"3i Infotech Limited
Q4 FY26 Earnings Conference Call"
May 11, 2026

MANAGEMENT: MR. RAJ AHUJA – GROUP CEO

Moderator: Ladies and gentlemen, good day, and welcome to the 3I Infotech Quarter 4 - FY26 earnings call. Before we begin, a few quick announcements for the attendees. Anything said on this call which reflects outlook for the future, or which could be construed as a forward-looking statement, may involve risk and uncertainties. Such statements or comments are not guarantees of future performance, and actual results may differ from those statements. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the opening remarks conclude. If you wish to ask a question, please use the raise hand feature available on your Zoom dashboard. We will announce your name on the call and unmute your line, post which you can proceed with your questions. Please note that this conference is being recorded. To take us through the results today, and to answer your questions, we have the top management of 3i Infotech Limited, represented by Mr. Raj Ahuja, Group CEO, and Mr. Kalpesh Shah, CFO. Mr. Ahuja will start the call with business update. After that, we will open the floor for Q&A session. With that said, I will now hand over the call to Mr. Ahuja. Over to you, sir.

Raj Ahuja: Thanks, Upanshi. Good afternoon everyone and thank you for joining us on the Q4 FY26 Earnings Call. After a brief pause in our Investor engagements, I am pleased to reconnect with you all today. Over this period our focus was on restructuring the organisation, strengthening our structure and building foundation for the next phase of growth. We deliberately chose to return to this forum once we have meaningful progress to share and I believe today reflects that progress.

The structure of my communication is simple. I will begin with the financial highlights for Q4 and Full Year FY26, followed by business updates across our three lines of business, a progress report on key strategic initiatives, and finally our Outlook and priorities for FY27 followed by Q&A sessions at the end.

Financial performance to start with - for Q4 FY26, we reported revenue of ₹175.7 crore, reflecting sequential growth reflecting a 2.1% increase from ₹172.1 crore in Q3 FY26. EBITDA increased to ₹12.0 crore in Q4 FY26 from ₹11.4 crore in Q3 FY26, reflecting a 5.9% QoQ growth, with Gross Margin % increase to 12.6% in Q4 FY26, compared to 10.8% in Q3 FY26. marking our sixth consecutive quarter of PAT profitability. This trajectory reflects disciplined execution and sustained effort of the entire team at 3i-infotech.

For the full year FY26, revenue stood at ₹693.3 crore. As I address our investors today, I want to acknowledge that revenues remained largely range-bound through most of the year, particularly Q1 to Q3, reflecting a period of measured business momentum across key segments.

Despite this, AAA continued to anchor the business through strong client renewals, new logo additions, and a CoE-led approach across application modernization, analytics, ERP, and AI-driven solutions. Infrastructure Services delivered stable margins, strong account retention, and growth across cloud, cybersecurity, hybrid infrastructure, and AI-driven operations, while also expanding dedicated CoE capabilities. BPS is undergoing a strategic repositioning from an India-focused BFSI model to a digital-first, AI-led transformation business targeting new geographies and sectors. Across the organization, AI is now being embedded horizontally to drive scalability, productivity, and long-term growth.

Meanwhile, in terms of geographical footprint, the U.S. emerged as 3i Infotech's largest market, accounting for 49% of total revenue in FY26, with revenue in the region growing by 19.0% YoY. India accounted for 40% of the total revenue.

For the full financial year, the company reported EBITDA of ₹72.0 crore in FY26, as against ₹47.0 crore in FY25, registering a robust 53.3% YoY growth. Reflecting enhanced operational efficiency, the company's EBITDA margin improved to 10.4% in FY26, compared to 6.5% in FY25.

We continue to maintain a debt-free balance sheet. Our DSO performance has shown consistent improvement from 65 days in FY25 to 55 days in FY26, reflecting strong working capital discipline across the organization. Not only that, but our voluntary attrition rate has been dropping consistently from 11.8% in Q4FY25 to 7.3% in Q4FY26 which is a reflection of the stability, culture and commitment that we have built within the organization and something we take immense pride in as a team.

The successful completion of the Rights Issue in FY26, marked a key milestone in strengthening the company's financial position and future growth readiness. The proceeds are being utilised to strengthen working capital and support strategic business growth & operational initiatives.

The E-Mudhra and RailTel matters are progressing well. In the E-Mudhra matter, statements were recorded during Q4 FY26, while in the RailTel matter, the arbitration panel has been constituted, and the statement of claim has been filed. The company will continue to pursue both matters towards a positive outcome.

Coming to our first line of business, AAA which stands for Application, Automation and Analytics continues to remain the anchor of our business, contributing approximately 71% of total revenues. We achieved a 90% renewal rate, added 60 new logos reflecting the strength of our client relationships and the sustained relevance of our capabilities in the market. Our CoE-led approach, with AI embedded across practices, is strengthening our positioning and creating stronger differentiation in client engagements & strategic conversations.

