

**XTGLOBAL INFOTECH LIMITED**

Regd Office: Plot No. 31P & 32, 3rd Floor,
Tower A, Ramky Selenium, Financial District,
Nanakramguda, Hyderabad – 500 032
Tel No.: 040 – 66353456
CIN: L72200TG1986PLC006644

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To, The Listing Department, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. BSE Scrip Code: 531225	To, The Listing Department, National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. NSE Symbol: XTGLOBAL
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**Subject: Transcript of Q1 FY26 Earnings Conference Call held on Thursday,
August 14, 2025.**

Dear Sir/Madam,

Please refer to our Q1 FY26 Earnings Conference Call, scheduled for Thursday, August 14, 2025, at 6:00 PM (IST), as announced in our letter dated August 8, 2025.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Q1 FY26 Earnings Conference Call transcript.

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For XTGlobal Infotech Limited

Pentela Sridhar Digitally signed by Pentela
Sridhar
Date: 2025.08.18 18:06:51 +05'30'

Sridhar Pentela
Company Secretary & Compliance Officer
ACS 55735





XTGlobal Infotech Limited
Q1 FY26 Earnings Conference Call Transcript
Thursday, 14th August 2025

MANAGEMENT:

- ♦ **Mr. Ramarao Mullapudi - CEO, President & Director**

Others:

- ♦ **Mr. Raghuram Kusuluri - Chief Financial Officer**
 - ♦ **Mr. Sridhar Pentela - Company Secretary & Compliance Officer**
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Moderator: Ladies and gentlemen, good day and welcome to the XTGlobal Infotech Limited Q1 and FY'26 Earnings Conference Call hosted by Rik Capital.

We have with us today from the XTGlobal Infotech Limited Management, Mr. Ramarao Mullapudi — CEO, President and Director, Mr. Raghuram Kusuluri — Chief Financial Officer and Mr. Sridhar Pentela — Company Secretary and Compliance Officer.

As a reminder, all participant lines will be in 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

Before we proceed with this call, I would like to take this opportunity to remind everyone about the disclaimer related to this conference call. Today's discussion may be forward-looking in nature based on management's current beliefs and expectations. It must be viewed in conjunction with the risk that our business faces that could cause our future results, performance or achievements to differ significantly from what may be expressed or implied by such forward-looking statements.

I now hand the conference over to Mr. Raghuram Kusuluri for opening remarks. Thank you, and over to you, sir.

Raghuram Kusuluri: Thank you. Good evening, and thank you for joining the XTGlobal Infotech Limited quarter one financial year 25-26 Earnings Conference Call.

We appreciate your time and presence today. I trust you have had the opportunity to review the financial results, investor presentation and press release available on our website as well as the NSE and BSE portals.

To begin, I will provide a brief update on the current sector trends, followed by an overview of the company's operational and financial performance. In mid-2025, the world economy is moving through a phase of moderate growth, though momentum remains uneven across regions. The United States expansion is holding at around 2% as higher interest rates temper corporate spending, even as the labour market stays robust. Europe faces sluggish activity due to stubborn services, inflation and weak manufacturing output. In Asia, India stands out with GDP growth above 6%, supported by strong domestic demand and government capital expenditure, while China's economy is stabilizing after a slow post-pandemic recovery. Although global

inflationary pressures have eased, underlying price growth in developed, markets to persist, keeping central banks cautious about interest rate cuts.

To capture these opportunities, we are strengthening our AI and intelligent automation offerings, expanding into premium consulting services, and broadening our client portfolio to reduce geographic dependency. We believe the combination of our sector recovery, targeted positioning, and operational discipline provides a solid foundation for sustained growth in the coming quarters.

Next, for operational performance, XTGlobal began the FY26 on a strong note, recording both quarter-on-quarter and year-on-year growth in revenue and profitability. This momentum was supported by the addition of 10 new client accounts, improved margins, and greater operational efficiency, even as we continue to invest in retaining key talent and strengthening our strategic capabilities. Our core offerings remain centered on automation through the Circulus platform, cloud and ERP services, and finance and accounts outsourcing. These focus areas are well aligned with the broader industry recovery, particularly in BFSI, healthcare, manufacturing, and digital transformation.

Employee costs for the quarter were ₹46.52 crores on a consolidated basis, higher due to ESOP expenses and targeted investments in specialized talent. However, in our industry, the global IT services sector is entering a measured recovery in FY26 after a softer FY25. We are witnessing a pickup in large-scale activity driven by the restart of digital transformation programs, faster cloud adoption, and the growing use of artificial intelligence and process automation. Enterprises are also focusing on cost efficiency, prompting greater outsourcing to India, with BFSI, healthcare, and manufacturing emerging as the most active growth verticals. We remain alert to the challenges ahead, including pricing pressure, wage inflation, currency fluctuations, and geopolitical trade measures. Recent US tariff changes on select technology imports could raise hardware costs for American clients and delay certain infrastructure projects. However, this also enhances the appeal of offshore management services as businesses look to contain expenses and preserve project viability.

