

November 06, 2025

BSE Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400 001
Scrip Code: **532633**

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

Dear Sir/Madam,

Sub: Transcript of the Earnings Conference call

Pursuant to Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that the Transcript of the Earnings Conference call, conducted through digital means on October 31, 2025, has been uploaded on the website of the Company under the link: <https://www.alldigitech.com/investor-relations-financial-information/> (Financial Information/Investor Call Tab).

This is for your information and records.

Yours faithfully,
For Alldigi Tech Limited
(Formerly known as Allsec Technologies Limited)

SHIVANI
SHARMA

Digitally signed
by SHIVANI
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Date: 2025.11.06
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Shivani Sharma
Company Secretary & Compliance Officer
ACS-39590

Encl:- a/a



**“Alldigi Tech Limited
Q2 and H1 FY'26 Earnings Conference call”
October 31, 2025**



**MANAGEMENT: MR. NAOZER DALAL – CHIEF EXECUTIVE OFFICER –
ALLDIGI TECH LIMITED
MR. AVINASH JAIN – CHIEF FINANCIAL OFFICER –
ALLDIGI TECH LIMITED
MR. RAJESH LACHHANI – HEAD, INVESTOR
RELATIONS AND M&A, DIGITIDE SOLUTIONS LIMITED**

MODERATOR: MR. SIDDHARTH ZABAK – IIFL SECURITIES LIMITED

Moderator:

Ladies and gentlemen, good day, and welcome to Alldigi Tech Limited Q2 and H1 FY '26 Earnings Conference call hosted by IIFL Capital Services 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 the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Siddharth from IIFL Capital Services Limited. Thank you, and over to you, sir.

Siddharth Zabak:

Ladies and gentlemen, good morning, and thank you for joining us on the post-Q2 FY '26 and H1 FY '26 results conference call for Alldigi Tech Limited. It is my pleasure to introduce the senior management team of Alldigi Tech who are here with us today to discuss the results. We have Mr. Naozer Dalal, CEO, Mr. Avinash Jain, CFO, Mr. Rajesh Lachhani, Head of Investor Relations and M&A.

We will begin the call with opening remarks by the management team and thereafter we will open the call for Q&A sessions. I would like now to hand over the call to Mr. Naozer Dalal to take the proceedings forwards. Thank you, and over to you, sir.

Naozer Dalal:

Thank you. Thank so much. Good morning, everyone, I hope all are well and had a good and nice Diwali celebrations earlier in the month. Thank you for joining the Q2 and H1 FY '26 earnings call. I'm joined by our CFO, Avinash Jain, and we look forward to walking you through our performance and respond to your questions. We'll proceed with giving you a brief business overview covering our lines of businesses and follow it up with a detailed financial performance. Post that we will be happy to take your questions.

Our banner achievement for the quarter is the external recognition from Everest PEAK Matrix '25 as a major contender for multi-country payroll services both for APAC and global and CXM services for APAC and Americas. Additionally, for MCP, we have been recognized as a star performer for our growth, deal momentum and innovation over the past year being the highest in the MCP peer group.

I am further pleased to report 10 successive quarters of robust financial performance. Operationally, we have achieved strong revenue growth with healthy EBITDA margins while expanding our offerings and capabilities.

For the half year, revenue from operations of INR291 crore, up 12% Y-o-Y while EBITDA was at INR73 crores, up 17% Y-o-Y. The growth has been broad-based across both the verticals. In line with our strategic intent, the overall share of our international business increased from 62% to 64%, a jump of 2%. EBITDA margins have been marginally lower due to the growth investments in leadership and sales resources.

For the quarter, revenue from operations stood at INR147 crores, up 12% Y-o-Y and 2% quarter-on-quarter while EBITDA was at INR36 crores, up 17% Y-o-Y and down by 1% quarter-on-

quarter. Our cash collections continue to be robust. Our cash position as on September 25 was INR137 crores, collection for the half year increased to INR304 crores, up 11% Y-o-Y.

Coming to the operational performance, let me first give you the highlights on the Tech & Digital business. The Tech & Digital business reported for quarter 2, a 15% year-on-year and 2% quarter-on-quarter growth. For H1 it was 17% year-on-year growth. In H1 '26 we booked sales ACV of INR18 crores, which is twice that of the corresponding period of last year. We posted good additions to our managed employee records base and continue to lead India's managed services segment.

