

DATAMATICS

**“Datamatics Global Services Limited
Q2 FY '26 Earnings Conference Call”
October 31, 2025**

**MANAGEMENT: MR. ANKUSH AKAR – SENIOR VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER
MR. MITUL MEHTA – EXECUTIVE VICE PRESIDENT
AND CHIEF MARKETING OFFICER**

MODERATOR: MR. PRATIK JAGTAP – E& Y INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day, and welcome to Q2 and FY '26 Earnings Conference Call of Datamatics Global Services Limited. 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 this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Pratik Jagtap from E&Y Investor Relations. Thank you, and over to you, sir.

Pratik Jagtap: Thank you, Hina. Good afternoon to all the participants in the call today. Welcome to Q2 FY '26 Earnings Call of Datamatics Global Services Limited. The results and presentation have been already mailed to you, and it is also available on the website of the Datamatics. In case anyone has not received a copy of press release or presentation, please do write to us, and we will be happy to send you all.

Before we begin, please note that Mr. Rahul Kanodia, Vice Chairman and CEO, is unwell and will not be joining the call today. To take us through the results today and to answer your questions, we have with us the top management of the company represented by Ankush Akar, SVP and Chief Financial Officer, Mitul Mehta, EVP and Chief Marketing Officer. Ankush will start the call with brief overview of the quarter on business, followed by the financials. Then we will open the floor for Q&A session.

I would like to remind you that anything that is said on this call, which gives any outlook for the future, or which can be construed as a forward-looking statement must be viewed in conjunction with the risks and uncertainties that we face. These risks and uncertainties are included, but not limited to what we have mentioned in the prospectus filed with SEBI and subsequent annual reports, which you can find on our website.

With that said, I now hand over the call to Ankush. Over to you, Ankush.

Ankush Akar: Thanks, Pratik. A very warm welcome, and thank you all for joining our Q2 FY '26 Earnings Call. Hope you had a wonderful Diwali this year and wishing you a very prosperous new year. I will begin by sharing some key highlights from our quarterly performance, followed by financial updates. We will then open the floor for Q&A session.

We have continued our growth momentum from the previous quarter to Q2 FY '26, reporting revenue of Rs. 490.2 crores, an increase of 4.8% quarter-on-quarter. Our EBITDA stood at Rs. 88.8 crores, reflecting a substantial growth of 17% quarter-on-quarter with EBITDA margin at 18.1%. Our continued focus on operational efficiency, financial discipline and prudent cost management, along with a healthy quarter-on-quarter revenue growth has resulted in a strong improvement in profit margins. The quarter-on-quarter revenue growth for both Digital Technologies and Digital Operations was robust. As expected, Digital Experiences had a softer quarter as 2 of our clients transitioned work to their captive centers. Even so, we continue to sign

additional marquee logos like one of the largest American optical retailers and a global leader in digital media and experience solutions, which will scale in the coming quarters.

We are happy to share that Digital Technologies delivered an EBIT of 10.8% in Q2 FY '26, which has been the best performance over the last several quarters. We also had a healthy quarter-on-quarter margin improvement across Digital Operations and digital experiences. We are seeing the softness in the Western markets bottoming out and are having promising conversations with several prospects. We remain focused on sustaining the momentum while continuing to invest in emerging technologies and innovation. Going forward, we remain confident of maintaining our performance trajectory.

Now let me take you through the financial performance for the quarter and half year ending 30th September 2025. As mentioned earlier, our Q2 FY '26 revenue stood at Rs. 490.2 crores, reflecting a growth of 4.8% on a quarter-on-quarter basis and 20.5% on a year-on-year basis. We achieved strong results through our strategic focus on operational efficiency and cost optimization. Our EBITDA for the quarter stood at Rs. 88.8 crores, a growth of 17% on a quarter-on-quarter basis and 82.2% on a year-on-year basis. Our EBITDA margin for the quarter stood at 18.1%, reflecting an expansion of 613 basis points on year-on-year basis.