Looking forward, we are aiming for margin enhancement as utilization improves, attrition levels stabilize, and hiring remains disciplined. Our strong deal pipeline is concentrated in high-potential areas such as cloud services, automation, and AI-driven solutions. We also see meaningful growth potential in the offshoring of finance and accounting roles from US companies.

Disciplined cost management helps support margin recovery. We will scale our intelligent automation capabilities through Oracle and Microsoft partnerships, capture the growing US offshoring opportunity in finance and accounts outsourcing to build high-margin recurring revenue, and maintain an agile delivery model to enhance client responsiveness while sustaining operational excellence.

Coming to the company's financial performance during the first quarter of Financial Year 2026. XTGlobal posted strong consolidated results. Revenue came in at ₹92.30 crores, up 6% from ₹87.04 crores in the previous quarter, and 87.2% higher than ₹49.30 crores a year ago. The sharp growth was driven by higher demand in automation and finance and accounts outsourcing, along with new client wins. Consolidated EBITDA was ₹6.61 crores, up 61.1% from last quarter and 18% from last year, with margins improving 7.2%. EBIT rose to ₹4.91 crores, more than double last quarter, and 34.7% year-on-year, while net PAT reached ₹3.73 crores, almost triple the last quarter, and 72.4% higher than last year. Margins improved thanks to better efficiency and cost control, though they were slightly lower than last year because of higher employee expenses, including ease of cost.

On a standalone basis, revenue was ₹17.77 crores, a 2% increase from ₹17.43 crores last quarter, but 3.5% lower than the same quarter last year. The company's focus on automation platforms, cloud migration, and targeted sector-specific solutions helped keep revenue stable despite the year-on-year dip. Standalone profitability improved sharply. EBITDA jumped to ₹2.52 crores from ₹88 lakhs last quarter, almost tripling. Margins improved to 14.2% from 5% last quarter due to better utilization and tighter cost control. EBIT rose to ₹1.75 crores from ₹8.4 lakhs, with margins increasing to 9.9% from 0.5%. PAT came in at ₹1.52 crores, a big improvement from last quarter, but 23.6% lower than last year due to higher operating costs. This rebound shows better execution and a stronger focus on improving margins.

With this, I would like to conclude and open the floor for any questions. Thank you all.

Moderator: Thank you very much. We will now begin the question and answer session. We have our first question from the line of Madhu Sharma from SK Capital. Please go ahead.

Madhu Sharma: Sir, my first question is, EBITDA and PAT saw a sharp jump this quarter despite modest revenue growth. Can you break down the operational factors that drove this margin expansion and whether you see it sustaining in the near term?

Raghuram Kusuluri: Yes. So, the measure due to cost control, even though the marginal revenue growth is standard, you are talking about a standalone. Am I right?

Madhu Sharma: Yes, sir.

Raghuram Kusuluri: Yes, okay. Yes, let me provide the break-up for that. So, there is a sharp decline in other expenses, that contributed to that margin. Last quarter, it is ₹166 lakh, other expenses, so now it is ₹122 lakhs. And ESOP expenses also, last quarter, we booked ₹154 lakhs, now this quarter, ₹60 lakhs only. That also contributed to the increase in profit.

Madhu Sharma: Yes, sir. Okay, sir and the second question is, what were the key differentiator factors that helped us to win U.S. contracts recently, and how do you plan to leverage this success for future international government contracts?

Ramarao Mullapudi: Thanks, madam, for asking the question. So, for U.S. government contracts, the last year or the last several years, we were always focusing on the private sector; we never ventured into government. But beginning of last year, we had an opportunity to win through a contract for Circulus in the government sector. We thought, like, why don't we go on the RFP on the government side? So, this year, we took an effort to start, did the proposal, and then we were able to win this good contract. And we are actually in the toll industry, supporting toll clients. So, the windage, what we got is the Texas Department of Transportation division. So, that was a good client for us. And then we believe that we will continue to win these kinds of opportunities, and we continue to focus on the government sector, which we have not ever focused earlier, as we are only mainly focusing on the private sector. But we are right now assembling a team to focus on the government sector as well.

Raghuram Kusuluri: To add to that further, madam, actually, we have already strengthened our on-site sales team to approach different government sectors and also to back these big contracts. So, we are focusing. And that increased expenditure in the consolidated to that extent is increased in that sales force.