We processed 47.6 lakh employee records for the quarter, 10% higher Y-o-Y and 5% quarter-on-quarter. Our base now stands at 16.2 lakh employees as of 30th September. Our employee records processed per FTE has also improved 3% quarter-on-quarter and 5% year-on-year for Q2. Our key service delivery matrix of payroll accuracy, on-time delivery and query turnaround time continued to improve year-on-year, setting new benchmarks.

Moving to the BPM segment. The BPM segment continued its growth momentum. Q2 with 11% year-on-year and 3% sequential growth supported by deeper penetration into our healthcare business as H1 reported a 10% year-on-year growth. We also continued to grow the international business with it contributing 76% of the total business on a half-year basis up from 72% last year.

We added INR 22 crores of new ACV in H1, significant contribution from mining of existing health care client and addition of one new logo. Our service delivery continues to remain green, and we continue to make efforts to infuse artificial intelligence into our current customer landscape.

I will now provide a progress update on the two platform projects, Smart Pay 4 and Smart HR, also known as Buzzily. We have successfully completed migration for our India-based customers onto our Smart Pay 4 platform. For Smart HR, we have won ACV of INR 9 crores period to date, of which INR 2.4 crores is for the SME segment.

Our relentless commitment on diversity and inclusion has been yielding results with gender diversity improving from 46% to 48% in H1, a 2% increase Y-o-Y. We continue to receive high ratings and increasing feedback on social media, Glassdoor, AmbitionBox, etcetera, a direct outcome of our continued focus on employee engagement. We also continue to encourage our employees to participate in the corporate social responsibility activity, CSR activities of the company.

Looking ahead, as we know, FY '25 has laid a strong foundation for our journey as Alldigi Tech and now under a new parent, Digitide Solutions, our strategy remains crystal clear. We are deepening client relationships, expanding our global reach, driving efficiencies through technology and AI and building a future-ready high-performing team. With our platform scaled, sales channels expanded, execution culture intact and the potential sales lift from the Everest PEAK Matrix Assessment, we are confident of delivering another good year in FY '26.

With this, I would now like to hand over to Avinash to walk us through the detailed financials. After that, we'll be happy to take your questions. Thank you.

Avinash Jain:

Thanks, Naozer. Good morning, everyone, and thank you for your interest in Alldigi Tech, now a part of Digitide Solutions.

Let me begin with our performance on the operational revenue front. Revenue for the quarter stood at INR147.4 crores, reflecting a growth of 12.2% Y-o-Y and 2.4% Q-o-Q. For the half year, our revenue reached INR 291 crores, representing a strong growth of 11.7% over H1 FY '25. Both business verticals, BPM and T&D have contributed to this growth.

In the BPM segment, Q2 revenue stood at INR110.5 crores, growing 11.1% Y-o-Y and 2.7% Q-o-Q. International BPM revenue grew 16.1% Y-o-Y, while domestic BPM degrew by 1%. For the half year, BPM revenue grew by 10% Y-o-Y to INR218.1 crores. Growth was driven largely by international markets, which now contribute to 76% of BPM revenues, up from around 71.5% last year.

In the T&D business, revenue for Q2 stood at INR36.9 crores, marking a 15.3% Y-o-Y growth and 1.7% Q-o-Q growth. For the half year, T&D revenue grew by 16.9% Y-o-Y, notably, employee record volumes increased by 10.7% to 93 lakh records, underscoring its strong operational momentum.

Now moving to margins. EBITDA for Q2 came in at INR36 crores, rising by 16.9% Y-o-Y and down by 1% Q-o-Q. For the half year, EBITDA was INR72.6Cr, growing 17.1% Y-o-Y. In the BPM segment, segment margin for Q2 was at INR12.8 crores, flat Y-o-Y. In T&D segment, margins are at 40% for Q2. Segment margin for Q2 was at INR14.7 crores posting 34.9% Y-o-Y growth driven by better volume expansion and better cost absorption.

