

Operator: Ladies and gentlemen, good day and welcome to HCL Tech Q3 FY26 earnings conference call. 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 presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nitin Mehta, Head of Investor Relations. Thank you and over to you, sir.

Management: Thank you, Darwin. Good morning and good evening everyone. A very warm welcome to HCL Tech Q3 FY26 earnings call. We have with us Mr. C. Vijay Kumar, CEO and Managing Director, HCL Tech, Mr. Shiv Walia, Chief Financial Officer, along with the broader leadership team to discuss the performance of the company during the quarter followed by a Q&A. In the course of this call, certain statements that will be made are forward-looking, which involve a number of risks, uncertainties, assumptions, and other factors that could cause actual results to differ materially from those in such forward-looking statements. All forward-looking statements made herein are based upon information presently available to the management and the company does not undertake to update any forward-looking statements that may be made in the course of this call. In this regard, please do review the safe harbor statements in the formal investor release documents and all the factors that can cause the difference. Over to you, C.

Management: Thank you, Nitin. Good day everyone. Thank you all for joining HCL Tech FY26 Q3 earnings call. Wishing all of you a very happy New Year. I am very pleased to report HCL Tech has delivered yet another standout quarter on all fronts, revenue growth, bookings, and margin improvement. This performance is underpinned by our AI vision and offerings, our deep engineering heritage, and our unwavering commitment to client value creation. We delivered excellent top-line growth this quarter, demonstrating our ability to capture market opportunities even in what is seen by many as a constrained environment. Reflecting on the quarter, we see continued momentum in AI forward solutions like physical AI, AI factory, custom silicon engineering as well as large-scale transformation programs and application development and modernization offerings.

Our revenue for Q3 came in at 3.7 billion dollars, a growth of 4.8% year-over-year and 4.2% on a quarter-on-quarter in constant currency terms. This quarter we also crossed 15 billion dollars of annualized revenue. This milestone reflects the scale of our platform and the durability of our growth model. Our services business grew 5% year-over-year and grew 1.8% sequentially. Our IT and business services grew 3.8% year-on-year and grew 1.5% sequentially. Engineering and R&D services grew 10.8% year-on-year and grew 3.1% sequentially and all growth rates referred here are in constant currency. HCL software delivered very good performance. Business grew 3.1% year-on-year and at 28.1% sequentially in constant currency. A seasonal uptick that was also a healthy year-on-year growth. Annual recurring revenues stood at 1.07 billion dollars, a 6% increase year-over-year in constant currency. In addition to the seasonality, this growth is fueled by strong traction in our data intelligence business.

Our operating margin including restructuring costs, but excluding the one-time impact of the new labor code came at 18.6%, up 111 basis points quarter-on-quarter and a decrease of 94 basis points year-over-year. When we exclude restructuring costs, our operating margin in Q3 is down

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marginally 13 basis points year-over-year and we are confident of recovering that as well in the future. We are executing well on our improvement plan and this disciplined approach has placed us firmly in the right trajectory for the medium term. Shiv would provide further details on the adjustments both for restructuring costs and the one-time labor code impact. Our net new bookings were strong at 3 billion dollars, which is a 17% quarter-on-quarter and 43% year-over-year growth. Booking momentum this quarter was driven by strong traction in our applications and engineering and R&D; services, which together accounted for 62%. I will talk about this and the mega deal later. We also delivered strong ACV booking, which is the highest in the last 4 years.

Coming to people metrics, our headcount at the end of December stood at 226,379, a slight decline of 0.1% compared to the previous quarter. Our attrition stands at 12.4% on an LTM basis, lower compared to the previous quarter. I am happy to share we have been included in Forbes' list of world's best employers for the sixth year in a row. Coming to AI updates, our AI propositions continue to drive our overall business reflected as a robust growth, highlighting the strength of our value propositions, our comprehensive ecosystem, and the confidence our clients have in us as an AI partner in their transformation. AI is now embedded across every major engagement whether service transformation, advanced AI, or classical AI. Our strategic focus and early bets are positioning us as a clear leader in an AI accelerated world. In advanced AI, we have grown 19.9% led by a strong uptick in agentic, physical AI and AI factory programs. We are now sharing the actual revenue for your reference in the investor release.

