

February 4, 2026

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

**Scrip ID:** BSOFT  
**Scrip Code:** 532400

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

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

**Symbol:** BSOFT  
**Series:** EQ

**Kind Attn:** The Manager,  
 Listing Department

**Subject:** - Transcript of Earnings Call held on January 28, 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 January 28, 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 Padve  
 Company Secretary & Compliance Officer  
 Membership No. A9678

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## Birlasoft Limited Q3 FY26 Earnings Conference Call

**5.30pm IST, 28 January 2026**

### **MANAGEMENT:**

**MR. ANGAN GUHA, CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR**

**MR. CHANDRASEKAR THYAGARAJAN, CHIEF FINANCIAL OFFICER**

**MR. ABHINANDAN SINGH, HEAD - INVESTOR RELATIONS**

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#### **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 evening, and welcome to the Birlasoft Limited Q3 FY '26 Earnings Conference Call.

As a reminder, all participants' 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 “\*” then “0” 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 Limited. Thank you, and over to you, Mr. Singh.

**Abhinandan Singh:** Thank you, and welcome, folks. By now, you have received or seen our results that were announced earlier today. Those are also available on our website, [www.birlasoft.com](http://www.birlasoft.com).

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, as usual, with opening remarks from both Angan and Chandru.

Before I hand over the floor to Angan, a quick reminder that anything that we say on this call and 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. So, good evening, and good morning to all of you, wherever you are, and wish all of you a very Happy New Year. Thank you for joining us today as we share some perspectives on our Q3 FY '26 performance.

Our performance during the third quarter, which, as all of you know, is a seasonally weak quarter, demonstrates our ability to hold our revenue steady, secure solid order book, drive operating efficiencies, and generate strong cash flows.

Our revenue for the quarter grew 0.3% in constant currency and 0.1% in dollar terms to \$150.8 million. We have delivered a stable performance despite it being a seasonally soft quarter, which is usually a quarter with a lot of furloughs.

Growth in our Manufacturing vertical, which reflects some ramp-ups in projects that were won earlier, enabled us to offset the impact of furloughs and weaker traction in other verticals including BFSI.

On the margin front, we have done much better, recording a quarter-on-quarter expansion of 212 basis points in our EBITDA margin, which now stands at 18.2%. You will recall that this comes on the back of a similar expansion even in Q2.

The margin expansion has been driven by several contributing factors, including improvement in the quality of our revenues, ongoing efforts to optimize our cost structures, and some one-offs. We have seen our cash collections, and as a result, our cash balances rise as well. Chandru, our CFO, will provide more color on all of this in his remarks.

On the deals front too, the story has been much better in Q3. You would recall that on the last call, we had called out that a couple of deals that were committed to us, but we couldn't sign it in Q2, had moved to Q3. That has now shown up in our third quarter results. As a result, our TCV for the third quarter stands at \$202 million, which is up 89% quarter-on-quarter. Out of the \$202 million, nearly half of it is new engagements. Many of these deals were won on the back of our domain expertise and AI-led capabilities. For instance, in BFSI, we won a strategic engagement with a leading payments and card client to build conversational AI and agentic capabilities for its eGRC platform. Similarly, we have secured a multi-year engagement to design, build, and deploy AI agents across a customer's business ecosystem in the Manufacturing vertical, encompassing end-to-end business analysis and the development of scalable, packaged AI solutions. In the Manufacturing vertical, again, we have deployed an AI-enabled Smart Manufacturing material tracking solution, driving real-time inventory control for a large global company. These will add to our growing base of engagements where we are already deploying advanced AI capabilities, and we will continue to make investments that are necessary to build a differentiated value proposition in the marketplace.

Now, in terms of the outlook going forward, as all of you know, from our perspective we have not seen any material change in the demand environment, and we have discussed this even in the past. Customers continue to focus on optimizing their spends, and discretionary spending therefore remains constrained.

While some verticals such as BFSI and Energy & Utilities (E&U) are steadier than others, our exposure is higher to manufacturing-led customers across both Manufacturing and Life Sciences & Services verticals. In this backdrop, our focus is on shoring up our deal pipeline and driving order book, while we are building on our capabilities on domain and technologies.

At this point, I would like to request Chandru, our CFO, to share his perspectives for the quarter. Chandru, over to you.

**C. Thyagarajan:** Thank you, Angan, and a very warm welcome to all of you joining us today on this call.

Allow me to take you through the financial highlights for Quarter 3, FY'26:

As you would have all seen, we have reported consolidated revenue of \$150.8 million for the third quarter, representing a dollar term growth of 0.1% and a constant-currency growth of 0.3%

quarter-on-quarter. In rupee terms, Q3 revenue was Rs. 13,475 million or Rs. 1,347.5 crore, a growth of 1.4% quarter-on-quarter. Sequential growth in our Manufacturing vertical enabled us to offset the impact of furloughs and softness in some of the other verticals, resulting in a stable revenue performance during the quarter.