Coming to the bottom line. PAT for the quarter stood at INR17.6 crores, increase of 45.5% Y-o-Y and 18.1% Q-o-Q. For the half year FY '26, PAT was down by 26.3% Y-o-Y to INR32.5 crores with PAT at 11.9%, basically down by 50 basis points Y-o-Y, primarily due to divestment of LLC business in H1 of last year.

On our cash flows, our operating cash flows for the quarter was INR33.4 crores, a growth of 41.5% Y-o-Y and 66.2% Q-o-Q. And OCF to EBITDA conversion remained strong at 92.8%. Half year OCF stood at INR53.5 crores, a 9.2% Y-o-Y growth.

With this, I conclude the financial highlights and now hand over the session to moderator for taking up your questions.

Moderator:

Thank you. The first question is from the line of Raghuram NS from Eurindia Ventures.

Raghuram NS

I had about five questions. If I can just go through them in line. One or two obviously seems like more financial matters. But the first question was in -- you also alluded to it, that is sales team, and that's maybe the reason why on the Tech & Digital side there has been a dip in the segment profitability. If you can please help us because obviously with SP4 coming in, we were looking

forward to the margins not only stabilizing, but also maybe increasing over a period of time. But here, the margins have taken a bit of a dip. So if you can help us run through that.

And the second question was on, I can see a number of ads on the Philippines recruitment and portals saying RCM billing seems to be a pretty significant addition to the, whatever range of services that Alldigi presents or is able to offer from Philippines. If you can help us whether that is something that all of us as investors have also been looking forward to seeing how the next step of growth will be led by, whether that has really been a successful addition.

And the third question seems to be more on the financial side, which is on the tax assessment status. We were looking forward to some kind of clarity on that, which will help us also recognize some of the tax refunds that have already happened, but are sitting in the -- more in the balance sheet rather than flowing through the P&L.

Fourth question is on capex. There seems to have been an increase in the capex in this H1 of FY '26 as compared to H1 of '25. If you can help us with that. And the last one is on the outlook on depreciation. Obviously there has been a continuous increase in depreciation for the last 3 quarters. And now it stands at about INR14.8 crores, which is a significant number. If you can help us, just give us some kind of outlook on how this will go forward.

Naozer Dalal:

Coming to your first question on Tech & Digital margins, as you would see, our margins have made a significant improvement quarter-on-quarter all through last year. We were at Q2 '25 margin of 34%. We are almost touching 40% in Q2 of '26. So that's 6% higher than the same time last year. Yes, we have acknowledged that from Q1, it has come down - there were certain cost accruals for the overall sales and operational leadership, which we have invested in, which were accounted in Q2 for two quarters. Accounting for this, I would expect the margins to again come back at least to where we were at the end of Q4 '25, which is in the 41% to 42% range for the next quarter, for Q3.

And coming to your question on Philippines recruitment, yes, we did mention that we have been able to extend our offerings in the health care space. So whilst we started the relationship with our largest health care customer on the customer access space, we have now been able to, basis the comfort with some of our new sales leadership who come with RCM experience, win a contract for a modest size of FTEs to start with for that same customer.

So we are in the process of ramping it up, and we should start seeing revenues for that RCM business in Q3. On the 3 financial questions, I'll hand you over to Avinash.

Avinash Jain:

Sure. Raghu, on your tax assessment status question, like last time we had updated that out of the 2 financial years, which we received refund in Q4 of '25, one of the financial year was under scrutiny. And the transfer pricing audit is also going on for that, which is near finalization. So once the transfer pricing audit is finalized by department, typically they are able to close in a quarter's time. So, we expect that over the next three to four months, we should at least get one of the orders for the 2 assessment years.

Coming to your question on capex, so there was an infra upgrade done specifically for one of our large clients. So that was one part. Another is that all our Bangalore facilities have been consolidated at SS Plaza. So that has been another investment. Depreciation outlook remains roughly similar in this range. There are plans for, let's say, a similar infra facility upgrade for our Chennai and Noida facilities also, but that is something which will happen over the next few quarters.

Raghuram NS

Okay. So, on the capex also, is it something that now you have stabilized? Or is it ongoing and it will keep on -- we'll have to incur it for the next 2 or 3 quarters also?

