

May 13, 2026

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001.

National Stock Exchange of India Ltd.
Exchange Plaza, C/1, G Block,
Bandra - Kurla Complex, Bandra (E),
Mumbai - 400051.

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Symbol: BSOFT
Series: EQ

Kind Attn: The Manager,
Department of Corporate Services

Kind Attn: The Manager,
Listing Department

Subject: - Transcript of Earnings Call held on May 6, 2026.

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 May 6, 2026.

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: 2026.05.13
11:40:15 +05'30'



Sneha Padve
Company Secretary & Compliance Officer
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Birlasoft Limited Q4 FY26 Earnings Conference Call

6.00pm IST, 06 May 2026

MANAGEMENT:

MR. ANGAN GUHA, CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR
MR. CHANDRASEKAR THYAGARAJAN, CHIEF FINANCIAL OFFICER
MR. ABHINANDAN SINGH, HEAD - INVESTOR RELATIONS

Note:

1. This is a transcription and may contain transcription errors. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy.
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 Q4 and FY'26 Earnings Conference Call hosted by Birlasoft 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 Mr. Abhinandan Singh, Head — Investor Relations, Birlasoft. Thank you, and over to you, Mr. Singh.

Abhinandan Singh: Thank you, and welcome. By now, you would have received or seen our results that were announced earlier today. Those are also available on our website www.birlasoft.com in the “Investors” section. Joining me on this call this evening are our CEO and MD Mr. Angan Guha and our CFO Mr. Chandrasekar Thyagarajan or Chandru, as we call him. We will begin the call today with opening remarks from both Angan and Chandru.

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 this, 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 morning and good evening to everyone wherever you are and thank you for joining us today as we share some perspectives of our fourth quarter and full year FY '26 performance. But before I delve into our results, I would like to point out that our performance during the quarter and year under review reflects a very soft demand environment due to sustained macroeconomic headwinds, leading to some client-specific issues and as a result, erosion of revenue. In that backdrop, we remained focused on strengthening our AI-led capabilities, our domain expertise, while also driving operational efficiencies and focus on order booking.

At the same time, we have continued to invest in our management team. We recently onboarded Vikram Puranik as our Chief Operating Officer. Vikram joins us with a strong background in engineering services, delivery operations and capability building, having served as a senior leader at leading engineering services organizations. He comes in place of Selva, who's decided to step down on account of personal reasons.

In addition to that, in recent months, we have brought on many more leaders across various levels in the company. We brought in a leader for our data and AI practice. We brought in a leader for our overall ERP practice. We've brought a leader for our global partnerships and alliances based in San Francisco. And we also now have a new leader for our Lifesciences vertical. As you know, we had inducted Komal Jain as a leader for our Americas business back in Q3.

These leaders that we have added have all come in from Tier 1 companies, and we hope that they will bring a lot of expertise to the growth orientation that we want to have going forward. Our ERP leader is a 25-year-old veteran from SAP, and with the addition of this leader, we hope to look at our ERP business and get that back to growth as well.

At the same time, we are also making significant efforts to further strengthen our sales team and expect to see a substantial increase in that over the next few months. By the middle of FY '27, I reckon that our sales team strength would have gone up by 30% to 40% on a year-on-year basis. Many of these additions are in line with our intent to pivot to a growth-oriented "AI First" organization.

With that background and context, I would like to draw your attention to our Q4 results and our full year performance. On the revenue side, for Q4 FY '26, our revenues grew 0.1% quarter-on-quarter and 2.4% year-on-year in rupee terms, reaching INR 13,486 million. However, our revenues declined sequentially in dollar terms. For the full year FY '26, our revenues were down 1.2% in rupee terms to INR 53,100 million.

That reflects the challenging demand environment that I had earlier alluded to, some headwinds because of that in account-specific issues that we have faced, upfront productivity benefits that we had to pass on because of AI deals that we have won and also adding to that, some bold decisions that we took of walking away from several non-profitable revenue streams that affected our overall revenue but contributed to our margin expansion.

Consequently, our EBITDA margins expanded further in Q4 on back of expansions recorded in Q2 and Q3 to 18.5%. EBITDA margins for the full year FY '26 increased to 16.3% from 13% in FY '25, a 333-basis points expansion. The strong margin performance has led to a 46.7% Q-o-Q rise in our profit after tax for Q4 to INR 1,759 million. The PAT for the full year FY '26, adjusted for the onetime impact for Labor Code changes and higher U.S. federal tax, is up 27.6% Y-o-Y, which came in at INR 6,595 million. Chandru, our CFO, will provide some more color both on the margins and cash flows in his remarks.