Moving on to our EBITDA performance, this is the second consecutive quarter of healthy margin expansion, even after excluding the benefits from exchange rate tailwinds and some one-offs. We have been putting in a serious effort over the past few months around our cost structure and continue to do so. This is clearly delivering results for us.

EBITDA for the quarter under review increased by 14.8% quarter-on-quarter and by 49.8% on a year-on-year basis in rupee terms to Rs. 244.8 crore, and up 13.3% quarter-on-quarter, 42.1% year-on-year, in dollar terms to \$27.4 million.

Consequently, EBITDA margin expanded 212 basis points quarter-on-quarter from 16% in Q2 to 18.2% in Q3. This significant margin expansion was led by a combination of factors. We have seen the quality of our revenues improve, which is the outcome of a conscious effort to focus on a more profitable engagement and delivery model. We have also benefited from favorable shifts in our revenue mix, with a rise in fixed price business and offshore work. In addition, better operational efficiencies and gains from exchange rate tailwinds, about 70 to 80 basis points, as well as from one-offs, about 110 basis points in Q3, helped us in our EBITDA story.

On a steady-state basis, and taking into account some accelerated investments we will be making going forward, EBITDA margin will be about 15%. Our EBIT performance for the quarter under review reflects the impact of a one-time provision that we have taken to conform to the changes in the Labor Code with regard to gratuity and leave encashment. That provision, which we have called out as an exceptional item, amounts to \$4.6 million or Rs. 40.7 crore.

As we had mentioned on our earlier calls, during the current financial year our effective tax rate (ETR) has increased on account of a provision made for higher tax related to U.S. federal taxes. You will recall that we had said that this transitional trend will sustain through the course of the current financial year before settling closer to historical ETR levels in the next financial year. The ETR for Q3 FY '26 reflects the same. Without the additional federal tax impact that we have seen Q1 onwards, our year-to-date ETR would have been about 28%. Adjusted for an incremental provision for tax and a one-time provision made on account of changes to the labor code, normalized PAT for the quarter was \$20.2 million, up 20.4% quarter-on-quarter, and Rs. 180.2 crore in rupee terms, up 22.1% quarter-on-quarter. This translates into an adjusted basic non-annualized EPS of Rs. 6.44 per share.

We also maintained our robust track record on collection and cash flow generation during the quarter, with the highest quarterly collection so far this financial year. As a result, our DSO has improved quarter-on-quarter and now stands at 54 days, which you would agree is amongst the best in our industry.

Cash and cash equivalents at the end of Q3 increased to Rs. 2,491 crore, up 6% quarter-on-quarter and 21% year-on-year. We will continue with our efforts to enhance our operating efficiencies and improve our quality of revenue, while also making the investment in capabilities that are necessary for future growth. Thank you very much.

With this, let me open the floor for questions.

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

**Sandeep Shah:** Congratulations on great execution in a difficult time and quarter. First question is, if I look at the offshore revenue mix, it has jumped materially in this quarter. So, is it fair to assume volume growth is materially higher versus the headline growth in constant currency terms? And, this shift to offshore is a deliberate attempt where we want to diversify beyond our staff augmentation business to managed services kind of a business?

**Angan Guha:** Sandeep, thank you for your question. Your analysis is exactly right. As you would have seen, even in the last quarter and this quarter, our endeavor has been to move away from staff aug and do more outcome-based work. Our clients are also challenging us to do more outcome-based work. And some of the deals that we have won last quarter as well as this quarter are really fixed-priced work. As a result, moving to offshore is easier for us, and that is reflected in the results that we have delivered.

From a volume perspective, mathematically, yes, you are correct, the volume growth is higher, but since the offshore ratios are higher, that obviously suppresses growth, but improves margins.

**Sandeep Shah:** And sir, second question in terms of vertical mix. Which vertical you believe still carries some demand headwinds, and which vertical is giving you confidence in terms of a better growth starting from 4Q and next financial year?

**Angan Guha:** Sandeep, though Manufacturing has shown growth this quarter, we must not take that as a winning story, quite frankly. In my mind, the Manufacturing business will continue to show headwinds even in 4Q. There will be softness. You see the growth in Manufacturing and also ERP, because both businesses are quite related, because of some deals that we had won earlier, and we got to ramp them up now, and as a result, the revenue realization has happened. But that is more one time.

Sustainably, I think Manufacturing will continue to face headwind, at least for one more quarter. And I expect the Manufacturing business to turn around sometime Q1 or Q2 onwards for the next financial year.

