Q1FY27 EARNINGS CALL OF EXATO TECHNOLOGIES LIMITED

TRANSCRIPT

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SPEAKERS

Mr. Appuorv K Sinha
Chairman & Managing Director

Mr. Gopinath Bailur
Chief Operating Officer

Mr. Muralidharan
Chief AI Officer

Mr. Dinesh Singh Slathia
President- Revenue, Marketing & Strategic Aliances

MANAGEMENT DISCUSSION

Finportal *Moderator*

Good afternoon, everyone and welcome to the Q1 FY27 earnings call of **Exato Technologies Limited.** We sincerely thank you for joining us today.

During today's call, the management will discuss the company's operational and financial performance for the first quarter of FY27, followed by an update on key business developments, strategic priorities and the outlook ahead. This will be followed by an interactive Q&A session.

Before we begin, I would like to remind everyone that certain statements made during this call may be forward-looking in nature. These statements are based on management's current expectations and assumptions. Participants are advised not to place undue reliance on these forward-looking statements. Please also note that this conference call is being recorded for compliance purposes.

Representing Exato Technologies Limited today, we have with us:

- Mr. Appuorv K Sinha, Chairman & Managing Director;
- Mr. Gopinath P Bailur, Chief Operating Officer;
- Mr. Muralidharan, Chief AI Officer;
- Mr. Dinesh Singh Slathia, President-Revenue, Marketing and Strategic Alliances; and
- Ms. Geeta Jain, Company Secretary & Compliance Officer.

I now invite the management team to deliver their opening remarks. Following their address, we will open the floor for the Q&A session. Thank you, and over to you.

Mr. Appuorv K Sinha *Chairman & Managing Director*

Thank you so much, Finportal team. Good afternoon, everyone, and thank you for your time. Before we start, I would like to introduce the team here. On this call I have **Mr. Gopinath P Bailur**, our **Chief Operating Officer**, and **Mr. Murali Menon**, who joined us recently as **Chief AI Officer**. Murali was the CTO at TCS and joined us about two months back, and we will talk about his journey and his contribution. You would have met **Dinesh** on our earlier calls; he heads marketing and global business development for us. **Ms. Geeta Jain**, our Company Secretary, is also on the call.

I am very pleased to share that we have started our FY27 on a very strong note, delivering healthy growth on the margin side as well as a stable revenue. While we talk about numbers in detail, the healthy margins have been contributed by decent international growth, which we are expecting and we are eyeing very closely. We will talk about our business development activities also in subsequent discussion, but the highlight is that this quarter we have posted very good growth with respect to the comparable quarter.

I would like to add some of my thoughts and narrative. We have completed a decade and we are now a **10-plus year old organisation**. Over the last few years we have built a base, and post listing the scale-up plan we set out is right on track. In fact, we are expecting better growth, and Q1 is a testimony to that, both in the way we have grown in Q1 and in the way we have set the foundation layer for the subsequent quarters.

For those joining us for the first time, a short introduction of Exato Technologies Limited. We are a **Noida-headquartered** company built around **AI, cloud and customer experience**. We have **150-plus clients**, **100-plus engineers** and a **140-plus team strength**, we serve almost all industry verticals and we are present in **10-plus countries**. Customer retention is very good and we have already enabled **1,50,000 agents**.

The highlight from the previous call to this call is that we have added a further **60 crore or even more** to our order book. If you recall the Q4 presentation, the order book was **600 crore**, we are now showcasing an order book of **660 crore**. That 60 crore of new orders has come from new customers we onboarded, primarily international customers, and we will cover this in the subsequent slides. Our order book has been growing at a rapid pace.

A brief introduction to the Board of Directors. I am the founding Chairman. **Swati** manages operations and HR for us and is also on the Board. **Abhijeet** is a lawyer and looks after the legal aspect of the business.

We are very honoured and pleased to share that **Dr. Milind Raman Godbole** has joined us as a **non-executive, non-independent director**. His appointment was primarily to help us target international markets. He comes with extensive experience in the CX and BPO industry; he scaled **GeBBS Healthcare Solutions** from about **12 million dollars to 230 million dollars** in revenue in ten years. We will learn from his experience, work with him on formulating our strategy and also take his help on execution. This is a great addition alongside the management leadership team we have. **Dr. Omkar Rai** and **Mr. Vijay Kumar Tyagi** continue as our independent directors.

This is the leadership team. **Gopi** is on this call, our **Chief Operating Officer**, a veteran of the CX and AI space with **30-plus years** of experience. **Naveen**, our **Chief Revenue Officer**, is not on this call because he is in the US time zone; he is travelling to US for some important opportunities and closures. **Murali** is with us. He is the ex-CTO of TCS, where he led the CX and infrastructure vertical for around **22 years** and scaled it from start to **multi million dollars**. We are very glad and honoured to have Murali on board and to work with him on making Exato a true digital-native, AI-as-a-service and CX-as-a-service company. **Dinesh**, who heads our marketing, joins us from **Oracle**. **Hasan** is our **Chief Financial Officer** and **Geeta Jain** is our **Company Secretary**.

On the strategic leadership additions of the last two to three months, **Alok Bohra** joins us from **NiCE itself**, where he was leading channel alliances. NiCE is a very key part of our business and Alok comes with extensive experience, having spent six to eight years-plus there. With Alok, the idea is how we can strengthen our presence in this part of the market, which is primarily the **APAC market**, and he also brings strong **Agentic AI** experience. So, with this leadership addition, our idea is how we can expand more in the region.

The second addition is **Mr. Kailash Sethuraman**, who leads our **AI infrastructure vertical**. Kailash comes with **25 years** of experience, with a long stint at **TCS** and most recently with **Teleperformance**. That is a unique combination, because he comes from the BPO industry as well as from a large global system integrator, and he has a good knowledge and knack on AI infrastructure. We are working with him on scaling the AI infrastructure business.

Mr. Paresh Sheth joins us as an **advisor** for this infrastructure vertical. Paresh comes with very strong customer connections, not only in India but globally also. With Paresh, Murali and Kailash, the idea is how we can scale this **global AI infrastructure vertical**, which is a new vertical for us.

Gopi, would you like to talk about our core business offerings?

Mr. Gopinath P Bailur *Chief Operating Officer*

Yes, Thanks, Appuorv. While we continue to fine-tune our business offerings, **CX and analytics is our growth engine**. It has been contributing to lot of our success and it is how we enter into the market. **Customer experience as a service** is a term coined by Exato and we are leveraging it for customer benefit in expanding our portfolio.

Under CX and analytics we run contact centre solutions and **managed services** as an offering. It is not a project-led solution; it is a managed services ecosystem covering front-end activation, the middle layer we operate on, how we enhance workforce management capabilities, as well as interaction analytics platform, combined together as a service that we provide to the customer. It is a 360-degree view that we analyse, and that is the intent with which we are growing under the CX and analytics umbrella.

Along that line, as a cross-sell and upsell opportunity, we have **unified communications**, **AI infrastructure opportunities** and **ERP** for integration and transformation projects. All of these are evolving under the CX and analytics umbrella for us, which is the one core strong offering we have built and are now driving on top of it.

Likewise, **ExatoIQ** is proprietary to us in terms of identifying the solution gaps of the OEMs and we leverage that to deploy an integrated solution where two systems have to communicate. Where we see a gap, we build a unique solution there, and then we cross-sell and upsell across our customer ecosystem. That is the overall CX offering we have built in over a period of time, and it is evolving to help us in cross-sell, upsell and improvise margins as we go along.

This is the strength we carry and we now want to run it into other geographies. As Appuorv was saying, Naveen is in the US, so we are expanding into the **US** in a big way. So far, we have done US business while sitting out of India, but now we have a local presence to drive the CX and analytics offerings, along with **AI infrastructure**, **Cloud ERP** and **ExatoIQ** offerings connected together. So, our growth is driven by CX and analytics and we will continue to take this offering and make it strong which is acceptable in the customer addressable market.

To double-click on AI infrastructure, Dinesh, we can move to the next slide. I would call upon Murali to expand on this layer.