Now coming to Infrastructure Services, the business delivered a contribution of 20% of total revenues for the year, supported by a 98% renewal rate across key accounts. In FY26, we added 9 new logos and expanded large accounts across Infrastructure Management, Data Centre Modernization, Hybrid Cloud, and AI-driven Operations. We have implemented continuous improvement programs across key engagements, helping streamline operations, enhance technology, and deliver measurable value to our clients. We have also started building dedicated CoE capabilities across Cloud, Cybersecurity, AI Ops, and Digital Workplace solutions by structured 'Go to Market' initiatives across India, US & Middle East. Our focus still remains firmly on the cloud opportunities, growing data centre growth ecosystem, cyber security and managed services in India and global markets, and we are moving ahead with confidence and positive momentum.

Turning to BPS, this is the segment where we believe the maximum transformation opportunity exists. The business closed the year at 9% of the total revenue for the year with 10 new logos, below our internal expectations, due to structural headwinds. We have been servicing mainly BFSI customers in India in this segment. This business model has been under stress due to regular changes and tightening of outsourcing guidelines across BFSI regulators and also, due to more automation and AI initiatives across processes especially customer onboarding and servicing.

However, the strategy for this business has now fundamentally evolved. We are no longer positioning ourselves only as an India focused-BFSI BPS player. Our focus is actively expanding towards opportunities in the US and Middle East, while also diversifying into sectors such as, Finance, HR, Manufacturing, Healthcare, Retail, Telco & Govt. The larger objective is to reposition 3i as a global digital-first, AI-led transformation BPS partner.

Execution is already underway through the rollout of the CoEs, supported by a dedicated delivery and sales team. While the revenue of these initiatives may take a few quarters to reflect, I believe the foundation work is being built in the right direction.

Most importantly, AI enablement is now becoming horizontal across the organization rather than practice specific. We are embedding AI into delivery frameworks, operational processes, and client solutions, which we believe will progressively drive higher scalability, improved productivity, and stronger margin performance over time.

Several strategic initiatives undertaken in FY26 that may not yet be fully reflected in the revenue line but are expected to play a significant role in FY27. A key milestone was the formal internal launch of our CoE framework across all three business lines in Dec 2025, creating scalable, revenue-generating and margin-accretive delivery models to be fully operational by the end of Q2 FY27.

On the business front, we have further strengthened our leadership team across India, Middle East and US, with key additions spanning business leadership, business development, pre-sales, partnerships, and AI/ML capabilities enhancing our sales and presales capabilities and a sharper KRA driven accountability framework. These appointments significantly enhance our execution strength and deepen our domain expertise across markets, while reinforcing our focus on driving growth, strengthening client engagement, and scaling emerging technology capabilities, including AI-led transformation.

Our US subsidiary has been onboarded into SAP partnership ecosystem with a focus on SAP cloud ERP solutions which will help us to enhance values to our customers. We will leverage SAP's technology framework to strengthen our service delivery capabilities and accelerate outcomes for clients across industries, particularly in areas of enterprise resource planning, data-driven decision-making, and cloud adoption.

While we still are in the process of filling up some critical senior positions, under my direct leadership, the strengthened new leadership bench will be instrumental in accelerating our next phase of growth as we move into FY27. We are also building strategic OEM and technology partnerships across AI, IoT, and cybersecurity for joint go-to-market. Importantly, these are already operational, and we have begun publishing order wins to the exchanges to improve visibility and business momentum.

Geographically, India and the US continue to remain our core markets, while the Middle East has emerged as a key growth focus under dedicated new regional leadership. We are also evaluating expansion opportunities in Canada and East Africa. In parallel, entity restructuring initiatives, including US restructuring, KSA and Netherlands closures, and the India merger are progressing steadily, supported by stronger governance frameworks and structured reporting mechanisms across the organization.

On leadership and governance – Both the Board and management structure has evolved structurally over the last year creating a stronger and more stable leadership framework in place with succession planning underway, with deeper operating expertise, clearer accountability, and better alignment across strategic priorities; creating a stronger foundation for execution as we scale into the next phase of growth.

This was all about the past one year. Now, as we head into FY27, profitability is no longer the question for us as we have already established a more consistent profitability trajectory. Our focus now is firmly on accelerating revenue growth while maintaining margin discipline. Our FY27 strategy is structured around "SIX P" pillars – People, Process, Productivity, Platform, Partnering and Profitability – each driven through defined ownership, timelines, and review mechanisms.

This is the most structured operating plan we have created to date, and I am personally driving execution against it. While our strong presence in the BFSI sector continues to remain a key growth driver, we are also witnessing increasing traction across sectors like Healthcare, Retail, Manufacturing, Education, Energy and Government as further strengthening our growth outlook as well.