Our EBIT for the quarter stood at Rs. 68.9 crores which is up by 22.1% on quarter-on-quarter basis and 75.2% on a year-on-year basis. Our EBIT margin was at 14.1%, reflecting an expansion of 439 basis points on a year-on-year basis. Our PAT after noncontrolling interest for the quarter was at Rs. 63.2 crores, up by 25.5% on a quarter-on-quarter basis and 49.3% on a year-on-year basis. Our PAT margin stood at 12.5%. EPS for the quarter stood at Rs. 10.7 per share, reflecting a growth of 25.5% on a quarter-on-quarter basis and 49.1% on a year-on-year basis.

In terms of segment, our Digital Technologies revenue for the quarter stood at Rs. 153.1 crores, which is up by 6.1% on quarter-on-quarter basis. Digital Technologies EBIT margin was at 10.8% for the quarter, reflecting an expansion of 388 basis points on quarter-on-quarter basis. Digital operations revenue for the quarter stood at Rs. 272.5 crores, which is up by 6.6% on a quarter-on-quarter basis. Digital Operations EBIT was at 16.7% for the quarter, reflecting an expansion of 29 basis points on a quarter-on-quarter basis. Digital Experiences revenue stood at Rs. 64.6 crores, a decline by 4.4% on a quarter-on-quarter basis. Digital Experiences EBIT margin was at 10.8% for the quarter, reflecting an expansion of 402 basis points on a quarter-on-quarter basis.

In terms of geographical footprint, the U.S. remains our largest geography, contributing to 56% of our business, followed by U.K. and Europe at 21%, India at 15% and ROW at 8%. Our client concentration remains very healthy with top 5, 10 and 20 clients contributing to 26%, 39% and 52%, respectively.

Talking about half year ending 30th September 2025, our revenue stood at Rs. 957.8 crores, reflecting a growth of 19.6% on a year-on-year basis. Our EBIT for the half year stood at Rs. 125.4 crores, a growth of 53% on a year-on-year basis. Our EBIT margin for the half year was at 13.1%, reflecting an expansion of 285 basis points on a year-on-year basis.

We continue to maintain a healthy balance sheet. As on 30th September 2025, our net cash and investments net of debt stood at Rs. 509.4 crores. Our billed DSO was at 55 days as of 30th September 2025 as compared to 57 days as of March 2025.

With this, I will now pass on the call to operator to open the floor for questions. Thank you for your continued interest in Datamatics.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Shruti Gulati, an Individual Investor.

Shruti Gulati: First of all, I would like to congratulate the management for gaining such good numbers. Sir, I have one question. Actually, I'm curious to know about the broader picture for the company as AI is coming in a big way and going to replace the human manpower. So what are the perspectives for the future, can you guide me for that? And can you throw some light on this thing?

Ankush Akar: Yes. Thanks, Shruti. So we, as we have highlighted earlier as well, we continue to invest in innovative new technologies every year, anywhere between Rs. 40 crores to Rs. 50 crores, we invest in those innovations every year. And it's been, last couple of years, if we look at it with the advent of Gen AI and the amount of investment which has gone into the AI space, the changes are coming very fast. I think our company is pretty much equipped enough in terms of handling all those new changes which are coming in. We continue to show a strong growth. We continue to work with our customers to provide them the solution, helping them solve the business problems. I would request Mitul to add on to this, Mitul?

Mitul Mehta: Thanks, Ankush. So Shruti, AI is extremely powerful technology. We can see a lot more that can be done using AI. Nevertheless, of course, it is still at a nascent stage in terms of adoption. A lot of enterprises are doing proof of concepts and testing out AI in their various corners of the business. Some have already also brought into mainstream. So overall, as a technology, it's extremely promising. Datamatics is also extremely bullish on this technology, and we are investing, as Ankush mentioned, and that's the future. We have good partnerships with marquee companies like Microsoft, Google, who are pioneers and leaders in this technology. So net-net, this definitely holds a lot of potential, and we are looking towards it.