Mr. Muralidharan *Chief AI Officer*

Thanks, Gopi. As Gopi had rightly pointed out, we have a unique portfolio of front-office solutions, which is CX and enterprise AI, middle-office solutions, and back-office solutions, which are the ERP and P&L -focused solutions. It is quite natural that the underlying infrastructure foundation also needs to be addressed, as needed by many of our customers. We have therefore invested significantly over the last two months in building an **AI-ready infrastructure practice**.

This comprises of **private AI** solutions, where the AI solution itself is focused upon, along with LLMs bundled into a single-envelope infrastructure which as we call **LLM in a Box**. It's not only these applications and solutions we address; we also address the adjacent networking part of it, with high-speed and secure networks and with both macro and micro segmentation for security. Once production AI is in place, this addresses the **full-stack observability** of the system, whether it is working in par with the performance. And last but not the least, it also addresses the **secure infrastructure** needed to address the single-envelope concept.

This investment is very critical for us and for our customers, because it nicely encompasses all of our AI solutions, our CX solutions and delivers a single-envelope solution to our customers. It is one of the significant investments we have made and it also forms part of the key go-to-market in the **next three to four quarters**. With that, I would like to hand it back to Appuorv to take it to the next level.

Mr. Appuorv K Sinha *Chairman & Managing Director*

On marquee clients, for those who are new on this call, we have added a couple of **new logos** which you see and there are more announcements which is coming, as we are signing some very important, margin-heavy deals with some of the large BPOs. In terms of our existing clientele we are going and doing lot of farming and hunting and we are getting repeat business with the **top banks**. Again, **BPO remains a sweet spot** for us.

So, like I mentioned, we got our Sales Head Chief Revenue Officer camping in the US. The idea is how we can create a **BPO go-to-market**, how we can work with all these IT, ITES and BPO companies in terms of offering them **CX as a service** and **AI as a service** because primarily they are more process-oriented and they believe in giving manpower, but in terms of technology provider, they are looking at a partner like us. That is one reason we have won new logos also, and these new logos, as well as the existing account expansion, have helped us in terms of better profitability during **Q1 FY27**.

In ITES, media, telecom and other customers there is going to be significant traction as we expand our **AI infrastructure line of business**. Now, we have a complete bouquet with which we can look at the complete enterprise as well as the government market and business. We are reaching out to all the key customers, and the connections that Murali and Paresh bring give us top leadership access, wherein we are presenting our solution offering and the value we can deliver with respect of the **AI stack**.

In terms of technology partnerships, **NiCE** remains the biggest contributor to our revenue. With **Mitel** we have upgraded our partnership and we are now a **Platinum Partner**, which is the highest category of partnership in APAC. Again, with **Acumatica** we have also upgraded from premier partner to **gold partner**. We expect good opportunities from both Mitel and Acumatica, although the bulk of the opportunities and the current order book are heavily loaded on NiCE.

HPE was a very significant addition to our partnerships. Wherein, we got leadership connect with HPE and we now have a complete bouquet of offerings on the **AI stack**; it is not limited to the software and LLM part but extends to how we integrate that with the infrastructure-heavy hardware part. We have also signed a partnership with **AWS**. On the cybersecurity side we have a partnership with **Fortinet**, and we have partnered with a US-based AI company, **amplifAI**, which has a niche solution offering that combines with our current offering. That is a services-heavy partnership. So, we have partnered with them as well in terms of taking this to market.

On the sectors we serve, we are present in almost all sectors, directly or through our BPO partnerships. **BPO and IT/ITES is the biggest contributor**, **banking and financial services is our second largest vertical**, and **healthcare**, which is part of BPO, is the third largest. Telecom, manufacturing and retail are the other contributors, but our focus is again going to be majorly on IT/ITES, BPO, healthcare, and banking and financial services.

With AI infrastructure we see a significant play in other verticals as well. As I mentioned, we purposely did not want to do much on the government side, but with strong support from HPE we are looking at **data center deals**. The idea is to create an appliance model where we can provide our **LLM and SLM** along with the hardware and that we can position to the customer. That is also a significant play we are eyeing.

On our strategic growth roadmap, this plan was clearly identified before we went for the BSE listing. The idea of the listing was to establish credibility, and with the funding we have generated we wanted to expand big in the international market. That has now started paying results. The reason you see expansion of the order book from **600 crore to 660 crore** is that we added **iQor BPO** as a new logo, which itself has added close to **60 to 65 crore** of new business. Apart from this, we are getting significant expansion from current customers such as **TaskUs** and **Diligenta**. All this is helping.

We are also working on a marquee deal with a couple of large BPOs, which I would like to name once the deal is closed. What we have realized is that all these BPOs need a partner like us, primarily who is working on a **hybrid model**, with the sales engine in the US and delivery from India. We have already built our **24x7 delivery team**. This international expansion is supporting us with heavy margins and it is also going to contribute on the top line perspective. We are going to invest heavily here and add more manpower. **Naveen**, our Chief Revenue Officer, has taken a plunge and is staying in the US for a couple of months, and we will keep adding manpower there. Coming back to the point, international expansion is go-to market is the key we are eyeing on. AIaas and CXaas perspective.

On **integrated enterprise solutions**, we do have our own **Cloud ERP** partnership, our contact centre offering and our own **AI infrastructure** partnership we have established. The idea is how we can create an integrated solution offering for existing customers and also explore the new customer base. That is already underway and we are seeing good traction with these integrated managed services, where customers prefer to rely on one partner who can bring end-to-end entire AI-enabled stack. This is where we are seeing good opportunities, although the business development is still in progress, but the response is really good.

The third part is **AI-led innovation and platform expansion**. So I keep talking about this, we have a clear inclination towards our own product journey .The thought process is very clear that we should develop something of our own ,and we have taken some good steps, so in fact we were expecting platform readiness by **March 2027**, but we are on the verge of signing some agreements with BPOs who are ready to give us opportunities and deals on our own platform, which we will announce in the coming months. We expect to close some of these deals in this month itself. So, the roadmap is to expand in the international market and sell more there, to expand the solution portfolio into an entire stack for India as well as international markets, and to do more and more on our own IP side.

In terms of industry outlook, if you look at **CX as a service** and **AI as a service**, the combination shows very good growth, almost **35 to 40%**, and that is the market we are eyeing. One very important value point here is that our existing customer base gives us very good connect in international markets. So far, we have worked with them and, although we were doing multi-million-dollar deals, those deals were primarily executed from India. That is the one thing we want to change, because global pricing brings a bigger top line as well as a better bigger bottom line. So, this is where we are working in international market.

Cloud ERP is again growing at close to **20% CAGR**, and we are making good investments on this side. We have hired people and a sales team, and we have given additional responsibility to the international sales team for scaling this business. We have built a good pipeline on Cloud ERP and we expect good closures this quarter and in subsequent quarters.

In terms **unified communication** and **AI infrastructure**, unified communication has been a steady vertical and we have added new logos such as **Kotak Life Insurance** and **Kotak Mutual Fund**. AI infrastructure is a newly formed line of business. As I said, we have strong leadership on board in **Kailash Sethuraman** and **Paresh Sheth**, along with **Murali**, who built this practice at TCS are now with us. The idea is to leverage their knowledge, expertise and connections and take it to market. A lot of pipeline building and business development is happening, and we see decent growth in the coming quarters.

Dinesh, would you like to take this?

Mr. Dinesh Singh Slathia *President, Revenue, Marketing & Strategic Alliances*

Sure, thank you, Appuorv. Good afternoon, everyone. I would like to briefly share the impact of two important **NiCE** events for Exato in Q1.

The first is **NiCE World 2026** in **Orlando, Florida**, which was a significant event for us. Our US team, along with our Chief Revenue Officer **Naveen** and our Head of Solutions **Piyush**, represented Exato, and we participated as a **Quantum sponsor** with a dedicated booth. From an engagement standpoint, we had strong engagement with **412 unique visitors** across **196 unique accounts**. More importantly, after the event we engaged with **30-plus customers** for deeper CX assessments and **Agentic AI** roadmap discussions. Normally these conversations fizzle out after an event, but they are still active. Our business development team is still working on them and we continue to work with these customers on potential opportunities.