Let me update you on the progress along the four pillars of our AI growth strategy. First on our proactive transformation of our services. AI Force, our flagship platform, remains a major market differentiator in the space. Specific SKUs of AI Force are now deployed across 60 of our priority accounts. We are seeing large AI-led service transformation net new deals happening and service transformation increasingly becoming core to decision-making in every pursuit. Certain use cases like AI-led legacy modernization are also creating niche interest amongst our clients. In addition, we also continue to implement generative AI and AI capabilities across our lines of business and scale adoption with customer-specific AI tooling. To enable all this, we are making strong progress on the talent scale front. Within HCL Tech, 38,000 plus additional employees have been trained on generative AI and 600 plus on responsible AI. Today we have the highest number of OpenAI badge experts among all OpenAI partners. Our proprietary talent acquisition platform, Talent Navigator, has now been deployed at scale across HCL Tech.

The second pillar of our strategy is building differentiated IP that accelerates AI adoption for our clients. Our vertical aligned industry AI solutions continue to gain strong market traction. Our contact center as a service offering is experiencing a notable adoption curve driven by our strong agentic solutions for real-time guidance, knowledge-based solutions, and omnichannel support. We had launched AI Force 2.0 beta in the previous quarter, which is an agentic platform delivering service transformation offerings. We are seeing excellent results and we expect to launch general availability soon. On the third element of our strategy in new AI-led services in AI factory, we launched OEM aligned joint offerings with Dell, HP, Cisco, NVIDIA, AWS, Azure, and GCP. Our engagement with one of the top 10 global tech companies to implement global AI factories continues to scale. We won another similar engagement last quarter. We are ramping up to service this demand. This is a significant growth vector for our digital foundation business.

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In physical AI, our proactive investments in skills, ecosystem build-out, and our proven engineering and infrastructure strength have allowed us to secure a differentiated position in this rapidly evolving market. AI engineering services are also seeing great demand. Custom silicon development is focused on edge inferencing and compute for training. Both physical AI and custom silicon work are significant growth vectors for our engineering services. There is substantial momentum in the adoption of agentic solutions within application engineering, integration, and migration services across industries such as Telecom, financial services, life sciences, and technology. Value stream innovation is getting reflected as increased momentum across key value chains, particularly in supply chain management, customer billing, commerce, and retail. In AI advisory, we signed several significant engagements this quarter and also joined the AI Verify Foundation, reinforcing our commitment to trustworthy AI.

On the fourth pillar, we continue to strengthen our partnership ecosystem. We announced two major partnership advancements this quarter, the launch of a physical AI lab with NVIDIA in Santa Clara and exploration of next-generation industrial AI use cases with SAP. We deepened existing collaborations with AWS on AI-powered innovation for the financial services sector. We deepened collaboration with OpenAI, increasing adoption of OpenAI Codex, making us now the first GSIs globally to earn this recognition with OpenAI. All this effort is helping us earn several recognitions and citations, including a very notable mention as a key physical AI and robotics partner during NVIDIA CEO's keynote at CES 2026, which happened last week. This reinforces the strategic depth of our collaboration in physical AI. Many other recognitions are in the investor release.

If I look at the outcome of our work on the AI front, I am pleased to say we won several large engagements this quarter in areas like physical AI, our offerings like AI factory and AI foundry, and you can find more details in our investor release. Coming to bookings, as I mentioned earlier, we did 3 billion dollars bookings this quarter. In our services business, we are also experiencing rapid growth in our application business fueled by strong deal momentum and execution. Clients count on us for value stream transformation, application modernization, data solutions, and large-scale system integration. If I look at our services business with a wider lens, our AI propositions drive success in areas like engineering productivity, enhanced data management, and new digital experiences powered by agentic AI Force 2.0. With investments in enterprise advisory, digital modern apps, and data in core AI, and the partnership with hyperscalers and product companies, we are accelerating our customers' business transformation in a unique way.

Management: Calling out a couple of big deals, starting with a mega deal with a global apparel retailer. We won a mega 5 year strategic engagement with a TCV of 473 million dollars to serve as its long-term AI-led technology partner. Under the agreement, HCL Tech will modernize the client's application and data landscape leveraging our agentic AI Force 2.0 platform. The agreement extends beyond IT services to include collaboration on improving brand experiences while supporting evolving business needs. Additionally, HCL Tech will facilitate the transformation of the client's current operating model, simplifying the technology organization and realigning teams around outcome-oriented functional domains. This engagement is designed to improve engineering productivity, modernize software engineering and data life cycle management through advanced AI capabilities, and deliver enhanced digital platforms and product experiences.

