep Shah: Okay, fair enough. Thanks for the detailed answer. And sir, I think in the last earnings call, you called out, we added two large deals and each about \$25 to \$40 million in Q3-Q4, plus we are expecting another to close which got delayed from 1Q to 2Q. And besides that, you also spoke about a couple of other large deals which are in the pipeline which is needed to be closed in the second half. So am I understanding this correctly?

Angan Guha: Yes, absolutely correct, Sandeep. One deal, as we closed in Q4 already. One another deal, we closed in Q1. The deal that got shifted into Q2 will also close. Had it not, then our order book would have come in at about 160-165 million, but that will close in Q2. And the two large deals that you're talking about are in the offing, but those, like I had said in the earlier earnings call are a little bit of a long shot and the closure date is also more like Q3, Q4.

We will absolutely work on them and we will see how we can convert. But more importantly, we also have to build a pipeline. We have to get more deals on the table which the team is also working on.

Sandeep Shah: Okay. And just last few things, in terms of EBIT margin target which we have said last time, we are not changing that? This year we could be flattish plus or minus in a small range and then from FY27, there could be a pick in the margin. Is it the right way of understanding?

Angan Guha: Yes, Sandeep, because look, I mean, at the end of the day if the revenue is so muted... see from the cost side, of course we have done a lot on the cost side and we will continue to do a lot right on our overhead side and the cost side. But at the same time we will invest in the right areas. So our going in position right now is that the EBITDA margins will be in the current range, give or take a few, which we spoke about, but as the revenue growth comes back, the margins will automatically improve because the operating leverage will come into play.

Sandeep Shah: Yes and last thing, madam, just wanted to understand – the higher tax rate which we expect in FY26 will have a cash flow impact? Or we are doing just prudent provisioning of the same in anticipation of a higher tax out flow in the later years?

Kamini Shah: So, Sandeep, it's a combination of both at this point of time, which is why I said that there would be some cash out flow that would happen on account of it, but we are engaging with our tax experts to see as to how we can work around it. So it could be a combination of both.

Sandeep Shah: Okay. All the best Kamini ma'am and welcome, Chandru sir. Thank you.

- Moderator:** Thank you. We have a next question from the line of Ravi Menon from Macquarie. Please go ahead.
- Ravi Menon:** Just wanted to ask about which side is tech – hi tech customers, which vertical is that classified as? Saw that three of your key deal wins are from that segment. Is that in Manufacturing or is that in the Services side?
- Angan Guha:** It is on the services side, Ravi.
- Ravi Menon:** Okay, and Life Sciences, I noticed that we haven't really seen any wins. Could you talk a bit about that, what's outlook there, even apart from medical devices, is that still soft?
- Angan Guha:** Ravi, look, I mean, predominantly almost 80% of our business is medical devices. While we have not seen any win in Q2, there are couple of deals that we are working on even on the life sciences space that we hope to close between Q2 and Q3. We are working on them. I personally feel that the med devices industry per se, though it went through a little bit of challenge, it will turn around. But again we don't know how the tariff situation will play out for them. We'll have to wait and watch. But at least the momentum is picking up in that area. While we did not win a deal, we have been selected by a very large med devices conglomerate as one of the preferred vendors and we hope that some of the deals should be coming out of that over the next two to three to four quarters.
- So if you ask me, Ravi, I'm feeling a little bit more positive on the med devices space. On the larger Life Sciences area, we obviously don't work with any providers and we don't have the capability to work with any providers, but we have started working with some of the players and as we sign up some new clients on that area, I will come back to you with an update Ravi.
- Ravi Menon:** Thanks and we saw a couple of wins in Insurance, sort of like that's also picking up. How about the Banking segment?
- Angan Guha:** While we call our business BFSI, but we don't really work with any banks. I mean we work with asset managers, we work with payment providers and we work with a little bit of insurance. Insurance is a very small business for us. We are winning some small little deals there and we feel that will continue to show growth.
- On the payments side, we will see some softness going forward. But, it'll be seasonal. I feel, Q2 will be a little bit of growth again in payments. Q3 because of furloughs will be flattish, but in the long term I think the payments as well as the asset managers space will grow for us, Ravi.
- Ravi Menon:** Thank you. And I notice that this quarter, we've seen a bit of shift offshore, so should we expect that to continue and will that help margins? Or you think that new deals when they're coming through, we will have to keep the on-site/offshore mix more or less at the current levels?
- Kamini Shah:** Ravi, our expectation it would be more on the current levels. I think the shift that you saw was largely because some of the degrowth had happened more onsite at this point of time, and that's the reason that we expected to remain at the same levels.