On the revenue front, we expect a meaningful step-up in FY27 – driven by stronger sales execution, CoE-led deal momentum, expansion across US and Middle East and gradual impact of our BPS repositioning from Q2 onwards. While we are not providing a specific number at this stage, we remain confident that FY27 will be a growth year for 3i, backed by a significantly stronger foundation than we had built for a year now.

In summary, FY26 was a year of building strong foundation, and was not about any one Business or function. As we move forward, our CoE-led approach, combined with AI-driven capabilities and new-age technologies, will play a critical role in how we differentiate ourselves in the market. It is about how we operate collectively as one organization.

I also believe the leadership team structure is stronger and better aligned for execution. As we step into FY27, we do so with greater confidence, stronger execution capability, and a clear vision for the road ahead.

I would like to thank our shareholders, clients, partners, and the employees of 3i for their continued trust and commitment. I also want to acknowledge our long-standing investors who have remained supportive throughout the journey, your faith in the company is deeply valued. Thankyou. I will now hand back to the moderator for the Q&A session.

Moderator: Thank you very much. We will now begin the question and answers session. Our first question comes from the line of Santha Kumaran. Please, go ahead.

Santha Kumaran: Hello. Thank you for the opportunity. And, congratulations for, turning 6, consecutive quarters of profitability. I have about 4 questions. Shall I ask them all together, or one by one?

Raj Ahuja: You can ask all the questions at one shot, and then I'll reply to them.

Santha Kumaran: Okay, thank you. Mr. Raj, your vision is the company should be a billion-dollar entity by 2030. But the current pace of the company and the declared order wins does not point towards that direction.

Our order wins are just 2 to 3 crores. So, when can we see an actual order wins of minimum, at least 15-20 crores and when are we going towards the direction of your declared mission? That is my first question.

Secondly, we are hearing the company has lost, especially in the BPS division, a number of marquee customers, those who were with the company for a very long time, and very large accounts you lost. That is what the whisper is in the (unaudible). So, what is the fact, and how are you going to offset that?

Thirdly, our contingent liabilities stand at more than 230 crores. That is nearly 60% of our Total market cap. What percentage of this is realistically going to be expected to crystallize in the actual debt in financial year 27? And when can be these legacy issues of Railtel, E Mudhra, and recently you also just published something about some tax demand from one of your subsidiaries. All these kinds of, suspense or just surprises keep coming up. When can we just leave them all behind and go on a normal path towards your vision?

My fourth question, we are a totally retail, shareholder-driven company. There is no promoter, 85% of shareholders are normal investors like me and others. Not a single director or even the management has got the so-called skin in the game. Shouldn't the board have a director's qualification that you must have these many of shares, then only you can be considered to be the post of director? Shouldn't the board should come up with that kind of a mandate? And for you, since you're saying that financial year 27 is going to be so profitable, and we are on the path towards the directions, so shouldn't the senior management also demonstrate to the market, by buying from the market, a considerable amount of shares, and showing your confidence. Can we expect something like that to going to happen to, in this financial year 27?

My final question is about the EPS. We keep giving the EPS and it is the shareholders' holding value, which keeps decreasing. Yes, I can understand the long-standing employees must be remunerated. But even I just saw one resolution, that is, even people who have got a grading of 1, which is actually an income pool, he should be authorized to get 50% of vesting rights. So, just while the shareholders' value is reducing like that, is there any plan to go for a repurchase of the shares so that the value can be maintained? These are my questions. Thank you.

Raj Ahuja: Thank you, Mr. Santha. First of all, thanks for acknowledging the profitability for six quarters. We need wishes of all our well-wishers to continue this journey over a longer period of time. Coming to your first question on the billion dollar target. The vision which we have set and how we are going to achieve it, knowing that in FY26, we actually have a de growth. We stand a little lower than where we stood around a year back, when we fixed up the vision of 2030. The Vision 2030 framework we shared, of roughly tripling our revenues of FY25 base by FY30, this remains our directional ambition. We are not changing that, It's a medium-term aspiration, not a fixed year-on-year guidance given to the market. What has changed is not the direction, but the sequencing. FY25 and 26, we have been focusing much on cleaning up the portfolio, exiting a lot of low margin work, and stabilizing profitability. That has been the strategy which I had communicated even in the last call, as a long-term strategy for us. We wanted a very healthy revenue pipeline and a healthy revenue base, and that's what we have been doing by replacing the low margin deals with the equivalent high margins or better margin deals over a period of time. This has created a very stronger and a more focused base to grow from now.

As we move towards FY27, the focus has shifted more meaningfully now to execution and scaling our core growth engines, while the base has already been set. We will not recalibrate the aspiration at this stage at all.

We will continue to look at the performance and visibility from the new bookings and pipelines guide, how the trajectory evolves over a period of time.