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A leading US-based insurance company has chosen HCL Tech as its strategic technology partner, consolidating services previously delivered across multiple providers. Powered by HCL Tech's generative AI-led service transformation platform AI Force, this partnership will help transform IT service delivery, enhancing engineering outcomes, accelerating time to market, and driving operational efficiency through automation across application development, support, testing, and infrastructure. A Europe-based global food major selected HCL Tech to design and implement a greenfield IT setup and build an AI-powered digital foundation. HCL Tech's solution will include digital workplace, network, hybrid cloud, network security, service management, and automation. The new IT setup will integrate next-gen capabilities covering the AI life cycle and reimagining the business value chain.

While we continue to win many such large deals, we remain disciplined to walk away from those that do not align with our financial and strategic objectives. We continue to guide our sales organization to remain focused on opportunities that make long-term economic sense. I also wanted to share some insights about our recent acquisition in the telecom engineering space. We have been seeing good traction in the space and to further reinforce our leadership in the telecom service provider industry, this quarter we acquired the Telco solutions business from Hewlett Packard Enterprise. This strategic move builds on the momentum from our successful integration of HPE's communications technology group acquired in 2024, which is now growing nicely. We are doubling down on Telco solutions to gain more industry-leading intellectual property aligned with our non-linear growth aspirations, enhance product engineering and R&D; capabilities, and deepen existing client relationships as well as gain new relationships with top global communication service providers across geographies. With this deal, we are now well-positioned as an SI with a comprehensive telecom IP portfolio, unlocking access to significant telecom engineering spend. It is now starting to reflect as a good telecom engineering pipeline.

Now I want to provide some comments and updates on our software business. This quarter we have had multiple wins, including large ones, and new clients were added across verticals and geographies. We achieved major competitive wins in HCL Workload Automation and UNICA, which is an agentic AI orchestration product. We had competitive wins across regions where our product and offerings successfully displaced longstanding incumbents. Let me call out a couple of wins: a Europe-based technology service provider selected HCL software workload automation platform to offer secure, scalable, and efficient digital banking services to its customers. The platform will be paired with HCL UNICA to support the company's mainframe environment. A US-based global food and beverage major selected the HCL workload automation platform to consolidate multiple environments, streamline operations, and drive measurable cost efficiencies. A couple of these large opportunities were also synergy coming from our HCL Tech services clients.

On the partnership front, HCL Software and Microsoft have partnered globally to deliver HCL Software's Unified XDO blueprint, which is experience, data, and operations, to joint customers using Microsoft's Azure and AI capabilities. HCL Tech's data and AI division, which is Actian, is seeing increased demand for its metadata management, data catalog, and data governance solutions and has demonstrated good growth over the last 5 years. During the quarter, we announced the acquisition of Jaspersoft and Bobbie, which will strengthen this division's offerings. By combining Actian's enterprise data management capabilities with Jaspersoft's advanced analytics, we will offer a unified end-to-end data and analytics platform. Integrating Bobbie's

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proprietary semantic layer and agentic architecture will help AI-powered natural language analytics on a unified governed platform, enabling clients to query complex data sets and receive actionable insights instantly. With the integration of Zeenea, Bobbie, and Jaspersoft, HCL Software's data offerings are evolving into a holistic AI-powered end-to-end data intelligence platform.

Coming to a few more key business updates, over the past few years, we have strategically expanded our presence across multiple countries that offer significant opportunities for technology services. Many of these markets including India have seen strong acceleration and we continue to invest in deepening our footprint. India represents a high growth market with substantial opportunities to deliver high-value cutting-edge work specifically in the context of India-centric domestic opportunities distinct from the GCC opportunities. I am pleased to share that Sandeep Kumar Saxena, a seasoned leader with over 25 years at HCL Tech, will now lead our India business as a part of his portfolio. This would accelerate our engagement and growth in the fast-growing Indian market.

Finally, on pipeline and market trends, our pipeline continues to demonstrate strength and sustained growth across business segments, verticals, and geographies. While uncertainties persist in the global market leading to slow spending growth on traditional offerings, the fundamental demand for technology as a driver for business transformation remains structurally intact. We see strong demand for generative AI and agentic AI across the portfolio and it is getting embedded in every deal. In addition, we see very good demand for advanced capabilities like physical AI and AI factory that are well-linked to the capex spend in the AI space. While traditional discretionary spending areas have slowed, opportunities are emerging in newer pockets involving establishing and managing AI infrastructure where discretionary investments continue. We are performing well here and expect strong growth going forward. I also believe there is little value in waiting for either historical or anticipated discretionary spending to resume. Instead, the focus should be on proactively identifying where new spending is occurring. Capturing such opportunities in this environment demands a high degree of creativity and innovation. We at HCL Tech are always working to address such evolving trends and I am confident we would do it well in this cycle as well. Now I would request Shiv to walk you through more details on the numbers and the updated guidance.

