Operator: Good afternoon, everyone. This is the second day of the Bharat Connect Conference 2026 September edition. I welcome you all to the call of Allied Digital Services Ltd. Today, from management, we have Mr. Nehal Shah, Joint Managing Director, and Meet Shah from Investor Relations.

Before I hand over the call to management, I will outline the flow of the event. We will start with opening remarks by management, followed by the Q&A round. Participants who would like to ask a question can raise their hands or post their questions in the chat box. First, we will take questions from participants who have raised their hands and then move on to the questions in the chat box. If time permits, we will take the questions I have received from clients who were unable to participate. Please note that we will take the last question 5 minutes before the end of the session. Over to you, sir.

Nehal Shah – Joint Managing Director: Thank you. Thank you, everyone, for joining the call today. I will quickly go through a presentation of about 15–20 minutes on what we do as a company, how we are progressing, and what our plans are, before I open the floor for Q&A. I hope my voice is clear and audible.

Operator: Yes, sir. You can continue.

Nehal Shah – Joint Managing Director: Thank you. Allied Digital is typically a 42-year-old company. It was started by my father in 1984. We have predominantly been in the IT services sector for the past 42 years. When we started, we began with the mainframe journey and have progressed to the AI journey that we are working on today. As the industry progressed, we also progressed, and we went through various phases of growth, which I will share on the next slide. This will give you an overview of our entire 42-year journey.

We are currently present in more than 70 countries. We have a direct presence in approximately 20 countries, and in the remaining countries we operate through our partners. Globally, we have more than 3,500 employees on our payroll across different countries. We have completed approximately 14 Safe City and Smart City projects out of the 100 Safe Cities announced by Mr. Modi in 2014, and we continue to work on various other cities as and when they reach the RFP stage. We have 10 Fortune 100 customers, either directly or through partners, whom we serve in the IT services and mainframe businesses.

We are a net debt-free company. Last year, we recorded revenue of approximately 968 crores, which is close to 100 million at the top line, with an EBITDA of 112 crores. We also have healthy cash reserves of approximately 134 crores available for future expansion and the large projects that we undertake.

As you can see, this is the complete evolution of Allied Digital. I have already mentioned that we started in 1984, predominantly on the IT hardware support side of the business. As the industry grew, we also started growing. Our first expansion outside Mumbai took place in 1995, when we incorporated our company under the name Allied Digital Services Private Limited. Before that, we were known as Digital Data Services.

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Some of the key years in our growth journey are as follows. We started in 1984. In 1995, we expanded outside Mumbai. By 2000, we were covering all the PIN codes in India and providing support across the country. In 2007, we went public. The reason for going public was simple: we wanted to expand beyond India and enter other countries. That is exactly what we did in 2008. We acquired an IT services company in the US, and it has been a successful acquisition. Today, 73% of our revenue comes from our global companies, of which 90% comes from the US.

Of the approximately 100 million in revenue that you see, around 70 million currently comes from our overseas companies. This has been a successful expansion for us.

2015 was another very special year for us because that was when the first Safe City in India went live. It was the Pune Safe City project, which was implemented by us in 2015. As we speak today, we won Phase 2 of that project last year. It was a very large deal and one of our biggest contracts in India, valued at 500 crores. We are continuing to deploy the project and move into the O&M phase, while also continuing to participate in other Safe City and Smart City projects.

Apart from Pune, over the years we have worked on cities such as Lucknow, Ayodhya, Rajkot Safe City, and three cities in Punjab: Amritsar, Jalandhar, and Sultanpur. We have also worked on Kalyan-Dombivli Smart City, Aurangabad, Solapur, and Bitkin. These are some of the cities where we have successfully implemented CCTV cameras and various other related elements from a business standpoint.

Similarly, 2019 was another year in which we started expanding in the European region. We acquired one of our large customers, Mercedes-Benz Daimler, through our US subsidiary. As a result, we had to open subsidiaries in countries such as China, Japan, Brazil, and some European countries so that we could expand and provide services to our clients there.

From a business strategy perspective, we work in three ways. We work directly with our customers, we work through partners as a Tier 2 provider, and we work with the government. In India, government projects provide us with large-ticket and very niche projects, specifically in the area of homeland security.

2024 was the year in which we celebrated 40 years. If there are people who have been following us, we have been saying for the last 3 years that we would reach 1,000 crores in revenue by 2026-2027, and we have now achieved that. If you look at our last 4 TTM periods, we have crossed 1,000 crores in revenue at the top line. Our next growth objective is to achieve 10x growth over the next 10 years, which translates to approximately 20% year-over-year growth for the next 8 to 10 years.

