

July 28, 2025

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Sub: Transcript of earning call held on 23rd July, 2025 for the Q1 & FY 26.

Dear Sir/Madam,

In accordance with Regulation 30 & 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed transcript of the earning call held on 23rd July, 2025 for the Q1 & FY 2025-26.

Kindly take the above information on record and confirm compliance.

Thanking you,

Yours faithfully

For Aurionpro Solutions Limited

Ninad Kelkar
Company Secretary

Encl: as above



"Aurionpro Solutions Limited

Q1 FY26 Earnings Conference Call

July 23rd, 2025

MANAGEMENT: MR. ASHISH RAI – GROUP CEO & VICE CHAIRMAN

MR. VIPUL PARMAR – CHIEF FINANCIAL OFFICER

MR. NINAD KELKAR – COMPANY SECRETARY

MODERATOR: MS. AASHVI SHAH – ADFACTORS PR – INVESTOR RELATIONS

**Aurionpro Solutions Limited
Q1 FY26 Earnings Conference Call
July 23, 2025**

Moderator: Good evening, everyone. On behalf of the company, I would like to welcome you all to Aurionpro Solutions Limited Earnings Conference Call for Q1 FY26.

Today, on this call we have with us from the management Mr. Ashish Rai, Group CEO; Mr. Vipul Parmar, Chief Financial Officer; and Mr. Ninad Kelkar, Company Secretary. We will begin the call with a brief opening remarks from the management, followed by a question-and-answer session.

Participants who wish to ask questions through audio and video can do so by pressing the raise hand icon on the bottom of your screen and wait for your turn to speak. When prompted, you can accept the prompt on your screen, unmute your audio and video and ask questions or give comments. Participants who wish to ask questions via chat can click on the Q&A icon on the bottom of your screen and post your questions.

Please note that certain statements made during this call may be forward-looking in nature. Such forward-looking statements are subject to certain risks and uncertainties that could cause the actual results or projections to differ materially from those statements.

Aurionpro Solutions will not be in any way responsible for any actions taken based on such statements and undertakes no obligation to publicly update these forward-looking statements.

I would like to now hand over the call to Mr. Ashish Rai for his opening remarks. Thank you, and over to you, sir.

Ashish Rai: Hi. Thanks. Good afternoon, everyone, and welcome to earnings call for Q1 FY26. I am sure by now you have all received the investor deck, and I hope you had an opportunity to review it.

I am pleased to share the results for Q1, which show another quarter of consistent performance with revenue as well as profitability remaining within the guided range. While our businesses do not have a large seasonal skew, Q1 typically is a softer quarter for sales, especially for the TIG segment. So keeping this in mind, Q1 was a fairly successful quarter for new sales. And we have largely maintained our growth trajectory driven by the strength of our sales channels and the disciplined execution by our teams. This performance is a great testament to our focus strategy, and the continued commitment and dedication of our teams.

Coming to the financials. Revenue for Q1 stood at Rs. 337 crore, marking a 29% year-on-year growth. EBITDA and PAT came in at Rs. 68 crore and Rs. 51 crore, respectively, with margins pretty much within the guided range.

We have sustained margins despite significantly increased sales investments, slightly elevated R&D investments, and generally higher employee costs, as you would have seen, driven by a rise in headcount following recent acquisitions, as well as annual increments and performance incentives.

While there may be some margin pressure in the near term, these investments are aligned with our long-term value creation strategy and will deliver strong returns over time. Overall, we remain on track to achieve our guided growth targets for FY26.

On the business front, banking segment delivered Rs. 192 crore, registering a strong 31% year-on-year growth. TIG posted a revenue of Rs. 145 crore, reflecting a solid 25% year-on-year increase.

This quarter saw a series of strategic wins, adding 16 new logos across key markets and facilitating our expansion into several new geographies, notably Europe, Egypt, and another place in Africa. These wins have further strengthened our order book, which now exceeds Rs. 1,450 crore, and we expect additional momentum in the coming quarters to further accelerate our growth.

We are continuing to invest heavily in R&D, so we can make the most of strong opportunities ahead. FY26 will see a large number of new launches and product updates with an explicit intention of creating a highly differentiated enterprise AI offering stack, as well as one of the widest portfolios of industry-leading AI native applications in the market.

These investments, along with our efforts to grow our global sales network, will lead to higher sales and R&D expenses in the short term, but that will largely get offset by increasing sales and better deal margins over time.

As a part of our strategy to expand our solutions and enter new regions, we also remain open to inorganic growth opportunities and this quarter was especially fruitful with Fintra joining Aurionpro to help build a critical part of our strategic blueprint for trade finance.

This quarter, we also introduced our refreshed brand identity, which reflects Aurionpro Solutions shift into a product-first, innovation-driven, global technology company. With a positive outlook and a clear plan, we are confident in living up to the promise of this new identity.

With that, I hand the call back over to you and look forward to an engaging Q&A.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. We have the first question from Mr. Vinay Menon. I would request you to accept the prompt on your screen, unmute your audio and video and introduce the firm you represent and ask the question or your comments

Vinay Menon: Hello.