- Ravi Menon:** All right. Thank you. Best of luck.
- Moderator:** Thank you. We have the next question from the line of Shradha Agarwal from Asian Market Securities. Please go ahead.
- Shradha Agarwal:** We've seen our sales and support head count coming off for the last many quarters and if you look at on a Y-o-Y basis, it's down almost 17%-18%. So what is happening there, is it more of overhead stuff that is going out or are we also looking at rationalization of a sales team?
- Angan Guha:** Shradha, our going in position is to invest in sales. So you should not take this as cutting off sales force to enhance margins. That's not the idea. We will continue to invest in sales heavily going forward as well and you will see an uptick, but we will invest in specialized sales instead of generalistic sales people.
- Also, Shradha, we will measure sales productivity very strongly and I can't comment today whether we are right sized in terms of sales or not. That will be driven by productivity and there is a big exercise that is going on. But the larger point that I made earlier, I think, to Priyank or Dipesh, is we will have the right roles in the right geographies. So from that perspective, we are rejigging our workforce a little bit. But investments in sales in the right kind of accounts that give us growth will continue.
- Kamini Shah:** And Shradha, just to add to what Angan said, right, while we continue investments in the sales area, the reason why you see a reduction is we are also looking at a lot more internal optimization and automation in our internal processes, which is why our support headcount has also been showing a declining trend. So while it's clubbed together for you from your standpoint, sales and support, reduction is not in the sales area; it's largely in the support area that we have.
- Shradha Agrawal:** Sure. And a related question is any progress on hiring of CEO-Americas after the exit of Mr. Roop Singh? It's been, I think, more than two quarters that we've been looking for with the placement. So any update on that?
- Angan Guha:** So Shradha, we will come back to you on that. I mean, there is some thought process that we are going through at this stage. And at an appropriate time, Shradha, we will come back and update you on this.
- Shradha Agrawal:** Right. And so just last one question from my end. Many companies have been talking of them getting incremental market share in vendor consolidation deals. So what is our status on such consolidation deals that come up in the pipeline?
- Angan Guha:** Some of the deals that I talked about that we have won, part of it of course is vendor consolidation. And some of the other deals are also new deals, which is more Agentic AI. I mean, one of the deals that where we are delivering to our clients with Agentic AI solution is a part of a consolidation deal. So we're winning our fair share of consolidation deals as well, Shradha. But like I said, our focus, rather than just driving vendor consolidation, is to win new transformation deals from our clients, which is more AI centric and where I will be able to use my AI platforms to deliver.