From a geographical standpoint, I have already spoken about this. This is a world map showing where we operate. India is our headquarters, and Mumbai is our headquarters. Our subsidiaries are marked in blue and some branches are marked in orange.

The UK was our European headquarters before Brexit. After Brexit, I chose Ireland as our EU headquarters, and through Ireland we manage branches in Belgium, Germany, Spain, and Italy. We also have subsidiaries in Australia, Singapore, Japan, Brazil, and other locations. The US is, of course, our largest subsidiary.

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Let me tell you that in all the countries shown here, we have active customers and active billing. Our strategy is quite simple: until we receive business, we do not open a business entity in a particular country. The latest subsidiary we established was approximately 1.5 years ago in the UAE, where we have a very large banking customer. We have deployed approximately 75-80 people there, and the operation has been working successfully and managing the client's IT infrastructure.

If you look at our reports, we report two segments from a revenue perspective: services and solutions. Any business that is recurring in nature is considered recurring business and is classified as services. The services business typically consists of contracts that we sign with our clients for 3, 4, or 5 years, and these contracts continue to be renewed every 3 or 5 years as per the standard procedure.

Solutions consist of projects that are one-time in nature. Safe City and Smart City project implementation phases are classified as one-time projects. Migration projects and data center projects are also one-time projects. However, the positive aspect of solutions projects is that once the deployment is completed, the remaining O&M is carried out through the services business.

For example, a Safe City or Smart City project implementation takes approximately 9 to 12 months. After that, we have a 5-year O&M contract. The revenue from the remaining 5 years is booked under the services segment.

Our objective is to continue increasing our services portfolio because it provides consistency and stability to our revenue growth. Currently, approximately 70-75% of our revenue, out of the 1,000 crores I mentioned, comes from the services segment, while approximately 25% comes from the solutions segment.

Now let me share some thoughts on the services and solutions that we provide to our clients. We have broadly divided them into 5 zones, or 5 towers. Currently, the 2 most important towers for us are cloud infrastructure services and digital engineering solutions.

Cloud infrastructure services, or CIS, are typical IT infrastructure services. We manage everything from laptops, desktops, servers, storage, and networks to data centers for our enterprise clients across India and globally. Most of our recurring revenue comes from the CIS business.

Digital engineering solutions are where we undertake Safe City and Smart City projects, railway projects, metro projects, and airport projects from a physical security perspective. These may involve a combination of access control systems, CCTV systems, traffic management systems, and various other solutions that we continue to implement.

AI Ops and automation are relatively new areas for us. We have started implementing significant AI automation in our own product, Digital Desk, which I will discuss in the later slides.

Our AI strategy is quite simple. We will focus on the services side of AI, which is currently at a nascent stage and continues to progress every year. In simple terms, from a services perspective, we are trying to do 3 things: auto-detection, auto-assignment, and auto-resolution.

Whenever a ticket or issue arises, we try to detect what kind of ticket it is, whether it is a server issue, a storage issue, or something else. Rather than having someone manually examine each

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ticket, we are trying to use an LLM engine to auto-detect the issue. Once the ticket has been detected, we carry out auto-assignment.

We have been very successful in developing several case studies where auto-detection and auto-assignment are working effectively for some of our enterprise clients. We are now gradually expanding this capability to our other clients as well.

Auto-detection and auto-assignment will eventually help us improve our bottom line because many redundant tasks and low-level jobs will be eliminated, resulting in increased automation.

What we are now progressing toward is auto-resolution. Ideally, when we complete our AI exercise, any ticket or issue generated by an end user will be automatically detected as a server issue, storage issue, network issue, or another type of issue. It will then be automatically assigned to the respective team.

Our objective is that, once we have built a large knowledge base of the resolutions we continue to implement, auto-resolution will also become possible. Tickets will be generated, automatically assigned, and potentially resolved, resulting in significant automation.

That is where we are progressing from an AI Ops perspective.

Apart from that, we are undertaking several smaller projects relating to Vision AI and other technologies at our clients' sites. We are bringing a great deal of innovation into these projects by using CCTV cameras and applying Vision AI to identify client issues and increase our stickiness with the client.

Deployment of CCTV cameras from a security perspective is standard and represents the basic entry level. Our objective now is to use those same cameras with AI software so that we can address additional services and use cases for our clients. That is what we are now working toward.

Cybersecurity is also very important to us. Cybersecurity acts as a horizontal function across all our other service lines. Whether it is Safe City, Smart City, or enterprise customers, cybersecurity is an integral part of the offering.