I am with you, that all the new winnings, what you have seen, are of the smaller values, in the range of around 2 crores to 5 crores, with a couple of them exceeding 5 crores. But that's only a beginning, this is not the growth we have seen in the first few quarters, where we were struggling for building up a healthy sales funnel, and growing on top of it. Now we have started converting the funnel into the orders, and this is just the beginning. I don't want to make anything public as yet, but there are some more deals which is almost closed, and you'll also hear about those deals in the next few days and weeks to come.

Your second question on the BPS weakness: You are right, and we have also made it public in our couple of messages earlier, that India BPS has been facing headwinds over the last few quarters which is driven largely by regulatory-led insourcing BFSI clients, that has contributed to year-on-year decline seen in FY26. We conscientiously did not chase low-quality volumes in line with our strategy to exit low-margin work. We had lost some good accounts there and the reason for that is the outsourcing policies of our regulators, which is forcing the clients to look for a vendor replacement every 3 to 5 years period. On top of it, the AI journey which the customer service have started, especially in the customer servicing and customer operations, that has also led to the decrease in the BPS business.

One of the major reasons why BPS business, we are not able to scale is that we have always been focused on Indian market and the BFSI market, we have not grown beyond these two markets. From here, the focus is on the stabilization and selective rebuilding through a clear approach. Strategically pivoting to automation-led, domain-rich BPS, where we can improve realizations, planning to expand into Tier 3 or Tier 4 locations, to improve cost and retention strategies and selectively growing in the higher-value markets, such as US and Middle East. We are also looking for processes outside BFSI processes, which include finance, HR, operations and manufacturing. We are also planning to expand into other markets, so that we will take care of these two problems. We are now planning to expand into the US and Middle East market. The initial interactions are good. Though they are very small beginnings, we have already closed three deals in the last one quarter, one in US, and one in Middle East. And we'll continue to focus on those markets.

Second is that we have also started building up the CoE around the non-BFSI processes, which includes finance, HR, administration, operations, and other things. While some residual churn in legacy contracts cannot be ruled out, we believe the bulk of the reset has been done in the BPS. It is now expected to be more stable and higher quality contributor to the growth, in a more measurable way.

On the contingent liability side, yes, we have roughly around Rs. 200 crores of contingent liabilities, and most of them are from the legacy tax issues. Over period of time, we have been closing these issues one by one, whatever we can. In the last one year, we have participated in the VSV scheme and closed a lot of those contingent liabilities and old tax litigations. We have made it public also as a part of our press release that we had closed an old service tax issue which could have resulted into almost Rs. 60-70-plus crore of exposure, which we have closed at around Rs. 5.5 crore final closure after the supreme court intervention. That has already been provided in FY26 Financials. We'll continue to negotiate and discuss on the penalty or interest waivers around that.

This is an ongoing journey. Contingent liability, for our scale and size, the number is high, but there has been legacy of almost last 20 years, where a lot of issues have opened up, and we are trying to close one by one. I am not expecting any major hit as of now, at least, based on our current visibility. I am also not expecting any huge hit to come in FY27 out of this continued liability to occur.

Coming to the legacy items, you keep hearing about the Railtel, E-Mudhra and tax demand of US. We understand that Railtel and E Mudhra are very two specific litigations or disputes, what we have been going through. We have been making it very much aware to the public as and when there is any development happening, because both are critical in terms of value and the goodwill of the company. The tax demand from U.S. is one of the routine tax demands, which, normally, post any tax assessment, you have to go through. There will be an order, like in India also it happens, you go through litigation and you go through the procedures. There might be, some final demand coming up, which will get provided in the respective quarter as and when it gets finalized. That's a routine process, like, any tax assessment, though the value is huge. We are not expecting, as of now, we are going to fight about that with the authorities.

Coming to Railtel and E-Mudhra, like we have been declaring, those are the two things which have been open for a long time, and it'll continue to be open for a reasonably long time, I can tell you that. Since both matters are sub-judice, I will not be able to comment more than whatever we made public. Both are litigation matters, one with the government authority, another one of a high magnitude. They will go through their own long-term litigation, unless we can negotiate some kind of arbitration or settlement from the parties, which obviously, as and when it is done, we'll make it public. So other than these two, three things, there's nothing open from the past legacy matters, except for the new things will keep coming, which is more on the routine business, tax and the other matters.

On the ESOPs, what you have mentioned about the promoters not having a skin in the game, I recognize that the capital structure, what we have, after the 2021 restructuring which was done, and after the 64 crore rights issue, which we did in FY26, the share capital base has been very high, almost 200 core plus and the number of shareholders are also huge. On top of it, our profits are not sufficient for doing any kind of a dividend at this stage. As the business stabilizes, it will generate consistent free cash flows, the board will obviously evaluate capital return options, including dividends, and if required, repurchase of shares to bring back the share capital to reasonable levels. But in the near term, we are not planning to distribute or return any capital at this stage. In the near term, penetration will primarily come from reinvestment of the profits into the high-return growth areas rather than the distribution.

