

August 11, 2025

To,
Corporate Relationship Department
BSE Limited
P.J. Towers, Dalal Street
Mumbai — 400 001

To,
Listing Compliance Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor Plot No. C-1,
G-Block, Bandra-Kurla Complex,
Bandra (East), Mumbai- 400 051

Scrip Code: 532875

Scrip Symbol: ADSL

Sub: Transcript of Analyst/Investors earnings Call pertaining to Financial Results for the quarter ended June 30, 2025

Dear Sir / Madam,

In accordance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we are submitting the Transcripts of Earnings Call held on Wednesday, August 06, 2025, in respect of the financial results for the quarter ended June 30, 2025.

The same can also be viewed at <https://www.allieddigital.net/in/earning-conference-call>

This is for your information and records.

Thanking you,

Yours faithfully,

For Allied Digital Services Limited



Khyati Shah
Company Secretary

Encl: as above

Allied Digital Services Limited

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Allied Digital Services Limited
Q1 FY2026 Earnings Call Transcript
August 06, 2025

Call Duration	<ul style="list-style-type: none">• 49 minutes and 03 seconds
Management Attendees	<ul style="list-style-type: none">• Mr. Nitin D Shah, Founder, Chairman & Managing Director• Mr. Nehal Shah, Whole-time Director• Mr. Paresh Shah, Global CEO• Mr. Ramanan Ramanathan, Global Head - Strategy• Mr. Gopal Tiwari, Chief Financial Officer
Participants during Q&A session	<ul style="list-style-type: none">• Jyoti Singh – Arihant Capital Markets• Kunal Bajaj – Choice India• Jayshree Bajaj – Trinetra Asset Managers• Santosh – Individual Investor• Pratik Dedhia – Individual Investor• Bhupendra Mantri – Individual Investor

Moderator: Ladies and gentlemen, good day and welcome to Allied Digital Services Limited Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mayank Vaswani from CDR India. Thank you, and over to you, Mr. Vaswani.

Mayank Vaswani: Thank you, Yusuf. Good afternoon, everyone, and thank you for joining us on Allied Digital Services Limited's Earnings Call for the 1st Quarter of FY '25-'26.

We have with us on the call today, Mr. Nitin Shah – CMD; Mr. Nehal Shah – Whole Time Director; Mr. Paresh Shah – Global CEO; Mr. Ramanan Ramanathan – Global Head of Strategy; and Mr. Gopal Tiwari – Chief Financial Officer.

We will begin with comments from Mr. Nehal Shah who will cover recent developments across the business. Mr. Paresh Shah will then discuss the operational performance and order wins, followed by Mr. Gopal Tiwari who will walk us through the financial highlights. Thereafter, we will open the call for the Q&A session.

Before we begin, I would like to point out that some of the statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the earnings documents that have been shared with all of you earlier.

I would now like to hand over the call to Mr. Nehal Shah for his Opening Remarks. Over to you, Nehal.

Nehal Shah: Thank you, Mayank. Good afternoon, everyone, and thank you for joining us today. I hope you have had a chance to review the earnings material we shared earlier.

We are pleased to report a promising start to FY '25-'26 with a solid performance in the first quarter as we have reported consolidated revenues of Rs. 219 crore, registering growth of 22% year-on-year.

Our performance this quarter has been characterized by broad-based growth driven by continued execution of our business pipeline.

Our India operations have been the primary growth driver with the standalone revenues rising 27% year-on-year in Quarter 1 FY '26, driven by accelerating momentum in both enterprise and government segments.

The momentum we are seeing in the Smart City revenues on the back of the meaningful order wins over the last several quarters underscore our ability to execute at scale as India advances its digital infrastructure. As technology and governance increasingly intersect, we are proud to contribute towards building smarter, more connected communities across key cities.

Our international business is showing encouraging signs of recovery. In the U.S., enterprise clients are re-engaging with clarity and renewed intent, signaling a gradual return to confident decision-making and a willingness to commit to long-term transformation programs.

At the same time, conversations with prospective clients across Europe and Middle East point to growing interest and a more consistent contribution to a diversified revenue base and global order pipeline.