- Shradha Agrawal:** And so just one last question. ROW saw a steep decline. So the Manufacturing decline and ROW decline are related?
- Angan Guha:** Yes, it is related because there are some Manufacturing clients spend, and these clients are really global clients, so we cannot classify whether ROW or the US, but you're absolutely correct Shradha, that aligns with the Manufacturing decline. But overall, ROW, outside of Manufacturing, has done reasonably well. In fact, the two or three deals that we are signing or about to sign are actually in the ROW area.
- Moderator:** We have our next question from the line of Sudheer Guntupalli from Kotak Mahindra AMC. Please go ahead.
- Sudheer Guntupalli:** My question is, I think, a follow-up on what one of the earlier participants asked on Q3 growth. So you're saying the deal that got right-shifted is almost signed in the month of August. And if things, especially on the macro side I understand that the situation is very fluid but if things, let's assume things stand status quo, and given that you have the comfort of that deal signing, and the deal signings happen to be higher than what they were in this quarter, then is it fair to assume that December quarter will also be a growth quarter, despite, let's say, 100-150 basis points of hedging due to furlough? Is that the right math to assume?
- Angan Guha:** So, Sudheer, I will break this up for you, right, so that, you know, I communicate it clearly. And I'll also ask Kamini to step in on this one. So look, if I can sign more deals in Q2 than Q1, roughly about anywhere in the range of 160 million to 165 million, in that range, if I sign, then clearly Q3 will also be a growth quarter. The only reason I am not being able to say that with thumping on the table is because I don't know how much furloughs will my customers come back with.
- Operationally, I can tell you, I will grow in Q3. But the problem is, how much hit will I take because of furloughs is too early to comment. Because as you know, 40-50% of my business is manufacturing. And depending upon how the tariff situation goes for them, we don't know how much amount of discretionary cut they will have, as a result, how much furloughs they will ask us to take, which is the only reason I'm saying this.
- But operationally, if you ask me, we'll absolutely grow in Q3 as well. Barring, the only caveat here is, if the furloughs are more than anticipated historically, then obviously, we'll have an impact. Otherwise, we will grow.
- Sudheer Guntupalli:** Fair enough, sir. That's why my question had a predication that broadly in the historical range, given that it is too early to predict furloughs. But otherwise, you don't see, I think this is regarding, asking for some more clarity on one of Sandeep's earlier comments that says that H2 is sounding, we are sounding, a bit weak. I'm just trying to get some clarity on his comment, because I was not there for the full extent of the question?
- Angan Guha:** Sudheer, let me clarify, and I think Kamini clarified this to Sandeep as well. As you know, we entered Q1 with a lot of headwind, right? Earlier, our revenue base was roughly about 160 odd million dollars, we entered, or rather, we ended Q4 at about \$152 million base. So, we had a

huge headwind because of closure of projects, ramp downs, and a lot of the work going to the captives.

Now, if I were to take that base, and growing from here, you will be able to do the math, we'll need a substantial amount of sequential growth to show growth from there on, right? So, which is why my request is, and I know this may be not the right way to say it, but let me focus on quarter-on-quarter performance rather than year-on-year performance, because with that kind of headwind, year-on-year performance may not make too much sense.

So, my entire focus and my management team's focus is first deliver growth in Q2, and then like we discussed, if there are not too much furloughs, deliver growth in Q3 and then Q4. But at a larger scope, if I can deliver this, what I just said, focus on quarter-on-quarter, and deliver above 850 million of order book, then at least next year, I can commit to a solid growth year.

Sudheer Guntupalli: Fair enough, sir. I was just trying to get that confidence on sequential basis only, quarter-on-quarter growth trajectory for the second half, not on year-on-year basis, since one of the earlier comments by one of the participants seemed to imply otherwise. Thanks.

Moderator: We have our next question from the line of Abhishek Shindadkr from InCred Capital.

Abhishek Shindadkr: Just one question. Sir, historically, when we have had a hunting and a mining team restructuring, typically, what is the timeframe within which they actively start contributing to the new pipeline, especially the hunting team? Any color in terms of that timeline could be useful. Thank you for taking my question.

Angan Guha: Abhishek, the hunting team actually does two things. One is, either they work on a deal in a new account or they open a new account. So, let me take both the questions separately. When you're working on a new deal in a new account, that depends upon the deal closure. If the deal closes quickly, we can start getting revenues quickly. But the other rhythm or cycle in the hunting motion is to open an account, sign an MSA, get the account in our fold, and then you start walking the floors. My personal take is when you open a new account, sign an MSA and start walking the floors, by the time you close the first deal and see the first dollar of revenue, it could take anywhere between 6 to 12 months. That is the motion of a new account opening MSA, which is why we put an account manager who starts walking the floors and over a 2-3 period, the account can become 5 million, 10 million, 20 million, which is the account mining exercise. But the other rhythm where you are working on a deal in a new account, that could close whenever it closes, could be 3 months, could be 6 months.

Abhishek Shindadkar: Understood. So, my question was more about new business in existing accounts versus the end-to-end business. So, generally, 3 to 6 months is the timeframe when the new team would take to get the end-to-end business. Is that the right way?

Angan Guha: Absolutely, yes, Abhishek.

Moderator: We have our next question – a follow-up from Girish Pai from BOB Capital Markets. Please go ahead.