Avinash Jain:

Okay. It all depends, Raghu, because we typically do business modelling, and we look at all type of models, whether we should ask the service provider to invest in a new office facility or whether we should ourselves invest. And then whatever most optimum solution is there, we proceed according to that. So, in case we decide, let's say, for Chennai facility, we have to invest, yes, that could be one capex which could come up. But that will get finalized over the next couple of quarters.

Moderator:

The next question is from the line of Harsh Kundnani from Aionios Alpha.

Harsh Kundnani:

A couple of questions. So on the margin bit, you said that the impact was on account of some leadership hiring. So fair to assume that is now done. And actually, this quarter, the impact on the margin was coming from other opex rather than employee costs. So is there something sitting in there that you would like to just highlight? That is the first question.

The second is on the collections bit. So this quarter, collections have been quite strong. So is there any backlog from previous quarter? And if you could just help us to quantify that number?

Naozer Dalal:

Coming to your first question, some of these staff are in our U.S. entity and in a U.S. sister company. So it's more an accounting in terms of these expenses being accounted for under professional fees and comes under other expenses. But in reality, I mean, they are a staff infusion and leadership infusion. On the second question, I'll handover to you, Avinash.

Avinash Jain:

Yes. So Harsh, basically, like if you recollect earlier also, we had updated that there were a couple of large customer collections which got pushed by a week in Q1 and which got collected eventually in first week of Q2. So yes, you're right. To that extent, about INR15 crore plus kind of collections were delayed last quarter, but were subsequently collected in first week of July. But overall, our collection percentage and our OCF performance remains on track, and we continue to expect the same way.

Harsh Kundnani:

Understood. Understood. And these hirings that we are speaking about, these are for both these segments, is it? Or is there for any particular segment that this hiring was done?

Naozer Dalal:

The leadership hiring is across both segments. The sales hiring is largely focused on the CXM business because we are not in the U.S. selling payroll as we develop capabilities around that, yes.

- Moderator:** The next question is from the line of Jyoti Singh from Arihant Capital Markets Limited.
- Jyoti Singh:** So basically, I wanted to understand what new features that differentiate the updated HRMS V2 and PulseHR.ai from competitor in multi-country payroll. And another like with the HRMS V2 upgrade and onboarding of new clients, what is the expected contribution from the upgrade platform in '26-'27?
- Naozer Dalal:** The SP4 platform is an internal platform. Clients are agnostic to it. So over a period of time, we do hope to generate savings both from the infra part of it and also providing better turnaround times to customers in terms of how they can submit their payroll inputs.
- As far as HRMS is concerned, we have modernized our product and I mean, ensure that there is infusion of better UI/UX, & that the mobile experience is seamless. I mean whilst we always had a great mobile experience. But we have tried to take it to the next level.
- We have also looked at the whole employee experience part of it, because an important part of our business is how the employees of the end customer -- feel about using our HRMS. As part of the journey, we have also tried to mitigate some gaps which we had, gaps in terms of, say, performance management module or learning and development module to give you two examples.
- So it's a bit of upgrading the tech stack, a bit of upgrading the end user experience and filling gaps in our product, which to make it more holistic and end-to-end.
- Jyoti Singh:** Okay. And another, like what are the current capacity utilization level across India and Manila delivery centers? And how are you planning for future seat additions?
- Naozer Dalal:** So we have always a view to optimize costs, struck a fine balance in terms of almost just-in-time capacity addition. So our capacity utilization as far as BPO is concerned is always upward of about 90%, and we will continue to do that.
- Of course, we engage with our customers early enough so that when we believe that there is a large opportunity coming, we can plan the next phase of growth of our capacity. And of course, when we take a new capacity, we always try to keep, as I said, at least a 5% to 7% headroom so that the smaller ramp-ups are not disrupted or we don't have to say no to the smaller ramp-ups.
- So that is the whole philosophy in terms of how we manage facilities. And we would continue to do that. I mean I don't see any change in terms of that philosophy.
- Jyoti Singh:** Sure. And sir, are we planning for any new acquisition that will open new geography for us as we are overall doing very well. And also, like earlier, you talked about on the margin. So if you can give us some further guidance on the margin side, so that would be great.
- Naozer Dalal:** We continue to -- both for Alldigi and the parent, Digitide, as a group continue to explore and keep our eyes open for any new acquisitions which fit a couple of criteria -- an onshore or nearshore presence for our CXM business, or if it significantly increases our footprint in our chosen verticals of BFSI and health care.