The next event is the **NiCE AI CX Masterclass** held in **Indonesia**, which brought together CX technology leaders to discuss the future of AI-powered customer experience and Agentic AI. It also gave us valuable insights and an opportunity to position Exato's capabilities across CX, AI, automation and enterprise integration.

Overall, these engagements have generated strong, qualified traction for us, with multiple active customer conversations and a healthy set of future opportunities that our team is already working on. We are running a **LinkedIn campaign** and an **account-based campaign** on the back of these, and we are getting leads out of them, so it is working really well.

The key takeaway is that **Agentic AI is moving beyond discussion**, and customers are actively exploring how to apply it to their CX transformation journey. Our focus now is to convert this traction into deeper engagements, qualified opportunities and measurable business outcomes. Over to you, Appuorv.

Mr. Appuorv K Sinha *Chairman & Managing Director*

Thanks, Dinesh. This is the **financial snapshot**. As we keep saying, the most important part of any discussion is the financial number. If you see, we have posted year-on-year growth of **50% on revenue**, which is quite significant, and our **ARR** has also made a strong contribution. On **EBITDA**, the growth is close to **82%**, and on **EBITDA margin** there is again significant growth. On **PBT**, the year-on-year growth is **102%**, and on **PAT** the year-on-year growth is **104%**.

Why is there such significant growth in margin? There is a strong contribution from the international business, and we saw very strong order execution happening in Q1, some of this is part of orderbook. We executed close to **30 crore** from our order book this quarter. Of the **600 crore** order book, **221 crore** had already been executed up to Q4 and another **30 crore** was executed in Q1, so out of **44 crore** of revenue, **30 crore** came from the ARR. We then added **60 crore** more as fresh booking, which takes our order book to **660 crore**, and a total of close to **410 crore** still remains to be executed.

This shows that our execution is going strong and our new order booking is also going strong, primarily contributed by the international market. There is a strong contribution expected from the **AI infrastructure vertical**, which is just shaping up. I have no issue in sharing that this vertical is yet to contribute, but once it starts clicking, which will probably be within a quarter, it will have a very strong contribution on the revenue side and a great addition on the profitability side as well. So, this I have already talked about, 50% year on year growth on revenue side, EBITDA grew 82% and PAT had 104% year on year growth for this quarter.

In terms of revenue bifurcation, a good part of revenue has come from **exports**, which is close to **27.2%**. **BPO and IT/ITES** again remains one of the significant contributors; collectively it is contributing more than **70%** of our revenue. In terms of global reach, the **UK** and the **US** have contributed significantly. Two of the customers are based out of the UK. One I will disclose in the next call, because deals have happened but we typically disclose this at the end of the month, and the second is **Diligenta**, which is part of this portfolio and has contributed significantly. The **US** and **Singapore** are the other largest contributors among our global geographies.

In terms of our solutions, **licences** have been the biggest contributor, because that is how our business model works, but there is good contribution on the services side also, with close to **30%** coming from maintenance, implementation and consulting, which again helps us better our profitability.

On awards and recognition, we shared most of this in our last call. The new addition is that we have earned our **Platinum status with Mitel**. So far, we were a gold partner; now we are a **platinum partner** for Mitel, which shows the way we are scaling business with them. The plan is to do more within this year and take this portfolio to the international market as well. We are talking to some opportunities in **Malaysia** for Mitel and also in the **Singapore** region. Some of our existing customers, some banks, are also giving us opportunities in **Singapore, Bahrain and Dubai**, which is adding dollar value to our revenue as well as our profitability. So, we continue to scale in the **APAC market** while we are eyeing the **US market** primarily, and this is how we are being recognised by our partners as well.

With this we conclude our presentation. Finportal team, over to you to open the floor for the Q&A session.

QUESTION & ANSWER SESSION

Finportal *Moderator*

Thank you to the management team for sharing their insights and such a detailed business update. We will now open the floor for the Q&A session. Participants who wish to ask a question are requested to use the raise-hand feature. We will take the first question from **Mr. Miten Shah**.

Mr. Miten Shah

Hello, am I audible?

Mr. Appuorv K Sinha *Chairman & Managing Director*

Yes, you are audible, Miten.

Mr. Miten Shah

Thanks for giving me the opportunity, and congratulations on posting a good set of numbers. **I have gone through the company's presentation many times and I also went through it during the IPO roadshow process. Could you explain briefly how we are different from the traditional IT services companies, whether large cap, mid cap or small cap, listed or unlisted, and what we are doing differently from them in terms of products and services?**

Mr. Appuorv K Sinha *Chairman & Managing Director*

Miten, how we are different is that we work in a very niche segment, which is **customer experience**. Even our AI portfolio is limited to and focused on the customer experience vertical, which is primarily IT, ITES and BPO, and there is no competition in this vertical. If you talk about the large system integrators, **Wipro** has Wipro BPO, **TCS** has its BPO arm, and similarly **Accenture** and probably **Infosys**. No BPO would like to work with these large global system integrators, so they want a partner like us. That is our prime differentiation.

The other differentiation we have created is in term of our knowledge and expertise in this market and our core focus on it for the last ten years. If you look at the leadership team also, **Murali** was a TCS veteran who worked in this vertical for almost 20 to 21 years, but primarily on the BPO side, where he was managing the business. They had only services engagements with customers; they did not have the kind of licence and services engagement that we have with our customers. **Gopi** has worked more than 30 years in this domain, earlier with **Servion**, which was a similar kind of company, and he was our CTO before being elevated to Chief Operating Officer. That is our biggest differentiation. We are focused on this vertical.

Now, obviously like any other company that wants to scale, that is listed and that wants to add to the top line, we are diversifying. That is the reason we are adding the **AI infrastructure vertical**, which might be for other industries as well, but our core focus on **AI as a service** and **CX as a service** is going to remain.

Mr. Miten Shah

Got it. **In another way, what is it that cannot be replicated, or cannot be offered by other companies as well? That is my major question.**

Mr. Appuorv K Sinha *Chairman & Managing Director*

Any business can be replicated by any other company, but it takes a lot of time, a lot of domain knowledge and to build that kind of the customer base . The biggest strength we have is that we work with all these BPOs, IT/ ITES companies and banks in the place where their customer experience **data** is stored. We measure the interaction, we monitor it, we record it, we analyse it and we give the output on that basis. For every business the most critical part is data, and that is where we are.

The second biggest aspect is that when we work with banks, we work in their **compliance** area, which carries a lot of compliance associated, either from the **RBI** or from international law such as **GDPR**. Building that kind of integration and confidence with a customer takes a lot of time, and building that kind of integration and partnership with an OEM also takes a lot of time. The companies we have worked with are primarily global companies, and we have that background, having worked with them for the last 20 years, whether at Exato or in our previous roles.

So this is not easy. The entry barrier is not so easy. Five people can gather, go to a customer and get a million-dollar deal, this is absolutely not easy because the customer will not rely on them. We talk about AI as a service and so on, but a customer will not let you touch their data unless you are bound by a long-term contract, which we have. We have more than **20-plus customers** with **three to five year contracts**. That again gives us a differentiation, Miten.

Mr. Miten Shah

Understood. **So, what I understood is that there are no comparable peers, whether listed or unlisted. Is that the correct understanding?**

Mr. Appuorv K Sinha *Chairman & Managing Director*

I would not say that. There are companies in the US, like **TTEC Digital**, and there could be some smaller partners in the US, but there is no significant player in this domain. Typically, customers work with the big four, such as **KPMG** or **EY**, where they want to have their own consulting arm, and they want to decide on the technology directly from the OEM. This is where we contribute: we bring the consulting and the technology together. What customer does is they want to buy technology directly from the OEM and consulting from the big four; now we club consulting and product together and take it to the customer, and this is the reason we are more valued. So, if you say whether there are peers, there are, but not everyone is doing the overall thing. We are among the very few selected ones globally doing the overall thing, in terms of consulting, services and implementation, while also offering the product and cloud licences as a service.