- Girish Pai:** Thanks for the follow-up opportunity. I just had one question. You mentioned in-sourcing and captive a couple of times, maybe more than twice, during this call. Are these multiple clients and why is in-sourcing happening? Is it that the clients can do the same work at cheaper rates within the captives or any specific reason why the in-sourcing is happening?
- Angan Guha:** Girish, you must not look at in-sourcing from a rate perspective. It's not about rate. It is more about standing up their GCCs and getting that off the guard. It could also be some amount of work, which are more regulatory in nature, which needs to be within their four walls.
- So, I would not read too much into that. It was more to explain in terms of the fact that we have not lost those deals to competition. We've lost those -- actually, lost is the wrong word. We've given up those people or that piece of work to an in-sourcing rhythm is what I was referring to. It's got nothing to do with price, Girish.
- Girish Pai:** I mean, are these more than two, three clients?
- Angan Guha:** Again, we will not talk client specific, but yes, it is more -- I mean, it will be a couple of clients. It's not more than two or three clients, but it is in that range.
- Girish Pai:** Okay. One last question on pricing. How is the pricing in the market today compared to, say, three months back or six months back on discretionary work, so-called discretionary work?
- Angan Guha:** Look, pricing is going to come under a lot of pressure. Which is why, Girish, if you remember, my first comment was at least to get my renewals done at the current price levels and not give discounts on the renewals. And that itself is a lot of effort, considering the macroeconomic situation.
- Now, as far as new deals are concerned, on discretionary or even non-discretionary, there is enormous amount of pricing pressure at this stage, which is why we are taking two strategies, actually three. One is trying to get the renewals done at the current pricing, number one.
- Number two, getting our organization cost structure corrected to reflect the new reality of the pricing pressure that we will go through. And third, of course, we will also be aggressive in the market to gain some market share, but strategically win some deals at a little bit more competitive pricing.
- Moderator:** We have another follow-up question from the line of Sandeep Shah from Equirus Securities. Please go ahead.
- Sandeep Shah:** Just a book-keeping question. If I just look at the intangible assets, which is mentioned as other intangible and intangible assets under development, it has gone up on a Y-o-Y from \$1.4 million to \$3.1 million, and largely because of the intangible assets under development. I agree as a percentage to revenue, it's not very big, but what is leading to this increase?
- Kamini Shah:** So, Sandeep, it's actually, if you could recollect, we had mentioned about our own in-house transformation program that we had been doing a couple of quarters back, Optimus. As we are building it up, it's really the cost associated to it.

Sandeep Shah: Optimus is one of the solutions or a tool which we are developing?

Kamini Shah: Yes, absolutely.

Sandeep Shah: Around automation or...?

Kamini Shah: It is actually an entire platform that we are creating in-house for our own internal purposes in terms of transforming our organization.

Moderator: Thank you. We have our next question from the line of Debashish Mazumdar from SVAN Investments.

Debashish Mazumdar: Good evening. Hi, Angan. Thank you so much for taking my question. And Kamini, all the best for your future endeavour. So, Angan, I have a little bit of a strategic question in my mind. If I see your journey in Birlasoft once you joined, after we faced a huge headwind from Invacare, which was kind of managed well, we then came back into growth mode for two to three quarters, because some of the changes done, some strategic changes made, consolidation happened, hired new people. Then, if I see over the last two to three quarters, we suddenly kind of collapsed from that growth journey. And obviously, because of that, our margin also got impacted. So, according to your analysis, what was the reason of this impact? It was like job half done when we were kind of changing strategically 3-4 quarters back, or it was more of a macro impact that we have faced or it was more of a client specific or vertical specific issues that we have faced? So, according to your analysis, what are the -- among all these three, what is the main reason according to you in your mind that has impacted us the most? And the second is, at what level of transition we are in? And according to you, how much time it will take approximately to get back into the growth phase?

Angan Guha: Debashish, first of all, I thank you for the question. So, there are a lot of questions in one question, but I'll try and summarize and answer them. Fundamentally there is nothing wrong with the company. The company is strong, and that shows up in our balance sheet, that shows up in our cash flow generation. The very fact that we have no debt, we've been able to generate positive cash flows every year shows that we are a fundamentally strong company. What we need is growth. Now, where did growth go wrong? It went wrong in two or three areas. One is, like I was mentioning earlier, some of our customers have insourced a lot of work, some of the projects have finished and they have not got renewed. And this has happened in about two or three clients, not too many, maybe at best four clients out of the 250 clients that we serve. But over the last four quarters, we've lost a lot of revenue because of them. But equally, we won a lot of business, which is why, though we've lost a lot of business we have still been able to stay at the current levels, which is the commentary that you made that in the last four quarters, we've worked to only be in the same place. I feel personally that this is an ongoing journey, we have made a lot and a lot of changes in the organization. And when I mean changes, I don't mean people changes alone. In the way we work, the way we serve our customers – the kind of capabilities that we build, the kind of capabilities we want to build for the future. Even in the year that we did not do well, we've given our people salary hikes, promotions and everything. So we're investing in our people, we're investing in our capabilities. And we have a long term view about all this.