Management: Thank you, CVK. Good morning, good afternoon, and good evening to all of you. Thank you for joining our Q3 FY26 earnings call. Let me walk you through our financial performance for the quarter. Starting with the revenue performance, total revenue for the quarter is 3,793 million dollars, a growth of 4.2% quarter-on-quarter and 4.8% year-on-year in constant currency terms. Services revenue for the quarter came in at 3,379 million dollars, a growth of 1.8% quarter-on-quarter and 5% year-on-year in constant currency terms. Our IT services grew 1.5% quarter-on-quarter and 3.8% year-on-year. The ERS segment grew 3.1% quarter-on-quarter and 10.8% year-on-year in constant currency terms. Software revenue for the quarter is 425 million dollars, a growth of 28.1% quarter-on-quarter and 3.1% year-on-year in constant currency terms.

In terms of geography, during the quarter, Americas grew 1.5% year-on-year, Europe grew 4.6% year-on-year, while India grew 15.8% year-on-year, and rest of the world reported an increase of 22.1% year-on-year in constant currency terms. In terms of verticals, our Q3 growth was broad-based with 5 out of 7 verticals registering year-over-year growth. Growth was led by two of

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our largest verticals: financial services and technology, up 8.1% year-on-year and 14.1% year-on-year respectively in constant currency terms. On a sequential basis, the growth in this quarter was driven by manufacturing, up 4.1% quarter-on-quarter, retail and CPG, up 5.8% quarter-on-quarter, and public services, up 3.7% quarter-on-quarter in constant currency terms.

Now an update on clients. Our relentless focus on serving our customers has helped us grow our client relationships. On a year-on-year basis, we added 1 client in the 100 million category, 3 clients in the 50 million category, 15 in the 20 million category, and 20 in the 10 million category. HCL software business continues to progress in the right direction as clients choose us for the increasing relevance of our products. Let me now share an update on profitability. Our EBIT is at 704 million dollars at 18.6% of revenue. Net income for the quarter is at 537 million dollars at 14.2% of revenue. EBIT and net income exclude the one-time impact of the new labor code. Adjusting for the restructuring expenses of 80 basis points this quarter, our Q3 margins are at 19.4%, just 13 basis points down year-on-year. This should address concerns around underlying profitability.

In terms of the margin bridge, our company margins have increased by 111 basis points quarter-on-quarter. The improved profitability for the software segment gave us 188 basis point benefit. For services, the 7 basis point quarter-over-quarter decrease was driven by the following factors: higher utilization during the quarter provided a 104 basis point gain; the wage hike impact was 80 basis points; the furlough seasonality impact was 45 basis points; and forex gain from INR depreciation gave us a positive 40 basis points. Restructuring expenses had an incremental impact of negative 26 basis points.

Now moving on to the return on invested capital, ROIC. Our ROIC continues to improve, thanks to our ongoing focus on profitability and efficient capital management. The last 12 months ROIC is at 39.4% for the company, up 277 basis points year-on-year, and services ROIC is now at 45.9%, up 117 basis points year-on-year. Software continued to improve with ROIC at 23.1%, up 513 basis points year-on-year. Let me also share details on our strong cash generation. Over the last 12 months, operating cash flow is at 2.5 billion dollars, while free cash flow amounted to 2.35 billion dollars. Operating cash flow to net income conversion is healthy at 127%, and free cash flow to net income is at 120%. The balance sheet continues to strengthen with gross cash at 3.82 billion dollars and net cash at 3.55 billion dollars. Our total DSO including unbilled is currently at 81 days, an increase of 3 days quarter-on-quarter due to seasonality in the software business.