We strongly believe that E&U and Financial Services will continue the growth momentum. As you know, this was a furlough quarter, so optically you are seeing a degrowth in Financial Services. But I believe Financial Services will be steady in 4Q, and next year definitely we will see growth. Similar goes for E&U. Manufacturing will be a lot of headwind. Similarly, like we

have always said, our Life Sciences business is more a med devices business, which is also really Manufacturing. So, that holds true for Life Sciences as well. In Life Sciences, I feel there will be headwind in 4Q. And hopefully, in the next Q1 of next financial year, we should see it stabilize and then grow Q2 onwards.

**Sandeep Shah:** I have follow-ups. Will come in the second round.

**Angan Guha:** Thank you, Sandeep.

**Moderator:** We have the next question from the line of Dipesh Mehta from Emkay Global. Please go ahead.

**Dipesh Mehta:** Congrats on strong execution, particularly on margin side. I just want to understand if you can provide some margin walk. Last quarter, in Quarter 2, we had some one-off of roughly around 150 bps. This time you indicated around 110 bps. So, from Quarter 1 onwards, whether one should take almost 250-260 bps kind of one-off benefit, which is in there in the Quarter 3 margin trajectory? That is question one. So, broadly, margin walk and one-off related, some explanation, what is driving this one-off, and how long this could sustain?

Second question is about our revenue growth side. Whether furloughs were similar to last year, or we have seen higher than usual furloughs this quarter? If you can provide some color around intensity of furloughs.

And last question is about wage hike. Any decision we've made on wage hike?

**Angan Guha:** So, Dipesh, I will ask Chandru to take the margin question first, and then I will attempt to answer your other two questions.

**C. Thyagarajan:** Dipesh, in terms of the one-off, you will recall that both in Quarter 1 and Quarter 2, we did call out some of the overall one-offs, and therefore the steady-state EBITDA margins, right? So, if you look at third quarter and if I were to do that math from the second quarter onward, second quarter we spoke about a steady-state margin of about 13.5%-14%, if you recall. From then to where we are today, I would believe that, net of some of the one-offs, there is a forex impact of 70 to 80 basis points that we spoke about, we spoke about the one-off of 110 basis points. If I were to remove those, my steady state EBITDA margin from 18.2% is down to 16.5%. And then what we believe is that the 14% has gone up to the 16-odd%. There is a 200 basis point improvement from a steady-state standpoint. And from there, we do expect that we will continue to invest in our business. And our business I think requires an investment on a regular basis. And if I were to provide, say, 150 basis points on that, we believe that 15% EBITDA margin should be a sustainable run rate margin as we go forward, Dipesh. I hope this answers your question.

**Angan Guha:** Dipesh, on the wage hike bit, look, we have already taken a decision that we will do a wage hike next financial year. We are doing promotions this year, this quarter, and we will affect a wage hike between Q1 and Q2, depending upon what level of employees there are in the organization. But that is a decision we have taken, and we have already communicated. Dipesh, on the growth question, can you repeat the question? Because I didn't quite catch the growth question.

**Dipesh Mehta:** In Quarter 3, whether we faced furlough in line with the last year or furloughs were higher than last year?

**Angan Guha:** No, furloughs were in line, Dipesh.

**Dipesh Mehta:** So, broadly, if I refer to your last quarter earnings commentary, you said if furloughs were in line with last year, you expected some kind of revenue growth to continue in this quarter. Now, this 0.3% that we delivered, whether that was the expectation or it is higher, lower than what you anticipated at the beginning of quarter? And how one should look Quarter 4 to play out?

**Angan Guha:** Dipesh, it is exactly in line with what we had anticipated, because, as you know, if you recall, even last year, we had furloughs, which were to the tune of about 0.5% to 1%, and that held even for this financial year.

Now, it is hard for me to predict Q4 from a revenue standpoint, but our focus will be on generating pipeline and signings. What we are confident of is we will deliver better signings in Q3 and Q4. Now, how much out of that will be playing out on the revenue? We will have to wait and watch. But like I have always said, our problem, or rather, the focus of the management team has to be on revenue growth, but before that, we have to get the signings done. So, as a management team, what I can commit is our order booking for Q4 will be better than Q3.

**Moderator:** We have the next question from the line of Abhishek Shindadkr from InCred Capital. Please go ahead.

**Abhishek Shindadkr:** My question is related to the standalone business. If I look at, two quarters numbers for the standalone business, the revenue has been...[poor audio]

**Moderator:** I would request you to please rejoin the queue again. We have the next question from the line of Priyank Chheda from Vallum Capital. Please go ahead.

**Priyank Chheda:** Congratulations to the management team for walking the talk about the growth in Q2, Q3, and Q4. I will first start with my first question on the verticals. Data and Digital has been the story across the sector, across the IT companies with respect to modernization as well as digital revenue. So, in this segment, we have seen a decline after a growth that was reported in H1. What has been the reading through this? How should we read this decline? Is it one-off or related to furloughs?