Segment-wise, our Services business grew by 20% year-on-year, while Solutions revenue rose by 32%. As many of you know, the Solutions segment often serves as a pipeline for our Services business, which generates recurring revenues and provides long-term stability.

We recorded order intake of around Rs. 185 crore this quarter, further strengthening our order book. This includes new order wins as well as annual renewals of multi-year contracts. Over the past few quarters, consistent high-quality wins have helped us to build a more diversified portfolio, enhancing our long-term growth visibility. Paresh Shah, our CEO, will share more on this shortly.

Importantly, we are seeing an increase in the average ticket size of new wins, an increasing sign of our growing value proposition and the trust our clients place in. I am sure all of you have followed our

announcement this morning regarding winning of Rs. 420 crore multi-year order with a leading pharma Company in Europe. We are already in the transition phase as hiring is underway with “go-live” scheduled for September.

One of the key challenges we are facing is the growing pressure from customers to control costs. With budgets under tighter scrutiny and persistent inflationary pressures, customers are seeking highly competitive pricing and aggressively changing vendors to realize cost savings. This trend is not isolated. It reflects a broader industry-wide phenomenon, and we anticipate this will continue over next three to four quarters.

Under normal circumstances, we maintain a firm stance on pricing to protect our threshold margin, with a willingness to let go business that is below our threshold. However, the current environment calls for a more strategic and flexible approach.

Looking ahead, we remain cautiously optimistic, with macroeconomic uncertainties persist. We are encouraged by the early sense of recovery in discretionary spending and continued customer engagement. The strong business momentum from the last 3 quarters, coupled with a healthy deal pipeline and increased win rates, position us well to deliver consistent growth in the coming quarters.

Having added some sizable orders in recent months and quarters, including the large order win announced this morning, and given the strong execution momentum, we are confident in our ability to sustain this growth trajectory throughout FY '26 and beyond.

That's all from my side. I hand over to Mr. Paresh Shah – Global CEO, who will walk you through the order book and strategic initiatives in more detail.

Paresh Shah:

Thank you, Nehal. Good afternoon, everyone. I want to start by thanking you for joining us today for our Q1 FY '26 Earning Call.

This quarter, our focus on targeted innovation and global reach has translated into tangible business success. We have seen a healthy flow of wins and renewals, underscoring the strong value proposition

we offer our clients. Our team has delivered impactful solutions across multiple sectors, and I am proud of the work we have done.

Here is a look of some of the key wins for this quarter.

As already announced, we won a very large deal with the pharmaceutical giant globally of a deal worth of Rs. 421 crore for 5 years for doing digital transformation for their end-user services.

I will further announce that in India, we are deploying AI-based video analytics for a leading real estate developer to enhance human safety on construction sites and executing a turnkey networking and surveillance project for a new university campus in Hyderabad.

We have also secured a project with a major Indian fashion retailer to implement a face recognition solution for employee productivity tracking across their 800 plus stores.

Our work extends to critical infrastructure where we provide CCTV AMC services for a leading power sector brand and a turnkey surveillance and PA system for a major transportation and logistics Company.

On the Services front, we will be providing managed services, service desk, and end-user services to a very large global provider of digital business transformation and consulting.

Our cybersecurity expertise is also in high demand as we conduct an IT ISO 27001 audit for a power transmission and renewable generation Company and a security operation center assessment for the old and large commercial bank in Bhutan.

Moving to the U.S., we have been awarded a three-year contract by a leading global investment bank to provide comprehensive workplace support services across North America, Europe, and Asia Pacific.

A global leader in premium fuel systems, a large e-charging Company has chosen us for a digital workplace services contract to support their employees and contractors across the U.S., Latin America, Europe, and Asia Pacific.

Finally, we are a strong partner for a newly independent global recognized premium ice cream brand providing 24 by 7 global

services operations as they establish a robust standalone IT infrastructure.

These wins demonstrate our ability to adopt, innovate and deliver impactful results for our clients on a global scale. We are confident in our position and look forward to the opportunities ahead.