Ashish Rai: Hi, Vinay. Good afternoon.

Vinay Menon: Hi, hi. Good afternoon, sir. Congratulations on a good set of numbers. So just a few questions from my side. One is, employee cost this quarter has been really high in that. Can we interpret that going ahead also, it will be at these kind of levels or was it just a Q1 kind of impact?

Ashish Rai: Yes. So look, there are two things. So first of all, I think generally, it would not increase. It was mainly a Q1 impact and largely coming out of one, some additional headcount due to acquisitions. Also because of the increments and performance payouts that sort of happened.

So it will stabilize going into the future quarters. And there's also been a fair amount of increase, especially on the sales channel side between let's say late Q4 and most of Q1, which is where we have added up a fair amount of sales capacity in Europe. As I have said, I think in many calls before, we have been looking at it. So we had that capacity come online in Q1. We added some sales in North Asia, which again is a geography we are not present in. We added some additional sales in Africa, which is geography we are not present in. So we have added a lot of net new sort of geography. So that's also increased the overall sort of expense bit, but now I think it's linear.

I think the way we usually build our sales channels is step jump. So I am not a huge fan of adding a sales guy here, adding a sales guy there. So when we decide to enter a geography, we make a step jump. So we have added six sales guys in Europe along with the supporting pre-sales and other investments that will enable that team. So that does cause a bit of a jump which is fairly significant on the sales side. I think sales expense has gone up almost 80% or so. But I think that is a one time step jump and then it sort of stabilizes and starts delivering the returns as the sales team performs.

Vinay Menon: Okay. That really helps. And on the R&D spend, what percentage was it this quarter?

Ashish Rai: Yes. So R&D, I would say something in the range of 9.2%, 9.3%, but that's more or less linear. I think it's slightly elevated than the usual trend line, but as a percentage I think it's more or less the same.

Vinay Menon: Okay. And margins are like, we used to be a 21% - 22% kind of a margin company. We have now gone towards the 20-ish kind of margin. So is that the margin going ahead should we look at 20% to 20.5% as a range going ahead?

- Ashish Rai:** No. So look, the guide sits at 20% to 22% on the EBITDA and 15% to 16% on the PAT. It's very hard to calibrate that down to a smaller sort of band purely because of the size. I think right now, so talk about the sales expense, right, I think if we really do a material sort of investment, it will go wide within the band, right? But by and large, we are not revising the bands, it will stay within the band but from one quarter to the next, it's hard to call.
- Vinay Menon:** Okay. And on the guidance part, sir, like we have done very good on the top line growth. On the bottom line, if we look at it, we grew over 13-13.5%. So will we go back to that 20% to 25% kind of growth from Q2 or will it be in this 15% to 20% kind of band, on the PAT perspective?
- Ashish Rai:** Yes. Look, I think the year-on-year comps they can vary because of various reasons. By and large, the EBITDA will stay within the guided band, right? What does that mean for a year-on-year comp, I think we can look at one quarter to the next, but it will stay between 20% and 22% more or less. And PAT will stay between 15% and 16% more or less. If I was to guess depending on the quarter you are talking about, I think you would be in the 20s or higher, not where it was in Q1. But the year-on-year comps can vary because of all kinds of reasons.
- Vinay Menon:** Okay. Thank you so much, sir. I will get back in the queue for additional questions.
- Ashish Rai:** Thank you.
- Moderator:** Thank you. The next question comes from Mr. Anmol Garg. Mr. Anmol, I would request you to accept the prompt on your screen, unmute your audio and video and introduce the firm you represent and ask the question.
- Ashish Rai:** Hi, Anmol. Good afternoon.
- Anmol Garg:** Hi, sir. Hi. Ashish, a couple of things that I wanted to understand. Firstly, we have grown strongly in our banking segment in this quarter. So, what led to this growth? I am assuming that partially it's because of Fenixys, but that also adds only Rs. 14 crore, Rs. 15 crore. We have added close to about Rs. 34 crore in our banking segment during the quarter. So, is there any particular deal which has ramped up during the quarter? Can you talk about that?
- Ashish Rai:** Okay. Yes. Hi, Anmol. Thanks. So, yeah, look, Fenixys overall is not really that material to the number. I know there is a lot of fascination with Fenixys. I have heard that question a few times before, but it's like a 0.6% or a 0.7% on the overall top line. So, it's some impact, It's a non-zero impact, but it's not like a meaningful driver of growth at the overall level. Banking, so Q1, a lot of the growth is driven by the execution on the existing order book. I think that's been fairly strong. There's been good new logos on the transaction banking side that have contributed.

So, we announced a deal win in Sri Lanka, that's quite a meaningful win. We announced a deal win in MEA, I think that's been a meaningful contributor and we had fairly strong execution. The Phase 1 at SBI went live. So, as you know, a lot of our revenue gets skewed not so much because of sales, but because of when we can actually take the clients live, because it does tend to sort of come in only when we are able to make the client successful, and it usually takes 12-14 months for that to come in. So, I think in that way, Q1 was a fairly useful quarter.