Shruti Gulati: As everybody knows, it's a big boom in AI in the U.S. So other companies are also under threat of all these things. What is the better perspective you will give for coming 4/5 years? Is Indian IT under threat?

Mitul Mehta: So AI as a technology is very powerful. It will definitely change the business models, not just for us but everybody in this industry. It will change business models. But definitely, while this change is happening, we will not be sitting back, and we will also be part of that change.

As you are aware, Datamatics is about 50-year-old company, and we have seen multiple waves of these technology changes. So we are fairly confident that we will be able to move with the technology.

- Shruti Gulati:** So India is also planning its own AI tools rather than we are borrowing from the other countries or we will purchase from them. India is also innovating their own, like we are also doing that?
- Mitul Mehta:** There are 2 types of AI. One is whether you are a company like OpenAI or Google who have their own large language models. To best of my knowledge, we are, as a country, I'm not sure what is happening at that level. We still see Google and Microsoft, especially in the enterprise side, which we work in, they are focused on. And we are more service providers of building solutions on top of AI. And that is where we are, that's where we play in that segment.
- Shruti Gulati:** Please share what is the plan to increase our ROE?
- Ankush Akar:** We continue to look at in terms of, as I highlighted, prudent financial management. We are looking at cost very categorically. So cost optimization is something which is there as well as the growth. So as we grow, as we have a sustainable profitable growth, you will continue to see our ROE also improving. Rather, if you actually look at as of September, our ROE will be somewhere around 16%. So it's on the improvement track.
- Shruti Gulati:** Okay. Are we doing any acquisitions for them?
- Ankush Akar:** Last year, we did 2 acquisitions already, Dextara and TNQTech. As of now, while we continue to have a lot of discussions, there is nothing in the pipeline, which I can talk about, but we continue to explore new targets.
- Moderator:** The next question comes from the line of Yajat Shah from Family Office.
- Yajat Shah:** Congratulations on a good set of numbers. Just had a question. What is our current expense or loss on the AI front? Can you break it down for this quarter and the half year?
- Ankush Akar:** So, as we continue to highlight in terms of every year, we invest in the newer technologies, including AI, anywhere between Rs. 40 crores to Rs. 50 crores are annualized spend that we do on this front. I would not say it's a loss, but it's an investment which is there for the future growth prospects as well as the benefits that we can reap from that. And that's, we continue to do it in the future as well.
- Yajat Shah:** So, this year also, will it be Rs. 40 crores, Rs. 50 crores, can you break it down in a half year or a quarterly perspective?
- Ankush Akar:** For the full year, we will be in the similar range of Rs. 40 crores to Rs. 50 crores. We will continue to invest it. We don't see any reduction as of now in that budget that we have kept for future investments.
- Yajat Shah:** Okay. And so far, half of it has already been done or is there a capex figure?
- Ankush Akar:** Yes.
- Moderator:** The next question comes from the line of Subhankar Ojha from SKS Capital.