I will now hand it over to our CFO – Mr. Gopal Tiwari, who will provide a detailed overview of our financial performance for this quarter. Thank you.

Gopal Tiwari:

Thank you, Paresh, and good afternoon, everyone.

Let me highlight some of the key financial achievements in Q1 FY '26:

We are pleased to report continued strong double-digit growth in our top-line performance. Revenue for Q1 FY '26 stood at Rs. 219 crore, reflecting a 22% year-on-year increase. This marks the fourth consecutive quarter with revenues exceeding Rs. 200 crore, showcasing the underlying momentum of the business.

To further illustrate the expanding scale of our operations, our trailing 12 months revenue now stands at approximately Rs. 850 crore. This represents a meaningful increase from Rs. 807 crore reported for the full year FY 2025 and indicates the solid progress we are making towards our goal of achieving Rs. 1,000 crore in annualized revenue.

As we evaluate our performance, I would like to begin with a disclaimer. The consequential comparison with Q4 FY '25 is not very meaningful, as that quarter included several one-time items and adjustments. You may recall that our new auditors conducted a multi-year review of our financial statements, and the resulting adjustments were incorporated into Q4 FY '25 only. Therefore, Q1 FY '26 figures are more appropriately compared with Q1 of the previous year, allowing for an apples-to-apples comparison.

In Q1 FY '26, EBITDA rose by 16% year-on-year basis to Rs. 22 crore. While we continue to see strong visibility in top-line growth, margin pressures are expected to persist over next three to four quarters.

As Nehal mentioned earlier, customer pricing pressure remains a key challenge. In response, we are maintaining operational flexibility and agility to ensure our margin performance remains resilient.

Our teams are actively working to drive efficiencies, and we tend to see margins improve as contracts mature once initial activities are complete and processes are fully established.

This quarter, there was also an impact due to the recognition of deferred tax assets. In contrast, Q1 of the previous year had negligible impact from deferred tax. This has augmented the year-on-year increase in profit after tax, which rose by 44% to Rs. 14 crore.

I am also pleased to inform that Board have declared 30% dividend as in the last previous year in '23-'24 for the year '24-'25 again this year.

With this, I conclude here. Thank you so much. I will now hand over to the moderator to open the forum for Q&A session. Thank you.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. First question is from the line of Jyoti Singh from Arihant Capital Markets. Please go ahead.

Jyoti Singh: Sir, just wanted to understand, like, revenue from India grew strongly this quarter. So, is this because of any specific sector, like Government or Enterprises that are driving growth? And is this sustainable into H2? And second, with India now contributing 37% of our revenue, and earlier we used to say that our focus is basically more on U.S. and other geographies. So, do you foresee this growth further from India only or is international expansion still a key pillar for your growth plan?

Nehal Shah: Thanks, Jyoti, for the question. I think, to answer your first question regarding the growth momentum, I think you have seen that we have put out an order win, just about last quarter, regarding the Pune City Surveillance project that we won. That project is going fantastic and most of the billing that you see this quarter and the next quarter will happen from that project.

To tell everyone, we would be inaugurating the newly made command center this Friday with the Government of Maharashtra inaugurating it for the Pune city. Having said that, the momentum is very strong for India as well as global.

As you have seen, we typically have two set of different companies working in tandem to make sure that the growth happens everywhere.

Here we are seeing, in India, we are seeing more opportunities due to the smart cities. And the Government business, the ticket size is larger. Because of the Solutions business, the revenue for some quarters looks to be a little higher. And that is one of the prima facie reasons that we are seeing a lot of growth happening in the India region.

However, the large deals that we are closing globally also is going to push us to the revenue growth in the U.S. as well. We just announced today morning of a very large deal that we won, which is a \$50 million kind of Rs. 420 crore kind of deal, which will be billed out for the period of the next five years. We feel that the momentum for growth in the global market is also going to be parallelly very high. I hope I answered your question.