And the related question on Infra, which is again 10% of the revenues, and I am sure we had given up some pass-through revenues and given up some businesses over here in H1. But again, when I see Q3, we have seen a strong growth, and I suppose this is coming from the ROW market. So, how should we look across the growth in Data & Digital, which is segment number one, and the last segment, which is Infra, over a steady state?

**Angan Guha:**

Thank you for that question. So, Priyank, look, our Data and Digital business fundamentally is strong. I don't think there is any structural issue in the business. The reason why you see a little bit of degrowth is because it is in line with Financial Services, which is affected by furloughs.

So, furloughs have dented the growth a little bit. We are reasonably certain that that growth will be back in Q4 as far as Data and Digital is concerned. Structurally, there is no issue with that business.

As far as Infrastructure is concerned, as you can see, the major growth of Infrastructure is because of the deal that we signed in ROW, which was an infrastructure deal, which we are now executing, and that has contributed to the growth.

If I were to look forward, I continue to feel that Digital & Data will be steady. They will show growth, I mean, structurally, there is no issue. Infrastructure will be a strong growth area. Our ERP business will continue to lag. Though it has shown some growth this quarter, in line with our Manufacturing growth, but we will see softness in the ERP business for another quarter at least, before that turns around.

**Priyank Chheda:**

And just to appreciate the readings between the infrastructure segment, can we get details around what kind of work we do in Infrastructure as a broader vertical?

**Angan Guha:**

So, we do all kind of work. We do desk-side services, though desk-side services is not a big focus area, but we have won some business on desk-side services. We also do data center management. Within data center, we manage the middleware, we manage storage. So, all kinds of infrastructure that runs a business, we manage. We have also forayed into the cybersecurity business, where we have started to serve our customers on the cybersecurity side. So, all in all, it is a growth-oriented business for us, Priyank.

**Priyank Chheda:**

Coming to the deal wins, and I am congratulating the team for the \$65 million two deals, and I suppose that has been reported now, from the signings that were pending in Q2. But if I have to carve out that deals which have been flown through from Q2 to Q3, the net new, after excluding that, again, has not been that great. How do you read through this?

And when I have to take a view on a YTD deal wins, which is there at around \$450 million, and still it is far away than our aspirational numbers of \$750-\$850 million for us to get a confidence around the growth for the coming year, how should we think about ending this year in, say, next 3 months, at what size and numbers we are looking out to end? And then given all the background around the sales engine that we are deploying now, what would be the growth outlook on the deal wins and the targets for FY '27?

**Angan Guha:**

So, Priyank, you have asked three questions, and let me try and attempt to answer all three. First of all, the two deals that were supposed to get signed and slipped from Q2 to Q3 finally got signed in Q3, right? So, from that perspective, you are correct that those two deals had to get pushed out, but now finally got signed.

But, Priyank, you must also remember, both the deals were net new deals, right? They were not renewals. So, that is point number one. Which is why out of the total signings of \$202 million, \$94 million is net new, which is 46% almost of our signings is net new.

What we are confident of, Priyank, is our Q4 signings will be better than Q3 signings. Now, whether it will be \$210 million, \$250 million or more, I don't know. But from the looks of it, basis on the funnel, basis on our conversation with our clients, we are pretty confident that our Q4 signings will be better than Q3 signings.

Now, as far as revenue targets are concerned, it is a little too early for us to think about that. We have to first execute Q4 on all the parameters that Chandru spoke about: operational rigor, signings, revenue management, etc. And sometime towards the end of March, we will be able to put our head together in terms of what would be our outlook for FY '27. But look, we don't give a guidance. Our job will be to execute for the quarter and take one quarter at a time.

**Priyank Chheda:** Sure, I get that. And when you say Q4 would be better than Q3, is it based on net new number that we should focus on? Because H2 is generally very heavy on renewals. So, maybe our renewals is something that you would want to call out. And if I have to remember my notes, in last quarter call, you did mention that the new renewals will come at lower margins, and this is what is making around our guidance of 15% versus what we have been delivering now.

**Angan Guha:** That is correct, Priyank. So, you are absolutely correct. So, look, renewals are important because as a company, as you know, Priyank, we have discussed it in the past, that we have faced a lot of headwind in terms of leaky bucket. So, from that perspective, renewals are important.

What we can say is that all the bad news is behind us. I don't think we will lose any existing business, but they will get renewed at a lower margin because we see pricing pressures, which is why Chandru talked about a steady-state margin of about 15%.

In terms of the total signings and the percentage of the new signings within the total signings, that is something that we cannot guide at this point in time. I can only say that our overall signings in Q4 will be better than Q3.

**C. Thyagarajan:** And Priyank, if I may add to what Angan just said, one of the big reasons why we believe that a continuous exercise around, you know, it is a spring cleaning on our cost structure to make sure that we eliminate waste, we improve efficiency, is anticipating that we will have margin pressure and we still need to deliver the strong EBITDA margin for ourselves and our stakeholders. So, that is clearly an objective for us and one of the reasons why we are so maniacally focused on our cost takeout exercise, Priyank.