On the deals front, I'm pleased to observe that after a significant spike in TCV volumes during Q3, we have recorded a further sequential increase in total deal signings in Q4, making it the second quarter in a row where we have registered order booking above the \$200 million mark. We've signed deals worth \$208 million TCV during Q4, which is 3% higher than what we signed in Q3 of FY '26.

Across many of the deals that we have won and the engagements we are working on, we are deploying our AI-powered solutions, including our Cogito platform, which is designed to accelerate enterprise software development, automate processes and enhance decision-making through smart agents.

For instance, Birlasoft is executing a multi-horizon AI and data modernization program for a Fortune 500 MedTech customer leveraging Agentic AI to enable them to automate and orchestrate complex workflows across multiple business domains such as supply chain, commercial, sales, finance and manufacturing. This positions our engagement as a flagship

multi-domain AI-led transformation in the MedTech sector. Similarly, in the BFSI vertical, we are scaling our Gen AI services across the North American P&C market to help clients process more submissions and realize measurable efficiencies and business gains.

So, looking ahead, as I had mentioned earlier, the demand environment has been quite challenging, marked by a lot of uncertainty and added to it the developments related to trade, tariffs and geopolitics have made the situation even more volatile. From that standpoint, FY '26 has been somewhat unprecedented, where we fell short of our own expectations on the revenue front while improving margins significantly. That said, we've taken measures to strengthen our growth engine.

We've made significant investments in our team with the addition of several leaders. On the sales front, we've completed hiring of multiple additional sales talent across both the U.S. as well as Europe geos and across verticals and service lines. We are looking at expanding our sales teams further over the next couple of quarters. With these additions, we will significantly enhance our capacity and capability of our sales teams. We've made significant investments in our AI platforms, and we have won some marquee deals around our AI push.

We are further strengthening our "AI First" operating model with significant changes in our delivery mechanism and should be able to see benefits from that over the next couple of quarters. Finally, we continue to invest in our people to build an enterprise for the long term. Our focus going forward will only be centered around sales, pipeline generation, and order booking, which will be around outcome-based and managed services engagements.

At this point, I will ask Chandru, our CFO, to share his perspectives on the quarter and the year under review. Chandru, over to you.

Chandrasekar T.:

Thank you, Angan. Good day, everyone. It's a pleasure to talk to you again. Let me take you through the financial highlights for the fourth quarter of FY '26 and then for the full year FY '26.

First, the fourth quarter performance. As Angan said, our performance during the quarter has been mixed. While the top line reflects both macro and some client-specific issues, we've seen our margins continue to expand. We also have had healthy deal signing. In Q4, we had fewer working days than Q3. Additionally, an operational issue at one of our customers affected our volume growth. These factors combined with the prevailing soft demand conditions that Angan spoke about, where customers have been holding back on discretionary spend and are pushing for productivity benefits, resulted in revenue for the quarter declining 3.7% quarter-on-quarter in constant currency and in dollar terms, to \$145.3 million.

In INR terms, the revenues have been flat, up 0.1% quarter-on-quarter to INR 1,348.6 crore. Among our verticals, E&U registered a sequential growth and was up 1.8% during the quarter. The other verticals witnessed a degrowth on account of the reasons I just mentioned.

Margin performance has been strong, reflecting the series of decisive actions that we have been taking over the past three quarters to enhance our quality of revenue and optimize our cost structure.

In addition, we have benefited by incremental one-offs in Q4 versus Q3. Also, we saw continued upside from currency tailwinds. As a result, EBITDA margin for Q4 increased to 18.5%, which is an expansion of 30 basis points quarter-on-quarter.

We continue to make investments in our business, including in the areas that Angan alluded to, i.e., augmentation of our sales team, focus on our AI orchestration layers and enhancement in our domain and service line capabilities. PAT for the quarter increased from \$13.4 million in Q3 to \$19 million in Q4. This was driven by two factors. One, there was a strong margin expansion at the operating level and two, we took the benefit of available tax concessions in some of our global operations.

Now to the full year performance. For the full year FY '26, we have reported consolidated revenue of \$597.5 million and INR 5,310 crore, representing a degrowth of 6% in dollar terms and 1.2% in rupee terms, respectively, over the previous year. On the margin front, again, we have delivered significant expansion on the back of serious efforts that we have put in to drive operational efficiencies and to improve the overall quality of our revenue.

The measures we've taken included rationalizing those tail accounts that were not profitable or where we did not see potential to scale up. Our EBITDA for the year, which stood at \$97.5 million, is up 18.2% year-on-year, translating into an EBITDA margin of 16.3%. This is a 333-basis point expansion over the previous year.

PAT for the year stood at \$58.3 million, lower than \$61.1 million in the previous year due to the combined impact of changes in Labor Code, which affected our Q3 numbers, and a provision made for incremental U.S. federal tax in FY'26. The tax concession that came in Q4 did act as a tailwind.