Mr. Miten Shah

Understood. **So, it is precisely the bundled offering that we are able to provide that differentiates us. If I were to understand it correctly, am I right?**

Mr. Appuorv K Sinha *Chairman & Managing Director*

You are right, and I would like to add here that it is not only this. Working with all these BPOs, KPOs and healthcare customers, we have built our own **custom models**. If I want to acquire a new healthcare customer, do I need three months to understand their pain points? No. I will be ready in a week or two, because I have that understanding and we have built those models. They just need to work with our consulting team and our business analysts, and we can figure out what kind of solution they want to customise. This is the reason our OEMs are also preferring us. That is one of the reasons we have created this niche. So, like I keep mentioning about, in probably another quarter's call I will be able to announce some of the strategic deals we are doing internationally, because right now they are in process, so I cannot talk about them. But one of the reasons you will hear about these deals is the models and the niche we have built in these verticals, which even the biggest players do not have.

Mr. Miten Shah

Understood. **We saw good traction in the numbers, so do we have any forecast or guidance for FY27?**

Mr. Appuorv K Sinha *Chairman & Managing Director*

I mentioned this in my previous discussion. The industry is growing at a CAGR of around **18 to 20%**. We expect that we will grow much higher. Our expectation is that **revenue will grow at least 60 to 70%**, or even more than that, and **profitability will also be growing more than 70 to 80%**. That is our expectation, given the attraction we are seeing.

Mr. Miten Shah

So is any uptick in the margins expected from here on?

Mr. Appuorv K Sinha *Chairman & Managing Director*

Yes, an uptick in both margin and revenue is expected. The reason is that, as I mentioned, we are doing more deals in the international region, primarily in the **US market**. The leadership team is there, we are adding more people, we are also relying on some global technology players to partner with, and we are working with services companies on creating a service delivery model where we can pick up deals in the US and service them from India. A lot of this is going to add to the bottom line. As we establishing to diversify this **AI infrastructure vertical**, that is going to give us the top line. We are talking about the complete AI stack, not only infrastructure but also the orchestration layer and how to manage the data and give better output, so there is going to be a lot of consulting work as well. All of this is going to add on both the top line and the bottom line. The bottom line will come heavily from the international market, the top line will also get added from the international market, and a good top line is expected from the India market as well.

Mr. Miten Shah

Understood. I have more queries, but I will stop for a while and give the other participants an opportunity. Thank you very much, and I will stay in the queue.

Mr. Appuorv K Sinha *Chairman & Managing Director*

Thanks, Miten, I appreciate it.

Finportal *Moderator*

Thank you so much, sir. We will take the next question from **Mr. Bharath Reddy**.

Mr. Bharath Reddy

Can you hear me?

Mr. Appuorv K Sinha *Chairman & Managing Director*

Yes, Bharath, we can hear you.

Mr. Bharath Reddy

Sir, I would like to touch upon a few things from the last conference call. You had guided to add 300 to 400 customers in two to three years, and in the last call the client count was 150. Where do you see it as on date and at the end of FY27?

Mr. Appuorv K Sinha *Chairman & Managing Director*

Bharath, if you recollect that, the way I mentioned it was that we expect to add **300 to 500 customers** in the next two to three years, both organic and inorganic. There are plans that I would again like to share in a subsequent call, because this is in discussion. I also mentioned that a lot of our addition will also come from our own **IP**, which we are taking to market, because that targets the mass market, so there is going to be a significant addition from there. Both of these are work in progress. Most likely, in the next quarterly call, we should be able to show significant progress and I can share more details.

In terms of our 150-plus customers, in this particular quarter we have added some **four or five large customers**, and some more additions on the smaller customer side. We are on track, as I mentioned, with this growth plan and the international expansion. Diversifying into **AI infrastructure** will give us a play with every single customer. We are also looking at startups that want to have two or three servers, where we can create a data centre and give services to them. All of this is a strategy in play, which again I would like to share in more detail later.

Mr. Bharath Reddy

Sir, can you just talk about how big the inorganic acquisition could be, in one or two lines? I do not want to get into more details, just at a higher level.

Mr. Appuorv K Sinha *Chairman & Managing Director*

I am not sure whether I am allowed to discuss that, but Bharath, let me tell you one thing. Right now, we are in **four verticals**: CX and AI as a service; unified communication and infrastructure; **ExatoIQ**; and **ERP**. We will create **five verticals** in subsequent quarters. One will be **AI infrastructure**. The second will be **application as a service**, where probably our acquisition, or our Cloud ERP and some of the applications, will be integrated. The third vertical is again **AI as a service and CX as a service**. The fourth vertical is **managed services** and the fifth vertical is **product**. So, you can understand that the acquisitions we are eyeing could be an addition to this, creating another one or two verticals.

Mr. Bharath Reddy

Sure, sir. My next question is on the IP revenue. You said this would start from Q3 FY27. I would like to understand whether there is any progress on this and whether the plan is still for the contribution to start from Q3.

Mr. Appuorv K Sinha *Chairman & Managing Director*

Bharath, we would like to share something by this month end, when we give notification to the exchange on our order closure. We are expecting some revenue to start from this month or next month itself. We are eyeing some deals and we are on the verge of signing agreements and closing two deals, so we will start much earlier than what we had committed.

Mr. Bharath Reddy

So would this IP revenue come from new clients or from the existing clients?

Mr. Appuorv K Sinha *Chairman & Managing Director*

From new clients. **Both are new customers** for this IP revenue, and there will also be a lot of customer additions from this IP revenue.

Mr. Bharath Reddy

And the margins are going to be in the range of 40 to 50%. Is that right?

Mr. Appuorv K Sinha *Chairman & Managing Director*

Absolutely, **40 to 50%**.

Mr. Bharath Reddy

Sure. One last question before I join the queue again. In the last conference call the ARR was 118 crore. Where do you see that as on date and at the end of FY27?

Mr. Appuorv K Sinha *Chairman & Managing Director*

This **ARR** has increased by another **20 crore** with this 60 crore of new addition, so you can understand that ARR has increased to around **140 crore**. By the end of FY27 our idea is to be between **180 and 200 crore**, because the more international deals we do, the more the ARR increases. I do not have the exact count of the numbers; since you asked, I am calculating with this deal, but we expect to close at 180 to 200 crore. In fact, it could be more than that by FY27.

Mr. Bharath Reddy

Sure, sir. One last question about the UK expansion. Did we grow more than expected in the UK this quarter?

Mr. Appuorv K Sinha *Chairman & Managing Director*

Yes, we have closed some **Agentic AI** deals and some services deals, and there is more to come, so that has contributed significantly to our revenue and profitability.

Mr. Bharath Reddy

Do you think that would continue for the rest of the year as well?

Mr. Appuorv K Sinha *Chairman & Managing Director*

This will continue for the rest of the year. In fact, we are not looking at the UK alone; we are consolidating Europe as well and we are looking at the entire international market. If you see, revenue has come from **Singapore**, revenue has come from the **UK** and the **US** has also contributed. We see a bigger contribution from both the US and the UK in the coming quarters.

Mr. Bharath Reddy

Sure, sir. Thank you, I will join back the queue.

Finportal *Moderator*

We will take the next question from **Mr. Venkata Padala**.

Mr. Venkata Padala

Yes, can you hear me?

Mr. Appuorv K Sinha *Chairman & Managing Director*

Yes, we can hear you.

Mr. Venkata Padala

I would like to know the commercial terms of the HPE partnership we have signed recently, and whether there have been any order wins on the same.

Mr. Appuorv K Sinha *Chairman & Managing Director*

The commercial terms is very clear: **we will own the customer** and we will have our own consulting services. The product will come from the **HPE** partnership. As I mentioned, this partnership is just two months old, in fact less than that, and we have started taking this portfolio to our customers. It is not that we were not there earlier; we were doing this in bits and pieces, but now we have structured it in a proper way. Murali, would you like to add here?