**Priyank Chheda:** If I can add to a similar follow-on question, despite being one of the good quarters on new deal signings and also on the confidence that we carry forward, the number of clients, that rationalization exercise is yet not ending or it is not bottoming out? In terms of the large few clients, we have lost a couple of clients over the quarters? So, when should we see this

bottoming out along with the new signings that you are doing? Is it the existing clients being minted further more in their wallet share, or the strategy would be to see as the headcount on the sales has been added, this would also get reflected in the coming quarters in terms of the client's profile on the number of clients?

**Angan Guha:** Priyank, look, I mean, we have not lost a single client. The reason why you see the total clients coming down is we are rationalizing businesses that are not profitable for us or businesses that don't show potential for growth. So, we are trying to concentrate on lesser number of clients so that we can deliver and serve those clients meaningfully, which is why you will see the client list coming down.

Now, that doesn't mean that we are cutting a tail any further. I mean, we have done a lot of rationalization of clients, and I think we are at an optimum number. Now, three or four clients in a quarter, we add, or three or four clients we rationalize, is a call that we take based on what kind of margins we can do.

However, if you look at our million-plus clients, that has expanded from 78 to 85, which also should tell you that our focus on growing clients which have the potential is very, very sharp.

**Moderator:** We have the next question from the line of Abhishek Shindadkr from InCred Capital. Please go ahead.

**Abhishek Shindadkr:** My question is regarding the standalone business. You know, the growth rate in that business is phenomenal. The expansion in margin is even more better. So, can you give a color in terms of what is driving this efficiency in the standalone business?

And a part two question is, is it that it is being driven by any sales force or any other particular business, which was predominantly the old Birlasoft business? And the cost rationalization or the one-offs that are we reporting, are those the reduction in the employees predominantly being driven in this part of business? Thank you for taking my question.

**C. Thyagarajan:** Abhishek, thank you for the question. I am happy that you looked at the standalone results as well. The standalone results is where a lot of the ROW revenues are captured. Which is what you are seeing in the consolidated financials, it is ROW revenues having gone up on a quarter-on-quarter basis. Specifically, we had a couple of customers where we achieved milestones and, as a result, we were able to book additional revenue in the quarter. And these are customers in the ERP space, and therefore, you will find that the third quarter ERP revenue went up on a quarter-on-quarter basis. So, very precisely, that is the reason.

Also, the impact of forex benefit pretty much sits in the standalone financials, and that is the other reason why you are seeing the bottom line uptick on a big time in the standalone financials, Abhishek.

**Abhishek Shindadkr:** Perfect, sir. This is helpful. So, just the second part of the question, can we relate the reduction in the employees to the standalone business? And is this any service line which is driving this business? You mentioned the geography, but any color on the service line would be helpful.

**C. Thyagarajan:** Yes, service line, I spoke about ERP, Abhishek. I said this geography, specifically the ERP service line is where we saw a growth, in the third Quarter. I also want to hasten to add that there were specific milestones that we hit that allowed us to book some revenues in ROW. We still need to steady our ERP business as Angan earlier mentioned, the Manufacturing and the ERP businesses. And that is a work in progress as we speak. Yes, that is the short answer to your question on the service line part of it.

In terms of the headcount reduction, the headcount reduction, as you rightly said, is to a big part in the offshore side of our business. Having said that, not all offshore headcount actually gets accounted for in the standalone, right? Because a lot of them work for our global businesses, and therefore the accounting will be in the respective P&Ls of the countries from which the business accrues. That is point number one. Point number two, as you know, we have seen business shifting from on-site to offshore and so there is some rebalancing within this headcount portfolio as well that happened during the quarter, Abhishek.

**Abhishek Shindadkr:** Perfect, best wishes for 2026.

**Moderator:** We have the next question from the line of Vibhor Singhal from Nuvama Equities. Please proceed.

**Vibhor Singhal:** Angan, just one question, couple of questions, actually. One question was on the Healthcare segment. If you look at the Healthcare segment, right now it is undergoing turmoil. Even day before yesterday, the U.S. government spending on healthcare was increased very marginally year-on-year, whereas it has historically been around 5%. There were challenges from the One Big Beautiful Bill also, which came into the fore some time back. So, how are our conversations with the clients in this vertical looking like at this point of time? And what is the outlook that you have for this vertical, maybe over the next, two to three quarters?