- Subhankar Ojha:** For H1, you had a growth of 19%. How much of that is organic and how much is inorganic of it?
- Ankush Akar:** See, Subhankar, when we acquired TNQTech, which was last year December end basically 1st of Jan when we acquired, it's around Rs. 73-74 crores is the run rate that was there. Additional to that is all organic growth, which is there, which we have been doing. So even quarter-on-quarter, if you look at it, our growth is 4.8%, so which is all organic. Now all acquisitions are integrated.
- Subhankar Ojha:** Okay. Great. So, if I remember, quarter 1 end, we had talked about a mid-single-digit sort of a growth guidance for the financial year '26, but I think we've done better than that actually. Are we still maintaining that mid-single-digit sort of organic growth or we are confident about a better growth for the rest of the financial year?
- Ankush Akar:** So, what we spoke about is organically, we will be doing mid-single digit, including the acquisition we did last year, which you have seen the Q4 numbers was reflective of that. We will be closing around mid-teens kind of growth, which is what we see anyway, the quarter-on-quarter, year-on-year growth we see right now. So, we will be in the mid-teens for the full year level, Subhankar.
- Subhankar Ojha:** Great. And in terms of the margin, you had a very strong EBITDA margin this quarter. And what is it that you will attribute this margin to? And what is the sustainable margin for this year and the coming year?
- Ankush Akar:** I think we highlighted even 4, 5 quarters back when we have seen a quarter where our profitability was down. We highlighted that we are continuing to focus on a strategic basis to look at in terms of how we can drive the operational efficiencies, the cost optimization. And those efforts are paying off as we see every quarter, we see an improvement on a quarter-on-quarter basis, and we are fairly confident to sustain the momentum.
- Subhankar Ojha:** Okay. So, 18% sort of margin is sustainable. And you did talk about some ROE aspiration. I couldn't catch that number. I think you did talk about some ROE aspiration that you have.
- Ankush Akar:** No, we have not talked about any aspirations from an ROE perspective. But what we just highlighted right now is in terms of, as of September, our ROE is around 16%. So that's what we highlighted.
- Moderator:** The next question comes from the line of Bharat Gulati from Dalal & Broacha Stock Broking.
- Bharat Gulati:** I just want to clarify that what would our revenue from our AI products be for this quarter?
- Ankush Akar:** We don't separately carve out and share the information about the AI product specific revenue. But what you look at is in terms of the Digital Technologies revenue including that product revenue, which is there as well. And we have a healthy quarter from a Digital Technologies perspective. Our quarter-on-quarter revenue growth is 6.1% for Digital Technologies.
- Bharat Gulati:** So a majority of that growth would be attributed to our products?

- Ankush Akar:** It's a mixed bag. Even products go as part of our overall solution. So, carving out may not be relevant.
- Bharat Gulati:** So, I'm trying to understand that if margins have, I mean, almost gone up by 400 basis points, is that attributable because product revenue has shot up? Or is that a mix of our deals also having better margins now?
- Ankush Akar:** No, it's a mix of deals, operational efficiencies, and the cost optimization that we were driving. It's a complete mix of those things, which is why we see improvement. That's where you see quarter-on-quarter, the Digital Technologies margin has improved.
- Bharat Gulati:** Yes. I mean, just to understand, so are these margins in all 3 verticals going to be sustainable? Or are we going to see a slight dip? Or is it going to increase even further?
- Ankush Akar:** Our efforts are to basically continue to improve the profitability further. We may see some softness in the Digital Experience space. As we highlighted even during the last call as well, we expect one of our customers to transition sometime by end of December. We continue to look at in terms of optimizing the efforts, the Digital Technologies and Digital Operations, we are fairly confident of sustaining and improving the profitability. Digital Experiences might see a short-term challenges and softness, but we are confident we will turn around that as well.
- Bharat Gulati:** Got it, sir. And just to understand, so we have about Rs. 500-odd crores of cash, and we have pretty good cash flows as well. So I mean, just to understand, are we planning to do any acquisition this year? I understand that you said earlier that you are looking out, but is there a plan this year to acquire and continue inorganically growing?
- Ankush Akar:** We basically look at in terms of the right target or candidate. If we find it, we may do it. But as of now, there's nothing in the pipeline. We will continue to explore and see how we can utilize it better.
- Moderator:** The next question comes from the line of Grishma Shah from Envision Capital.
- Grishma Shah:** As observed from your presentation, the Digital Operations division continues to do reasonably well. I'm talking about year-on-year, that should be primarily because we've done the acquisition. But the other 2 segments continue to see reasonable softness on a year-on-year basis. So, how does the second half look like for us?
- Ankush Akar:** As I highlighted in terms of full-year perspective, we are still maintaining a mid-teen kind of growth, including acquisition or mid-single-digit growth from an organic basis. The growth will be coming across board from Digital Operations and Digital Technologies. And, in Digital Experiences we may see some softness, as I highlighted earlier already.
- And there were challenges that we have seen in the Digital Technologies space, where we have seen some reduction. But right now, we are fairly confident in terms of the way things are changing and in the Western markets, at least the softness and the slowness that we have seen in the past seems to be bottoming out. So we may see the positive outcome in the near future.