We have our own functional SOC, or Security Operations Center, operating 24x7 from Mumbai, as well as a small SOC in Los Angeles in the US. As we enter newer markets, we expect to have some good news from Mauritius as well, where we are trying to partner with Mauritius Telecom and address the cybersecurity requirements of its customers.

At present, we are at a very early stage, with 6-7 requirements. Hopefully, we will eventually establish our SOC in Mauritius as well.

That covers our services and solutions. Everything I have discussed is also available on the cloud. We work with all 3 major cloud platforms: AWS, Azure, and GCP. We have various partnerships as we continue to deploy and migrate systems to different cloud platforms.

This is a very important slide. We have our own ITMS platform, Digital Desk. To begin with, people may compare it with Freshworks or ServiceNow. ServiceNow is, of course, a very large company

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that does many other things as well, but we are similar to it on the ITSM side of the business.

We currently have more than 100 customers. Digital Desk as a product is not provided separately to our customers; instead, we include it as part of our services. All customers onboarded on the CIS side of the business, where we monitor and manage their IT hardware, are managed through Digital Desk.

Nehal Shah – Joint Managing Director: We have now successfully deployed Digital Desk in 3 Smart Cities: Pune, Lucknow, and Punjab. We have successfully replaced the existing ITMS systems with our in-house Digital Desk.

This gives us significant comfort with respect to integration with the other tools available for monitoring and managing customer tickets. These are some of the end-user interfaces of Digital Desk, showing how it looks. I am trying to give you an overview of the flow. This is what an IT CIO would see, including the various interfaces that can be used. Every ticket can be managed.

We are gradually integrating the company's IT department with the HR department and the finance department to bring in more automation and create greater customer stickiness whenever we deploy Digital Desk.

This is the Digital Desk mobile interface, through which users can generate tickets, follow up on tickets, and close tickets from a mobile device.

These are some of our development centers in Navi Mumbai, Calcutta, the US, Ahmedabad, and Mumbai. Nariman Point is exactly where I am sitting today.

This is our Board of Directors. I am Nehal Shah, Joint Managing Director, and we have various other people on the Board.

This is our CXO team. Arun joined us recently, in July, to take care of our CIS business for India and the Middle East. We also have various other people, including Gopalji, who is already here as our CFO.

I will quickly run through the numbers. All of you would have seen the numbers. We have been growing consistently. In FY22, our top line was approximately 485 crores, and this year we crossed approximately 1,000 crores. The best part is that approximately 70% of this comes from recurring revenue. Our objective is to continue increasing the recurring revenue.

This is the revenue by geography. The bottom line shows our current position. The rest of the world accounts for approximately 73% of our revenue out of the 1,000 crores I mentioned, while the remaining 27% comes from India. We expect the India contribution to continue increasing from this year onward as we execute large projects.

Revenue by segment is 23% from solutions and 77% from services. The positive aspect of the solutions business is that, once the solutions are deployed, the 23% will eventually turn into services revenue. That is exactly what we are aiming for.

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This is the revenue by customer profile. From a customer profile perspective, approximately 77% of our revenue comes from enterprise customers, while approximately 23% comes from government customers.

We are ensuring that we maintain a strong enterprise customer base. From a government perspective, we mostly work with the Indian government, and we have now gradually started working with the US federal government, ports, and other locations.

This is predominantly how we are trying to de-risk the business from an investor perspective as well.

These are some of our key financial ratios. I will have the case studies and other information sent across to you, which will explain the types of AI implementations and transformations we are undertaking at our clients' sites.

I will take a break now and open the floor for questions. I can provide more details if I have missed anything or if anyone would like to understand any topic in greater depth. Thank you. If we can open the session for Q&A, that would be great.

Analyst1: Thank you very much for the overview, sir. It was really insightful. My first question is regarding your services mix, which increased to 83% from 75%, while the government contribution fell to 18% from 18% from 32%. Was walking away from the 200 crore railway orders a pricing decision or a deliberate strategic pivot?

Nehal Shah – Joint Managing Director: If you look at the last 2-3 quarters, hardware prices have been a challenge, and we did not want to make any wrong decisions. You are partly right that we were not aggressively pursuing government projects or similar projects where pricing could be a difficult issue. Therefore, we stayed away.

Having said that, from July-August onward, we have been seeing prices normalize and a significant number of requirements emerge. Hopefully, in the next 2 quarters, we will be back on track, and you will see more announcements as we bid for new RFPs for new Safe City and Smart City projects, such as Noida Safe City.

There are 2 projects coming up in Pune. There are also projects coming up in 3 or 4 MIDCs in Maharashtra. There is also a project coming up in Jaipur Safe City. These projects are in the pipeline. Hopefully, we will win some of them, and I will be able to make more announcements in the next 2 quarters.