And of course, the asset should be appropriately priced in terms of what the expectation of the potential seller could be. So we are very clear that, yes, whilst we may have the capacity to make acquisitions in terms of our robust cash position, but we have to ensure that the value which we get from that acquisition, either as I said in terms of niche skills addition or increase in the geographic footprint has to come across and has to be balanced in terms of the price that you pay for it.

And yes, the guidance on the margin side, I've said this in the past that on a year-on-year basis, we look to be able to improve our EBITDA margins anywhere between 1% to 1.5%. And I don't see any significant challenge in achieving that.

And of course, we will continue to invest a part of that margin accretion into newer skill sets or newer leadership or sales leadership as we have done in FY '25 and also into FY '26.

Moderator: The next question is from the line of Madhur Rathi from Counter Cyclical Investments.

Madhur Rathi: Sir, my first question was on the 100 to 150 basis point margin improvement. So this will be based on the HR platform and the Tech & Digital business growing as a share of our total revenue? Or this is just based on us moving our BPO services towards higher-margin services or higher value-added services. So if you could just help us understand.

Naozer Dalal: It will be a mix of a couple of things - largely 3 drivers. One is for both the BPO and the HR business, growing our share of the international revenues is a key part of our strategy, and we have demonstrated our ability to do that consistently again over the last 10 quarters. So that would be an important part where our higher-margin businesses are - the international business within BPO and doing more of international business within the HRO would be a key part of the strategy.

The second would be our focus on operational efficiencies. And that is more relevant to the payroll business, where we have been tracking a metric called employee records per employee in terms of how many payroll records an employee can process. And there, too, we have demonstrated a 2% to 3% quarter-on-quarter and a 5% to 6% year-on-year improvement. So that's the second component, which will contribute.

And the third component is, of course, I mean, tighter control on overall costs, indirect costs. And as the revenues grow, that itself gives a bit of an uplift because we ensure that we don't increase the indirect costs in proportion to the revenues. So I think it's a 3-tier strategy, which will help us continue to get the margin improvements in spite of the fact that every year we have both staff and non-staff inflation.

And many times, we don't get regular inflation from our customers basis the contracts, while, of course, we try to push that. And we are trying to get a little more aggressive with our customers also to ensure that we get compensated for annual cost of living adjustments.

Madhur Rathi: Got it. Sir, on the HR platform side, sir, how do we -- sir, if you could just help us understand what is differentiation that Alldigi has versus either ADP Workday or local player like Ramco

Systems? And sir, what is our right to win? And sir, I was comparing our growth with a competitor, Humanica, that is based out of Thailand and they've grown at 25%, 30% for the past decade. So what will help us to grow at those levels over the next 5 years? If you could just help us understand that?

Naozer Dalal:

What we are known for in the managed services space is our ability to customize, yes. So I think we are known to be able to manage complex payroll. And when I say complex payroll, it could mean payroll across a number of plants and offices. So maybe a combination of blue collar and white collar, complex payroll in terms of the composition of the CTC sheet, whilst many customers and organizations are now moving to simplify that.

And then, of course, our seamless service delivery which has also reflected in our operational service delivery excellence and the fact that year-on-year we get increasingly positive Net Promoter Scores or customer feedback, which is reflected in that. And as I said, for the payroll, the platform is very customer agnostic.

So even the SP3 to SP4 migration which we have done is more from ensuring that the tech stack of the platform is more up to date. And that will enable us to give a bit of a benefit of the turnaround time in terms of how long or how closer to the month end customers can close the payroll rather than say, asking them 5 or 6 days to close.

So as far as HR is concerned, I already answered the question earlier. Our upgrade is a mix of ensuring we fill the gaps, ensuring that our tech stack is modern and improving the UI, UX experience for the end employees.

Madhur Rathi:

Got it. Sir, so with all the investments in marketing leadership higher, sir, when can we expect this quarterly run rate of 50 lakhs -- closer to 50 lakhs moving to 1 crore employee payroll processing from our end?

Naozer Dalal:

Sorry, what is 50 lakhs? I did not get that.

Madhur Rathi:

Sir, the quarterly payroll that we process, sir. So how fast or when can we expect this to move to 1 crore or more than 1 crore payroll that we process over the next -- so when can we expect that and...