The elevated ETR due to incremental U.S. tax, as I had called out on our earlier calls, was limited and will be limited to FY'26, and we expect ETR to settle closer to our historical ETR level starting FY'27. Adjusted for this incremental provision for U.S. federal tax and the onetime provision made on account of changes in Labor Code, normalized PAT for the year would have been \$74.2 million, up 21.5% year-on-year or INR 659.5 crore, up 27.6% year-on-year. This would translate into an adjusted basic EPS of INR 22.14 per share.

Let me conclude with a few observations on the balance sheet. We ended the year with cash and cash equivalents of INR 2,637.3 crore, up 19% year-on-year. While our DSO for the period under review increased sequentially to 62 days, the increase was caused by an unanticipated spillover of some collections in the first couple of days of April. If we would adjust for the collections realized by 3rd of April 2026, our DSO would have been 55 days.

We remain committed to staying focused on sustained cash flow generation. In line with our track record of rewarding shareholders and allocating capital prudently, the Board of Directors has proposed a final dividend of INR 4 per share, subject to shareholders' approval. This, combined with the interim dividend paid out after our Q2 Board meeting, takes our overall dividend for the full financial year to INR 6.50 per share. We are entering the new financial year

with a strong margin profile and a robust balance sheet, allowing us to make continued investments in AI capabilities and in talent required to fuel growth.

With this, we'll just open the floor for question and answers. Thank you.

Moderator: Thank you very much. The first question is from the line of Girish Pai from BOB Capital Markets. Please go ahead.

Girish Pai: Angan, the year was down – revenue was down negative 6.5% in constant currency terms. How do you see FY '27 play out? Do you think growth in FY '27 will be positive? And if so, how will that growth play out across the 4 quarters or the two halves?

Angan Guha: Girish, thank you for your question, and thank you for your interest in our company. If you really analyse our 6.5% degrowth, like we called out, a part of it was because we ourselves walked away from some revenue that was not profitable, right? So that is one. Second, like I said, because a lot of our deals are now AI related, where we have to give productivity benefits right up front, that also dented our revenue. And quite frankly, we were not able to win too much business to compensate for the negativity that happened, which are very account specific.

Now going forward, as you know, Girish, we do not give out guidance. But if you look at the investments that we have made, we've gotten a large number of leaders who have come in at the leadership level, like a new leader for our Life Sciences vertical, a new leader for ERP, which has not been doing well over the last so many quarters. We've got a new leader in Vikram himself. So we've got a lot of new leaders.

Even the sales motion, like I said, almost we'll have a 40% increase in our sellers in the market. So we are hoping with that, our pipeline will improve, our order book will improve and eventually the revenues will improve. So we are hoping that the bad news is behind us now and FY'27 will be better for us. Now, we will not give a guidance in terms of how much revenue going forward, and the market is also very volatile, but at least we are getting the input parameters corrected, Girish.

Girish Pai: And between H1 and H2, which would be a better half?

Angan Guha: So in order booking, Girish, as you know, H1 is always soft and H2 is better from an order booking perspective. I don't see that changing. From a revenue standpoint, it's hard to say at this stage. But our endeavour will be to first get the pipeline fixed and getting the order booking going. Revenues will automatically follow.

Girish Pai: You spoke about sales engine being ramped up. How will this impact the SG&A-related costs and the EBIT margins in FY'27?

Angan Guha: I'll ask Chandru to comment on that part. But look, we've done a lot operationally to increase our EBITDA. As you have seen, our EBITDA performance has been very, very strong over the last 4 quarters, and the team has done an excellent job, which enables us to kind of invest in our business going forward. So going forward, our entire endeavour will be, the entire focus will be to generate more pipeline, more order booking. So it will be a completely growth-oriented, sales-

oriented organization going forward. And we'll make a lot more investment. That obviously will have an impact on our margins. But to quantify that, I'm just going to ask Chandru for his comments.

Chandrasekar T.: You will recall, Girish, that in the past quarter as well, we've said that our steady-state EBITDA margin performance for us would be in the 15% range, right? So, if you look at our numbers, we are at 18.5% for Q4. And my expectation is that as we make some of these investments, we will continue to do that for the required growth that we need, our business model already bakes in this ramp-up in sales and the investments that we committed to make while I spoke about the 15% plus that we will make on a consistent basis.

Girish Pai: Okay. My last question is regarding your ERP business. There have been comments made by Palantir on compression in efforts and stuff like that with SAP migration, SAP implementation. What are you seeing in the market today? What are you seeing yourself in terms of AI impact on your ERP business? Is that compressing or deflating your ERP revenues in a material fashion? Or do you see it happening going forward?