So, there is new logo wins for sure. So, like if you go back Q1 last year, transaction banking had no new logo wins in Q1, and which is normally what you should expect from Q1. This time there were three new logo wins in Q1, so it's actually a very strong start for the banking side. There was also a meaningful win in UK for the AI side, which again is a banking AI play, right?

So, I think, yeah, so some of it coming from new wins, a lot of it coming in from project go lives. So, overall, it was a good quarter for banking. Q1 typically is a slow quarter for TIG. Last year, it was the same story. The year before, it was the same story. So TIG, typically the second half is always much bigger than the first half. And I think that's the same story continues.

Anmol Garg:

Right. So, from that perspective we believe that TIG business would come back towards the second half of the year. But would that also mean that our margins will be impacted in the second half of the year, given that now our base employee costs have increased, given that some hiring has taken place on the sales side?

Ashish Rai:

No. I think margins should only logically, if you look at the trend over the last few years, it should logically improve as the revenue on the TIG side scales in the second half. So typically, every year second half is a bigger revenue year for TIG and a bigger margin year for TIG. So I do not think the assessment that it will impact margins is correct.

And the banking, typically, I think the revenue scales and the margin sort of scales more or less at the same level. So generally speaking, H2 is a much stronger half for us than H1, but banking has less variance and TIG has a bigger variance. Margin should only improve, I would say, as we get into the quarters, because the revenue scales up, the expense line does not really change that much.

Anmol Garg:

Understood, understood. And lastly, in the Analyst Day you talked about setting up a factory for making some of the equipments within our TIG business. Just wanted to understand what is the scale of investments we are looking at for setting up this factory? And would this be a FY '26 investment or will it go beyond that as well?

Ashish Rai:

Yes. So look, it will progressively ramp up. The goal for us is, as the business grows, move a lot more to the manufacturing capacity that we are setting up ourselves. So we scaled it up a little

bit in the existing facilities last year, we will scale it up a little bit this year, and then we will keep scaling it up as the business grows. So what really happens is as we move to our own manufactured items on the hardware side, the margin profile of the business dramatically improves, that improves our rate of winning and that improves the margins that we make on those wins, right?

So we will keep scaling it up. I do not think in a single year it's a big CapEx planned. I would say over FY26 - '27, you are talking of probably Rs. 40 crore to Rs. 50 crore. So it's maybe Rs. 20-odd crore incremental or thereabouts in any given year. But we will really be cautious in how we scale it. And that will largely be in line with how the demand scales up on the transit side. So now we are beginning to get confident around the economics, especially in the Indian market as well as the global markets where we export. And you saw the wins in Delhi metro, Chennai metro, etc. So we will scale up the wins and as the wins scale up, we will scale up the manufacturing.

Anmol Garg:

Understood. And one last thing from my end is, earlier we have announced a few deal wins in, let's say, Maldives or California in terms of the transit business. But recently, most of the wins that we have announced here is coming out of India. So, is there anything that we are working towards in the international geography within the transit business?

Ashish Rai:

Yes. So look, Q1 was actually pretty active for transit and we announced a deal win together with Mastercard in Egypt, that is a significant deal win. We are participating very actively across both America and Europe and you will see wins ramp up. I think India, we were not participating for some time, because we really wanted to get the economics right. And now we are very confident for the deals that are coming in.

One, they are a combination of hardware and software, so just logically the economic profile improves. And second, with our IP and our sort of indigenous production even on the hardware side, the margins really shoot up. So now we are feeling a lot more confident about India. So we tested it a little bit last year with a few deals where the economic profile has actually dramatically improved. So now we will scale up those wins as well, right?

But the international side will keep scaling up. I mean, transit is going to become one of the strongest end-to-end sort of offering stack globally. I mean, it already is one of the strongest end-to-end offering stack globally. The goal is to make one of the most prominent players in the transit payment space worldwide. So we will compete actively wherever we find deals which fit the parameters that we have in terms of the kind of deals we want to go after, whether that's America, whether that's Europe. We are also active in Australia. We are beginning to become active in some large deals in core Asia, and we will get more active in India as well.

Anmol Garg: Understood. Thank you so much, Ashish, for answering my questions, and all the best.

Ashish Rai: Thank you, Anmol.

Moderator: Thank you. The next question comes from Kunal Bajaj. I would request you to unmute your audio and video, introduce the firm you represent and ask your question.

Kunal Bajaj: Hello. Hi. Thanks for taking my questions. Congratulations on a good set of results. So, actually I had a couple of questions. So, as we discussed about the global sales network, as in what are the strategies we are taking place in setting up the global sales team? And also, can you provide a color on that?

And also the GTM go-to-market strategy for these new regions, is it on a similar line as to what we are doing it? Or any differentiation in terms of our go-to-market strategy for these new regions?

Ashish Rai: Yes. Hi, Kunal. Good afternoon. I like the video getting switched on, right, so those who can do it please do it. I do understand most people have the headphones in their ears and they will listen in and that's fine.

Look, global sales team, how are we expanding? The way Aurionpro goes about building its sales team is we build a box, wait for it to become successful. Then we double that box, then we double that box, right? So we like working as units rather than like individual sales guys. So earlier, we did the same thing in South and Southeast Asia when we built the sales team out four years back when we were pivoting. So that's one step jump in sales expense. Then that starts paying off, then we went to Middle East and Africa.