Nitin Shah:

I just wanted to say, while we are running a Company, we have started getting a large ticket business. And one or two large tickets in India can overweigh what revenue we are getting from U.S. vice versa. Often, we get a good deal, large deal, large ticket deals in U.S. market or international market. So, then you will see that, so it is more bent towards international business than India business. So, while running a business, we are not constantly watching whether India is better or international revenue is better.

Jyoti Singh:

Sir, so if you could give us idea on the order book size?

Nehal Shah:

So, Jyoti, as communicated earlier in my previous calls as well, we typically don't give an order book number because that generally we have seen is confusing because our order pipeline is a mix of renewals, the extra farming that we do in the current customers and net new order wins.

So, giving a number will typically not be justifiable. Hence, we always try to give out the new order wins and the renewals that we do every quarter. And any large deals that we win, we have separate communication given to the stock market, which is material in nature. And that is how we would want to continue.

Jyoti Singh:

So, I just wanted to understand, like, currently, we have strong cash. So, are there any plans for acquisition or for anything?

Nehal Shah: Yes, so that's correct. Jyoti, we are looking at possible acquisitions in the Cybersecurity and the Cloud space. However, we are shortlisting some of them. As and when it reaches the next stage of finalizing someone, we will be announcing it. So, right now the search is on. And that is one of the reasons that we have kept cash in hand, so that whenever we need to acquire, when the market is down, we are in a strong position to do that kind of acquisition.

Jyoti Singh: Just last question. You mentioned AI, because there is a presentation on the Agentic AI side. So, are they different or are they part of the engagement?

Paresh Shah: Jyoti, this is Paresh Shah. I understand your question is around Agentic AI. So, it is part of our engagement already. So, it is in production. Our lot of U.S. customers and some Indian customers are already on the Agentic AI platform. We are doing some pilots with some Indian customers, and we are actually running our NOC operations using Agentic AI.

So, this is our own indigenous development of Agentic AI architecture. And we have moved forward into production this quarter. And we see a very strong result moving forward because as we get into more strength in developing these applications, we will be seeing a good future into this. Is that answering your question or you have, because we had a lot of voice break.

Moderator: Next question is from the line of Kunal Bajaj from Choice India. Please go ahead.

Kunal Bajaj: So, I had three broad questions. Firstly being the revenue top-line target of Rs. 1,000 crore and quarterly revenue run rate of around Rs. 250 crore. So, are we sticking to the timeline of four to five quarters?

The second question being EBITDA margins had some pressure. So, are we looking at a 10%, 11% to 12% margins level for FY '26? And what are the levers we have to improve the margins?

And the third question is update on the sales team. In the last Con Call, the management has mentioned about setting up sales team for direct customer acquisition. So, what is an update on that?

R. Ramanathan:

So, a couple of responses to this. Number one, I think from the point of view of the type of projects that we are targeting, they are more Solutions and Services oriented. And so, you are going to see the EBITDA margin grow in the organization. There is more and more value adding components, not only in terms of the Services themselves, but also in leveraging technology like Agentic AI and so on in our Solutions. So, you are going to see an improved margin in the quarters ahead. Of course, it takes some time for it to reflect, but that is a sure trajectory from the point of view of the organization.

The second is from the point of view of direct sales. In fact, most of our wins during the last quarter in India have been direct sales. In the international market also, we are targeting very clearly a new value proposition in terms of direct sales. So, we are increasing the sales capability in the U.S. as well as in other parts of the country, in other parts of the world. We have already inducted a few salespeople during the last quarter and some more will be inducted during this quarter.

So, again, the emphasis there will be to diversify our partnerships. We have very core, strong partnerships, but our attempt is to diversify these partnerships and have more stronger partnerships. We also are looking at SI partnerships, which will bring our SI capability to fore in these markets because there is a big opportunity for SI projects, Smart City projects, as technology is becoming more and more important in many counties, in many states across the country.

And finally, in terms of our approach in India, there is a very strong focus on enterprise sales in addition to government Smart City projects. And that's been reflected in some of the wins that Paresh mentioned.

So, in terms of being on track regarding our forward growth, I think we are doing all the right things to be on course, and you should see the effect of it over the next couple of quarters and couple of years.