Angan Guha: Girish, first of all, our ERP business has been very challenged irrespective of Palantir's announcement or the AI-related stories. We've consistently not performed on our ERP business. Now the good news is, I think finally we've been able to get a leader to lead our ERP business. He's going to be based out of New York. Like we said in our earlier commentary, he's worked 25 years with SAP, and we are quite delighted to welcome him to lead our ERP business.

We strongly believe our ERP business will only continue to improve from here. System of records is not going away. And of course, we have looked at the Palantir announcement. We are closely monitoring it. But at least in our conversations with our clients, we are seeing a lot of interest in terms of the overall ERP landscape, whether it is SAP, whether it's JDE, et cetera. And we will continue to stay invested in this business. We see a lot of long-term potential here.

Moderator: The next question is from the line of Sudheer Guntupalli from Kotak Mahindra.

Sudheer Guntupalli: First question is, if you can throw some more color on which exact vertical you faced this operational issue with the client or a client-specific issue impacting your overall revenue? Is it BFSI or Life Sciences?

Angan Guha: It is Life Sciences. And within Life Sciences, it is the MedTech sector, medical devices sector. So it is more manufacturing-orientated. So that's where we face the issue, which is why it is reflected in our Life Sciences business. But our Life Sciences business, as Sudheer, you know that it is more manufacturing orientated. So that's where our biggest degrowth has been.

Sudheer Guntupalli: Sure, Angan. And is this issue completely behind? That is question number one. And question number two is, the net New TCW booking seem to be a bit on the softer side for this quarter. So any further color that you may want to add on that?

Angan Guha: Sudheer, I intuitively feel that the bad news in both manufacturing and med devices sector is behind us. We've taken a lot of hit because of the macroeconomic situation, also the situation related to the operational issues at one of our clients, which I can't delve into too much. But

suffice to say that it's very client-specific, which is why we are now seeing a turnaround there, and we feel that this will not occur going forward. So that is point number one. Point number two is, from our perspective the entire focus now, having delivered strong margin performance, will be growth orientation. And all the investments that we are doing are only to deliver greater growth going forward.

- Moderator:** Sudheer, sorry to interrupt. Can I request you to come back, please, for a follow-up?
- Angan Guha:** No, no, let him please. Sudheer, please go ahead. Please go ahead with the other question.
- Sudheer Guntupalli:** My question is more specific to the TCV, net New TCV, which appears a bit soft in this quarter. Is there any particular reason or deal slippage into the June quarter because of which this happened? Or is there any other specific issue? And last question from my end is on margins. So for the last 2-3 quarters, we have been consistently surprising on the positive side on margins. So 15% plus looks like a bit of a low-ball expectation at this stage? So we understand that there is a bit of an FX benefit that we have gotten in terms of this margin expansion. But even if you exclude that, Chandru if you can help us understand what is the more sustainable level of margin since we are way above the aspirational range of 15% plus? That would be from me.
- Angan Guha:** So Sudheer, first, let me talk about the TCV performance. First of all, second quarter in a row we've delivered above the \$200 million mark. Now, I agree with you that only at an overall year level, roughly about 38% of our order booking is really from existing new and net new. So which, to my mind, is a reasonably good performance. But Q4 specifically, our net new is obviously very soft. But I don't think there is anything more to read towards it. It is only because so many of our clients are delaying decision-making because of the uncertainty. It's not that we have lost any deals. It's just getting pushed to Q1. And our entire focus will be to kind of convert all those deals in this current quarter. On the margins, I will just ask Chandru for his comments.
- Chandrasekar T.:** Thanks, Angan. Back on the margins, one of the points that I did make to Girish's earlier question was that we are making the investments not only in sales, but also in leadership across our service lines, in our partnerships. We are making investment in our AI orchestration layer and in some of our capabilities.
- All of this is going to be a drain on our margins and that is why I did mention, I continue to believe, that our steady state margins that we should expect is going to be upward of 15% and there will be an erosion from where we are today, obviously, because of these investments. And secondly, you should also recognize the fact that when we're looking at additional growth, there will be a ramp-up, which will be natural from the way we do our business. And third, when we're looking at some of the productivity benefits that some of our existing and new clients are expecting of us, there will be some front ending of some of those benefits, which will have an initial drain on our margins. Taking all of this into consideration is why I said that 15% would be a sustainable number as I see it at this point in time.
- Moderator:** Next question is from the line of Dipesh Mehta from Emkay Global Financial Services. Please go ahead.