Another step jump, you saw the successes last year in Saudi Arabia, UAE, etc. Now this year, it's another step jump in terms of bringing the capacity online in Europe. I think we have an extremely strong sales team built out over the last three-four months in Europe. Very strong industry experts coming in on the pre-sales and the industry sort of thought leadership side and back that up with a bunch of sort of product resources out in Vietnam, India, etc., right?

So, I think the sales expense this year, purely because the expansion happened in Europe, we had a very senior salesperson join in North Asia as well and he's building a team out as well as expansion in Africa. All of those things together, I think the sales expenses jumped probably kind of 70%, 80% overall, but now that's stabilized. And typically, the channel will start paying off in 12 to 18 months.

So sales cycles tend to be long. Of course, you all probably would have seen the first success in U.K. But typically, one should expect four, five quarters before the sales investments start really

flowing in properly. But the pipeline build out has been very, very strong. So I think that's sort of what's been happening. I feel very good about the team we have built out, like, really strong experts from most of the leading global fintechs, backed by the Fenixys' team, Eric and all who like extremely seasoned in terms of delivery capabilities. So yes, so that's that.

U.S., we are largely taking the partnership route. So we have a couple of sales guys active in U.S., but we are largely taking the partnership route, especially with a few large fintech players as well as players like Visa, Mastercard, like we have announced to sort of go into the market. And I think we will probably keep on doing that for the next couple of years before we step up the direct sales channel there.

So that is it on the sales team as well as the GTM, right? So for us, the partnerships with players like Murex, Finastra, FIS, etc., I think is important to us. We will keep riding on that in the more advanced markets and the organic sales channel I already talked about, right? So that's more or less what it is.

Kunal Bajaj: Yes. Thanks for that.

Ashish Rai: Thank you.

Moderator: Thank you. Participants, we request you to limit to two questions, and join back the queue for more questions. Next question comes from Vimal Gohil. Mr. Vimal, I would request you to unmute your audio and video, introduce the firm you represent and ask your question.

Ashish Rai: Hey, Vimal. Good afternoon.

Vimal Gohil: Hi, hi. Thanks for the opportunity, Ashish. So basically my question was, you mentioned there has been a slight increase in investments in the sales side, and the second one was on the R&D side. Now, you explained the sales side pretty comprehensively, but the question on R&D. Now, we have two successful products on the banking side, the iCashpro and the transaction banking. And of course, with the integration of Arya.ai, we would have infused both these products and most of our processes and services with AI.

What's next in terms of where is our next hero product going to come from? Which area? And how should we look at our product evolution in terms of our product basket? In connection to that, our entry into U.S. and Europe, how should we look at our revenue mix in these geographies? Will it be largely led by transit? Or do we expect a very good traction around our core banking products and software side?

Ashish Rai: Okay. Thanks for that. I think you probably used your due questions. So anyway, thanks for the questions, Vimal. Appreciate it. I think it's a good question. So I did not say slightly increased

expenses on the sales side. Sales side is actually a significantly increased expense. I think we probably added another Rs. 17 crore, Rs. 18 crore of expense for the year, so that's at overall level, probably 2 points of the top line increase. So I would not call that slight.

R&D side, I did say probably slight and I would sort of agree to that. I think R&D side, I would expect the full-year trend to be flat as a percentage. I do not expect that to climb up. But in the near-term, it's almost a race to get to our objectives of where we want to get to now. We are sort of at the same time investing across multiple vectors. One is the whole enterprise AI stack build-out, right? We intend to have one of the most mature deep competitive IP offerings on the enterprise AI space, not the way.

The problem in the AI space is this, right, there is a lot of noise, there's a lot of bluster, there is very little content in a lot of offerings that come out. The reason for that is, it's obviously very, very easy for people to make API calls to publicly available LLMs and deliver some sort of an output. It does not really give the client the real value that they are seeking in terms of automation. It gives them a nice little toy which can sit in a sandbox forever. Our goal is to really get to an actually built-for-purpose model that delivers value. And I am fully conscious, I am probably the 100th CEO you are hearing that from, but we are very, very serious about it. And that takes a very serious team in the form of Arya.ai, which we are really ramping up. And that takes a team which is very good at getting the level of accuracy that is needed to bring real automation.

So like the U.K. win that we talked about, it's a use of AI in the underwriting, let's say, lending underwriting space. The client was using an AI product from another competitive vendor for some time. And when we actually did the POCs with them, it became very clear to them that our teams are freakishly good at getting that level of accuracy on the model output compared to what they were using, and then they sort of replaced what they were using with us. All of that happened in a matter of three months, right? So I think what we intend to get very, very good at is a set of offerings which are very relevant to the bank or the financial institution or the client who's using it, and they can actually use it in production.

What's happening in the AI world is data to model is super easy these days anyways. Model to production is super hard. We intend to solve that super hard problem so that we can actually create some value. So that is where a lot of investments will go in. We spent some time in the Investor Day articulating the various components of that offering stack. So if you remember the three layers, the bottom two layers is where the investment on the AI side goes in. And the top layer was, that is the second vector which is a whole set of AI-native applications that we are building out today. So that, again, results in the sort of accelerated spend right now, right?