- Grishma Shah:** Okay. And how has Dextara performed on a year-on-year basis? I'm sure you're not giving numbers, but at least if you could tell us that is it growing rapidly as it used to before we acquired it?
- Ankush Akar:** So, it's been going good. We have integrated it fully. What we are seeing is in terms of the positive traction across our customers, the deal sizes are also increasing now. So it's going good overall.
- Grishma Shah:** Okay. So, you don't see any customer challenges in Digital Technologies division going ahead? It's only experiences that would see some challenges, right?
- Ankush Akar:** In Digital Experiences, that too only one customer decided to transition out to its captive. That is the only challenge. Otherwise, from a delivery perspective, we don't see any challenges.
- Grishma Shah:** Okay. And I see the margin improvement in Digital Experiences on a sequential basis. So, I'm assuming a lot of pain has settled down?
- Ankush Akar:** Yes. But we still expect that the one customer transitioning out is in quarter 3. So, we may see some blips here and there, but we are closely watching. And we will try to mitigate any risk which is there.
- Moderator:** The next question comes from the line of Sumukh from Korman Capital.
- Sumukh:** Congratulations on great numbers. Sir, my question is more on the industry. So, when we see the IT services industry, right, we have a few companies that the EBITDA margin of IT services varying from 15% to 25%. So, what could be the contributor to this high range of EBITDA margins across like, is it the geographic mix or vertical mix, or Tier 1, Tier 2 employee mix?
- Ankush Akar:** So there are multiple things which are there. If you look at the Tier 1s like TCS and Infosys, their operating margin is anywhere between 23% to 25%. And when it comes to mid-tier companies, on an average, it will be around 14% to 15% kind of EBIT margin, which will be there, where some of them might be commanding 17% to 18%, some will be in the lower range. But average is around 14% to 15% of EBIT which is there. And it is largely to do with in terms of the kind of mix which is there, the pricing that one can command, the kind of utilization, which is there, kind of deals which are there. So there are multiple different reasons which are there.
- Some of the things will be with respect to the shore mix which is there, the utilization, what they can drive, the kind of investments which they are making in the future, as well defines the kind of margins they are maintaining. As highlighted, we basically spend anywhere between Rs. 40 crores to Rs. 50 crores every year, which goes through the P&L. So it's not capitalized, it's a hit to the P&L.
- Sumukh:** Okay, sir. Got it. And one more thing. So this Rs. 40 crores to Rs. 50 crores that you guys are investing. So any light on that, like where are you guys investing this? And are you building a tool or a product for any specific use case for your client, or any light on that, sir?