Naozer Dalal:

So if you're asking me when would we double, I mean, yes, I think the desire is to sort of -- and as I have said in the past also that we expect both our platforms to show high teen growth. So I mean, just short of 20 or thereabouts. So if I just do a simple math and then again do a bit of compounding, I would say that we could double our EXM business over the next, say, 4 to 5 years.

The pacing of it within that five years, of course, would depend on a lot of things in terms of how the economy does, what our competition do, and we are very mindful of that in terms of keeping a very close eye on all of that. But yes, we believe that we will continue to grow on a CAGR of in the high teens. And I don't see a challenge in that. That can only accelerate. But as a baseline, I don't see a challenge in growing in the high teens year-on-year.

Madhur Rathi: Got it. Sir, just a final question from my end. Sir, we had launched HR processing for the MSME segment. So is this segment not where there is less competition and where we can get advantage for ourselves? Or if you could just help us understand, how are we looking at this segment and...

Naozer Dalal: This segment has got significantly higher competition and not less competition. But that segment is very different. So that's more a Software as a Service or a self-service segment where we don't actually do the payroll. So it's more subscription-based. And it's a very different operating model where we are trying to even build internally because we don't want to cannibalize our managed services payroll business because that gives us the higher revenue per pay slip.

So this is a separate capability we are building because with India growing, India shining, the number of MSMEs growing and there was a market demand in the past where we could not meet and we have lost business in the past. So it really fills up that requirement and not that it's less competitive. In fact, the competition is even more significant and the pay slip realization per employee is actually lesser than what we do in the overall business.

So therefore, I've also said in one of the past calls that we will do a very measured approach to this, yes, because it's very easy for us to sort of drop prices, but then it becomes a bit of a P&L and a cash guzzler. So we would strike a balance in terms of how we grow there so that we continue to remain within that -- we continue to play in that market space, but ensure that we do it profitably and it doesn't drag the entire organization down in terms of a negative drag on the EBITDA.

But we have actually had some reasonable successes. We have had wins of almost about INR2.5 crores across 18 wins from the time we started this journey sometime in January. And we continue to build the funnel and continue to sort of invest sales and marketing resources into that.

Moderator: The next question is from the line of Vivek Chaturvedi, an individual investor.

Vivek Chaturvedi: Naozer, the first question is to you. I have been listening to the calls for the past few quarters, and you've been very consistent that the top line growth will be in and around the mid-teens going ahead. For the past few quarters, we've been able to grow only at about 12-odd percent. So what gives you the confidence that going ahead in the future we'll be able to basically grow at 13, 14, 15 percentage points? And yes, that's the first question.

Naozer Dalal: No, I think, Vivek, what we try to do is we try to ensure consistency of the revenue growth even quarter-on-quarter. But when I'm referring to the high teens growth, I'm referring to the full year growth. So if you look at our results, '25 over '24 and '24 over '23, we have grown in the high teens, just shy of 20%. So we have been able to record 20% year-on-year growth, and that is what I mean.

Timing it quarter-on-quarter may be difficult primarily because it depends on the timing of when we sign the sales ACV, how can we convert that. In many times, there is a big client interface and dependency in terms of when they would start the business with us in terms of revenue realization, even though they have given us the contract.

So that said, we will continue to show growth quarter-on-quarter. It may not be a straight line in terms of to get us there. We also know that typically Q4 is always our best quarter, but that also is coming down because with the move to the simplified tax regime, that is also -- that reliance on Q4 also has come down. But subject to all of these what I mentioned, we still believe that on a year-on-year on an annual basis, we should be able to continue to show the high teens growth.

Vivek Chaturvedi: So do you have the confidence that going into Q3 and Q4, we'll be able to make up for the shortfall in the first few quarters because then you would -- I'm assuming you would be looking at a run rate for the next 2 quarters put together of at least INR 325 crores. So is that something which sitting today on 31st of October, you are able to see for the company?

Naozer Dalal: See, Vivek, we don't get into specific forward-looking statements. But as I said, looking at our pipeline, looking at some of the investments we have made, we believe that we should continue to be in the mid- to high teens, which is what -- and as you rightly remember, I was consistently saying this, I have not been changing our position. So that I continue to hold that we'll continue to grow in the mid to high teens on an annualized basis.