Now, what are those applications? It sort of touches on your second point, which is where those new hero products are going to come from. And I will come to those applications, but just a comment on that hero product. I think right now we have the hero products. They need the hero geographies. We are fairly strong in our core Asian markets now. Our win rates are probably at a level where you can - in a place like transaction banking, we probably win more deals than the rest of all the competitors whose names you can spell, put together, at least in the last 18 months. So, I think we are very, very competitive in that space.

So the question is, where can you expand? And hence the need to invest on the sales channel, especially in Europe, in Africa, a little bit in North Asia, where we have not been present, but we know the business is there, right? So I think that's sort of the comment on the hero product. I do not think we need them. I think we have very mature products going after very large markets. We just need to adapt ourselves more and more to the big markets as we step in.

Having said that, what are the new products coming out? Other than the offerings on the AI side where a ton of them are in beta, but we really believe in getting them totally right before we formally take them to market. But the initial betas are going on a number of products, including multi-agent orchestration things and all, which, again, everyone loves talking about. But honestly, very few people get it right.

On the lending side, we launched a brand new, so lending side our primary flagship brand is Integro. Integro has been the leader in Asia on the corporate lending side. We are launching a brand new retail LO, SME LO, the most cutting-edge AI-led origination system in the market today, we believe. We are, over the next couple of quarters, launching a brand new LMS, which again would be totally AI-enabled, AI first, absolutely cutting-edge architecture, absolutely cutting-edge user experience.

We are fleshing out a lot of breadth on the transaction banking suite as well. So, supply chain finance, brand new offering. With the Fintra acquisition now, we are really doubling down on building out a full front-to-back offering on the trade finance side, which itself is a giant space to go after. So, that's that.

On the transit side, we continue to build out more products as well as adapt to the markets we are going into, whether that's Europe, whether that's UK. So there's a lot of build-out happening on the transit side. We are now beginning to bring in some new products on the data center side, so that also will start seeing some momentum in this year.

Where else are we bringing new products? Yes. I think that's probably the list. There's a lot of smaller products out there in the payment space, in the sort of small SaaS space, but I would

not really spend a lot of time talking about it because, again, it would not be meaningful in FY26 from a revenue standpoint, but those are the big ones.

Vimal Gohil: Ashish, a small data point, if I may. Would you be willing to spell out the size of our data center piece for FY25 in terms of revenue?

Ashish Rai: I mean, the short answer is no. The long answer is, because I do not want to get into the business of sort of suddenly disclosing on an earnings call stuff we do not publicly disclose, right? But I think data center business, it's slightly less than a third of the TIG business probably, right, for FY25, and that's where I would leave it.

Vimal Gohil: Fair enough. Thanks. Even that helps Ashish. Thank you so much. All the best.

Ashish Rai: Thank you, Vimal.

Moderator: Thank you. Next question comes from Gouri Athanikar Mishra. I would request you to unmute your audio and video, introduce the firm you represent and ask your question.

Gouri Athanikar Mishra: Hello, Ashish. Congratulations on the good deal wins we have seen traction this quarter, while speaking to Anmol, you already said that TIG will be better in the second half. My question was more pertaining to the TIG itself. More on, we saw that one deal win has happened in automated, bigger deal win which you have declared which has happened on the Automated Fare Collection. Any traction we are seeing on the data center part of the TIG?

Because a year ago we spoke quite a bit about data center, and suddenly even in the investor meet and all it took a backseat. And is it purposefully or are you seeing a difference in the way you are projecting Aurionpro now? Especially, I would have expected after Arya.ai, came into your system that also will become a part of the data center as well. So, was I correct or wrong in my thinking? I would like to get a clarity on how do you see the data center and TIG growth, obviously, we have already spoken about it in the investor meet and you said it is going to be second half of the year. But clarity on what we are doing at data center, are we seeing any traction? And how do you see growth from here in that segment? Or is it going to be a complete closure on that part? Some clarity.

Ashish Rai: Okay. Thanks for the question, Gouri, right. So look data center has been, it was zero four years back. It's been one of the strongest growing businesses for us. We run one of the top data center design teams in the country, right? So I do not think there is any there is any sort of slack on that part of the business. I would contest the sort of view that we did not talk about data center in the Investor Day. We did talk about the new products and Sanjay Bali specifically talked about new products that are going to come out on the data center side. We do tend to focus more in Investor Day on what's new, right, because we are a very wide firm.

We work at a ferocious pace in terms of building new products and new offerings out. And just given the scale of R&D spend and the speed with which we move and the sort of shortness of our iterative cycles, we really churn out a lot of stuff, right? So I think we tend to focus on what's new and we tend to probably not talk about what steady-state and data center has been just such a reliable, strong growth business for us that probably it should get more mentioned than it does.