Nehal Shah:

To add to the other question, I will just answer the question that you had regarding the revenue top line and the quarter-on-quarter top line. So, we are still sticking to the revenue top line growth of Rs. 1,000 crore in the next 4 to 5 quarters. Top line, Rs. 250 crore, we should be ideally be moving towards that in a couple of quarters. Because generally in the Smart City or the other kind of projects, whenever you

typically bill out, there are a lot of dependencies. So, if you ask me do I have the order book, I mean, the orders in hand, yes. But when will they be billed out, probably it might shift here, there one quarter. So, we are very confident if not next, maybe next to next quarter we should be doing a Rs. 250 crore kind of a quarter.

Regarding EBITDA margin, yes, you are right. The EBITDA margins have been a little lower this quarter. We are targeting to be in the steady state of 11% to 12%. Hopefully, we should be reaching there in a couple of quarters.

Whenever we are in the Smart City implementation phase, there is a lot of product billing that happens, due to which there could be a little bit jittery in terms of margins because you all are aware that margins during the product bill out is typically lower than the Services.

So, whenever we are in this implementation phase of any smart city, there is a lot of product billing that happens. And that is one of the reasons which could have some kind of pressure on our margins. But I would request if you could look at our margins from a year-on-year perspective rather than keeping it very strict to quarter-over-quarter.

And I think regarding the sales team, Ramanan has already updated you that we have hired some people and we are in the process of hiring a very senior resource in the U.S. as well, for which probably in the next two or three weeks, you will see some kind of announcements coming in as well. And this would be typically only to onboard direct customers. So, we are very confident in the next couple of quarters, we will see some direct wins coming in from our international customers as well.

Does that answer all your questions or you have anything else?

Kunal Bajaj:

Sure, that helps. Also, one more question. So, we reported strong order wins. So, can we provide some color on the break-up in terms of wins and renewables and also the break-up mix in terms of Solutions and Services?

Nehal Shah:

Yes, so what I will do is, I don't have the numbers currently at hand. We will send it across on email. If you could share your details with our team, we will give you the break-up of the details.

- Kunal Bajaj:** Sure, that helps. Thank you.
- Moderator:** Next question is from the line of Jayshree Bajaj from Trinetra Asset Managers. Please go ahead.
- Jayshree Bajaj:** My question is how much the Pune Smart City project has contributed to Quarter 1 of FY '26 and when we can expect a significant contribution from Pune Smart City project?
- Nehal Shah:** So, currently, if you look at, in the current top line for India, I think about 15% to 20% would have been coming in from Pune City and this will keep on happening for the next two quarters as well, because as we keep on implementing, we are implementing CCTV surveillance across the city. So, it is going to be staggered over three to four quarters. So, there won't be a sudden spike or a sudden drop in the next three, four quarters is what we think. So, it is going to be staggered in three or four quarters.
- Jayshree Bajaj:** So, in three or four quarters, it will be fully operational, fully contributing to the revenue.
- Nehal Shah:** Yes, the Solution portion of the project will go live in the next three to four quarters. Services will kick in once we go live with the project, which will be billed quarter-over-quarter for next five years.
- Moderator:** Next question is from the line of Santosh, an individual investor. Please go ahead.
- Santosh:** In last quarter, you guys have mentioned there is 45 million to 50 million pipeline order from U.S. Is there any updates on that?
- Nehal Shah:** Yes, thank you for congratulating us on the result. I think the 50 million order pipeline that we are talking of is what we announced today morning which we won. And while we are talking, the pipeline is still stronger, and we will have more order wins coming up in the near future.
- Moderator:** Next question is from the line of Pratik Dedhia, an individual investor. Please go ahead.
- Pratik Dedhia:** So, in your opening remarks, you mentioned about pricing pressure. So, I wanted to check where are you seeing the pricing pressure in terms of if you can point out two reasons and also in which segment?

Is it the Solution part or in Services? And if you can quantify in terms of how much pricing pressure are you seeing in terms of percentage points, that could be helpful.

Paresh Shah:

So, the pricing pressure is due to a lot of uncertainties the businesses see today, as you know, on the global tariff challenges which U.S. is putting. And these uncertainties are making the companies feel a lot of cost pressure and it really affects their forward plans.