Second question is on the deal wins part. As you mentioned, this quarter deal wins had a couple of large deals because of which that number got boosted. If I, let's say, look at the last three quarters, we have done approximately \$150 million of deal wins every quarter. Now, this number used to be in the \$250 million range some time back. You mentioned next quarter, we are looking at better than Q3, which should be north of \$200 million. But the pipeline that we have, do you see us, let's say, post-Q4, do you see us maintaining that \$200+ million trajectory and possibly reaching \$250 million also in the coming quarters? Your outlook on that would be really helpful.

**Angan Guha:** So, Vibhor, first on the LSS business. Like I have always maintained, for us the majority, almost 80%, of our Life Sciences revenues come in from med devices, and the balance 20% from pharma. So, from my perspective, I don't see an issue from a market standpoint. Our issue was more to do with the tariffs that the manufacturing companies and med device

companies faced. And as a result, we had a little soft quarter, not only this quarter but even, if you remember, 1Q. 2Q was okay, but 1Q also we had a soft quarter. I personally believe that one more quarter, we will see some softness. But equally, I am very bullish about this segment, and I think come 1Q, or worst case 2Q, of next financial year, this business will turn around and start showing growth.

Now, what was your second question, Vibhor? I forgot the second question.

**Vibhor Singhal:** On the deal wins. We have done \$150 million of deal win. Do you think post-Q4, we can do north of \$200 million and maybe touch \$250 million sometime?

**Angan Guha:** So, again, Vibhor, look, our entire focus now is on pipeline creation, order booking, and revenue growth. As you heard Chandru say, that the rest of our business is very strong. We are generating great cash flows. Our DSOs are great. Our margins now have really come back. So, we are very pleased with the way we have executed on the other parts. But the one thing that ails the company is revenue growth, right? Keeping that theme in mind, what we are confident is the immediate quarter, which is 4Q. 4Q, we are pretty confident that we will deliver better order book than 3Q. And equally, we are working towards increasing our pipeline.

Now, as you know, 1Q for us, and quite frankly, for our industry, it is a little soft quarter when it comes to signings. So, I don't believe that in 1Q we will be able to deliver at the same levels of signings as 4Q. But our endeavor would be that we continue to build pipeline and win deals.

So, that is all I can say for now. I mean, we are doing a lot of investment in sales, a lot of investment in capability building so that we can increase our pipelines and drive revenue. So, that is our endeavor.

**Vibhor Singhal:** Really, helpful, Angan. Just one last bookkeeping question for Chandru. You mentioned that we are looking at 15% sustainable margins. So, just on that part, you are talking about these margins excluding any one-off provisions? And also, the provisions that we have taken in the last quarter and this quarter, are we done with those provisions, or there is still amount of provisions which are left, which would probably come in Q4 or Q1? I am sorry if you had answered this question before I come in that part, in the initial part.

**C. Thyagarajan:** Vibhor, just to clarify, we had received some one-off benefits in the last quarter and this quarter on account of some one-off items. So, I was trying to explain what would be our steady-state, net of those one-off items. And that is why from the 18.2% reported EBITDA margin, I am saying that the steady-state margin going forward should be looked at at 15%+. So, that is one. What it also excludes is some forex benefit that we got. Because as you can imagine, we do not speculate on what forex is going to be. So, what we look at is at constant currency, and we are trying to look at what should be our sustainable EBITDA margin as we go forward. And that becomes our own internal benchmark as to how we should perform as a company. So, that is really what I was trying to explain.

**Vibhor Singhal:** And no more provisions in the next quarter, or you think there could still be some more provisions, reversal of provisions, I mean to say, in the coming quarters?

**C. Thyagarajan:** So, on that again, I am not aware of any one-timers in the next quarter unless there is something new that comes up based on any accounting practice changes or accounting requirement changes. But right now, I am not aware of any new one-timers, Vibhor.

**Vibhor Singhal:** And the currency benefit in 3Q was around 70-80 basis points, right?

**C. Thyagarajan:** That is correct.

**Moderator:** We have the next question from the line of Ravi Menon from Macquarie. Please proceed.

**Ravi Menon:** Looking at the deal wins for this quarter, looks like you actually signed up with some large customers, the payments client, for example, or even you mentioned a large U.S. P&C insurer. So, do you think that you have moved somewhat closer to your goal of trying to get into some large accounts with a huge addressable wallet?

**Angan Guha:** So, Ravi, yes, that is exactly right. I mean, we are using our domain capability, the capability that we had invested in all this while. Now it is bearing some fruit, and we are able to win some outcome-based deals. Like I have said, we are moving away from staff aug work to more being outcome-based, and some of the deal wins that we have mentioned is an outcome of the investments that we have made. Now, they may be large or they may be medium-sized accounts. I mean, we can't comment on individual clients, quite frankly, Ravi. But we are very pleased with the fact that now we are having conversations with our clients which are more domain-oriented, and most of our wins have an AI component built in.

**Ravi Menon:** And the employee numbers, does that include subcontractors as well? And the shift offshore, have you reduced subcontracting?