Vivek Chaturvedi: Sure. And coming to the second question now. Is the fall in the segment margin for the BPM linked to the depreciation, the increase in depreciation?

Avinash Jain: So depreciation is allocated to all and so is the investments in sales initiative and leadership growth. So no specific, I would say, expenses debited to BPM business.

Naozer Dalal: Yes. As I said in the beginning of the call, there was a timing difference in terms of cost recognition of some of the investments which we have made. So it's 2 quarters cost, which we have sort of caught up in this quarter. So I think there is some bit of impact of that, which should now even out in Q3 and then be a bit of consistent run rate going forward.

Vivek Chaturvedi: But is there any specific reason why the depreciation on a Y-o-Y basis has gone up by more than 50% from INR10 crores to INR15 crores this quarter?

Avinash Jain: So like I replied to Raghu also, see, there has been significant investments in the Bangalore facility and our right-of-use assets also has grown, which you would have seen. Also, there was a significant investment for infrastructure upgrade for one of our leading clients in T&D. And then, of course there are routine capex requirements in terms of your replacements to your laptops, desktops, etcetera.

All those things are there. So from that point of view, depreciation has come to this run rate, and I think it should remain roughly here unless and until there are another capital expenditure requirements which come up in future.

Vivek Chaturvedi: So, Avinash, the point I'm trying to understand is that whatever increase we are getting in terms of the operating margin or the EBITDA is basically getting nullified by the increase in depreciation 1:1. If you look for the last 3, 4, 5 quarters, that has been the case. And that is getting reflected in both the PBT numbers as well as in the share price. And that is what I'm

trying to understand because without there being any kind of a delta in the EBITDA growth over the depreciation and interest growth, the PBT doesn't look like it's going anywhere in a hurry.

So that is what I'm trying to understand. So not just this year, in FY '27, would you expect the EBITDA growth to outpace the depreciation growth resulting in a meaningful growth in the PBT? Or is it that the depreciation will keep growing at a faster rate or equal rate as the EBITDA grows and then we don't see any bottom line growth.

Avinash Jain:

No. See, this depreciation growth is primarily linked to the investments which we have done in our both Manila and Bangalore facilities over the last few quarters. As I told you, a couple of other facilities are still due for that. And Vivek, all these things will lead to long-term benefits.

Like, take for example, if your office infrastructure is upgraded, it gives more confidence to our international clients and leading multinationals to place in higher dependence or higher volumes to us. So from that point of view, the benefit will start flowing-in, in probably, next few quarters and will be more visible over the next 3 to 4-year period.

Naozer Dalal:

And to add to what Avinash is saying, I mean that can result in higher sales, which in turn will become a virtuous cycle. And what I do want to highlight is that even in the past, we have been very cautious in making these investments. It's only in the last couple of quarters we have tried to accelerate that.

So it's a bit of trying to correct the historical issues which we have been carrying with. And of course, that said, we are very, very mindful in terms of what ROI we get on any of these investments. So we'll continue to have a disciplined approach. But there is some bit of catch-up also which is happening, particularly on our facilities upgrade is concerned.

Moderator:

The next question is from the line of Shrey Loonker from One Up Financial Consultants.

Shrey Loonker:

Sir, just one question that on the HRO side, the international and the domestic mix, the international revenue seems to be flatlining versus our ACV commentary was tilting more towards international. So is it that the international ACVs are a longer lead time in terms of execution, and that's why it will take time to reflect? Or how should we think about?

Naozer Dalal:

We continue to improve our international / domestic mix in the Sales ACV. Even for what we have done in H1, about 60% of this is international and the other is domestic.

Customer behaviour determines how fast or how slow we can convert. But yes, you're right, you are seeing a very marginal difference of about INR 0.1 Crores between Q1 and Q2. As I mentioned in the context of the overall construct, it's very difficult to manage in a quarter because there is an element of onetime component in terms of both the sign-up fees and the customization fees.

The composition of one timers between International & Domestic will continue to bring us some blips up and down.

For the overall 12% CXM growth is entirely come from international because our domestic revenues coincidentally are flat (it was INR28.5 crores in Q2 last year, and we are INR28.1 crores this Q2).