But this is something we are not looking at a very big one, but it is a small pricing pressure. They want to make sure that their long-term operations become more stable. At the same time, their profitability remains intact. So, a lot of customers in U.S. especially are feeling that pressure. And these are mainly on the Services side because they are all long-term operations services. There is pressure.

From the Solution point of view, there is a big adoption on AI-based solutions and technologies. And we see quite a good margin there. And as you know, we have adopted an AI-first strategy. And we have already put AI operations in the forefront. So, this is going to also a strategy to where we want to make sure we can improve our margins by injecting a lot of technology over services, as Mr. Ramanan pointed out.

R. Ramanathan:

If I can just add to what Paresh said, you are going to see because one is the global uncertainty in terms of decision making, which is being driven by the economic landscape. But that is true for everybody. And so that is putting a little pressure as well as delay on certain key decisions which have already been envisaged but which have not yet been taken. And we see that stabilizing out over the next couple of quarters.

But more importantly also, there is an expectation of more AI-integrated and Agentive AI-driven managed Services and Solutions. And we are in a very good position in terms of our forays into this, as well as what we have already done.

For example, in the managed services arena, we are technology-driven by a tool called Digital Desk that has been developed internally. And that is now being integrated with AI. So, we are into AI-based managed services rather than just managed services. And therefore, this is going to help us in driving our margins up.

Even though you may have pricing margins from the market, there is an expectation that because of AI, you will be able to reduce your cost. But by leveraging technology, you can increase your margins even under these circumstances.

And secondly, in the solutions that are being expected in the Indian market, SI solutions, there is a lot of AI component that is going to get introduced. And that is going to add to the value. And so, you are going to see that pricing pressures will be balanced by margin improvements through the leveraging of technology and through the leveraging of tools that we are already in progress.

Pratik Dedhia: That's helpful. So, just a follow-up on this. How do you see the traction of the AI-enabled managed services in terms of the recognition coming into the numbers in terms of timing, two quarters, three quarters down the line?

R. Ramanathan: Yes, actually, Agentic AI is in its infancy right now. And so, from my point of view, over the next three or four quarters, you will start seeing the impact, not immediately because people are also getting their act together in terms of where to optimally utilize Agentic AI for their businesses.

In terms of managed services themselves, like infrastructure management services, we are already integrating AI because that helps us in preventive management rather than corrective management. And that is being appreciated by most of our customers, and they are looking forward to such implementation from our side.

Pratik Dedhia: Second question, in terms of the Smart City, so just wanted to check, I think, a couple of quarters before you had mentioned good, healthy bid pipeline. So, do we have any nearby order announcement coming up for different Smart City project? And has any of them given you better margins as compared to the previous wins, something like a Pune Smart City?

Nehal Shah: So, yes, Pratik, thanks for the question. I think margin-wise, Pune is going to be a little better than the previous ones because it is the same team that we are utilizing for Phase-2 as well.

Coming to new order wins, there is a strong pipeline. There are a couple of smart cities, safe cities that we are bidding for, which should be concluded by September end. So, the next two months are going to be heavy bidding.

Generally, whenever the monsoon season is on, this is the time when the Government wants to give out orders so that as soon as the monsoon season is over, they can start implementing those projects in the city.

Generally, during the monsoon season, you do not get digging permission and stuff. That is the reason that this time is utilized for short-listing vendors, getting the RFPs is done, getting the budgets in place, and making sure that somebody is handed over the project by the end of September so that by October mid or October end, you can start implementing the project.

So, there are a good number of projects that are there in the pipeline. We will select the ones that we are keen on in a chronological order and then go ahead and acquire customers. That is the idea.

Pratik Dedhia: That's helpful. And last question from my end. Any update on the data center side in terms of how that business is getting traction or any new order wins around there?

Nehal Shah: So, Pratik, any Smart City wins that we have, we have a data center that we need to build. Even for the Pune Phase-2, we will be building up a brand new data center for them, wherein it will be a mix of on-premises and cloud. So, the traction there is pretty high.