Mr. Muralidharan *Chief AI Officer*

Yes. As Appuorv mentioned, it is very important for us to give a **single-envelope solution** to our customers. For example, we used to provide **secure communications for the trading floors of banks**, and this secure communication solution is now encapsulated along with the infrastructure, the networking, the security and the observability. It is a single-envelope, business-in-a-box solution. That is the idea of forging this partnership with **HPE**, is that we are able to replicate single-envelope solutions not only at the business layer but also at the infrastructure layer. Therefore, that is the intent of the partnership. We have delivered this before and we are now going ahead in a more scalable model, with due investments, relationships and go-to-market plans.

Mr. Venkata Padala

A question related to the same. HPE might have partnered with many firms in India. Approximately how many companies would they have partnered with in India, and how significant is this partnership?

Mr. Appuorv K Sinha *Chairman & Managing Director*

Do not see this as an **HPE reseller partnership**. Rather, we are building around an **enterprise AI stack** that combines infrastructure, software, AI and services. If you have followed our posts, we have very clearly said that we will work on four areas, which are **private AI**, **future network as a service**, **full-stack observability** and **secure AI-ready infrastructure**. It is not that we are only selling AI infrastructure; rather, we are creating the entire layer, wherein Exato brings enterprise integration with AI, CX and services capability, along with the embedded hardware. This is how we are thinking, because we do not want to be a typical HPE reseller, and that is one of the reasons, despite having so many partners, they think this partner will have a difference.

The biggest point I want to bring in here is that we have **150-plus customers** and I have **20 such contracts** with large customers where I have three to five year contracts. All of these will have a play when we talk to these customers. We are also talking about the appliance model, which is a favourite model of Murali, where we can add our own **SLM and LLM** embedded with HPE. Murali, why don't you talk about this?

Mr. Muralidharan *Chief AI Officer*

As Appuorv said, one of the differentiators for us is that we are a **digital-native partner** for HPE, and that is a big difference. They also consider that as a very special contribution from our side, and that is where we are bringing in digital-native and **AI-first solutions**. If you look at it today, many customers are spending a lot of investment on **frontier models with high token costs**. We are therefore bringing them a predictable cost of sustainable inferencing, where they can bring in their **quantized models** with low inferencing costs, and most importantly we are providing them a **GPU** which they can virtualise and slice and dice as per their requirement. This makes it very affordable for the customer and also sovereign in terms of security. That is the value add we bring in. As Appuorv also said, we do not just bring in the infrastructure layer, we bring in the full stack. That is the differentiator, and they are very excited to partner with us, we are excited, and our customers are also very excited to see these opportunities.

Mr. Venkata Padala

Do we see this as recurring revenue from these contracts, or is it one-time revenue?

Mr. Appuorv K Sinha *Chairman & Managing Director*

There will be major one-time revenue and there will be partial recurring revenue. The recurring revenue could come from maintenance, or if we add more services manpower to manage the entire stack. If we are going with AI stack, there will be partial recurring revenue. So, you can understand that probably **60 to 70% would be one-time revenue** and **30 to 40% would be recurring revenue as well**.

Mr. Venkata Padala

I am a little confused about your core business offerings. AI as a service is missing. Is it clubbed with CX as a service and unified communication, or how is it? In your presentation, AI as a service is missing from the core business units.

Mr. Appuorv K Sinha *Chairman & Managing Director*

Let me tell you. For us, **AI is a subset of CX**. Customer experience is the vertical wherein we take AI as a service. That is one part. In the **AI infrastructure** vertical, again, AI is a subset of that vertical, as it is in the ERP application, because AI is everywhere. If you put AI on top and then segment it, that will be really confusing, because what each vertical wants will not be clear. Rather, put the vertical on top, which is CX. A BPO will have a very different expectation of what AI can do. Again, when we talk about AI infrastructure and data centres, there will be a very different requirement or demand from the customer.

Let me give you another perspective. From an ERP perspective, there is a company we are eyeing, as we talked about inorganic growth also. There is a requirement in the industry where some large ERP companies are seeing that a lot of their infrastructure has gone obsolete. This infrastructure has to be supplied, but is it well integrated with their new AI stack, and is the ERP **AI-enabled**? That is not there, and that is where a player like Exato can play a role. Again, as I mentioned, there are a few discussions in progress. So, this is what the differentiation is. AI is everywhere, but we are putting it as a subset of a vertical. That is how we see it.

Mr. Venkata Padala

And my next question is on the vertical split. How much revenue split among these divisions can we see going ahead, say three to four years down the line?

Mr. Appuorv K Sinha *Chairman & Managing Director*

On revenue split, the biggest contributor would be **CX and AI as a service**, or the CX vertical, as you may name it. The second biggest, or possibly a parallel contribution, will come from **AI infrastructure**, and the acquisition we are targeting, if that happens, would be the third largest contributor.

Mr. Venkata Padala

So approximately 30 and 30, or 25?

Mr. Appuorv K Sinha *Chairman & Managing Director*

Our focus is going to be **CX**; that is what creates the differentiation for us. At the same time, we want to latch on this growing AI demand. A lot of data centres and GCCs are being established, so we do not want to miss that. If we get an entry through this AI infrastructure vertical, we can do a lot with our other offerings as well. That is what our play is. Again, being a listed company, both top line and bottom line are important for us. While Services, consulting and licences can give us international presence and better profitability.AI infrastructure can give us the top line we want. That is how we are looking at it.

Mr. Venkata Padala

This is my last question. What is your long-term vision, say for FY29 or FY30, in terms of sales?

Mr. Appuorv K Sinha *Chairman & Managing Director*

I have already mentioned our growth plans, and we are eyeing huge growth in the coming years. See the leadership team. I talked about **Murali**, and I am not sure how much you are aware of his background. He built the CX and infrastructure business at TCS from scratch, starting with two people, Murali and **Paresh Sheth**, and they grew it to a very large organisation, with a business of **multi billion dollars**. I am taking the liberty of talking about the kind of leadership credentials we have. **Gopi** has built the CX business for only two companies, and the second company is us. **Naveen** has also been in this vertical, and with **Dinesh** we are establishing this global business development team. There are more people in the team who are not on this call, and they are contributing and doing whatever best can happen.

So, in a way, we see a great opportunity. We see the right team in the picture and we see people taking the plunge, sitting in international geographies and doing a lot of work that will help us. We see customers also responding. The **60 crore** addition to the order book has come from the international market, and the profitability you see has come from the international market. So, there is definitely a good opportunity in the market, which we really want to capitalise on.

Mr. Venkata Padala

Okay, thanks. I will join the queue. Thanks for answering.

Finportal *Moderator*

Thank you so much, sir. We will take the next question from **Mr. Wilroy Luis**.

Mr. Wilroy Luis

Am I audible?

Mr. Appuorv K Sinha *Chairman & Managing Director*

Yes, you are audible, sir.

Mr. Wilroy Luis
Tell me, will the mergers and acquisitions be paid for out of cash, or through a fundraise?

Mr. Appuorv K Sinha *Chairman & Managing Director*
It will depend on what the other party wants, but it could be a mix of the two. That is what we are expecting. This will also depend on the Board, but if you ask me my personal choice, I definitely want skin in the game, so I would want a certain part of the equity to be held by the company we are merging with, and in staggered terms, because they have to deliver the results. This is the initial thought process. There are experts in the market, and one of the big four is involved in the activity I just mentioned, which we will announce at the right time.

Mr. Wilroy Luis
Sir, can you tell me what the size of that company would be, in terms of headcount? More than a thousand?

Mr. Appuorv K Sinha *Chairman & Managing Director*
Rather than commenting specifically on this, because I cannot comment too much on ongoing matters, being a listed company, the way I am looking at it is that the company we want to acquire should have something we want to build and that would otherwise take us a couple of years to build. So, we want a **geographical presence** that we do not have, whether in the **APAC market**, the **UK**, the **Middle East** or the **US**, and it should be in a business we want to grow, so it could be an application company, an ERP company or a product company. That is how we have identified it, and the discussion is on.

Mr. Wilroy Luis
Which is the lowest margin business in our company portfolio?