- Mitul Mehta:** We are investing this money in more emerging technology right now, it's AI. And what we are doing one is we are experimenting in how we can build in excellence in operations. We can use built-in accelerators, platforms. We add them in our products and so on and so forth. So it basically is used across all the lines of businesses. So that's where we are currently investing.
- Sumukh:** Can you give an example of the use case of how this can help your client, or anything that you guys are working on currently?
- Mitul Mehta:** So, for example, we are building accelerators for Digital Technologies, which help speed up the entire application development, testing, those are the ones, which are all Gen AI-based. FINATO, which is our finance transformation platform. So we are using AI in that platform to speed up and more accurately process payments, orders, make payments, and so on and so forth.
- Similarly, in customer experience, we are augmenting our agents with AI agents, which would enable them to do a faster turnaround time of resolution, which is TAT, and so forth.
- Sumukh:** Okay. Got it. So my guess is you guys choose products from Microsoft, like Copilot or Gemini from Google, and build your tools on top of these LLMs. Is that correct?
- Mitul Mehta:** Right. So we use the core AI from Microsoft, from Google, and also various open sources which are there in the market. So there are many LLMs. So, depending on what's the best fit, that's what we do, and we build our solutions on top of that.
- Moderator:** The next question comes from the line of Atul from Sunidhi Securities.
- Atul:** Sir, congratulations on good set of numbers. Sir, my question is on the AI projects which we have delivered in this quarter. So basically, we have mentioned in our PPT that we have developed some SLM in partnership with Microsoft. So if you could, sir, give us some idea that what type of projects we have developed and who are the clients? And if you could give some overview on that part, that will help us to understand the projects which we are dealing in.
- Mitul Mehta:** So we can't give details of clients and projects because we are under NDA with most of our clients. But to answer, of course, while the industry is looking at AI to further automate and bring them into their operations, we are doing a lot of POCs that require LLMs and SLMs to be built on top of it and test it out in the market. And once if it is proven to be done, it further goes into production. But unfortunately, because of our NDAs, we will not be able to get any more details or specifics on that.
- Moderator:** The next question comes from the line, Dhanshree Jadhav from Choice Institution Equities.
- Dhanshree Jadhav:** Yes. So my question, first question was with regards to digital experience, wherein we are seeing this client transition happening in third quarter. So, if you can throw some more insight to this client about the transition of captive. And when should we see a recovery? I mean, excluding this client, how should we see this business growing in coming quarters?
- Second question is on, we have cited about cost optimization and other factors, which is helping the margin expansion, very strong margin expansion across the 3 segments we have witnessed.

But any other qualitative aspects in terms of pricing to it or AI-led levers to the margins? So that would be helpful.

And lastly, the double-digit growth that we expect, I mean, you have said overall growth should be in mid-teens for FY '26. So if you can give some picture on how should we see our growth even beyond that? So what are the areas, categorically we are looking to scale our growth ahead going forward? So yes, these are the 3 questions?

Ankush Akar:

So first thing what you asked with respect to Digital Experiences. So this has nothing to do from a quality perspective. I think the customers were having their captives and they decided to move to the captives. So that was one reason why they basically have gone. We are fairly confident and looking at it in terms of how we can backfill those losses that are there. So at least in the coming future, continue to sign up new deals with marquee logos. I highlighted this during our commentary as well. So we continue to sign up new logos, expand among the existing customers as well. So we will be able to recover it in the next few quarters, and any losses that are there from that perspective.

From a cost optimization perspective, again, what I highlighted since last 4 quarters, we have been looking at it strategically in terms of how we can drive the operational efficiencies, how we can optimize the cost, have a lean cost structure. And that is something which has been helping us in terms of driving the kind of numbers that we see from a profitability perspective. It's been a strategic initiative that is being driven by the leadership team, looking at each cost elements, looking at in terms of how we can drive the operational efficiencies, how are we pricing our deals as well? It's something that we are looking at kind of margins that we maintain, which is helping us across board.

From a growth perspective, now again, what I highlighted is in terms of including the acquisitions, we will be able to maintain mid-teens kind of growth. From an organic perspective, it will be mid-single-digit kind of growth that we will see. What I have highlighted earlier in terms of the Western market, the U.S. and European market, which is there, we see that the softness that we have seen from the last few quarters is bottoming out, and we may be able to see a positive outcome in the near future. So we are hopeful of seeing a positive traction with our customers.

Moderator:

The next question comes from the line of Rahil from Sapphire Capital.

Rahil:

Yes. Sir, revisiting the discussion on the investment front, which you have repeatedly mentioned during the call of Rs. 40 crores to Rs. 50 crores annually. So firstly, what I want to know is how long has this been going on for this particular figure? And is this to be treated or considered as a capex, let's say, for example, a manufacturing firm does, let's say, they are setting up a capacity and then it gives a certain asset turn. Or is this something which is just like a general expense for this kind of a business? So what I'm trying to understand is, let's say, you've been doing this Rs. 40 crores to Rs. 50 crores annual expense for the past 3 years. And now from year 4 or year 5, it will give us a certain kind of boom in our growth trajectory because we're still kind of guiding for mid-teens kind of growth. So I'm trying to understand that these investments in AI will lead to 25% plus growth for the coming 3 years. Just your outlook on that?