I also understand your concern on the ESOPs being given to the employees. One, I would like to tell you very clearly that our approach for ESOPs is tightly governed. They are only used as a retention strategy and alignment tool for the critical talent. We have not done a broad-based ESOP compensation mechanism. It is only given to the leadership above a particular level and the approved pool is managed conservatively. We are not expecting any huge dilution to happen to the overall capital, knowing the base of the capital, what we have.

With respect to the change, what we have proposed. You've not read the release properly. For the persons rated 1 and 2, we are not planning to give any ESOPs, so that continues to be 0%. So, the moment the person is rated 1 or 2, his allocation becomes 0. It is only the rated 3, which is, in our parlance, is known as, 'met the plan' criteria, met the objectives or KRAs of the individual. Only in that case, we are upgrading it from 75% to 100%. Earlier, it was, if you're meeting your plan, you were given 75%. We are making it more rational by, if you achieve your plan, you should get 100% of the allocation. That's what the thought process has been. But on top of it, we have also, ensured to amend the scheme, for making it to 4-year scheme instead of a 3-year scheme, which is obviously against the employees, but in favour of, taking the ESOP as a targeted retention strategy, and not just award or compensation strategy.

I hope I was able to give answers to most of your questions. Let me know if I missed out anything in this.

Santha Kumaran: Thank you, Mr. Ahuja. You addressed almost everything, and all the best for your future endeavours. You just left one issue, which, if you can, address, that is the board members and the senior management to buy, shares from the market to show the direction and to increase the confidence.

Raj Ahuja: As of now, most of our board members are independent directors, so they are not obligated, or forced to buy any shares from the market, because they should remain independent, and should not have a skin in the game. For the management, I agree, as of now, the management is getting shares only through ESOP schemes. I don't think there are many management members who is buying from the market and holding shares. But your point is taken, I'll put it to our NRC committee of the board, and see if we can have some kind of a, not force, we cannot force anybody, but can we have some kind of a guidance or a suggestion to increase skin in the game from the directors or management side.

Santha Kumaran: Okay, thank you. All the very best.

Raj Ahuja: Thank you, sir.

Moderator: Thank you very much. Before we move on to the next question, there's something I'd like to add, please keep the questions limited to two, and fall back in the queue so that we can give everyone a chance, since we are short in time. Next question comes from the line of Sanjyot Khare. You can now speak sir.

Sanjyot Khare: Good afternoon, Raj, and congratulations on another quarter of positive PAT. My question is about, definitely the revenue is growing, in a little slower speed, and you already mentioned that, yeah, you guys are working on it. The profit for the Q4 is mainly including operating income as well as other income, and because of the other income, it has really helped in getting a positive PAT. So my question is, now, as things are under control, or already the plan is there, when are we going to see operating income is going to be more than the expenses, I mean, that will help in getting up PAT. As well as, the goal what you have set, like, about 3,000 crores by 2030, which is almost 4 times of the revenue, 3.5 to 4 times. So as we have to go step by step, are we seeing that, at least for the FY27, can we grow atleast by 20%?

Raj Ahuja: thanks, Sanjyot. First of all, coming to the, operating income versus the other income. I know that in the audited financial, we have 'Other Income', but when you see the details of that 'Other Income', we internally don't treat that as income coming from somewhere outside the operations.

Most part of our other income consists of something which is related to business, Because of the accounting principles, it is shown as part of the other income and not part of the operating income. The biggest item in this is the foreign exchange, gain or loss. I personally feel, the management and board also feel, that Forex is a part of the business, so it is not something which is outside the business. This is not about, we are having foreign investments, or some legacy assets and liabilities, which we are revaluing, and the profit of that is coming into the P&L. For us, it's an extended arm of our revenue, 49% of which is coming from US, and the revaluation of all that operating assets comes into the other income, which technically is operating income for us. And then we can say that interest we are not counting as, operating income. That's coming mostly from the FDs and most part of the other income comes from, either the accounting treatments, like, AS accounting standards accounting or it comes from the forex gain. If I see roughly around 60% to 70%

of the other income is coming from operations and not from just the accounting of other incomes, like your income tax refunds, interest incomes, or grants. Those are excluded out of this. So, when we release the detailed financials, you should see the breakup of the other income, and try to see we are already, profitable from the operating income point of view, and not just because of other income.

Second question was, a repeat of the earlier, things. One is that, it's not 3,000, it's 2030. So, the target is 2030 by 2030, which is roughly 3 times. FY27, yes, internal plans are very aggressive. We have done a couple of investments in building capabilities and bringing the leadership team and our execution team below them in the last 6 months, post the right issue, funds were received, we started doing the basic investments into capability building, the whole CoE formation, and so many other things. We should start seeing some results in the quarter one and quarter two of this year. You asked me a number, I'm not putting a number as of now, because we don't give any forward guidance, but yes, the internal growth aspirations are much higher, and which should take us to the double goal of 2030 by 2030. We are not changing that goal, we are continuing with that goal, and all our internal calculations are moving in that direction only.