Mr. Appuorv K Sinha *Chairman & Managing Director*
I would not say lowest margin. Obviously, **AI infrastructure** will have a relatively lower margin, and the India market is not that great in terms of margin, but it will open other avenues for us. For me, the business as a whole is what I am looking at. We have not bifurcated our lines of business; it is one Exato and one team. One line of business can open the door, and another line of business can capture the value. But yes, AI infrastructure will have a relatively lower margin, while **AI as a service and CX as a service** will have the better margins.

Mr. Wilroy Luis
So will you try to reduce the low-margin business in the long run?

Mr. Appuorv K Sinha *Chairman & Managing Director*
As I mentioned, my ambition is not to look at margin or revenue from one vertical's perspective. My ambition is to have **500 customers**, to look at the overall pie I am getting from a customer, to be a complete solution provider and to be a managed services provider. We have been successful with two large customers very recently, in the last three to four months, in doing exactly that. So, getting rid of one business is not easy to comment on as of now. We will see how this entire AI boom shapes up over the next three to four years, and we will decide what is working and what is not working. That is a call that can be taken at the right time. Right now, what I see is how I can reach **500 customers** and how we can be a trusted partner for these 500 customers, and that is the reason we are diversifying from four verticals to five verticals.

Mr. Gopinath P Bailur *Chief Operating Officer*
Just one point I want to add, Wilroy. Our objective is to acquire more and more customers through the unique offerings that we are creating. Our core objective, in an overall sense, is to drive **managed services** across the portfolio we run. Whether it is a low-margin or a high-margin deal, we will value it based on the size of the deal we come in at, but the value comes as we do managed services and add more cross-sell and upsell, which becomes easy once you enter a customer. **Land and expand** is a strategy everyone follows, but we being in the CX space and we are niched in this space only. Our consulting-led approach, the way we identify the use cases to resolve for the customer, and the way we identify AI infrastructure for the end customer, varies from what the customer thinks today. That is the differentiation we are going to drive.

Mr. Wilroy Luis

Sir, my last question. Last time I asked about 500 crore; can we hit 1,000 crore in the next three years?

Mr. Appuorv K Sinha *Chairman & Managing Director*

Luis, I want to do it earlier than that. That is a wish list, obviously, and a lot of things will depend on how things shape up. What I would like to assure you is that we are a sales engine, we are quite aggressive in our approach and we want to move very fast and we want to latch on to the opportunities. We know that this boom is going to be there for at least three years, and what will happen next is something we all need to understand. The base I want to build is having a **400 to 500 customer base**. People say we are a focused CX business; I say that I have 150 customers and I have a direct connect with them. Tomorrow I can move to any competition OEM or any other player and my customer will rely on me, because I am serving them.

I always say that we are a services company with a consulting-heavy layer. We keep talking about being something like **McKinsey at the front end and TCS at the back end**, where the consulting understands what the customer wants and then providing the right kind of solution offering, followed by the kind of services factory that TCS has created. That is what we plan to do. We are moving fast from that perspective, and the growth in revenue and the growth in profitability that you see is a testimony of that.

Mr. Wilroy Luis

Thank you for your time, sir. Hopefully we will meet in person one day.

Finportal *Moderator*

We will take the next question from **Mr. Suryansh Raval**.

Mr. Suryansh Raval

My question is on AI infrastructure. How will this AI infrastructure help the other services, or add value for existing customers? Please give us some light on this. I would also like to understand about the transition from point services to managed services.

Mr. Appuorv K Sinha *Chairman & Managing Director*

Let me answer it like this. We see **enterprise AI as a stack, not as a standalone**. At the bottom is compute and infrastructure. Above that are cloud, security, observability and data. Then come AI models, then orchestration, then the application, and finally the business outcome. We are talking to customers on these lines. We are a **digital-native firm** and that is how we are progressing. That is one of the reasons a big company like **HPE** has partnered with us in less than a month; they see a significant differentiation in what we bring to the table.

What we have also experienced is that the customers where we have multi-million-dollar contracts want us, in some way or another, not only to be a software and services provider but to manage the whole as **managed services**. We have coined this as **TOSS, a total outsourcing deal**, where they give us the entire technology stack, whether software or hardware, and allow us to manage it, with a mix of teams, some from their side and a bigger team from our side, working with them to deliver the desired output. That is how we see the business adding up. Murali, anything you want to add?

Mr. Muralidharan *Chief AI Officer*

As Appuorv rightly said, we need to look at it as a **full stack**. As I said before, this is a single-envelope solution, which includes the AI infrastructure and the application, and most importantly, as Appuorv said, we promise the **outcome** for the customer. The new model of a digital native is **platform plus outcome**. That is the differentiator we bring in, and therefore it is not to be looked at as individual stacks, but rather as the full-stack model. That is how we are trying to bring the value.

Mr. Suryansh Raval

Got it. **My next question is on the new additions to the leadership. Can you give me a brief on the new leadership that joined in Q1?**

Mr. Appuorv K Sinha *Chairman & Managing Director*

Murali, I would request you to talk about yourself and your journey, and to give everyone a glimpse of the AI infrastructure leadership that has been added.

Mr. Muralidharan *Chief AI Officer*

Quickly about myself, I have been working with **TCS** for the last **22 years**. I was responsible for the setup and startup of the infrastructure practice, and part of the core team that set up and started the infrastructure practice along with the CX practice. I was also the CTO for the business process unit, which was addressing areas such as F&A, supply chain and HRO. I handled the infrastructure portfolio across regions and across all verticals globally. I have joined Exato as **Chief AI Officer**.

We also brought in **Paresh**, who was part of the key leadership at **EDS** and at TCS. He comes with more than **30 years** of experience and has joined as a **board advisor**, with many customer connections as well as delivery capabilities, partnerships and experience in creating scale. We also brought in **Kailash**, who was recently with **Teleperformance**, handling their infrastructure and technology portfolio; prior to that he was with TCS and other Indian global system integrators, leading the infrastructure areas. And we brought in **Alok** from **NiCE**, on the CX side. As Appuorv said, there are many more people; these are some of the few I would like to mention.

The reason we brought these leaders on board is that, when the vision is to grow multiple fold, it is very important to build a strong foundation to build the scale. Scale is something which is very critical. What is needed in the market today is what the new digital native brings in: agility, scale, delivery rigour, delivery certainty and domain knowledge across verticals. All of these have to fire together to bring in the scale, and that is the reason we have invested in this leadership, creating a very strong foundation for our growth.

Mr. Suryansh Raval

Coming back to AI infrastructure, what exactly does the AI infrastructure help us with, and is it also helpful for the existing workflow, or does it just provide a service to the customer?

Mr. Muralidharan *Chief AI Officer*

Very good question. To answer that, traditionally, if you look at any workload in an enterprise, all the traditional workloads such as ERPs, applications, web servers and accounting systems run on sequential processing applications. Everything is sequential processing, and much of that sequential processing is done by **CPUs**, that is, central processing. That is how 100% of the IT landscape in a traditional company was built, basically only with CPUs.

What has changed with AI workloads coming into the picture is that people are doing a lot of AI workloads as well. In AI you need **parallel processing** and you need **GPUs**, and GPUs do not work along with CPUs in a seamless manner. So that is a change which has happened. On one side, you find every customer is doing piloting AI applications. They are looking at AI processing, they are using cloud, they are using frontier models and they are using their own models. So the question is how to bring in the GPU that works along with the CPU, and where we can use a GPU. GPUs are used mainly for the learning and CPUs are used for inferencing, so many customers need a lot of advice, consulting and solutioning on where to use what.

It is not done in isolation. Along with the applications and along with the business, we need to bring all of this in as a **full stack**, and that is the concept of where AI infrastructure is now fitting into the customer landscape. Lastly, another important thing coming up because of the geopolitical situation is that many organizations want to have **sovereignty** over their AI. They do not want to put it on a public system which is available globally, in case any regulation happens. That is another reason why many companies are looking at their customer data, their CX data, or even their P&L data being handled in a secure and sovereign manner, that's why the AI Infrastructure has become a part of every enterprise and this is where the customer needs lot of consulting and full stack implementation and understanding of this.