- Dipesh Mehta:** Just two questions. First is, can you give quantify impact of exit from low-margin business on FY'26 growth rate? And second, what kind of deal intake is required for you to get confidence on Q-o-Q growth resuming for us, some ballpark number in terms of deal intake number?
- Angan Guha:** Dipesh, thank you for your question. We cannot give exact numbers because that is very client-specific, Dipesh. But we can only say that at least 200 basis points of growth roughly went away because we walked away from low-margin, non-strategic deals. And there are 2 aspects to it. One is low-margin deals. The others are also non-strategic deals where we didn't see any further opportunity to grow. Now exact numbers, we can't obviously give, but it is around that figure. What was your second question, Dipesh?
- Chandrasekar T.:** Before you get to the second question, Dipesh, just to add to what Angan said. We also talked about the lower working days in the fourth quarter versus the third quarter. So the 200 basis points that Angan just spoke about takes into consideration that one element as well.
- Angan Guha:** Yes. And what was your second question, Dipesh?
- Dipesh Mehta:** What kind of deal intake on a quarterly basis required for you to get confidence about Q-o-Q growth on a sustainable basis returning?
- Angan Guha:** So Dipesh, look, first quarter always is a little soft on order booking, correct? But from our perspective, our endeavour will be to deliver strong order booking performance. Again, I can't give you exact figures on this. Internally, obviously, we have a target, which is why we are hiring 30%-40% more sales people because now the focus of the company is going to be clearly revenue growth. That's important for us because we have not performed for the last almost 6-7 quarters. I would not like to give the exact number, but it will definitely be substantially better than the order book we delivered in FY26.
- Moderator:** Next question is from the line of Sandeep Shah from Equirus Securities.
- Sandeep Shah:** Angan, as you rightly said, this is the sixth quarter in a row where we see Q-on-Q growth is flat or declining. Macro issues are common for the industry; at our base it should not have impacted so much. Despite that, the decline of 6.5% is one of the highest in revenue across many stocks. So in terms of creating a team around sales, delivery, AI, when you joined we also had done a restructuring round by making investment in new leaders, churning leaders, both on sales and delivery. So what has gone wrong in previous restructuring cycle and why you are confident this time in terms of again, a second round of restructuring?
- Angan Guha:** Sandeep, look, we ourselves are pretty disappointed with our performance. Let me start by saying that. And there's no hiding away the fact that 6 quarters, we've not grown, right? So clearly, the leaders that we had hired earlier have not delivered. And we had to make changes at multiple levels. So from that perspective, the reason why I'm now — well, let me not even say from a confidence perspective, but the one thing that I can tell you is the following that we have invested for growth. Now, we are hiring leadership. We've already hired a lot of leadership. We'll continue to hire more sellers. And by end of Q2, we'll probably have 40% more sellers than we have today, with the objective that as we have more and more sellers, our pipeline will improve and eventually, our order booking will improve. That's what I'm betting on.

Now if you look at the kind of talent that we've been able to attract, the leaders in Data and AI, leaders on our ERP business, I at least feel and I get great confidence from the kind of talent we have got. So from that standpoint, I am confident that with the kind of talent that we have got, the bad news being already baked in, having the money to invest in our business, in our "AI First" operating model, can only get the company better because, quite frankly, we are at the bottom of the pit right now, as you said.

So I'm only hoping that the company will get better from here on. And which is why we continue to stay invested and we are putting in so much more investment as we go forward. So Sandeep, I don't know whether I've answered your question exactly. But at least the management team is confident that with all the investments that we are making, the company should turn around sooner rather than later.

Sandeep Shah: Just a follow-up. You said most of the client-specific issues are behind now entering FY27. And second, as you had said, the team expansion on the sales will be over 40% by the middle of this financial year. In that scenario, pipeline creation and TCV conversion may not happen in the starting 1H of FY27. So, is it fair to assume because of all these changes, the benefits would be visible in FY28 rather than FY27? And most of the pains on the client-specific issues are behind? Or do you still believe those client-specific issues to continue in FY27 in the near term?

Angan Guha: Sandeep, if the situation continues as is today, then the client-specific issues are behind us. Now we don't know what we don't know. If something more drastic were to happen going forward, then we cannot comment. But I can only tell you two things that we've already done a lot of the hiring. They are already behind us. And we will continue to add sellers as we go forward, by end of Q2. So you're correct, for some of these sellers to settle down, build the pipeline and then get the orders booked is going to be crucial. And then the revenue will follow. Now, we'll have to see how the sequencing happens. But look, our view is that quarter-on-quarter pipeline improvement we are already starting to see. Now we have to show that up in order booking and eventually revenue will come.

Moderator: Next question is from the line of Ravi Menon from Axis Capital.

Ravi Menon: Angan, your top 5 customers have been growing. And finally, this quarter, we've actually seen that flatline. So I just wanted to check, is there anything that's temporarily stopping this, and when we can expect growth to resume?

Angan Guha: Ravi, your voice broke up. I couldn't quite understand the question. Can you repeat the question again, please?