Ankush Akar: So the investment is something which is must for our kind of organization, specifically the IT, the technology is going through a rapid change. And if we don't invest in the new innovations, new technologies, we may not stay relevant. So to stay relevant, we have to continue to invest in the business. And that is something that we have been doing from last few years. This is something we, as an organization has decided not to capitalize. We basically continue to expense it out every year. And that's something which has been, we have been highlighting for at least a couple of years, that we expense it out. We don't capitalize these expenses.

Rahil: Okay. So let's say, if Datamatics wants to grow 25% plus in the next 3 years or maybe at some point, what needs to be done? Are these investments not enough? So if there is some other strategy which you can lay out for us?

Ankush Akar: So strategically, what we have been doing is in terms of there are multi levels that we are looking at, okay? If you have gone through our presentation as well, what we have been looking at is in terms of one from the U.S. and European geography. We have been specifically focused on those geographies. We have invested in the sales team in those geographies, strengthening it, making sure that we have the right people to drive the growth across customers. That is one thing that we have been doing it.

The second is in terms of from an AI and the technological innovation investments, which we continue to do. We have been doing it every year. We have quite a few products which are there in the AI space, TruBot, TruCap+, TruAI, TruDiscovery, which are there, which we basically go back to our customers to showcase the value in terms of the kind of business problems, solutions that we can give and how we can drive the benefit to them.

Another thing which is there that we are specifically focused on driving the industry-specific solutions. So, we are basically focused on the key industries which are there, where we are looking at in terms of how we can drive the cross-sell, upsell benefits. We have the hyperscalers. We are partnering with Microsoft, Google, Salesforce, so that should help us in the near future in terms of getting the growth.

Rahil: So, given the current ground scenario, for a company like us in this industry, and you're seeing traction is coming from customers and the way you invest in U.S. and Europe, given our position, is a 25% or 30% kind of growth possible at this moment or still way ahead of us?

Ankush Akar: See, I would not put it in terms of that 25%, 30% is possible or not possible. We, as a management team, continue to work in terms of how we can maximize the value. So, from a revenue maximization and profit maximization perspective, we continue to work. And we may see the positive outcome in the near future.

Moderator: The next question comes from the line of Srinivasu from TIA.

Srinivasu: Congratulation for the great set of Q2 numbers. My question is about the industry overview of Agentic Workflows. If you see the global orchestration players like ServiceNow, Pega, Salesforce are talking very big about the workflows and adoption across industries. So that generally spins over to services companies like Datamatics, you have a moat in TruCap+,

FINATO, where you are already build products towards this. So, are you seeing more packages to sell bigger deal sizes? Are you able to cross-sell? So, are you seeing these kind of trends?

Mitul Mehta: So, Agentic is definitely a very, very promising technology where autonomous agents would make decisions and will automate things faster. So that was one part. Second, as I had mentioned in one of the earlier responses, we are fairly bullish about AI as a technology and what capability it would bring to the table. And Agentic is one part of it. Going forward, we definitely are integrating AI into all our solutions, products, services and it is going to be an imperative for any organization in this business. to adopt AI. So, the short answer is, yes, even customers are looking for it, and we are there to service that need.

Srinivasu: So currently, you are serving traditional workflows than Agentic workflows. That's what you're trying to say and you are trying to address this as well.

Mitul Mehta: Correct. So, it is a transition thing because you can't overnight move into Agentic workflows because Agentic workflows also would need a large amount of data sets and various compliance. So, there are multiple factors which will allow Agentic workflows to involve or not, which, of course, means customers should be open to that, number one.