Shrey Loonker: Got it. And is there a way you can help us understand the outstanding order book as it stands today on the HRO side, what will be the mix between international and domestic?

Naozer Dalal: As I said, for H1, we are about 60-40 in terms of for H1 we have signed international of 60% and domestic is 40%.

Moderator: The next question is from the line of Raghuram NS from Eurindia Ventures.

Raghuram NS Yes, Naozer, this was a follow-on question to your comments on Buzzily. Obviously, you have got some clients, about 18 you were mentioning. But typically, what I have seen in this segment, it is very, very partner driven. How are we approaching this business? Are we approaching it from a direct kind of a customer approach kind of basis? Or are we also building a partner network, which will help us scale this business much, much faster?

Naozer Dalal: So, Raghu, you're right. I think it's going to be a mix of both. So what we have done is -- I mean, as we have continued to sort of upgrade the product, but we are largely there as far as the product readiness is concerned. So we would be adopting a lot more direct channels because for this business we have to keep costs very, very sharply under control.

And the more proportion of direct sales you have, the better it will be for the margins because as you may be aware, the pricing pressure in the market for this business is going to be very high. And while the partners do sort of help the top line, but they come with a cost in terms of their commissions. So we continue to -- I mean it will evolve, Raghu. I mean we are not there in terms of completely refined model.

But in my mind, the direct sales would be a significant portion of how we approach this market. We have also refreshed our website. I don't know whether you've seen it in mid-July. So we had done one refresh last year, but with Digitide and the change of that, we also thought that it could be further refreshed.

So we continue to see the direct channel both for enterprise and for the SME segment. What we have also seen is that when lead come to us directly through our website and particularly on the enterprise side, the conversion time lines are significantly faster because here someone specifically has reached out to you knowing about our positioning in the industry and wants a survey.

So we will continue to grow the direct channel both for SME and for enterprise sales. And as far as partnerships are concerned, we are open to that also. So we continue to sort of build the partnerships also, as that has been a strategy from last financial year, I think I've mentioned that in earlier calls also.

So at the moment, if I recollect right, we have about 14 sales partners. But the sales partners also are more for the international markets where our own coverage is more limited. While domestically also we have sort of partners, but we believe that our domestic sales team itself is sort of sufficient to get us that coverage.

So yes, we'll continue to grow the partners. In fact, this quarter we signed a very leading name, which is U.K.-based which is again into -- largely into finance and accounting outsourcing. So we have signed up with them a partnership to say that if they get any HR outsourcing customers, we could support or they could take -- or they just take us to their existing customers and let's see how we can offer, and this is a multi-country payroll. So that is a development for this quarter. So yes, we'll continue to do a mix model, direct plus partnerships.

Raghuram NS Okay. Because on the domestic markets, I would imagine a partnership model has been the way for everybody to grow. So I just wanted to bring that up.

Naozer Dalal: Sure. And Raghu, we just keep balancing the cost of the channel which gives us the acquisition versus, I mean, our own reach, and we continue to sort of draw that fine line.

Moderator: The next question is from the line of Nilesh from Anantnath.

Nilesh: Could you give us expected revenue guidance for financial year '26 and '27 along with EBITDA margin for both the segment?

Naozer Dalal: Sorry, we couldn't get the question very clearly.

Nilesh: I want to know about the revenue guidance for next year along with EBITDA margins for both the segment.

Naozer Dalal: I think I'll just be repeating myself, but at the risk of repetition, I already said that, Nilesh, that we'll continue to grow revenue in mid-to high teens. We'll continue to endeavour to add anywhere between 100 and 150 basis points to our EBITDA margins even going forward.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Naozer Dalal: Thank you. So I would like to thank all of you for the time that you have given us today. On the back of our strong results in both Q2 and for H1 FY '26 across all parameters, yes, supported by our investments in key business drivers over the past few years. We believe that we are well poised to capitalize on the market opportunities and continue to deliver superior financial and operational performance.

We are also wishing you and your families a happy festive season ahead in advance. With this, we would like to close the call and look forward to interacting with you again sometime in the future. Thank you so much, and have a nice remainder of the day. Have a good weekend. Thank you.



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

Naozer Dalal: Thank you.