Ravi Menon: Yes, I was saying that the top 5 customers have been growing quite well. And now we've had a quarter where this has flatlined. So I just want to check if there is anything within the top 5 that's been a client-specific issue this quarter, and when we can expect this to resume growth?

Angan Guha: Ravi, I don't think we have a client-specific issue in our top 5 clients. I think the top 5 clients are pretty strong. It is a seasonal issue. I don't see that to be a problem. The growth will be back on the top 5. I think the next 5 and the next 10 is where we need to put a lot of focus to get new real

estate and new clients, which is why we are investing so much more in sales than we have ever done before.

Ravi Menon: I saw that although you talked about investment in sales this quarter, the sales and support headcount is slightly down. So should we think about that as more G&A cut while you're actually adding sales and marketing personnel?

Angan Guha: That is correct.

Moderator: Next question is from the line of Priyank Chheda from Vallum Capital Advisors.

Priyank Chheda: A few observations which have been quite a bit of contrasting when it comes to IT sector. First is, we've been generating 500 crore of annual cash flow, which is after tax, after all the working capital requirement and still the dividend payout has been flat for the full year, which, ultimately what happens is, we load up a lot of cash on our balance sheet and then we have a restructuring program which is going on internally, wherein we plan to grow organically, right? And when it comes to the industry, the same pattern. A lot of the players in this industry have returned the cash on balance sheet to the rightful owners, which is the equity shareholder. What's our thoughts around this trend and the contrasting observation that I have observed?

The second observation that I would like to share is again, within this industry be it from a \$20 billion dollar size of revenue company to \$40 billion, almost everyone would share the pipeline number, guidance, maybe even more granular details, while it's been difficult for us to judge what could be the trend that we should also judge. Because we also are responsible to answer our principals. So, these are the two contrasting observations and would like to know your thoughts on this.

Chandrasekar T.: Let me take the question on cash and dividend, Priyank. I think this question had come up earlier too, right? So, clearly, the dividend payout that the Board has recommended, which is, as you rightly said, in line with what we did declared in FY25 is based on performance.

And if you look at our PAT, it's been a very similar PAT on a year-on-year basis. And therefore, the consideration was on the dividend in relation to our PAT and therefore, the dividend payout ratios. So that was one.

And second, overall, the cash in the balance sheet, you're right that it rightfully belongs to the shareholders, and this is a call that the Board is taking on behalf of the shareholders and recommending to the shareholders. And everything that you said is certainly in consideration and is in play with the Board. And we are sure as a leadership team that the Board will take the right call on the cash on a go-forward basis.

Angan Guha: Priyank, on the second question, in terms of the guidance, look, the situation is very, very volatile currently. Specifically for a smaller company, the volatility is hard to predict which is the reason we do not give guidance. But like we have said in the last half an hour, Priyank, we will continue to focus on investing for growth and investing for sales.

We've done a lot on the operating margin front in the last 4 quarters. We've done significant cost takeout, and we now feel more comfortable and have the money to invest in sales. That's all we can do. Our focus will be to generate pipeline and order book and automatically revenues will follow. So we are trying to get the company back on the growth track, and that is what the management will stay focused on.

Priyank Chheda:

Sure. Just to add on this, again by when should we expect that the Board would start thinking about a positive generation of incremental return on capital, which means that the cash that we generate doesn't just sit on the balance sheet, rather it's either used for growth or maybe it's given back to the rightful owners. So I just want to know what would be the timeline that we should think of, by when Board would think in the favour of minority shareholder as of now, it doesn't look like. And on second observation, again, sir, just a follow-up, we completely trust your strategy. There's no doubt and hence, we have remained invested. What we would like to now know is, after a series of discussions that we have done, what would be the timeline that we should think of?

If not the numbers, if not guidance, or if not maybe any specific metric that you would like to call out, maybe you would like to call out what would be the timeline that we should think of wherein we start witnessing growth? Or maybe the aspirations that you would hold for the company, to be a part of a successful company within the whole of the IT system? What would be the timeline that we should also think going ahead? That's all.

Angan Guha:

So Priyank, the second question I'll take, and then I'll ask Chandru to comment on the first question. So Priyank, as you will know, right, which you already know that revenue is a manifestation of the pipeline and the order book that we can generate. Now we are fixing the basics. We have hired leaders. We are hiring sellers. We are adding more sellers as we go into Q1 and Q2 with the hope that all the sellers are coming in and will generate more pipeline and hence, generate more order book. And then the revenue will come.

Now it's hard to say which quarter onwards it will happen. But at least we've recognized it, and we earlier did not have the margins to invest, but now our margin situation is better. So we're investing for growth. So give us some time. Our endeavour as a management team is to focus and get the company back to quarter-on-quarter growth, which we will all be focused on, and we will deliver that.

On the cash part, again, I'll defer to Chandru for his comments.