Analyst1: What is the organic growth rate of the standalone services portfolio, excluding the solutions drag?

Nehal Shah – Joint Managing Director: To keep it simple, we expect the services portfolio to grow by anywhere between 15% and 20%. The solutions business will eventually also generate services revenue for us.

Analyst1: One question regarding AI unit economics. What percentage of your recurring revenue is outcome-based or consumption-based versus headcount-linked today, and what is the target? If AI

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reduces client ticket volume by 20–30%, do you capture that as savings, or does it flow back to the client?

Nehal Shah – Joint Managing Director: We generally do not bill our customers on a manpower basis. Most of our solutions are designed around device count, the number of tickets, and similar parameters.

As the customer's device count increases or decreases, our revenue fluctuates. However, most of the time, it has nothing to do with manpower. If we achieve automation, it will typically help us improve our bottom line, optimize costs, and generate better margins. That is how we currently view it.

Analyst1: Revenue roughly doubled from FY22 to FY24, but EPS declined and ROE halved to 5%. Is the 10x growth target over 10 years revenue-led or EPS-led? What is the path for margins and capital efficiency?

Nehal Shah – Joint Managing Director: It will be a combination of both. It will, of course, be top-line driven, but we will also ensure that we are more bottom-line driven.

I agree that our bottom line has not kept pace over the past couple of years because we were dealing with certain other issues. We have now resolved all of those issues, and we are confident that our bottom line will continue improving going forward.

If you look at our numbers over the next 2, 3, or 4 quarters, you will see this improvement reflected. To answer your question briefly, it will be a combination of both. While we are growing with a strong focus on the top line, we will ensure that we always keep one eye on the bottom line.

Analyst1: Thank you. One more question. You compete with NTT Data, HCL, and Infosys, which are 10x to 50x your size. Where do you win against them in practical terms? Is it pricing, speed, vertical depth, Digital Desk IP, or relationships?

Nehal Shah – Joint Managing Director: I would say it is a combination of all those factors. Since we are a smaller company, we are agile.

From a governance perspective, we have worked as a Tier 2 player for large customers, so we understand how they govern, how their governance layers work, how they approach a customer, and how they provide services to a customer.

When we approach customers directly, we are able to provide the same kind of service with a more agile profile. We are smaller in size, more approachable, and more cost-efficient because our typical head price is not very high.

That gives us a delta factor. Many of these larger IOPs are not always direct to the customer. They use partners, smaller partners, and vendors to provide services.

Our approach has always been to work directly with our customers. We do not involve subcontractors. We are always directly present with our customers to carry out each and every task assigned to us.

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The combination of all these factors ensures that, while we may look smaller in size, we have delivered some of the most complex projects in India. That gives us significant confidence that we are on the right path for growth.

Analyst1: Could you also shed some light on the win rate for competitive bids?

Nehal Shah – Joint Managing Director: I am sorry, I did not understand the question regarding competitive bids.

Analyst1: I missed your question, sir.

Analyst1: Actually, this question is regarding customer concentration. Can you share the top 10 customer concentration as a percentage of revenue?

Nehal Shah – Joint Managing Director: I would not have that information readily available, but I can send it across by email. If somebody asks the question, I will note it down and send it by email.

Nehal Shah – Joint Managing Director: A large portion of our business revenue comes from our top 10 customers. That is in line with the industry standard because we have ticket sizes and customers giving us business worth 50 million or 70 million, as well as projects ranging from approximately 200 to 500 crores.

Therefore, customer concentration is expected. We have a list of approximately 170-180 customers, but our top 10 customers contribute the larger portion of our revenue.

Analyst1: One more question regarding KPIs. What internal metrics do you track for the AI and innovation transformation? For example, the percentage of revenue from AI-enabled services or the Digital Desk attach rate. Will you begin disclosing these metrics quarterly so that investors can track the transformation?

Nehal Shah – Joint Managing Director: That is a great question. What we are doing internally is transforming our systems and the way we record and measure this.

At my level, I am targeting 2 levers. The first is how we use AI to improve our bottom line. We may have some projects where AI helps with customer top-line acquisition, although that would be a smaller component, and we may also achieve some form of optimization at the client level.

From a broader perspective, once we integrate AI completely with Digital Desk, we should be able to improve our bottom line. That should become a clear lever for us to assess how our bottom line is improving quarter over quarter or year over year.

Those are 2 clear indicators for us to determine how AI is helping us achieve the bottom-line target we have set.