But I think what we have on that business right now is we will continue to grow strongly. Q1 is not the quarter in which we bring on new clients. So hence, obviously no deal with announcements. We are focused on execution. We are focused on working with a few strategic customers that we have and as and when there are like significant deal wins, so we also do not like announcing small deal wins, right? So when there are significant deal wins, we will talk about it, but the business is growing strongly. Second half, again, would be bigger for the business than the first half, but we are executing on the order book.

And the business, again, this year will grow fairly strongly. I think the big difference this year would be you will start seeing some of the products come out and get implemented at some sort of a meaningful scale. Like when Aurionpro gets into any business domain, initially, we spend our time understanding the domain and which is largely a services-led play. But slowly once we understand the game, we understand where we can drive the economics or where we can get the non-linear economics, we start building our own IP.

I think this is the year when you will start seeing a lot more of Aurionpro IP into our data center projects, and that should materially start impacting the economics of the business overall, right? But in terms of growth, in terms of focus, I think we remain fully focused on it and I think it should be a strong year for the business.

Gouri Athanikar Mishra: Thank you. Can you give us any idea about what part of the TIG would be data center today? I mean, what percentage?

Ashish Rai: Yes. I already said that in the previous question. I do not know if you missed it, but slightly less than a third of the business is data center for TIG.

Gouri Athanikar Mishra: A third of the TIG, right?

Ashish Rai: Yes, yes.

Gouri Athanikar Mishra: Okay. Thank you.

Ashish Rai: Thank you.

- Gouri Athanikar Mishra:** And are we seeing traction from the data centers being set up, planned in India, are we seeing any traction? And I mean, are any deals being handed out for design of the data center here? Because a lot of plans are on for India data centers by all global players as well.
- Ashish Rai:** Yes. So, Gouri, look, I do not normally answer questions after thank you, but I will take this one. Look, I think the reason we are in the space when we got into it four years back is we were very, very positive on the amount of data center buildup that needs to happen in India. I think that continues apace. This is one of those spaces where if you wanted to grow 100%, you can grow 100%, but we are like a bit particular about the kind of business we want to do in the space and the kind of economics we expect from the business.
- So we will stay focused on our playbook, which is largely, design work for very complex projects, as well as program managing, the projects for our strategic partners. We will not try to go after anything and everything that exists in that space. Having said that, I think you are totally right. There is a massive pace of investments happening in the space, and that will continue to happen over the next several years. And there is enough meaningful growth to be had in that business, I think at least over the next, let's say, four or five years, or maybe even beyond. Yes.
- Gouri Athanikar Mishra:** Thank you. Thank you very much.
- Ashish Rai:** Thank you.
- Moderator:** Thank you. Next question comes from Varun Gandhi. I would request you to unmute your audio and video, introduce the firm you represent, and ask your question.
- Varun Gandhi:** Hi, Ashish.
- Ashish Rai:** Hi, Varun, good afternoon.
- Varun Gandhi:** Perfect. Just a simple question on the effective tax rate. I needed some clarity on why the tax rate is so low. Is it due to just the geographic diversification that we have, and mainly that is Southeast Asia? Or is there some other reason to it?
- Ashish Rai:** Okay. So, good question.
- Varun Gandhi:** And how do you see these tax rates going?
- Ashish Rai:** Good question. I do not know, if people saw the tax rate in Q1. I thought the question would be why has it become higher? I think it was like 18% or 19% in Q1, which is like slightly higher than our trend line. Why is the tax rate low for us? It's largely because a lot of our IP. So we are

largely a product-driven business. A lot of our IP resides in Singapore, and a lot of our business gets done out of Singapore or Dubai, in a lot of places with a net lower tax rate than India. Of course, a lot of our business happens in India as well. But U.S. has a lower tax rate. Dubai has a lower tax rate. Singapore has a lower tax rate. And the sum total of all that results in quite a bit.

Plus, the other reason, one of the joys of being a R&D focused organization is you do tend to get the opportunity to claim some tax relief against R&D in like several places, especially, jurisdictions like Singapore, which again, we take advantage of, right? So the sum total of that is a sort of more efficient business and a lower tax rate. I think if we were a business very centric on doing everything in India, so we run large R&D centers in Istanbul, now in London, in Singapore, in Vietnam, etc., which a lot of our peers do not, right? So I think that kind of determines the mix of where we are building IP and the kind of sort of tax relief you can get against it. But Q1, given all that, Q1 was actually, given my comfort level, a higher tax rate than what we are used to.

Varun Gandhi: So going forward, do you see this moving to the corporate tax rate in India, which is 25% or will it stay in the similar band?

Ashish Rai: No, no, no, we will stay in the similar band, because I think we are a very distributed organization, right? And Singapore is a very meaningful jurisdiction for us, increasingly Middle East as well, right? So we basically distribute our R&D where we have the most efficient way to build it. So most of the corporate lending product actually gets built out of Singapore, right? Most of the transit R&D actually happens out of Istanbul and London, right? Or Istanbul and Singapore right now and moving to London.

So, we are not big fans of running large offshore centers and kind of building everything out there. We stay close to the client. We stay close to the talent. We stay close to where the ecosystem is for the specific product. And that will always result in us being much more distributed than most of the so-called peer group.

Varun Gandhi: Understood. As a last follow-up, does this change the dynamics of the business?