For our shareholders, the diluted EPS for the last 12 months came in at 63.35, which is up 0.7% year-on-year. Including the impact of the new labor code, the diluted EPS is 60.70. The board has declared an interim dividend of 20 per share for the quarter, and the record date is January 16 and the payment date shall be January 27, 2026. That brings our last 12 months payout to 54 per share, effectively distributing 88.8% of our net income. Now, an update on guidance. On the back of a standout quarter and sustained growth momentum, we are raising our full-year services revenue growth guidance to 4.75–5.25% in constant currency terms and the company-level guidance to 4–4.5% in constant currency terms. We remain on track to deliver on our full-year EBIT margin guidance of 17–18%. Please note that our guidance does not include contributions from the three recently announced acquisitions: Telco Solutions business from HPE, Jaspersoft, and Bobbie. The margin guidance is inclusive of the restructuring cost, but excludes the one-time impact of the new labor code. That is all from my side. I would now like to hand over for the Q&A; session.

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Operator: Thank you very much. We will now begin the question and answer session. Our first question comes from the line of Abhishek Pathak from Motilal Oswal. Please go ahead.

Abhishek Pathak – Motilal Oswal: Hi, team. Thanks and congratulations on another good quarter. Firstly, when we talk to clients right now versus this time last year, what differences do you see in conversations? Are we moving towards more serious discussions around AI implementation? What is impeding clients from getting there? Are they indicating that foundation work will begin in the next 3-4 months? Just to understand the year-over-year color. Second, which service lines are clients highlighting? Are they saying they were constrained by budgets, but now AI is helping significantly so they can do more of what they weren't doing at all? Lastly, for Shiv, how much more in restructuring charges are pending, and should we continue modeling SG&A; at these levels into Q4?

Management: Thank you, Abhishek. On the AI conversations, compared to last year, there is definitely a much more holistic conversation on how AI will change the entire organization. Last year we were talking about point solutions and proving value. Now conversations have matured as clients realize they need to reimagine business processes for holistic benefit. Broad adoption slows slightly as clients take this holistic approach. The biggest area of interest is accelerating software development and data life cycle management; that is the sweet spot for generative AI.

The real acceleration we are seeing is in day-minus-one services, which are foundational for enabling AI. This includes engineering services like custom silicon for edge inferencing. Similarly, for technology companies, the AI factory—which involves AI data centers and professional services around design and implementation—is a big area. We mentioned a large top 10 technology client continue to expand, and we acquired another top 10 technology company for similar services. Regarding the restructuring, we indicated a full-year impact of 50 basis points. We expect a similar impact in Q4. Our endeavor is to finish this settlement by Q4 and start the new financial year on a clean slate. On SG&A; we will continue to invest in AI solutions and go-to-market.

Abhishek Pathak – Motilal Oswal: Got it. Thank you and all the best.

Operator: Thank you. We have our next question from the line of Ravi Menon from Macquarie. Please go ahead.

Ravi Menon – Macquarie: Hi, congrats on a good quarter. Regarding the retail vertical, seasonally Q3 is normally not great, but this quarter showed a strong performance. You also talked about a mega deal win. Has that already started contributing this quarter?

Management: No, there is no contribution from the mega deal this quarter. It will start ramping up in the current quarter. The retail growth is coming from a number of wins in a couple of large clients from previous quarters that are now in execution.

Ravi Menon – Macquarie: Thank you, VK. Regarding the software segment, last year there was a slight year-on-year decline. Is this performance a sign that customer spending is picking up again on maintenance contracts, and are they starting to open wallets for IT spending?

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Management: I don't think this is reflective of broader IT spending. We have seasonality driving growth, and there is generic strong demand for the data intelligence portfolio. Zeenea combined with the Actian portfolio is a compelling offering where we are displacing incumbents. Our data portfolio continues to do very well. We also saw significant wins on our marketing automation platform with clients looking for sovereign solutions.

Ravi Menon – Macquarie: One last one. With strong deal wins over the last 9 months, why is the lower end of the services guidance still suggesting a slight decline for Q4?

Management: We have to provide a range, and a 0.5% range is very reasonable. Our calculations lead to these optimistic and pessimistic ranges, and that is where we landed.

Operator: Thank you. The next question is from the line of Sudhir Guntapalli from Kotak Mahindra Asset Management Company. Please go ahead.

Sudhir Guntapalli – Kotak Mahindra Asset Management Company: Hi, congratulations on a great quarter. Does existing data center infrastructure need to be repurposed for AI use cases like inferencing given global capacity constraints, and how does that feed into demand for our IMS segment? Is this day-minus-one opportunity already playing out?

Management: This is a very significant opportunity for our infrastructure business. We believe in the next 5 years, the entire installed base of private data centers will get a technology refresh. We haven't seen much traction yet on that specific refresh front, but we expect it to be a driver. The current day-minus-one traction in infrastructure is with technology companies building planet-scale data center capacity to support AI workloads. There is also traction on the edge for the AI factory.