It's hard for me to say that how many more quarters will it take for consistent growth to come back. We are attempting to deliver growth even in Q2. So technically, in Q2, we will deliver growth. Hopefully, if the furloughs are not too much, we should deliver growth in Q3 as well. But if the furloughs are way too much, then then I can't obviously comment.

Now, it's an uncertain world. I will have to focus quarter-on-quarter, take one quarter at a time, and then build on it. But of course, our endeavour is to get to consistent quarter-on-quarter growth for four, five, six, seven, eight quarters, sooner rather than later. It is not a job half done, we continue to do the job and we are fiercely committed to our customers, to our people. And we will build a strong, robust company in the long term.

Debashish Mazumdar: Sure. And when you said that building a robust company in the long term from your recent experience, at least, where do you think that the maximum gap is? Is it like, depending on one single vertical which is very volatile in nature or kind of depending on few single customers, where again, you can have higher pressure going forward. So according to you, what are the areas which need to be addressed very, very urgently?

Angan Guha: Both, what you said both. Traditionally, we have been an ERP company, which has not shown growth. We are big in Manufacturing, which has not shown growth. So we have to do both, we have to acquire new customers. We have to also mine our existing customers. And over time, we have to build up Manufacturing back to growth path while Life Sciences and Energy/Utilities and all of the other businesses continue to grow.

Moderator: We have our next question from the line of Vibhor Singhal from Nuvama Institutional Equities.

Vibhor Singhal: I'm sorry to harp on this question again, I'm just trying to wrap my head around the tax thing that Kamini, you mentioned. So first of all, I just want to clarify, you are saying that for the next three quarters of this year also, we will have 35% tax rate. Did I get that correct?

Kamini Shah: Yes, that's absolutely right. For this year, we're looking at a tax range in this range. Yes.

Vibhor Singhal: Got it. So now, I just want to understand the nature of this thing. So is this some sort of a tax demand that has been raised by the department that we are trying to fulfil? Is this some kind of revaluation that we are doing? You mentioned that some of the projects and you're trying to work on what has a project got to do with the tax because I think that is a different kind of thing. So just trying to understand the nature of this expense that we are looking at for the full year?

Kamini Shah: So at this point of time, like I said, since we're engaging with our tax experts, we're actually re-looking at our models that we work with our customers to be able to align to our operating models, which is the reason why I think we are kind of giving you a very limited information at this point of time. We're working through this. But I think what we can say with a lot of certainty is that given the work that we've done so far, we see this as an impact for the current year and not beyond that. So allow us some time to work through this and probably we will come back to you later on.

Moderator: Thank you. Ladies and gentlemen, that would be the last question for today and I now hand the conference over to Mr. Angan Guha, CEO and MD Birlasoft Limited for closing comments. Over to you, sir.

Angan Guha: Thank you so much. I would like to thank each one of you for your interest in Birlasoft and for your insightful questions. At Birlasoft we have undertaken and initiated several actions over the past couple of quarters to secure our long-term profitable growth objectives. And we've discussed this in the last one hour, that while the macros are unfavourable for a few quarters, we believe that we are well positioned to benefit from the emerging market condition. I feel our first goal would be to deliver for Q2 and we are working on delivering some growth in Q2 and then take it forward from there on.

And like I mentioned multiple times, we will take one quarter at a time and our focus clearly this year is going to be to deliver more and more funnel and more and more order book. So thank you once again. I look forward to speaking to all of you again next quarter. In the meanwhile, please feel free to reach out to Abhinandan for any clarifications or feedback. Thank you and have a great evening.

Moderator: Thank you. On behalf of Birlasoft Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

(This document has been edited for readability purpose)

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