Ashish Rai: Which dynamics?

Varun Gandhi: Because your R&D centers are onshore. Does this change the dynamics of the business drastically? I mean, you function like this historically. It's just a general question.

Ashish Rai: Yes. No, look, so I am not sure if I got the full sort of color of that and the line was not that great. But broadly speaking, I think the goal that we have is to build out a really global tech player that operates at scale. At least in my personal experience, experience of most of our

teams, we have not seen too many of those kind of players sort of rooted in India, rooted in Asia overall, right? So we have a slightly different playbook than everyone else in terms of how we intend to do it.

And it probably mean that our R&D spend is probably a bit higher than everyone else's, but it will also may give us, we feel, the opportunity to create a truly Tier 1 global tech organization, right? And I think that also helps us attract talent. I mean, I think there are very few of Asian players who would get CVs from the competitive global fintechs that we get, right? And I think that really does change the game in terms of what we can build out, right?

So I think, so the thing to understand about tech spaces or software or even hardware tech, the building of enterprise software is a fairly level playing field. There is no serious advantage to building software in the valley versus building it in Mumbai or Hanoi. The difference in businesses which are able to build the best product in the world versus businesses who fail at doing it is knowing what that best product looks like. That comes down to the quality of talent that you attract, right?

So we feel our playbook is right for what we are trying to build. Everyone else plays their own game and we play our own game, but we feel the playbook is right for what we are set out to do. Hope that helps.

Varun Gandhi: Thanks for that. Thank you very much.

Ashish Rai: Thank you.

Moderator: Thank you. The next question comes from Srinivasu K. I would request you to unmute your audio and video, introduce the firm you represent and ask your question.

Srinivasu K.: Hi, Ashish. Thanks for the opportunity. My question is related to the transaction banking deals that you have been signing up. Where actually you face the competition from like horizontal players like C3.ai, Palantir kind of providers or hyperscalers or domain players like Temenos or Intellect kind of companies?

Ashish Rai: Hey, Srinivasu. Hi. Good afternoon. So look, that's a very wide question. So on the transaction banking side, typically the competition would come in from other players who have a very specialized transaction banking stack, which probably would come down to the banking tech players. Some of them you mentioned. Some of them we did not. I do not normally like naming competition names on the earnings call, so I would sort of stay away from it. But by and large, there are four or five specialized players in the space, including like one more Indian one and then those are the ones we compete with.

The C3.ai and Palantir and all are very different sort of nature of players. So even between the two of them, there's a distinction, but if I was to generalize it, they are largely what you would call enterprise AI players, where the aim is to go from essentially go data up into building an enterprise sort of AI layer, where you are driving intelligence and then you throw a bunch of workflows around that intelligence or you try to ride on the application workflows that exist in the enterprise. And in that case, the workflow could even be sitting inside one of the applications that we make on the transaction banking side. So to that extent, there could be overlap, but they approach it from a completely different angle.

The enterprise AI offerings that we are building out through Arya.ai would probably be the closer parallel to C3 and Palantir, but I do not really see C3 and Palantir as being serious players, at least in the financial institution space where we are serious players, right? So our goal is to build out a first rate enterprise AI offering stack specifically targeted towards financial institutions. I believe we would succeed meaningfully in it. I do not think it's an area of focus for either Palantir or C3, although if you go to C3's website, you will see some mention of financial services and all, but I do not think. At least as of now, they are more oil and gas and stuff like that. So yeah, so that's that.

I think they would be good parallels to what we are trying to build out on Arya.ai, but -- and C3 and Palantir are largely U.S.-centric players right now, although you can find some sales teams even from there trying to sell elsewhere, while we are largely Asia and Europe play and we intend to keep building out. I think the market is large enough for a whole range of players to go in and work on the enterprise, and the problem is large enough that you will need a whole range of players to go in and do it, right?

So I think there is a very large market to go after. We feel we have one of the strongest teams in Asia, probably one of the strongest teams elsewhere. So it depends on how you break down the problem, right? So on the AI side, one is the sort of intelligence building, model building inside the enterprise. I think we have one of the strongest teams in that space, in terms of building it. The other side is actually productionizing the models, the stack on the inference side, explainability, interpretability, trust, compliance. That space, I believe we are probably in a field of one, especially in Asia and Europe.

We probably run on the top explainability labs on the planet, certainly the top one in India by far, and the goal is to create something truly path-breaking through investments we are making in that space, and time will tell how successful we get there, right? But there, I do not think either C3 or Palantir really have any game. And we published original algos, we have registered original patents. I think we will go far in that space. I mean, that's a number of vectors, but hopefully that answers.

Srinivasu K.: Thank you. And my next question related to that, when you bundled Arya into transaction banking and smart lending, are clients asking for open model choice? Like, is it like LLM agnostic banks may want to plug in their own large language models without being logged into particular LLM?

Ashish Rai: Yes. Look, I think it's a fair question. I think it's a pretty wide range of choices that exist inside a bank. I think the way it is getting played out right now, and it may not get played out that way in 24 months, but the way it's getting played out right now, is when it comes to the specific intelligence that we are embedding inside our applications, I do not think the banks are asking for choices. I think they are asking for mature AI capabilities.