Madhu Sharma: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Keshav Sharma from VP Advisory. Please go ahead.

Keshav Sharma: Sir, I can see that on the consolidated level, the revenue jumped 87% year-on-year. From ₹49 crores to ₹92 crores. So, is there any new project or acquisition? What is the reason?

Raghuram Kusuluri: Yes. The main reason is that, in consolidated, that has been made clear in the notes. So, this year, Network Objects, until now, it is an associated company. Now, that has become subsidiary to XTGlobal Infotech Limited. It is also an US company. So, since it has become a subsidiary, we have to add the top line as well. So, that revenue is also added. That is one of the factors for that drastic increase in the top line.

Keshav Sharma: So, for this new acquisition, which sector or domain is it focusing more on?

Raghuram Kusuluri: It is also into IT and ITES. They have that expertise in SAP implementations.

Keshav Sharma: Okay and sir, can you give me the margins and profitability of this new acquisition? How will it add to the consolidated?

Raghuram Kusuluri: Yeah, definitely. That whatever profits they are going to earn, that subsidiary is going to earn 51% belongs to our company, XTGlobal Infotech Limited.

Ramarao Mullapudi: Top line is about \$22 million, for the last year.

Keshav Sharma: So, sir, what is the future growth outlook of this particular acquisition? Can you put some light on it? What will be the revenue growth of this acquisition?

Ramarao Mullapudi: Yeah, we are also focusing on this SAP implementation, we are not into SAP implementation, XTGlobal, in fact. So, this will definitely give us definitely leverage to approach other markets into SAP and other ERPs. XTGlobal, in fact, is very strong in Oracle implementations. This will definitely add one more famous ERP worldwide. So, that will definitely give us an edge, and we have our own product, Circulus. So, that can also be integrated with SAP ERPs. Their expertise will also help us to integrate a Circulus product into the SAP ERPs as well.

Keshav Sharma: Okay. And, sir, I recently viewed your press release on AI integration. So, can you share your thoughts on that?

Ramarao Mullapudi: Yes, we started in the AI side, right, as a company, we have focused on investing the AI as well as, and we have hired and appointed one of our senior executives to lead our AI team. And, in fact, right, we are actually submitting quite a few responses in RFP for the AI-related projects, which we expect to win in the near future. So, our growth strategy involves digital transformation, AI, and Azure, or cloud stuff. That's what our focus area is being with the traditional revenue continuing to come, and our biggest thing, we have our product, our automation Circulus product, which is a SaaS product, has a lot of opportunity to enhance the product with AI capabilities

as well. So, those are the things that we are looking at on the AI side right now.

Keshav Sharma: So, sir, as you have mentioned that AI, it must be using a lot of hardware and costing. So, this costing versus the employee cost, what do you think that AI or employee cost which would be more beneficial to the company?

Ramarao Mullapudi: Definitely, the one that we have right now on the Ciculus, because of the cost of AI, is not that reduced in the implementation. We believe that the overall operation, efficiency-wise, when you look at it, is definitely on the client's perception-wise. For our product, definitely AI would benefit. The fact is that the main product Circulus actually uses manpower in India, and because of that, a lot of government sector companies or public sector or non-profits may not want to have a human touch in there. So, they outsource, especially offshore human touch. So, there is still to sign up, whereas if we have changed that into AI capabilities with no human touch offshore, that would help us get the product into the public sector as well. So, that would be definitely beneficial for us. But, as we look at the straightforward cost-wise, also, we believe that there is an opportunity to benefit over a period of time on the cost-saving side as well on that.

Keshav Sharma: Yes, and my last question is, what other projects are in the pipeline to be expected?

Ramarao Mullapudi: Yes, definitely, we have, I would say, ongoing sales efforts in several areas. As our CFO has explained, we won 10 new clients last quarter alone in finance and accounts and automation as well on the IT side. And we have several RFPs, actually, that we responded to. As we speak, even last week itself, we had submitted about \$1 million worth of response to RFP, which we have chances of winning and there are quite a few that are ongoing sales efforts, which we believe there is an opportunity to win and then continue to maintain and grow our top line as well as bottom line.

Keshav Sharma: Thank you, sir, for so much great effort in explaining.

Ramarao Mullapudi: And one more thing, just to add to everything, most of the way we build our company, the way our revenues are recognized, what you see is that most of the accounts that we have are continuous in nature. We have very little attrition in the clients, or no attrition at all, unless they are typically going out of the business. So sustainable revenue is what it is, and quarter on quarter, very rarely do we see that drop in revenue. Our clients are using the long-term mix.