Number two is the industry which they work in should be compliant. If it's a compliance-driven industry, then what are the government rules and regulations around it. So, there are multiple factors external to just the technology. And that we have to be cognizant of that fact that whether it will allow us to do it. Wherever possible, definitely, we plan to deploy that.

Moderator: The next question comes from the line of Yajat Shah from Family Office.

Yajat Shah: Just wanted to ask the current revenue of our recent acquisitions, like TNQTech and Lumina, like what was it for this quarter? And what was the EBITDA margin as well? Like are we integrated with the synergies that we were talking about a few quarters ago?

Ankush Akar: So, we don't report those numbers separately as of now. And TNQTech when we acquired, what we highlighted, it was anywhere around Rs. 273 crores is the revenue number, which was there. We continue to integrate it well. They are showing good traction, good results as well.

Yajat Shah: Can we have a figure, if you don't mind? That, if possible?

Ankush Akar: See, it's part of my Digital Operations. So, you can look at the overall Digital Operations. We close to Rs. 272 crores of revenue this quarter.

Yajat Shah: Okay. And just one more question. It was already high-margin business. So, like with the synergies and integration, like is there even higher margin possible?

Ankush Akar: We are maintaining the similar kind of margins, which used to be there.

Moderator: The next question comes from the line of Bimal Parekh from Sunidhi.

Bimal Parekh: Congratulations for a great set of numbers. Most of my questions have been answered on the research side, the R&D, which we do around Rs. 40 crores to Rs. 50 crores, which we spend

every year. I just wanted to know that under which particular division do we consider it as a cost?

Ankush Akar: So, it is basically largely into the Digital Technology space, which is there.

Bimal Parekh: Okay. So typically, that means that our EBITDA would have been higher by Rs. 20 crores if we would have not, if you would have capitalized it, right?

Ankush Akar: Yes.

Bimal Parekh: So, the margins would have expanded to that extent?

Ankush Akar: Yes, sir.

Bimal Parekh: Okay. On the other thing, which I just wanted to understand from you is that what kind of ROIs are the customers getting when they are adopting AI, which you all implement? So just a ballpark number or an average number, if you could give us some understanding how AI is changing the landscape for customers?

Mitul Mehta: I don't think there's a definite answer to this one, but let me try and answer that. So, one is a lot of customers are right now in the early stages of adoption, POCs. They are looking at what further automation AI can bring to them, number one.

Number two is ROI is also subject to the scale and the complexity of the process or of technology, what they are adopting. So, it is not a very straightforward answer that this is the kind of ROI they are getting. A lot of times, like ROI is not just a cost-based ROI, but it's an opportunity-based ROI, where enterprises, we've seen are able to do things much faster, and therefore, their turnaround time is better to their customers, which bring in a different kind of customer delight.

Also, we've experienced with one of our credit rating customers where because of AI, they were able to launch a completely new set of offering which earlier was not possible. So, every industry, every customer has its own way of calculating an ROI. So, I don't know whether that answers your question,

Bimal Parekh: Mitul, but that's is this definitely helping customers? I mean they would be measuring it to something in their operations to understand whether the other divisions need to go for AI adoption or not?

Mitul Mehta: That's also a very, very good question. So, one of the things which of course, there is a peak of expectation of AI in the market. People think that AI is a magic wand, and everything can be done through AI. However, whenever we consult our customers, we always tell them that you have to be very selective of where AI can be useful, where AI cannot be useful.

For example, things which are scalable and not that complicated, that should be the first places where you should bring in AI and transform where the data sets are available and so on and so forth versus you take the most complex case in your enterprise and try to solve that with AI, that may not be the best candidate for it.

So that part of consulting is something which we give to our customers. And that's what also helps them to get the right set of success and ROI and set a right expectation within the organization. So that's where we are.

Moderator: Thank you so much. As there are no further questions, I would now like to hand the conference over to management for closing comments.

Ankush Akar: Thank you, everyone, for being on the call with us today. Once again, we wish you a very happy Diwali and look forward to meeting you in the next quarter. Thank you.

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

Note: This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.