Even the future cities that we are talking of, where we will have the surveillance done, the data centers will be a part of it. So, I think the traction there is very, very high.

Even from the Enterprise side, if you ask me, there are customers that are coming up where there is a possibility of doing migration from on-prem to cloud, or there are projects wherein we need to upgrade just your center and data center or migrate into a cloud one. So, the traction there is pretty high.

Pratik Dedhia: So, essentially you are getting outside of Smart City, also data center, managed services projects, right? Correct?

Nehal Shah:

Yes. You are right. In fact, we were doing that before also, but now it has come more into the forefront. Even if you look at, we are not only focused on smart cities. There was a couple of quarters back, we had also announced the first metro project that we had won for Chennai Metro. So, where we are doing surveillance for all the coaches of a metro, wherein there are 22 stations involved with about 800 or 900 cameras. I might be a little up and down on the camera count, but these are the kind of projects that are also opening up for us.

So, we are not only dependent on smart city, safe city. Even for that matter, for enterprise customers, wherever there are large factories, those also open up gates for doing complete physical security. So, whether it is a combination of CCTV cameras, access controls, boom barriers, and other stuff, those also become an indirect customer for us. And with the kind of implementation that we have done for safe cities, smart cities, those projects are comparatively easier to do, manage, and sometimes even better at margins.

R. Ramanathan:

Yes. And if I can add to this, see, the managed services is extending to the manufacturing floor now for OT managed services. And I think Nehal just referred to that. So, that is a growing opportunity because more and more Edge technologies and Edge AI is being integrated into devices on the manufacturing floor, whatever be the nature of manufacturing. And these need to be managed as well as these need to become smart or smarter in terms of the management so that we are able to analyze the data that comes in and are able to provide high quality of maintenance.

The second is, there are a number of GCCs which are coming up in our country and they have already come up. And again there, there is an opportunity for managed services for many of these large customers who are looking constantly at new ways of reducing their cost or managing their infrastructure as well as data centers better.

And third, of course, is the smart cities and large SI projects in the Government, which again give us a scope for not only developing a solution, but also managing the infrastructure subsequently as a service area.

Pratik Dedhia:

And one question on the reported numbers. With the change in auditor, do you see any further revisions upwards, downwards, going ahead, or that exercise has been done? And any internal controls

being implemented to ensure that such kind of revisions do not happen with the change in auditor, or why would it have happened? Any color on that would be helpful.

Gopal Tiwari: Yes, I will answer that. In fact, that change of auditor was not because of the choice. It was as per the regulator's requirement, because that earlier auditor was there with us for 10 years. That was the maximum term we can have. So, because of that, we had to change our auditors.

And new auditors, when they onboarded, and they did thorough checking, because earlier auditors were there with us for 10 years, so they did the thorough scrutiny and checking of the numbers. And they came out certain adjustments and corrections and reclassifications which were implemented to the extent I think it is a full extent it is done in the last quarter itself. Now, hardly anything is going to be there further. So, we are not going to see any such adjustments or any corrections in the near future so that everything has been taken care of in the last Q4 for FY '25.

Nehal Shah: Pratik, from the regulatory perspective, we have set of processes, systems, risk committee and all of it being made up even at the Board level. So, there are a lot of changes that we are doing the way we are going to be looking at our revenue and performing certain processes. So, those corrections are also done. And I think we have been lucky that those kind of corrections have happened at the stage that we are currently at so that when we grow in the next stage, we don't encounter any further hiccups.

Gopal Tiwari: Yes. A number of SOPs have been implemented, and control measures are being implemented. So, in process also. So, we are trying to be most compliant organization so far as this industry is concerned.

Moderator: Next question is from the line of Bhupendra Mantri, an individual investor. Please go ahead.

Bhupendra Mantri: Sir, thanks for accepting my question. I just want to answer whether American tariff is going to affect our export business or the out-of-India business?