- Keshav Sharma:** Most of the clients are long-term, and the revenue growth is sustainable.
- Ramarao Mullapudi:** Yes. We sign most of our accounts that we are signing services with, we sign a 3-year contract, but we only recognize when we do get the revenue. So that is what you see, but most of our accounts are long-term in nature.
- Moderator:** Thank you. The next question is from the line of Divya Mehta from Nine Rivers Capital. Please go ahead.
- Divya Mehta:** Continuing on the same question that previous participants had asked, the recent press release on the new significant win of a \$7 to \$10 million, 5-year IT modernization project in the U.S., could you share some scope, timelines, or strategic impact of this engagement, and what could be this you can see forward?
- Ramarao Mullapudi:** So, the client itself, we, as a contractual obligation, cannot reveal the name of the client as an agreement that we signed with them. But this win is, they have issued a blanket purchase order for our company with like 6 other companies worth multiple millions dollars of worth of things. In our contract, particularly, they have shown \$5 plus million dollars or whatever that amount we shared on the news release, right? As part of a blanket PO with the first win just happening last week, which we shared, and then the actual work has started this Monday, 2 days back. And then we believe that we continue to see these opportunities coming up in this contract as part of a blanket PO, and we believe that we will continue to win on an ongoing basis. For that, and then not only that, with this win, it gives us an opportunity to get the reference that we are looking for in the government sector, which we have not been doing it in the last several years. Our focus has been, as I said, private sector only, but now with this win, we are approaching all the similar businesses in the government with state and federal level to be able to enhance our support for these kind of projects, transformation, which we believe that with the given success, we will be able to win more on those opportunities.
- Divya Mehta:** Noted, sir. Sir, one more on the new AI practice initiative. Sir, how would this be contributing to our revenue growth in the next 12 to 18 months?
- Ramarao Mullapudi:** Yes, as we just started the head of the AI practice, even though we just appointed an AI head recently, but we have been working on AI initiatives for the last several months, but not with a dedicated head. We actually, as we speak last, this Monday itself, we submitted over a million dollar plus AI RFP response to an existing customer that we believe that there are chances of winning, as well as we believe that this AI, over a period of next 12

months, we would see small wins, which that is our practice, and we want to get into that. We talked about the consulting for AI, and then slowly ramp up in trying to manage, but we believe that the effort that we are doing may take, as I said, 8 - 12 months to be able to see the results on the revenue, but that is where the, how we want to see the future of our company, both AI and digital transformation. Okay.

Divya Mehta: Just one more question, the current geopolitical and regulatory factors ongoing, like the US H-1B policy, then EU digital sovereignty initiatives, so how will this impact us, or how would you see this shift?

Ramarao Mullapudi: Yes. Historically, right, our company in the beginning, several years back, we were more dependent on the visa-related business. What I would say, there are a lot of visa-based employees within the company, but right now, our revenue has last started in 2016 - 18 timeframe, where our focus has been mostly with less dependency on the H-1B or visa-related opportunities. So, right now, when you look at it, our revenue in that segment is very less, and we have a very less number of employees who are actually dependent on that. So, irrespective of what happens in that immigration, the way our business is structured right now, we are mainly focused on delivering our services through offshore teams in India, and then on-site consulting, more non - H-1B dependent related consulting. So, we believe that that's not going to affect much on us. Definitely, within the last several years, we did not brought anybody to US based on this immigration H-1B dependent employees. So, we believe that the effect of that on our company is going to be very minimal.

Divya Mehta: Okay. Sir, I read in your Q1 press release, you were planning to acquire a new company, or we were looking for any kind of acquisition?

Ramarao Mullapudi: Yes. So, as a growing IT service, growing business, right, we definitely have we definitely have plans and we are always on the lookout for acquisitions as we disclosed earlier. And then we have opportunities to send like a letter of intent when we build, when we find the right company. And we continue to do that. And then whether it turns out to be a closed acquisition or not, but we are lookout and even as we speak, we are in the like process of looking out for acquisitions, but our acquisition strategy is not just, it has to fit in either geographic or some kind of way it has to blend it into our company, either compliment of services, the acquisition. So those are the ways that we are looking. We are definitely looking in other countries like Europe and other Australia, and other things when we find the right company at the right price tag. And within India also, we are looking at the right

companies to acquire, to grow our revenue top line as well as bottom line. And that is going to be a continuous strategy for us.

Divya Mehta:

Okay. Understood. Thank you, sir, and I wish you all the best.

Moderator:

Thank you. As there are no further questions on behalf of XTGlobal Infotech Limited. I conclude this conference. Thank you for joining us, and you may now disconnect your line.

(This document has been edited for readability purposes.)