Chandrasekar T.:

On the cash, Priyank, rest assured that we will immediately let the shareholders know as soon as a call is taken. Unfortunately, at this time, I will not be able to say anything on behalf of the Board, and we will certainly let you know as soon as we get more information.

Priyank Chheda:

If I can just say, a quarter 4 specific one question. Just on the Manufacturing side and just referring back to the notes of Q3. In Q3, we did say that Manufacturing had a previous deal ramp-up and so in Q4 it would not be witnessing that growth. But we have seen that growth coming up in Manufacturing. So what should be that consistency that we should think of when it comes to Manufacturing? And again, a contrasting thing in BFSI, wherein Q3 had furloughs

and we did mention that from the base of Q3, Q4 will see definitely a good growth coming up in BFSI, which we are yet to see? So this is again a contrasting observation which you would like to clarify?

Angan Guha: Priyank, on Manufacturing, the issue is more about more macroeconomic headwind rather than anything else. So hard to predict, but so many sellers that we are adding, a large portion of it is going to be added in the U.S. in the Manufacturing domain. On Financial Services, though Q3 had furloughs, Q4 had lesser working days. And as you know, in the BFSI business, it is more time & material than anything else. So there is a natural effect. But I'm not so worried about BFSI. BFSI will be a strong growth vertical for us going forward. But we are fixing our Life Sciences and Manufacturing businesses, which have been a drag on us. And that is where most of our investments are going.

Moderator: Next question is from the line of Gaurav Nigam from Tunga Investments.

Gaurav Nigam: I just have one question on the demand environment. I mean, leaving aside the one-off client issues and the client trimming that we are undertaking, I wanted to hear your comments on the overall end client spending in the BFSI sector specifically. Are we seeing any sustainable uptick in spending in this client segment? And any colour on what would drive that? Because I think in the previous question, you mentioned that you are not so concerned about that segment. So any colour or further drill down would be helpful.

Angan Guha: Gaurav, I'm sure you know that our BFSI business is more tuned towards payments, asset management, and more non-life, which is the P&C business, on the insurance side. That is what we focus on. We don't focus on traditional banking. We don't focus on traditional investment banking business. We are very focused on these three segments.

Now from a client perspective, the spending is continuing to be stable, but the spending is shifting from more traditional businesses to more AI-related work, which is why in my opening commentary, we talked about doing a lot of marquee AI-related work on a P&C insurer in the U.S. We are doing the same not only on the asset management side, but even on the payments and the cards side. So I don't see a spending pattern change per se. The spending remains to be strong. Only the shift of the spending pool is moving from the more traditional side of the businesses to more AI-oriented work, and we are participating in that and winning our share of the business.

Gaurav Nigam: Got it. Just a quick follow-up, sir. So while there's shift of pool from one bucket to another, are we seeing any increased pool size or the pool size remains similar across the end client industries within BFSI?

Angan Guha: So within, again, not BFSI but the markets that we serve and the subsectors that we serve, we don't see an increase in spending. We see the spending to be pretty much even, only the shift that I spoke about from traditional services to new age services. That's our view at this stage.

Gaurav Nigam: Got it. And if I may ask a second question. Sir, on the productivity deflation part, which you mentioned, I just wanted to get a sense that when we are seeing this net new TCW wins as well,

this productivity deflation, how it will characterize in terms of our revenue growth, any sense or any colour on that would be helpful?

Angan Guha: So Gaurav, as AI is becoming more and more prevalent in our industry and most of the deals that we are discussing with our clients is infused with a lot of AI, which means we have to commit and deliver a lot of productivity through our AI tools that we are working with our customers with. Now what happens in an AI deal is we have to commit to the savings and underwrite some of the savings right up front, which is why you see revenue deflation in the immediate and the medium term. But more and more as we do these deals, Gaurav, you will see the revenue catching up in the future quarters. And that is our hope, which is why we are pretty confident and investing in people or investing in sellers to drive some of those kind of conversations with our clients.

Moderator: Next question is from the line of Girish Pai from BOB Capital Markets.

Girish Pai: Angan, one of your peers of a similar size said that the competitive intensity has gone up so much that some of the larger players are coming and competing for the smaller orders, which it has not seen in the past. So, are you seeing something similar happening where because of market – I mean, the demand not increasing or remaining stagnant, you're seeing larger vendors competing with you on smaller deals?

Angan Guha: Yes. So that is absolutely happening, Girish, because what happens is in an AI world, it becomes a level playing field for all partners to try and bid for all kind of work because it is more outcome-based or nonlinear kind of revenue streams. So we are absolutely seeing larger players also bidding for midsized deals. But equally, it also is an opportunity for smaller-sized companies because for the first time, I guess there is a level playing field between the larger companies and the smaller companies. So if we invest and get our AI story right, which we are doing and which is why we are making so many investments at every level, we are hoping that we will be able to compete and win our fair share as the AI stream goes ahead.