Nehal Shah: So, thank you for the question, Bhupendra. Mostly, if you see, the American tariffs that has been given out is typically for the product exports that have been happening. So far, there is no tariff that has been implemented for service exports because it typically becomes a little challenging for them to realize where and actually how the services are happening, for which part of the world. So, I don't see that the tariffs are going to be affecting us directly.

Yes, there could be some kind of disruption when some of our customers who are getting affected because of these tariffs could in turn try to negotiate and reduce their spendings. And over and above that, if you look at us, most of our revenues that are coming in the global market are also coming because of our presence in the U.S. So, we are delivering in the U.S. from U.S. And a very small portion of our revenue goes as an export to the U.S.

Nitin Shah: We are a US-based Company.

Nehal Shah: So, it is a completely US-based Company with physical people there on the ground delivering services to our clients.

Moderator: Next follow-up question is from the line of Pratik Dedhia, an individual investor. Please proceed.

Pratik Dedhia: Thanks for the follow-up. So, just on what we discussed earlier in terms of the margins, any ballpark guidance on how much EBIT margin improvement could you see with everything that you are looking at in terms of AI, better Solution wins, and improving margins on the product side? This is more probably two, three years horizon that I am looking at.

R. Ramanathan: Yes, I think, I just want to highlight once again, our trajectory in Allied Digital is towards increasing Solutions business, Services business, and technology-driven or AI-driven Solutions and Services. Now, all of these would be towards increasing margins. And therefore, from the point of view of trajectory of solutions, services, and the quality of revenue that we will be targeting and winning in the quarters ahead, they should result in an increase in margins.

But at the same time, the nature of our business, as you are aware, large SI projects often have a requirement of initial delivery of products and equipment and so on and so forth before the services

revenue kicks in. So, you will see that odd quarter or that odd particular instance where you are going to have a boost in revenue but not a corresponding increase in the margin. That is the nature of our business. But overall, if you look at the absolute numbers in terms of EBITDA growth or on an annual level, the EBITDA margins, you will see an increase in all of them.

Pratik Dedhia: Any quantification possible? So, more on annual side, not looking from a quarterly perspective, I understand the business nature and it could be lumpy on the quarter side. But say 2, 3 years down the line, we are at roughly currently around 12%. Are we looking at around 15%-16% kind of margins?

R. Ramanathan: That would be our goal. That would be our goal. But I don't want to put a time frame or say an exacting time frame. But Nehal, you may be wanting to answer that also.

Nehal Shah: Yes. So, Pratik, three years down the line is a long period of time. If the way AI is going and is doing work easier for us, and if the way we are forecasting that it will help us in bettering our bottom line, if all of that happens, then yes, we can surely look at a higher number, maybe in the tune of 13%, 14% or even 15%. But it is too early for us. Probably as quarters pass in and the implementation that we have done as a pilot for some of our customers, we see how the realization is because there are still a lot of pros and cons, both for AI getting implemented.

We are right now in the auto-detection mode. We might also move to auto-remediation mode. If all of the things that we have planned and they fit in, then we see that there is a possibility of margins improving to quite a good number. So, it is probably a little too early to say, but yes, the constant endeavor is to make sure that we keep on improving our margins quarter-over-quarter.

Pratik Dedhia: This is helpful. And just on the AI side, so again, do you see the implementation of AI having any impact on workforce? So, this is more from a larger sector question because a lot of big tech companies are also looking at headcount reduction. So, just wanted some color on that.

Paresh Shah: Yes, so being a Services Company, that is one of the optimization where workforce reduction, in fact, that could happen. But as I

mentioned, you know, that has a direct also improvement on the margins.

At the same time, AI brings in a lot of opportunities for new projects, new solutions, okay, transformation, which is now pretty much in the center. So, what we see is a lot of new projects also being added which use as ease of work, optimization for other day-to-day initiatives for customers, customer relationship management solutions, HR solutions. So, we see that also as a big scope, not only on Services, but also on the Solution side.

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

Nehal Shah: Thank you for your participation and engagement in today's call. Should you have any other further questions or need additional details, please feel free to reach out to our team or CDR India. Thank you once again for your continued interest and support. We look forward to engaging with you again next quarter. Thanks.

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

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