**Angan Guha:** Yes, I think what you are talking about is subcontracting. I didn't quite hear the question properly, but if subcontracting is the question, yes, our endeavor is to continue to reduce subcontractors. As a business today, about 8%, right Chandru? 8% of our population is subcontractors. But our endeavor will always be to reduce that even further. But we are within the industry norm, Ravi.

**Ravi Menon:** And I saw that the pass-through revenue, that is actually now practically nil, right? And that is another factor that, I guess, has aided margins. But as you do more fixed price, should we expect that to go up slightly, maybe is there a level that you think would be more natural, like 2%, 3% or 4%, something like that?

**Angan Guha:** We want to deliver more outcome-based work for our clients. And to deliver that outcome we may work with technologies, or we may work with tech stacks, etc., but we will have zero pass-through revenues going forward, outside of a one-off infrastructure deal, if it necessitates us to

do something. But we are very clear that we are moving away from staff aug work or pass-through work. It will be more linear than anything else, Ravi.

**Moderator:** We have the next question from the line of Manik Taneja from Axis Capital. Please go ahead.

**Manik Taneja:** I had a couple of questions. The first question was for both Angan and Chandru. You have spoken about investments, and that is where you are essentially guiding for about 15% EBITDA margins on a sustainable basis. How should we be thinking about these investments? Because you have also called out for certain pricing or margin concessions that you have given to certain top customers. So, how much of that is just pricing or margin concession, and how much of it is investments around sales, solution, delivery, etc.? Would be great to get your thoughts on that one. That is question number one.

The second question is specific to Q4. How should we be thinking about the lower number of working days? If you could just help us understand what is the exact number of lower number working days for Q4, and how does that impact you? Those are my questions for now.

**C. Thyagarajan:** So, Manik, let me take both questions. The first thing you talked about is on the margin concession. Truth be told, none of the investments that we are looking at have anything to do with margin concession. As a company, we firmly believe that providing concession in margin is not a way to gain revenue. So, that is our stated objective.

Now, there will be pricing pressure is what Angan was explaining, from some of the new businesses and from the renewals, and that pricing pressure is coming from productivity improvement that we have already delivered, and we are expected to continue delivering as we go forward. So, that is point number one.

Point number two, the investment that we are talking about for the most part will be in people and in capabilities. So, these are specific capabilities that we will continue to acquire as we go forward based on where we see our business going and where we see our business coming from some of our existing and new customers. And the investments will be made in people, leadership, and in training of our resources in that direction, Manik.

**Manik Taneja:** And the second question was with regards to Q4, in terms of what is the exact number of lower number working days and how does that impact, what is that on headwinds?

**C. Thyagarajan:** There are, I think, three working days lower in Q4 versus Q3, Manik. Yes, that will have an impact. But as we move more towards outcomes-based deals, and that is exactly why we are doubling our focus on fixed price, outcome-based deals where the working days should not necessarily have a direct impact. They will have some impact, but they will not have as much impact as we move more and more towards outcome-based work that we have started to measured on, Manik.

**Moderator:** We have the next question from the line of Manish Bhandari from Vallum Capital. Please go ahead.

**Manish Bhandari:** I have two questions. First is, it is so heartening to know about the cash pile-up which has happened and also the improvement in the DSO. So, I just wanted to know, this is a drag on the balance sheet, and the rightful owners are the shareholders of the company. So, what we have thought about a possible buyback, and what is restricting a possible buyback, which is so common with the other IT companies in general, unless until you have a plan for an acquisition and you are closer to doing an acquisition? So, I would like to know the thoughts of the management on this.

**C. Thyagarajan:** Manish, thanks for the question. This is a topic that is for the Board of Directors to look at. And I can assure you that this is a topic that the Board is fully seized of, and we will continue to look for opportunistic capabilities, investments, and anything that fits into our strategies as we go forward, Manish. And capital allocation, which is the point that you are making, is certainly part of the entire exercise for us to ensure as we look at how we get the best outcome from our balance sheet. The Board will take the right decision at the appropriate time.

**Manish Bhandari:** I would be glad, Chandru, if you could offer a conference call with all the Board of Directors, and I could enlighten them that how to create value under the current circumstances. I will be very glad to do that.

My second question is related to the appointment of Komal, and if you could add up something about the role and responsibilities related to his role, and would he be a part of the conference calls going forward? Because he would be driving the critical relationships in the most critical market.

**Angan Guha:** Manish, as you know, the Americas contribute almost about 85% of our business and Komal has been hired to drive our Americas business. Manish, he's just joined the company. He's just four months in the company. He is meeting clients, meeting people. He is getting the right leadership hired. So, he is doing a lot of good things. And we are very pleased and we are privileged to welcome Komal to the team. As he settles down and starts driving the business, at some point in time, we will definitely ask him to speak to all of you and give his strategy. But please allow some time for him to settle down.