Girish Pai: When you talk about outcome-based deals, are these fixed price deals or are they based on some operational outcomes that you're talking about or some financial outcomes that you're discussing with clients?

Angan Guha: It is operational outcome, not so much financial outcome. And these will be more fixed price deals, which would also mean you deliver an outcome to a client and your fees is linked to that outcome, which to me, in the medium term is a revenue deflation kind of a situation. But over a longer term, it will help us control the work, will help us deliver an outcome, and eventually hopefully help us make more money.

Girish Pai: Is there an upside and a downside to these outcome-based deals? Do you – if you outperform, you get more? Is that the situation?

Angan Guha: Yes, absolutely. That's the situation, but which also means that if you don't execute well, it could mean that you will not be able to make the kind of money. But if you have a great execution engine and if you deliver well, that can augur very well for the client as well as for ourselves.

- Moderator:** Next question is from the line of Pulkit Chawla from 360 ONE Capital.
- Pulkit Chawla:** Angan, my first question is, if I refer to your commentary on each of the verticals where you mentioned that Life Sciences and MedTech the bad news seems to be behind, and BFSI really should grow well from here on and the fact that Energy & Utilities continues to do well, what really stops you from coming to sort of saying that in Q1 there should be growth coming up? Is there something that you're seeing or some client-specific issues that you're still seeing in some of these verticals, which really stops you from coming to that? And the second question is on the margins part. If I heard correctly, you did allude to the fact that Q4 margins also did have some one-offs. If you could just quantify them and what was the nature of those one-offs?
- Angan Guha:** Pulkit, first, let me answer the first question. The only reason I am holding back on committing anything is because the market is very uncertain and it's volatile. And every quarter, I come and say something and there is a market event that happens that disrupts the equation. So our game plan now as a management team is to focus on the input parameters. So investing in sales, driving order book, driving pipeline is the first port of call as an organization. Chandru talked about the work that we have done in terms of fixing our margins. So now the entire focus is going to be to do what I just said, fixing sales, driving more order book, driving more pipeline. And the margins will eventually follow. We are confident if we get these three things right, margins will come, but we have to get these three things right. Now on the one-off as far as margins is concerned, I will ask Chandru for his comments.
- Chandrasekar T.:** Sorry, I missed the question.
- Pulkit Chawla:** There were one-offs in margins in Q2 as well as Q3 and Q4. So will the one-offs continue? Or what is it sustainable? And if you could just please quantify them also.
- Chandrasekar T.:** I will be able to quantify them in a moment, Pulkit. But before that, one-off by definition, we do not expect for them to come back. So we have not baked in the one-off when we talk about the steady-state margins going forward. So there are some one-offs. I'll give you some of these items. While I may not be able to give you line-by-line data points, I will give you the total impact and some of the items that caused the one-off. So we have made lower provisions, and you should expect that, based on the performance-based compensation, which was at a certain level until third quarter. And then in the fourth quarter, we did take a reversal of those provisions because of the performance. So that's one. Also, there were some leave encashment provisions that we make on a quarter-on-quarter basis. Given the fourth quarter and where we landed in the fourth quarter, we did afford more leaves than third quarter. And as a result of that, the amount of leave encashment provision that we had to take also consequently came down. Of course, we talked about the forex tailwind.
- In addition, we also had a lower employee equity compensation spend, again, coming from the fact that we had three exits in the past quarter, as you know, and that we had called out earlier. So all of this told, I would say the forex tailwind gave us a 170-basis point benefit. And the other items that I talked about gave us another 170 points benefit. So it's about a 340-point benefit that we got in the fourth quarter. While forex, given where it is, I don't know what will happen in the

first quarter, so we're not punting on it. The other part of it certainly will not repeat itself in the first quarter and beyond.

Moderator: As there are no further questions, I would now like to hand the conference over to Mr. Angan Guha, CEO and MD, Birlasoft, for closing comments.

Angan Guha: Thank you. First of all, I would like to thank all of you once again for joining us on this call today and for your insightful questions. I appreciate your interest in Birlasoft. While the demand conditions have been challenging, we have seen an uptick in our deal wins during the second half of the year. We won several marquee AI-led engagements and have seen a noticeable expansion in our operating margin.

We continue to generate strong cash flows and have a solid balance sheet. We are investing in our people and our capabilities, including significant enhancement of our sales teams. This collectively strengthens our confidence as we start the new financial year. I'm looking forward to speaking with you again next quarter. And in the meanwhile, please feel free to reach out to Abhinandan for any clarifications or feedback. Thank you once again, and good evening, everyone.

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

(This document has been edited for readability purpose)

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