Operator: The next question is from Amit Patel from JP Morgan. Please go ahead.

Amit Patel – JP Morgan: Regarding margins, ERS showed very good growth, but the sequential margin drop seems surprising. Is that largely due to restructuring costs?

Management: That is correct. If you take out the restructuring costs, margins were 17.6% versus 18% last year. This quarter there was also a 90 basis point impact of the wage hike and a 30–40 basis point furlough impact, which caused the slight dip.

Operator: Thank you. The next question is from the line of Vibhor Singhal from Nuvama Equities. Please go ahead.

Vibhor Singhal – Nuvama Equities: Hi, congratulations on solid performance. My question is on the manufacturing vertical, which has been under tariff uncertainty. How have conversations been? If you could break up the outlook for non-auto versus auto manufacturing.

Management: In manufacturing, we have mobility (auto and travel), traditional industrial, and aero and defense. We see good traction in aero and defense. In mobility and engineering services, we see stability, but it is too early to call it secular growth. The traditional industrial part remains a bit muted.

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Vibhor Singhal – Nuvama Equities: Will tariff uncertainty still be there?

Management: Yes.

Vibhor Singhal – Nuvama Equities: Shiv, you mentioned taking the entire restructuring impact by Q4. Beyond that, are we looking to return to the 18-19% margin range in FY27?

Management: If we normalize for restructuring, Q3 margins were 19.4%, which shows structurally the margin is healthy. For next year, we will update you in April; I wouldn't want to call out FY27 margins now.

Operator: Thank you. The next question is from the line of Sandeep Shah from Equirus Securities. Please go ahead.

Sandeep Shah – Equirus Securities: Thanks for the opportunity. With ACV at a 4 year high and a strong services exit in Q4, do you believe organic services growth could be better next year? Also, are you looking at investments on AI adoption for system integration?

Management: We are on track to be the fastest-growing large-cap services company for 4 years running. Our portfolio capturing discretionary spend remains confident. Regarding FY27, let's wait until April. For AI, we see traction in day-minus-one and specific tech verticals. Broad generative AI adoption is growing as clients prepare for holistic transformation. All four of our largest deals used the AI Force 2.0 agent platform.

Sandeep Shah – Equirus Securities: Regarding TCV, you previously mentioned a 10 billion dollar target for new business. You did 3 billion this quarter and 2.56 billion last. Do you believe 2.5 billion per quarter is the new normal?

Management: Bookings can be spiky. Over the last 4 quarters, we delivered 10.4 billion dollars in net new bookings. I wouldn't say every quarter will be above 2.5 billion, but on a moving average over 2-3 quarters, I expect us to hit that level.

Sandeep Shah – Equirus Securities: On the labor code, the recurring impact is now just 10-20 basis points?

Management: Correct. We have taken the one-time charge, and going forward we don't expect it to exceed 10-20 basis points, barring any further regulatory changes.

Operator: Thank you. Our next question is from the line of Manik Taneja from Axis Capital. Please go ahead.

Manik Taneja – Axis Capital: Can you share your thoughts on legacy modernization using AI? Are you seeing significant interest and how does it contribute to future growth?

Management: Modernization and SDLC is the biggest enterprise opportunity. We see good demand as clients start with one segment and then scale. Over the next 2-3 years, legacy modernization using AI will be a very significant opportunity, especially in financial services, telecom, and healthcare which use custom software.

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Operator: Thank you. Our next question is from Nitin Padmanabhan from Investec. Please go ahead.

Nitin Padmanabhan – Investec: Hi. Regarding the products business, we saw significant perpetual license accretion this quarter, which usually trends down. Is there a change in strategy? Also, is Actian among your top 3 products by revenue?

Management: If you compare perpetual licenses in December last year to this year, it is only a marginal uptick. We saw one client with a sovereign requirement who insisted on perpetual. Our general approach remains to minimize perpetual and convert as much as possible to subscription. Yes, Actian is amongst our top 3 products by revenue.

Operator: Ladies and gentlemen, that was the last question. I hand the conference back to Mr. C. Vijay Kumar for closing comments.

Management: Thank you everyone for joining. We remain quite confident in our growth trajectory. We have delivered two outstanding quarters, very good bookings, and have a strong pipeline. We remain optimistic about the overall growth potential and look forward to talking to you in subsequent calls. Thank you and have a good evening.

Operator: Thank you.

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