Also, Manish, you must have seen and Chandru also commented on, all our investment in the ROW region is playing out. ROW region has delivered amazing growth for us this quarter. And I think, they will continue to show great growth even next year. And the margin profile has also significantly improved because of the revenue uptick.

So, we are very pleased with that investment. That is paying off now. Similarly, Komal is going to make a lot more investments in the U.S. And over quarters, you will see that business turn around as well.

**Moderator:** We have the next question from the line of Pulkit Chawla from B&K Securities. Please go ahead.

**Pulkit Chawla:** Angan, my first question is for you. In the last quarter, you did highlight that 3Q and 4Q will be sequentially growth quarters. I think today you are slightly shy of saying that. You have highlighted that you will see better deal wins in 4Q, but you are probably slightly shy of saying whether 4Q will be a growth quarter. So, if you could just confirm if that is still true?

And second, on the 110 bps impact, the exceptional items that you reported in this quarter, if you could just throw some color around it. Is it similar to the last quarter? And will it continue for the next quarter as well? Sorry if I missed out on that part.

**Angan Guha:** Thank you for the question. Look, we still maintain that H2 will be better than H1 as far as signings are concerned. On revenue, you have to give us some time. We showed solid performance in a seasonally weak quarter. We hope to continue that performance even in Q4. The only reason I am not giving a number is because we do not guide anything. But our order booking performance should be an indication, both in 3Q and 4Q.

But look, I am also acutely aware of the fact that we have not shown great growth over the past many quarters, and our entire endeavor going forward, like I said earlier, is going to be order book and revenue growth because all the other parts of the business now is fixed. So, we will be sharply focused on that. We will execute and take one quarter at a time, and we will see where we go with it.

On the exceptional item, I will ask Chandru.

**C. Thyagarajan:** On the one-off that you talked about, the 110 basis points that I was talking about comes from a few write-backs that we have done based on some provisions that we had made in the past quarter which, based on our assessment, were no longer required. And that constitutes the 110 basis point, and we do not expect that this will come up again for us in the following quarters, and therefore, I call it a one-off. So, the run rate EBITDA margin that I spoke about is net of this one-time item, Pulkit.

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

**Sandeep Shah:** Most of the questions been answered. Just one thing, Angan. Despite new business TCV being better in this quarter, plus you expect order intake could be better even in 4Q and there could be some recoup of furloughs, why the 4th quarter growth commentary is measured? Is there any headwinds in some of the verticals you foresee, and what is the nature of such headwinds?

**Angan Guha:** Sandeep, we are cautiously optimistic and the reason we are cautiously optimistic is because of two things. One is, the Manufacturing growth that you see in 3Q will not be in 4Q, because it was a one-off growth that we saw from deals that we had won about two quarters ago. And the ramp-up had not happened because there was a stop on the program, which came to life sometime in October, which is why you see the growth in Manufacturing and ERP, and that will

not continue in Q4, which is why we feel both these segments, Manufacturing and ERP, will be soft in Q4. That is point number one.

Point number two, even though we will recoup all the furloughs, like Chandru was mentioning, we have three lesser working days. Though, like Chandru mentioned, that that doesn't have a complete impact on us because we have moved a lot of our business into fixed price and outcome-based, but still some part of our businesses will face lesser working days in Q4.

So, it is a combination of all of this. And, again, I am not saying that we will not be focused on growing Q4. Far from it. I mean, that is the management's responsibility. I am just not being able to commit to what would be the growth percentage that we will work on as we go through the quarter.

But I am equally saying I am confident of the fact that we will see growth coming back in the future quarters if we do great signings in Q4. In Q4, if I can deliver 10%-20% extra signings over and above Q3, then we will be very certain of growth going forward.

**Sandeep Shah:** And anything to read about Healthcare in terms of growth headwind in the 4th quarter? And if yes, then it could be volume ramp down or could be pricing pressure because you are saying renewals are coming at lower rates?

**Angan Guha:** I don't foresee any ramp downs, Sandeep. What will happen, though, is we will see immense pricing pressure in the healthcare business because of the uncertainties that my clients face, thanks to the tariff situation. So, I see that pressure continuing in 4Q and I see that pressure partly continuing in 1Q. But overall, I don't see any volume degrowth, if that was the question, Sandeep. We don't see that.

**Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Angan Guha, CEO and Managing Director, Birlasoft Limited, for closing comments. Thank you, and over to you, sir.

**Angan Guha:** Thank you. So, thank you once again for joining us on this call today and thank you for all your questions. We appreciate your interest in Birlasoft. I look forward to speaking with you again next quarter. In the meanwhile, please feel free to reach out to Abhinandan for any clarifications or feedback. Thank you once again, and I look forward to the conversation next quarter again. Thank you.

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

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(This document has been edited for readability purpose)

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