Sanjyot Khare: Hey, thank you, Raj, for the clarification. And this last question is about, in the shareholding pattern, it has observed that Envecon Systems has acquired more than 1.5% equity of 3i Infotech, and I'm sure in this quarter, they might have acquired more as the price has gone up. So I just want to understand, is there any, working relationship or any strategic partnership or things going on with these Envecon systems?

Raj Ahuja: We also realized, because we keep getting those weekly reports, we keep observing if there is any major movement happening in the shareholding pattern, you are right, Envicon has acquired, roughly around 1.5% shareholding, which was done over a period of 2 or 3 months in Q4 and after that, they have not been adding. They have been stable at that level for the last, four weeks or so. Actually, they have sold off a little bit, very small portion of their equity in the last two weeks, when the rates were up. I've been in touch with the promoter of Envicon. I have spoken to him after we realized that, there is any kind of a relationship possible to leverage on the synergies of the two businesses, because they are into the similar kind of business. But I realized that they are looking at this investment more from a financial investment and not a strategic investment and we continue to wait and watch on their next thing, since they are doing a financial investment. We are also not aggressively partnering with them as of now. Their operations here in India are also very limited, they are mostly, Europe-based, delivery operations.

Sanjyot Khare: Thank you. And may I ask this last question?

Raj Ahuja: Sure, go ahead.

Sanjyot Khare: Yeah, just last question is about, the E-Mudhra, as you already mentioned, things are going on, and, in the E-Mudhra conference call, like this Q4 conference call, it has mentioned by their chairman that they are in touch with 3i Infotech and they are not receiving any information in last quarter, as well as they have sent a legal notice to 3i Infotech. So that is just some comment has made into their conference call. So just, I wanted to give that information. I'm sure, like, you may be aware of it, but I just wanted to give you an idea, and anything, like, it's progressing, which will be benefiting 3I Infotech.

Raj Ahuja: We are also aware, we keep noticing what information they are taking to public. As of now, we are not in direct touch with them at all. They have sent us a legal notice, and internally, the board, is discussing how the legal notice to be responded to, because the matter is already subjudice. We have already filed a complaint and the statements are being recorded, so at this point of time, the legal notice doesn't carry any sense, frankly, knowing the legal process, since the matter is already with the authorities. I would not like to comment beyond it. Once the matter is already with the authorities, it doesn't make any sense to us. But we are still talking to our lawyers and trying to see what is the best way to handle it. From our side, we are not in direct touch with the management as of now.

Sanjyot Khare: All right, thank you Raj, and you guys are really doing a great work, really brought back the company on a good operational performance. Wishing you all the best, for FY27.

Raj Ahuja: Thank you, Sanjyot.

Moderator: Thank you very much. It's a request to please keep your questions limited to two, so that everybody can get a chance. Our next question comes from the line of Rishi A.

Rishi A: Hi, first of all, thank you for giving me the opportunity. Just quickly shoot my questions across. See, revenue has declined considerably, cash loss is 50 Cr, operating loss is also 50 Cr after excluding forex gain and COVID subsidy from US. Auditor has a qualified report. They have not covered 85%, which seems to be a SEBI violation. As per market rumours, we also hear ICICI Securities and IDFC, has been lost, yearly revenue of nearly 80 CR. This is not informed to the stock exchange, which, again, seems to be a SEBI violation. Management has kind of wiped out 200 crores cash in 3 years. Gross margin is only 12%, it looks like a flipping business. When all the parameters are bad, the admin expenses have gone up by 30%. With these, you're projecting 2030 by 2030. Is it just a big imagination and only wishful thinking? Please provide answers to these questions.

Raj Ahuja: Sure, thanks, Rishi. If you see from an independent point of view, a lot of these points are factual statements, and there is no disagreement to some of those things. But each of those points you have to see in isolation, and then see why, they are there in the current form.