As you may have seen in a recent post, our former CEO, Mr. Parash Shah, has moved into a larger role as Chief Innovation Officer. He will be heading the entire innovation function, including AI implementations through AIOps and related areas.

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His single-point agenda is to focus on the next stage of opportunities while also ensuring that we undertake significant in-house AI implementations and AI implementations for our customers, so that meaningful cost optimization takes place in the short term.

Analyst1: Thank you for answering my questions. We will now take questions from the chat box. This question is from Saurabh Jain: Can you please tell us more about security services and what you are currently working on in this area, given that AI will make threats more sophisticated?

Nehal Shah - Joint Managing Director: From an IT standpoint, there are 2 types of security that we deal with. The first is physical security, which includes CCTV cameras, access controls, boom barriers, and related systems. A significant amount of AI implementation is also being carried out in this area, including image recognition, automatic image detection, and related applications.

The other side of the security business is IT security, which includes cybersecurity. In the cybersecurity business, we manage threats coming into our clients' IT infrastructure and work toward resolving them.

Some of these activities are proactive, while others are reactive. Taken together, this is how we are focusing on the security side of the business. Security is core to our business.

To put it another way, IT is generally divided into 3 areas: IT hardware, software, and security. Our core competence lies in IT hardware, which is the IT infrastructure side of the business and includes the cloud infrastructure business that we operate. The other area is security.

We address both IT security and physical security.

Analyst1: The next question is from Venkatramanan Sethuraman: What are the expected revenue and EBITDA percentages for FY27 and FY28, and what are the key drivers supporting this projection?

Nehal Shah - Joint Managing Director: If you look at the growth we have achieved over the last 4 or 5 years, we have been consistently growing at approximately 20%. That is the objective we have set for the next 2 years as well. There may be a variation of one quarter here or there, depending on when the projects are closed, because most of these large projects are RFP-driven and—

Management: Sometimes projects may be delayed because of government intervention and other factors. Having said that, and keeping this in mind, I believe we should be able to grow at approximately 15-20% from a top-line perspective. Our EBITDA margin should reach somewhere between 11% and 13% over the next 2 years. We should gradually progress toward 12.5-13%. That is the objective for the next 2 years.

Operator: If there are no more questions, we can close the call. We have received another question in the chat box from Rajesh Jain: What will drive EBITDA?

Management: There are a couple of factors that will drive EBITDA. The first is the optimization we achieve as we acquire a customer and manage that customer over a period of time.

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With the AI and LLM implementations that we are carrying out across our customers, many low-level jobs will be replaced. This will help us save a significant amount of money.

Therefore, we see 2 or 3 levers through which EBITDA margins will continue improving over the next 3 to 4 quarters.

The reason EBITDA has been somewhat lower is that, after crossing the 900 crore and 1,000 crore marks, we have recently been investing significantly in people. We are hiring the right kind of people and ensuring that the company is ready for the next phase of growth.

A significant number of new hires are taking place. We are also tightening the loose ends in the system to ensure that, although we are an established company, we remain young at heart and agile.

Operator: One more question from Venkat Ramanan: With the advancement of frontier models, how do you see this impacting your service offerings? I am actually not able to decode the full question as written.

Management: Can I see the chat myself?

Operator: Yes, you can access it.

Management: I cannot see the message. I can only see Arihant's message here.

Operator: Sir, I have pasted the message in your chat box. Could you please have a look?

Management: We need to clarify what kind of frontier models are being discussed.

Operator: Sir, it concerns your service offerings.

Management: I understand that it concerns service offerings. The question is about the advancement of frontier models, but are we discussing AI models or something different? I may need to understand the question in greater detail before answering it. AI models, understood.

AI models represent an opportunity for us, Venkat Ramanan. The reason is that we are ensuring that we can also use these frontier AI models to improve our service offerings. That is how we expect to achieve the optimization available to us.

Frontier AI models will continue to evolve, but they will be used in combination with services to support them. That is how we are looking at it currently.

Regarding the ROI on AI, we are at a stage where we are still evaluating it and are in the deployment stage. We will probably be able to provide a concrete number 2 or 3 quarters from now, once all 3 elements I mentioned earlier have been achieved. At that point, we should be able to provide you with an exact number.

Are there any other questions? If you are speaking, you are on mute.

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Operator: I think we can close the call, as you have answered most of the questions. I would like to thank management and the participants on behalf of Arihant Capital for taking the time to share insights about the company. If participants have any further questions, they can get in touch with the Arihant Capital team. Thank you.

Management: Thank you, everyone. We would be happy to address any further questions or requirements. Please write to us, or you may also come and meet us. Thank you very much.

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