So when we say, for example, you say transaction banking, we bring in a very specific capability around cash flow forecasting, which really is very mature for us compared to pretty much anyone in the industry. I do not think the bank comes in and says, do it this way and that way. I think, I mean, they really care about the maturity of the sort of model, the maturity of the intelligence that you are bringing in, and how can that get adapted to what they do.

What they care about, if you go and sell a very generic enterprise AI capability, I think they do want to make that choice. And right now, it's actually fairly easy at a technical level to switch from one LLM to the next. Like, it's a five-year-old child can do it. The problem is, it's technically very easy. But I think it's just, in terms of really making it productive inside the enterprise, it's not so easy to switch, right?

So, I think everyone sort of goes down to sort of their own choices. There is a lot of investment that goes into the training of models. And also, it's very hard to sort of redo those investments. There's a lot of investments, if you are using LLMs for anything, there's a lot of investment that goes into prompt engineering and all. And that again is very hard to sort of redo if you are really making switches. So technically, you can say a router or whatever, but to really make it work in one way on one LLM versus the other, it takes not a bit of, it takes quite a bit of work, right? So it's not so straightforward.

So yes, people have a wide range of choices. Typically, at enterprise level, they will narrow down to a few and they will sort of stick to it for some time. I do not think that really impacts a lot at an application level right now, but like I say, it could change. It could change over 12, 24 months.

Srinivasu K.: Thank you, and best of luck.

Ashish Rai: Thank you.

Moderator: Thank you. We will take one last question from the chat box. I would like to hand over the call to Ms. Aashvi Shah from Adfactors IR to review the text question.

Aashvi Shah: Thank you. The question is from Mr. Sandeep Shinde. In light of the accelerating role of AI in digital product development, how is Aurionpro Solutions planning to incorporate AI-driven innovations into its product delivery and development processes?

Ashish Rai: Okay. So I am reading that as a question on internal tool usage rather than external AI offerings. I hope I am correct Sandeep, right? So look, I would put it this way. So I can make a lot of bold claims on this one right now, but I think most of them would be hollow, so I will sort of avoid it. Almost everyone right now is experimenting, right, so when it comes to the internal tool usage and you see a lot of CEO statements coming out saying we are generating 20% of our code using AI, we are generating 30% of our code using AI, I really do not know what to read into it.

And we may be also generating a fairly large chunk of our code using AI. I do not know what that means, right? So I would sort of put it this way. I think on a number of internal functions, the productivity gain that you get from AI tooling is real, and it is increasingly becoming real over the next 6, 12, 18 months. It basically comes down to how well can we integrate that into the functional workflow and into the individual workflow, depending on what you are doing, right?

So if you are a developer, can I really effectively incorporate a code generator into my developer workflow? And what is the sort of productivity gain that I get, right? That is at an individual level. Then you say I expand that to a team of 10. Does that linearly translate to a team of 10? I do not think so, because teams do a much more complex piece of work than a single developer does, right?

So if I was getting like a 500% productivity gain, hypothetically, I am making no claims to it, but hypothetically, the moment you sort of blow that up at a team level, that probably comes down to 50%. The moment you blow that up at a product level, that probably comes down to 5%. And again, all these are hypothetical numbers. So the point is this. We are very actively using code generation capabilities on the developer workflow.

Similarly, if it comes down to testing, comes down to product maintenance, comes down to support, there is a lot of tooling available, there is a lot of tooling we are using internally. I feel over the next 6 to 12 months, you will start seeing some very real quantifiable gains in productivity, where I would not have to rely on statements like we are generating 30% of our code using AI code generators. I would be able to tell you we are actually getting a real 30%

gain in productivity, which means I either ship out 30% more code or I use 30% less people, right?

I think, I do not think we are at that level, right? But we are very actively using tooling across code generation, across testing, across maintenance of product, across support. The internal functions are very actively using it, marketing, HR, etc., right? And increasingly, I expect over the next 6 to 12 months, 18 months, actually very real quantifiable productivity gains that I can come back to you and talk about, right? I think that's all I would say on what we are doing right now without making any bold claims yet at the moment.

Aashvi Shah: Thank you, sir. I will hand it over back to the moderator for closing.

Moderator: Thank you, ma'am.

Ashish Rai: Okay. Did you hand it back to me?

Moderator: Yes, sir.

Ashish Rai: Okay. Hi. So, good. Guys, thank you very much for joining this call. I think, look, overall, the business stays pretty much on the trajectory that it is. We did talk about an increase in expenses somewhat, which all of you have seen in the numbers. It comes down to the sales expenses as well as increasing the headcount and increments, etc. I think it will sort of straight line as we go into the year.

We feel very good about the trajectory for the year. We feel good about the pipeline. We believe we need to stay a little bit cautious in terms of the expense line over the next couple of quarters, and there will be a little bit of pressure on both sales as well as R&D expense. But over the full-year, we will still deliver the guidance that we gave to, and I look forward to seeing you all in next quarter's call and chat more about this. Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, this concludes today's conference. Thank you for your participation. You may leave the meeting.

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