That is where, our solutions offer **private AI, LLM in a Box, CCaaS in a box and secure communication in a box**. All of this makes sense, because at the end of the day customers do not want to handle all these complexities; they want to give a **single envelope** to a partner who promises the outcome. So we are simplifying it for them and transforming them into the new age. That is the thought process.

Mr. Suryansh Raval

I understand. Thank you very much, that is all from my side.

Finportal *Moderator (reading a written question)*

We have a few questions in the Q&A tab and I will read them out. **The first question is: to reach the 500 crore revenue ambition on a service-led rather than a licence-led mix, what headcount and what employee cost as a percentage of revenue are you underwriting?**

Mr. Appuorv K Sinha *Chairman & Managing Director*

We are not saying it is only service-led; it will obviously be licence-led as well, and I just wanted to clarify that. It will be heavily services, because that is what will help us increase profitability, but our model of working with global OEMs, riding along with them and acquiring customers and we are going to rely on that model for the next two to three years, because that way it is a joint brand positioning that helps us get closer to the customer and close deals as well.

In terms of headcount, we have optimised, and employee cost has also come down with respect to the previous quarters, and this is going to be optimised further. **Murali** has taken a charter to implement AI internally, some of the tools, and we are going to enable our finance, HR and operations functions, and to a greater extent the sales department as well, so that these tools can do work that used to be done manually. The same is going to be done in the delivery department. So, we will increase our headcount very cautiously. Having said that, as we are also looking at an acquisition, there will be an addition of headcount, but that will depend on the quarter basis and on the projects basics. So, it is not that we are not eyeing licence revenue; we will definitely eye licensed product revenue always, because we want to ride along with the OEM and acquire customers. But it will be heavily services.

Finportal *Moderator (reading a written question)*

The next question is: the order book is now 660 crore. At 31st March 2026 it was 600 crore, of which 221 crore was already delivered and 379 crore was in hand. Is the 660 crore figure on the same cumulative basis, what is the executable balance today, and what is the expected billing over FY27, FY28 and FY29?

Mr. Appuorv K Sinha *Chairman & Managing Director*

I explained this at the start of my discussion. We executed another **30 crore** worth of orders in Q1, which takes the total execution to **251 crore**, and the total value of the unexecuted order book to around **410 crore**.

Finportal *Moderator*

Thank you, sir. The questions in the Q&A tab have been covered. **Mr. Miten Shah** has follow-up questions, so I will allow him to speak first.

Mr. Appuorv K Sinha *Chairman & Managing Director*

Sure, Miten, and anyone else who wants to ask, we are here.

Mr. Miten Shah

Thank you for giving me the opportunity again. **On this 660 crore order book indicated in the presentation, what is the uptick in this figure with respect to the same time last year?**

Mr. Appuorv K Sinha *Chairman & Managing Director*

Since last year we have added **150 crore**. That is again a rough idea as I see it; it would be between **150 and 180 crore** since last year.

Mr. Miten Shah

Is it possible to tell us the contribution to the top line or revenue from the top five clients?

Mr. Appuorv K Sinha *Chairman & Managing Director*

The top five clients would be contributing close to **60% of revenue**.

Mr. Miten Shah

Any thoughts on diversifying such a large chunk of contribution from the top five clients?

Mr. Appuorv K Sinha *Chairman & Managing Director*

Miten, let us understand that all of this is **non-cancellable contract** business, and we work with the customer on their data as well as in their compliance domain. The reason for mentioning this order book is that all of these are non-cancellable, so be rest assured. As I mentioned, these are also renewable contracts. We have experienced this, we have done this, and there are a lot of incremental orders coming. That is how you see a lot of orders coming from the UK, which is primarily from our customer **Diligenta**. There is more in the pipeline, so do not see it as a risk. Rather, we see that we are much in depth and hand in hand with our customers, which gives us stickiness.

Having said that, if you ask me how to mitigate this, which we do not see as a risk, that is the reason we are building other verticals such as **AI infrastructure**, and again that is the reason we are also looking for inorganic growth and acquisitions in other domains. This is all to mitigate the so-called risk, but we do not see any risk with our top 20 or 30 customers when we have long-term contracts.

Mr. Miten Shah

Understood. **Continuing on what we are discussing, is it possible to understand what the client retention rate is?**

Mr. Appuorv K Sinha *Chairman & Managing Director*

It is **97 to 98%**. We have **not seen any client deflecting from us in the last five to six years**. We have seen their business slow down because of their own IT budgets, but we have not seen any client leave us and go to a competitor. If you ask me very honestly, and Gopi might also remember**, we have not seen any client deflect from us.**

Mr. Miten Shah

Got it. **Since the kind of products and offerings we serve customers with are quite unique, with almost no comparable peer listed in India, or only very small comparable peers as you said, is it possible to gauge the TAM of this market, especially CX as a service, since that happens to be the core offering?**

Mr. Appuorv K Sinha *Chairman & Managing Director*

By 2030 this will be a **30 billion dollar market** altogether, which will include OEMs, consulting service providers and others. If you ask me the total addressable market for Exato, it would be around **500 to 600 million dollars**.

Mr. Miten Shah

As of now, or by FY30?

Mr. Appuorv K Sinha *Chairman & Managing Director*

As of now it is 500 to 600 million dollars, and it is expected to grow at **18 to 20% CAGR**.

Mr. Miten Shah

As you just said, we are trying to do an acquisition in another vertical. Is it one of the five verticals we are serving, or is it a totally new vertical that we are looking at?

Mr. Appuorv K Sinha *Chairman & Managing Director*

No, we will not look for more verticals, Miten. We want to strengthen the existing verticals only, and the acquisition, or whatever inorganic growth we are thinking of, is for the existing verticals only.

Mr. Miten Shah

Got it. **And the last question. We have been talking about this acquisition, and what I understood is that it will probably be in a region where we do not have a dominant presence. Conversely, has the company been approached for acquisition, being a niche player, by any large technology player?**

Mr. Appuorv K Sinha *Chairman & Managing Director*

Yes, we were approached by **Accenture** last to last year, but for some reason it did not happen, and now we are getting a due diligence done by one of the big four.

Mr. Miten Shah

Understood. I really appreciate you being so candid and so transparent. **However, frankly speaking, I still fail to understand the core offering. Could you explain in very simple, layman's language what CX as a service is, what exactly the input and the output are? I am sorry to repeat it, but if you could highlight it again.**

Mr. Appuorv K Sinha *Chairman & Managing Director*

Give me 30 seconds and I will brief you. All of this **CX as a service** started long back. In fact, it was always there; whenever there was a product or a service, customer experience was there, but it was not a prime consideration, because at that time the technology was not so advanced and people were not so careful about the customer leaving. They did not have the analysis showing that acquiring a new customer costs far more than 70% than retaining a customer. When they started realising this, and when they thought that there could be a possible model of outsourcing this to a low-cost base like India or the Philippines, this entire BPO outsourcing model started some 20 to 30 years back.

So, we see large hubs in India, the Philippines and some parts of APAC, where the US, the UK and other larger regions started outsourcing. What then happened is that a lot of international BPOs came up, and most of them are our customers. Through these BPOs we serve the banks, the telco's and all the other verticals. We also have some customers, especially in **BFSI**, who have their own captive BPO. That is about the market.

Now, what exactly is required as a service? When you call a bank, you will hear that the call will be recorded for quality and training purposes. Suppose Miten has called a particular bank; Miten's call is recorded. The next time you call, or even that time, they will understand the reason why you are calling, and depending on your profile they will create an internal profile of whether you are a customer at risk, whether you need to be addressed by a premium-quality agent, or whether you just need a basic query answered, depending on the kind of relationship and association you have with the bank.

So, it all started with the recording. Once the bank had the recording, the next step was to analyse that recording to understand why Miten had called, so it went to the quality team. We started first with recording, where the recording software was provided by us, and the quality analysis through a quality tool was also done by us. Then came **speech analytics**, where it is not only about what you are speaking but also about your tone, so the bank could gauge that Miten is angry because his tone was angry, or that he used words like your service is not up to the mark, or I am frustrated. That is how speech analytics started.