Let's talk about, cash loss. We have raised through rights issue, the equity capital, because we were into the working capital cycle issues. And, once the funds were raised for the working capital, obviously it will result into usage of those funds for the working capital which includes paying to our vendors and employees in time, which was not happening till around nine months back. There was a delay of almost 5 to 6 months to the payment of vendors and paying salary with delays. All this has been corrected in the current year, which has resulted into over-usage of cash to bring vendors and employees in line with the payment terms which we have agreed to. So, the cash loss is not only this year loss, it is the accumulation of the few years of non-payments to the vendors and employees in time, that's why it resulted into cash loss. And that is linked to your other point on the Rs. 200 crores loss in the last 3 years. I am assuming you're talking about a period between 2021 to 2024, when the previous management was in place. I am sure any investor before that would have asked that kind of question at that time to the management, that why there is a loss, board was still okay. But having said that, I'm not going to get in the past that why there was a 200 crores loss. That was all done by 2024, when we booked the huge loss and write-offs in 2024. 2025-26 is when the new management, the new board has taken over, and we have corrected most of the things. I've already explained operating loss. I think you are reading it without other income, internally, when we review our own performances, we include certain things like forex gain and loss, and both sides, loss and gain. We take it as a part of our operations only, though accounting-wise it comes under other income. I have also mentioned about revenue de growth. It was part of our strategy. For the last three calls, we have been making it clear that the previous management has got into a lot of low margin, loss-making and zero margin deals which we are trying to correct. We had told the market in the beginning of the year itself that there will be a de growth this year, and this is not a surprise or an unknown fact to anybody, we want to exit loss-making and zero margin deals or loss-making deals. I have already mentioned about 2030 by 2030, it's not a dream, it is a stretch, a wish, a far-off target. We have worked a lot in the last 24 months on creating an execution plan, putting everything in place, cleaning up all the legacy issues, getting the funding done through rights issue, and so many other things to set the base right. So we can do a quick start from here onwards, and we are ready now. We have lost couple of accounts. I don't want to mention client's name, because those are under confidentiality agreements, but I can tell you very clearly that it is not that we have lost those contracts. We had the contacts valid only till a particular date, and they are still there. As of 31st March, both the contracts are still valid. They will go over the period of the next few months and they are part of the routine vendor churning guidelines of RBI and SEBI and so many other regulatory authorities. We have been in touch with the highest authorities over there. These are not the loss of clients, these are loss of contracts which means that we are still talking to them, and we will still come back to them.

With the other contracts and other revenue opportunities within those companies. They have churned because there are regulatory guidelines to keep churning the vendors every 3 to 5 years based on the evaluation and the risk assessment of the risk appetite of those companies. But it is not that the relationship has been finished. Relationship continues to be on. It is not a delivery issue, it is not service quality issue, it is purely driven by the regulatory guidelines and which has led to these contract closures. And then you mentioned about SEBI, they are not the contract loss. The contract was for a particular period and the period has ended its own natural period. So, as per guidelines, there is no need to report if the contract is ending as per the contract terms. Only the cancellations or if there is a dispute with the customer get announced.

These are part of the ordinary businesses, when we say that 90% of the business or 98% of the business gets renewed, this is the part of the balance 10% which doesn't get renewed. And this is normal for us. We keep losing some business, we keep winning some of the business.

Good part, as far as I'm concerned, we have not lost a client, the relationship is still on, and we are still talking about some other projects with the same client. And the fact is that, we also got almost 80-plus logos in this year. So, for us, winning logos and losing some businesses is part of our routine business. I am not trying to underplay here. Those are big accounts, the number you mentioned are on a higher side, but a little lower than that, yes, that's a loss, but I'm not concerned as of now.

Rishi A: Another quick question, sir. On the 80-plus logos that you're talking about, what would be the amount that we'll be winning?

Raj Ahuja: Okay, the total order value against these 80 accounts is roughly around 80 crores, 77 to be precise. It's around 77 crore of the new business. 10 of these accounts has a huge potential. I was giving an example of the BPO business, we got 3 clients over there in the US. They all started to experiment with us. They started with 5 - 10 seats but there is a potential to go up to 100 plus seats. We started with one client, which we made it public. We have not mentioned the name. We started with the initial understanding of around 70 FTE equivalent IT services, and now ramping up to around 130. So, initial order booking was Rs. 77 crores for these 80 clients, but all of them has a huge potential to grow as long as we continue to deliver well.

Rishi A: Yeah, also quickly on the qualified report, we don't see a coverage of 85%?

Raj Ahuja: Requirement is 80%, and we are fully compliant. There is no qualification on this topic. I don't know from where you were reading that. The SEBI requirement is 80% and we are covering 80%. That check has been there from the beginning. We have never defaulted on any of the compliances or SEBI guidelines in this regard. Yes, there are qualifications which we've explained. There are a couple of qualifications which are all pertaining to legacy opening balances and all. There is no new qualification which has come in this year. Because there are some losses booked in some of those subsidiaries, which is making it a long-term business sustainability issue for those branches, which is the legacy issue. We are evaluating, and we continue to take actions to bring them back to the track, but there is nothing new which has got added this year on the qualification side also.

Rishi A: Thanks a lot for the responses, Mr. Raj. Thank you.

Raj Ahuja: Thank you.

Moderator: Thank you very much. Please take a note that the questions in the chat will not be addressed. It's a request to get in the queue. Our next question will be coming from the line of Sanjeev Padra. You can now speak.