Then there were times when a lot of these calls would come in, typically at festival time, and the question was how the workforce should be managed. That is why another tool was created, called **workforce management**. Finally came an integrated tool, which was the complete contact centre software. All of this, in subsequent years, was provided by us for global companies. That is how they became big in the region, how we became big in the region, and how we acquired so many customers.

What has changed in the last one and a half years, and this is where we are also banking on it, is the **Agentic AI** play. Some of our bigger partners have done billion-dollar acquisitions and they are now eyeing Agentic AI, which also carries a significant amount of services, and that is one of the reasons Exato is well placed to take this to the market.

I would like to give you some more significance, there are larger deals happening in international regions and they are looking for a partner like us who can service them. I cannot name them, and I keep saying on these calls that we will name them in some subsequent call, but all these large BPOs and ITES companies do not have a partner like us who can service them in a global **hybrid model**, on a 24x7 basis. This is a very niche domain. **Wipro** used to have this practice, and I was at Wipro when I was leading this practice, but Wipro shut the practice and now has Wipro BPO. A BPO company will not go to Wipro, because there is already a conflict. The same is true with Infosys, with Accenture and with TCS. So, the play remains with us.

So, this is what customer experience is, Miten. Understand that these customers have a large amount of recording data, they have analytics on top of it and they have the complete customer journey mapping. Now comes AI, which says that whatever you are taking two months to process, I will process in 20 minutes. This is where our role comes in again: we take those AI solutions and work with the customer, because we are already there with the customer in that complete customer journey. We understand this journey hand in hand with the customer. Our delivery team, our technical team and our leadership are all involved with the customer in terms of customising this at their end, and, as I keep saying, we have created some models, so we understand the exact output the customer wants, this is what we do in terms of customer experience.

Suppose we have understood that you are an **HNI customer** with a certain level of bank deposits. What more can be offered to you, and through which mode? That is the reason you get a mutual fund call or an insurance call. So, do not blame us, but yes, we are the people behind this, because our idea is not to be a cost centre but also to be a profit centre for our customers.

This is the reason this industry is bound to grow. With AI the entire landscape has changed, and in verticals such as **BFSI and healthcare** we see a lot of scaling happening where we can have a significant play. We already have two large healthcare customers, both US-based, one of which is a listed company, and we are also eyeing some more healthcare customers.

Experience matters for everyone, and in today's time we do not have time. If you make me stay on hold for five minutes, I will disconnect the call, and I would rather switch to another service provider. Can that particular bank afford it if I am an **HNI customer** and I move all my deposits to a competing bank. So, this is the kind of experience we are managing with tools, and this is the kind of work we are doing. This, in a nutshell, is our offering. Obviously, we are diversifying, we are going to the **CRM** level and to the **ERP** level, because we want to have more and more of the stack with our customer and more and more stickiness. That is our business model, Miten.

Mr. Miten Shah

I could not expect anything more than this. **Having understood this, and because we have seen the advent of AI, what is it that another company simply cannot implement by using AI to give this service? You can model it and you can fetch the output. That is my last query.**

Mr. Appuorv K Sinha *Chairman & Managing Director*

Customers will not trust you with their data so easily, Miten. Look at what the founders of **OpenAI** and **Anthropic** say; they always talk about AI security. In fact, that is going to be another big opportunity for us as well. I have seen many people who do not want to have the same ChatGPT on the same system, and you saw what happened with the new model that Anthropic launched, which was restricted in the US as well. They will not trust you with the data. They cannot simply give all the data to an AI tool and ask it to process it. They need to give it to people, to a partner who knows their ecosystem well. Every company nowadays is a bit scared and skeptical about relying only on AI tools. So, if you say that five people can go and take a higher subscription or create an AI tool and conquer the market, this is not going to be easy. That is the reason we are going to have a significant play within our customer base and probably in a bigger base as well.

Mr. Miten Shah

Understood. I really appreciate you taking out so much time to explain in detail, and thanks once again for being so transparent and candid. I wish you all the best.

Mr. Appuorv K Sinha *Chairman & Managing Director*

Thanks, Miten.

Finportal *Moderator*

Thank you so much. We also have a follow-up question from **Mr. Bharath Reddy**.

Mr. Bharath Reddy

Sir, can you talk about the margins on unified communications and AI infrastructure?

Mr. Appuorv K Sinha *Chairman & Managing Director*

Bharath, as I said, in the initial year of setup the margins are going to be relatively lower. This is a strategy where we want to expand our customer base and later **land and expand**, which Gopi talked about and Murali talked about. So typically, where we see it starting, and Murali and Gopi may correct me if I am wrong, would be in the range of **10 to 12%**, but as we land and expand this is going to increase.

Mr. Bharath Reddy

In FY27, what percentage of business could come from this?

Mr. Appuorv K Sinha *Chairman & Managing Director*

In FY27 we are expecting that close to **25 to 30%** of contribution should come from this vertical.

Mr. Bharath Reddy

And the last question. The guidance you gave for FY27, I hope, is just organic, and whenever the inorganic activity happens, that would be on top of this. Is that right?

Mr. Appuorv K Sinha *Chairman & Managing Director*

Yes, that is right.

Mr. Bharath Reddy

Sure, thanks, Appuorv. That is all from my side.

Mr. Appuorv K Sinha *Chairman & Managing Director*

Thanks, Bharath.

CLOSING REMARKS

Finportal *Moderator*

Thank you so much, sir. All the questions have been answered. I would now like to invite you to share your closing remarks.

Mr. Appuorv K Sinha *Chairman & Managing Director*

Thank you so much to the audience; you were really great. I would also like to thank my colleagues, **Gopi**, **Murali** and **Dinesh**, for their support in adding value to this session.

As I said, we are quite aggressive in our approach. We see a good market and a good opportunity there, and we do not want to delay things, so a lot of action is happening. This is what I want to assure our investors: we are working on a lot of things, and a few of them will come to visibility at the right moment. We are looking at both organic and inorganic growth and we are looking at companies. Our **product go-to-market** has started giving results, which we will be able to announce probably in the next call, and that is an important milestone. We are also working on some strategic deals, which again I will be able to announce in subsequent calls.

We are focusing heavily on **international markets**, especially the **US**, and that is where we think the cream lies. On **AI infrastructure**, we have brought in an experienced team with strong customer connections, which is again going to give us diversification. **Dinesh**, leading the business development team, is giving us good results in terms of lead generation, so we are hoping that our marketing activity and lead generation will also add a lot of new customers. This was one of the queries from one of you, on how we are going to add customers: not only organically, but also from our business development activities and from our product go-to-market.

In total, we are building Exato for the next phase. As we enter the next phase of the journey, our idea is to evolve Exato from a strong **CX technology player** into a broader **AI-led enterprise technology company**, with capabilities around AI, CX, infrastructure, cloud, cybersecurity, enterprise platforms and managed services. I talked about diversifying from four verticals to five verticals, and once we are successful with our plans we will be able to showcase in subsequent calls how we are thinking and how we are restructuring. What I would like to assure our investors is that a lot of work is going on and all of us are committed to creating value for you, for us and for the entire extended team. With this, I would like to thank everyone from our side, from Gopi, Murali, Dinesh and the entire Exato team on this call. Thank you so much for your time.

Finportal *Moderator*

Thank you, sir. On behalf of Finportal, I would like to express our sincere gratitude to the management team of Exato Technologies Limited for taking the time to share the company's performance, strategic initiatives and outlook, and for addressing the investors' questions. We also thank all the participants for their active engagement and thoughtful questions throughout the session.

If any of your queries remain unanswered due to time constraints, please do not hesitate to reach out to us at the email addresses shared in the chat box.

ir@finportalin.com | investor@exato.ai

A recording of this call will be available in due course. Thank you once again for your participation. This concludes today's earnings call, you may disconnect.

Mr. Appuorv K Sinha *Chairman & Managing Director*

Thank you so much, everyone. Thanks for your time.