Sanjeev Padra: Thank you so much, ma'am, for giving the opportunity to speak. And, first of all, I would like to congratulate the whole team of 3i Infotech. Thank you so much, Mr. Ahuja, for addressing the investors. I would like to say ke aapka arrival joh tha and 3i ko join karna was a big hope for all of us, and still we are hoping it will be a turnaround story. Now, I have two questions. Pehla question joh hai sir, it comes from annual operating plan, I mean, aapke, targets aur execution par. What was the exact AOP targets for, FY25-26 across Revenue, EBITDA, Net profit, new client acquisition, EPS growth, AAA growth, large deal wins. And which of these targets were achieved, and which were missed? If targets were missed, what were the primary reasons? And, were these external market issues, or because of the internal execution failures? What are the corrective actions for these all? Can you please guide on this, sir?

Raj Ahuja: Okay, thanks, Sanjeev. On the annual operating plan, since the annual operating plan is not in the public domain, I can only tell you the categories rather than sharing the exact numbers. We have missed revenue targets, for sure. Our target was to show almost stable numbers, or a little higher than the stable numbers of the last FY25 numbers, but we have obviously not grown to that extent and, so that's the missed target.

Profitability, we have overachieved because of our control on lot of costs, what we have done. Despite the revenue being down, we have improved on our operating margins, as well as reduced costs. Just to tell the team here that U.S. tax refund were also planned as a part of this, so that's not a windfall gain for us. That was part of the Annual Operating Plan. So, on profitability, EBITDA as well as PAT, we have done better than our internal plan.

We don't have a separate target for large deal wins, but the one thing, where we have failed, is the growth part, which, anyway I have just said as a top-line heading, but the new order booking has been weak.

And that is mainly because of the weak sales team, which we corrected in the last 4-5 months now, since I have taken over directly that role. We have reworked on the whole team. We have got new leaders, the second-line leaders in the team. We are re-establishing the whole sales framework. We have got some consultants to help us in setting up the sales processes, the sales funnel creation, the reviews and selling techniques and everything. We have got the new leadership team in the Middle East. You would have seen the press releases, Jagdish had joined us, with the old hand in Middle East and then the initial signs are very positive as of now.

We have started looking at expansion into East Africa and Canada. We have got one person each, looking at the sales at this location. We built up a sales team in the US. while we continue to build sales team in India, and then continue to fill up those gaps of the leadership as we go forward.

In Asia Pacific, Thailand has been one of the things where we said we'll grow. We have not grown again, the same revenue issue, but there also, the things are in better shape now in the last one quarter, where we have got two new sales people and the initial things are good. So, It's a mix of bags. I will not say that we achieved all our objectives. There are still, we couldn't achieve many of them. Some of them were more execution issues, like sales, we took a little longer time than we were expecting to set up the team and then build up the funnel. It took more than what we were expecting, and part of that was also because of not been able to attract the talent in the first six months of the year because of our cash flow issues and delay in salaries, which got corrected but there's still some little bit of hangover over there of the old cash flow. So, I don't think that we have got impacted, largely because of any external things.

U.S, small impact, but that's business as usual. Some of the government contracts which we were doing was big contracts for us. That got into a little bit of hibernation because of the government policies and funding issues in the U.S. for the government departments and projects.

In Middle East, in the last two months, there have been a little bit of headwind because of whatever is happening in Middle East. But we have not seen much of the ground-level impact. Again, I will call it as more of ordinary business issues as of now. Business is still going on. It is not growing the way because of the people being a little bit cautious of whatever is happening in the US and Middle East. We don't have any presence in Russia's side, so we're not concerned with Russia, Ukraine, whatever has happened. But overall, I think economic conditions, people have been in little backseat to delay decisions and not take aggressive calls, and that has impacted, but that's the business cycle which we have to live with anyway.

Sanjeev Batra: Okay, I have one more small question, if you allow me to ask. Sir what would normalized profitability look like excluding forex gains, ERTC grant income, and one-time adjustments? Can you please, throw some light on this as well?

Raj Ahuja: To tell you frankly, when we've given a vision, we said we will be at a higher single-digit profitability numbers by 2030. We are, much lesser than that, for sure, as of now, if you exclude that US grant, we are at roughly around 4% EBITDA. Our internal target is to take it to around early teens, which is 13-14% and PAT levels of higher single digits, which is around, say, 8-9-10% levels. That has been the guidance as per the vision, and we still stand by with that number.

Sanjeev Batra: Thank you so much.

Moderator: Thank you so much. Due to time constraint, this would be our last question. I would like to hand over the call to Mr. Ahuja now for the closing remarks.

Raj Ahuja: Okay, once again, I'd like to repeat that I am very thankful to the investors who has given me this opportunity. One of you said about the turnaround story and I will be happy if it actually turns out to be a turnaround story and I will be happy to lead this story for the market. Thank you once again, everybody, and thanks for your wishes for the good FY27. And we'll keep connecting. This time we will do it a little more often. Last year, we took a little break, but this year, we are planning to do quarterly calls as we were doing it earlier. We will catch up once again in the next quarter. Thank you, everybody.

Moderator: Thank you very much. You can reach out to the investor relations team, NNM NextGen Advisory at research@cokaco.com for questions. On behalf of 3i Infotech 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.